

LANCASTER COUNTY CONVENTION CENTER AUTHORITY
\$6,755,000 Hotel Room Rental Tax Revenue Bonds,
Series A of 2022 (Federally Taxable) and
\$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Parties

County	- County of Lancaster, Pennsylvania
CC	- Jacquelyn E. Pfursich, Esquire, in her capacity as solicitor to the County
DL	- Discover Lancaster
IC	- Russell, Krafft & Gruber, LLP, in its capacity as counsel to the Issuer
Issuer	- Lancaster County Convention Center Authority
Municipal Advisor	- FSL Public Finance, LLC
S&L	- Stevens & Lee, P.C., in its capacity as Bond Counsel
Swap Counterparty	- Wells Fargo Bank, National Association, in its capacity as such
TC	- McNees Wallace & Nurick LLC, counsel to the Trustee
Trustee	- Wilmington Trust, National Association, in its capacity as such
UW	- Raymond James & Associates, Inc. and RBC Capital Markets, LLC
UWC	- Eckert Seamans Cherin & Mellott, LLC, in its capacity as limited scope Underwriters' Counsel

CLOSING AGENDA

A. Preliminary Matters Prior to Closing

1. Hotel Room Rental Tax Ordinance
2. Redemption Notice for 2014 Bonds

3. Memorandum of Understanding
(Issuer and DL)
4. Letter from DL required by MOU

B. Bond Documents

5. Trust Indenture (Issuer and Trustee)
6. Specimen 2022A Bond
7. Specimen 2022B Bond
8. Guaranteed Debt Service Reserve Fund
Replenishment Note (Issuer)
9. Guaranty Agreement
10. Reimbursement Agreement
11. County Debt Act Proceedings
 - (a) Application for Approval
 - (b) County Ordinance
 - (c) Proofs of Publication
 - (d) Debt Statement and Borrowing Base
Certificate
 - (e) Section 8110(b) Certificate
 - (f) Self-Liquidating Debt Report
12. Evidence of DCED Approval and exclusion of
Self-Liquidating Debt
13. Preliminary Official Statement
14. Official Statement
15. Bond Purchase Agreement
16. Joint Continuing Disclosure Agreement (Issuer
and County)

17. UCC Financing Statement (Issuer in favor of Trustee) (Secretary of State)

C. Organizational and Related Documents; Opinions

18. General Certificate of the Issuer:

- (a) Board Members
- (b) Articles of Incorporation (PA)
- (c) Subsistence Certificate (PA)
- (d) Bylaws
- (e) Resolution

19. General Certificate of Trustee
20. County General Certificate
21. Opinion of Counsel to the Issuer
22. Opinion of Counsel to the County
23. Limited Scope Underwriters' Counsel Opinion
24. Bond Counsel Opinion (2022A Bonds)
25. Bond Counsel Opinion (2022B Bonds)
26. Form 8038-G to be filed with the IRS
27. Non-Arbitrage Certificate and Compliance Agreement (Issuer)
28. Issue Price Certificate
29. Certificate of Municipal Advisor
30. Rating Letter
31. Cross Receipt
32. Closing Statement (2022A Bonds)

33. Closing Statement (2022B Bonds)
34. Discharge and Release of 2014 Bonds Indenture
35. UCC Termination Statement
36. Defeasance Opinion
37. Consent and Waiver of Holder
38. Swap Termination Confirmations
39. Legal Opinion re: Termination Confirmation
40. Secretary Certificate of LCCCA

COUNTY OF LANCASTER, PENNSYLVANIA

ORDINANCE NO. 45

AN ORDINANCE

SIGNIFYING THE INTENTION AND DESIRE OF THE BOARD OF COMMISSIONERS OF THIS COUNTY TO IMPOSE AND ENACT A HOTEL ROOM RENTAL TAX UNDER PROVISIONS OF THE ACT OF ASSEMBLY APPROVED DECEMBER 27, 1994, P.L. 1375, NO. 162, AS AMENDED AND SUPPLEMENTED, KNOWN AS THE THIRD CLASS COUNTY CONVENTION CENTER AUTHORITY ACT; SETTING FORTH DEFINITIONS; IMPOSITION AND RATE OF TAX; THE COLLECTION, DEPOSIT AND DISTRIBUTION OF TAX REVENUES; EXPENDITURES FROM FUNDS; THE EFFECTIVE DATE OF THE TAX; AUTHORIZING ALL OTHER NECESSARY ACTION; AND REPEALING ALL INCONSISTENT ORDINANCES OR PARTS OF ORDINANCES.

WHEREAS, the County of Lancaster, Pennsylvania (the "County"), is a third class county and a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth"); and

WHEREAS, the health, safety and general welfare of the people of the County and the Commonwealth are directly dependant upon the continual encouragement, development, growth and expansion of business, industry, commerce, and tourism within the County and the Commonwealth; and

WHEREAS, unemployment, the spread of indigency and the heavy burden of public assistance and unemployment compensation can be avoided by the promotion, attraction, stimulation, development and expansion of business, industry, commerce and tourism in the County and the Commonwealth, and

WHEREAS, the development of convention centers is appropriate within the Redevelopment Assistance Eligible Area of a third class county and the attraction of business to this County and the Commonwealth as a result of such development is an important factor in the continual encouragement, promotion, attraction, stimulation, development, growth and expansion of business, industry, commerce and tourism within the County, the surrounding counties and the Commonwealth as a whole; and

WHEREAS, the development of a convention center will provide benefits to the Hotel industry throughout the entire County of Lancaster; and

WHEREAS, the development of a convention center will also provide benefits to the restaurant and entertainment industries located throughout the County, to all other businesses and individuals who will benefit by the attraction of major conventions and tourists, and to other individuals and businesses whose livelihood is dependent on major conventions and tourists and to the general public, and

WHEREAS, the County, acting jointly with the City of Lancaster, Lancaster County, Pennsylvania (the "City"), has heretofore created the Lancaster County Convention Center Authority pursuant to the provisions of the Act to assist in the development of a Conference/Convention Center at Penn Square in the City, the proposed site of the Conference/Convention Center as of the date of this Ordinance; and

WHEREAS, the need for and promotion of the Conference/Convention Center, which is the type of facility which will provide significant benefits to the general public, will require the expenditure of public money and it is therefore appropriate for the County to impose and collect a Hotel room rental tax on the consideration received by each operator of a Hotel within the County, as provided in the Act, and

WHEREAS, the site of the proposed Conference/Convention Center is within a Redevelopment Assistance Eligible Area; and

WHEREAS, an important aspect of the development of the Conference/Convention Center and proceeding with the project will be the removal and redevelopment of blighted areas within the City, and

WHEREAS, the purpose of the Conference/Convention Center is the promotion, attraction, stimulation, development and expansion of business, industry, commerce and tourism throughout the County, the surrounding counties and the Commonwealth.

NOW, THEREFORE, the Commissioners of the County of Lancaster hereby ordain as follows:

A. Definitions.

In this Ordinance (including the recitals hereto) the following words and phrases (whether or not begun with a capital letter) shall have the meanings given to them in this section unless the context clearly requires otherwise:

1. "Act." The Third Class County Convention Center Authority Act (Act of December 27, 1994, P.L. 1375, No. 162), as amended and supplemented.

2. "Authority." The "Lancaster County Convention Center Authority," an agency and public instrumentality of this Commonwealth and a body politic and corporate created pursuant to the Act.

3. "Consideration." Receipts, fees, charges, rentals, leases, cash, credits, property of any kind or nature, or other payment received by operators in exchange for or in consideration of the use or occupancy by a transient of a room or rooms in a Hotel for any temporary period.

4. "Convention Center", "Conference Center" or "Conference/Convention Center." Any land, improvement, structure, building, or part thereof, or property interest therein, whether owned by or leased by or to or otherwise acquired by the Authority, appropriate for any of the following: large public assemblies, the holding of conventions, conferences, trade exhibitions, and other business, social, cultural, scientific and public interest events, and all facilities, furniture, fixtures and equipment necessary or incident thereto, including meeting rooms, dining rooms, kitchens, ballrooms, reception areas, registration and pre-function areas, truck loading areas (including access thereto), access ways, common areas, lobbies, offices and areas appurtenant to any of the preceding, together referred to as the "Main Convention Area," and also including other buildings, structures or facilities for use in conjunction with the foregoing, including, but not limited to, provisions for off-street parking, retail areas and other improvements related to the center owned by or leased by or to the Authority for the purpose of producing revenues to assist in defraying any costs or expenses of the convention center.

5. "Hotel." A hotel, motel, inn, guesthouse or other building located within the Market Area which holds itself out by any means, including advertising, license, registration with an innkeeper's group, convention listing association, travel publication or similar association or with any government agency, as being available to provide overnight lodging or use of facility space for consideration to persons seeking temporary accommodation; any place which advertises to the public at large or any segment thereof that it will provide beds, sanitary facilities or other space for a temporary period to members of the public at large; any place recognized as a hostelry, provided that portions of such facility which are devoted to persons who have established permanent residence shall not be included in this definition. The term "Hotel" does not include a Bed and Breakfast, Homestead or Inn as defined in the Act of May 23, 1945 (P.L. 926 No. 369), referred to as the Public Eating and Drinking Place Law.

6. "Market Area." The entire County of Lancaster, Pennsylvania. The Commissioners hereby declare that they have determined that the entire area within the County of Lancaster

16. "Transient." Any individual who obtains an accommodation in any Hotel for himself by means of registering at the facility for the temporary occupancy of any room for the personal use of that individual by paying to the operator of the facility a fee in consideration thereof.

17. "Treasurer." The Office of Treasurer of the County of Lancaster.

B. Imposition and Rate of Tax

1. There is hereby imposed an excise tax on the consideration received by each Operator of a Hotel within the Market Area, from each Transaction of renting a Room or Rooms to accommodate Transients, at the rate provided in Paragraph B.2. The tax shall be collected by the Operator from the Patron of the Room and paid over to the County pursuant to Paragraph C.1, and shall be known as the "Lancaster County Hotel Room Rental Tax" or "the Hotel Room Rental Tax."

2. The rate of the Lancaster County Hotel Room Rental Tax shall be 3.9 percent (3.9%) of the consideration referred to in Paragraph B.1.

3. The Lancaster County Hotel Room Rental Tax shall take effect at 12:01 A.M., Eastern Standard Time on January 1, 2000.

4. If the County is unable to determine the Hotel Room Rental Tax due from Operator records, the Hotel Room Rental Tax due for each unpaid tax year shall be determined to be the lesser of the following:

(1) 3.9 percent (3.9%) of the consideration that could have been received by the operator for all hotel rooms during the tax year at occupancy rates in effect at the time of the determination; and

(2) 3.9 percent (3.9%) of the annualized consideration received during the tax year prior to the determination.

C. Collection, Deposit and Distribution of Tax Revenues

1. The Treasurer shall collect the Hotel Room Rental Tax from each Operator and each month shall deposit the revenues received from the Hotel Room Rental Tax in the Tourist Promotion Agency Fund and Convention Center Authority Fund, which are hereby established for the purposes set forth herein. Interest on moneys deposited in such funds shall accrue proportionately to the respective funds as provided in the Act.

2. Within thirty (30) days of the Treasurer's collection of the Lancaster County Hotel Room Rental Tax, there shall be deposited in the Tourist Promotion Agency Fund, established pursuant to Paragraph C.1., for the use of the designated Tourist Promotion Agency, twenty percent (20%) of all Lancaster County Hotel Room Rental Tax revenues collected by the Treasurer; provided, however, that if an event of default has occurred and is continuing with respect to any bonds, notes or other indebtedness of the Authority incurred to finance the construction of the Convention Center, 100% of the revenues received from the Lancaster County Hotel Room Rental Tax shall be deposited by the Treasurer in the Convention Center Authority Fund.

3. Within thirty (30) days of the Treasurer's collection of the Lancaster County Hotel Room Rental Tax, except as otherwise provided in Paragraph C.2 hereof, there shall be deposited in the Convention Center Authority Fund, established pursuant to Paragraph C.1., for the use of the Authority for Convention Center purposes eighty percent (80%) of all Lancaster County Hotel Room Rental Tax Revenues collected by the Treasurer. Upon the collection of these funds, the Treasurer shall provide these funds directly to the Authority.

D. Expenditures from Funds.

1. Provided that no event of default has occurred and is continuing with respect to any bonds, notes or other indebtedness of the Authority incurred to finance the construction of the Convention Center, revenues received from the Hotel Room Rental Tax and deposited in the Tourist Promotion Agency Fund shall be disbursed by the Treasurer of the County to the Tourist Promotion Agency within ten (10) days after deposit to the Tourist Promotion Agency Fund. All funds transferred to the designated Tourist Promotion Agency pursuant to this Paragraph D. shall be used by the designated Tourist Promotion Agency as permitted by law.

2. Expenditures from the Convention Center Authority Fund established for the Authority shall be used by the Authority at its discretion for any use permitted by the Act, including, but not limited to the following:

(a) Any debt service or lease payments of the Authority.

(b) Costs associated with financing, constructing, improving, maintaining, furnishing, fixturing and equipping the Convention Center.

(c) Costs associated with the development of the Convention Center, including, but not limited to, design, engineering and feasibility costs.

(d) Costs associated with the operation and management of the Convention Center.

(e) Costs associated with promoting marketing and otherwise encouraging use of the Convention Center.

(f) General purposes of the Convention Center.

E. Reports, Returns, Payment and Collection of Tax and Records.

1. The Treasurer is hereby authorized to establish rules and regulations concerning the collection of the Hotel Room Rental Tax.

2. All taxes collected by any Operator in the Market Area in accordance with this Ordinance shall constitute a trust fund for the County and such trust shall be enforceable against such Operator and any other person who receives any part of such fund without consideration, or who knows that the Operator is committing a breach of trust; provided, however, that any person receiving payment of a lawful obligation of the Operator from such fund shall be presumed to have received the same in good faith and without any knowledge of the breach of trust.

3. The Operator shall collect the Lancaster County Hotel Room Rental Tax from the Patron of the Room and shall pay it over to the County as provided herein and in the rules and regulations established and approved by the County. The Operator shall be liable to pay to the County out of its own funds or at its own cost and expense all amounts of the Lancaster County Hotel Room Rental Tax required to be collected by the Operator but which the Operator fails to collect or to pay over to the County.

4. Every report and return of or concerning the Hotel Room Rental Tax shall be made upon a form developed by the Treasurer.

5. Every Operator shall transmit to the Treasurer, on or before the twenty-fifth (25th) day of each calendar month, a return for the calendar month preceding the month in which the return is made, which return shall report the amount of Consideration received for the Transactions during the calendar month for which the return is made, the amount of tax due from the Operator for that month, and such other information as the Treasurer may require.

6. Every Operator, at the time of filing every return required by this Paragraph E. shall compute and pay over to the Treasurer the taxes shown as due on the return for the period for which the return is made.

7. Every Operator shall maintain records, which shall be open to inspection or review by, and/or made available to, the Treasurer upon its request, which shall include, but not be

Limited to, the number of Transactions in each of the Operator's Hotels in the Market Area reflected on an hourly, daily, or weekly basis, the rate(s) charged for each Occupancy, the Consideration received from all Transactions during the month for which each return is made, as well as such other information as the Treasurer may require.

8. For each calendar year or part thereof during which a Hotel does any business or receives any consideration, the Operator shall maintain and retain all records for such year until the expiration of three (3) years after the Hotel Room Rental Tax return for such year has been filed.

9. The County or any duly authorized representative shall have access to any books, documents, papers and records of the Operator and designated Tourist Promotion Agency which are related, directly or indirectly, to the determination or collection of the Hotel Room Rental Tax, or to the expenditure of the proceeds of the Hotel Room Rental Tax authorized by this Ordinance for the purpose of making audits, examinations, excerpts, and transcriptions.

10. If an Operator enters the business of the renting of Rooms subsequent to the effective date of this Ordinance, the first return shall be filed on the twenty-fifth (25th) day of the first calendar month subsequent thereto. The first return and tax payment due shall be for all Transactions occurring during the preceding calendar month based upon the actual taxable Transactions during the preceding calendar month.

F.

[INTENTIONALLY OMITTED]

G. Enforcement.

Whenever any Operator shall fail to pay the Hotel Room Rental Tax as herein provided, upon request of the Treasurer, the County Solicitor shall bring or cause to be brought a civil action in any Court having jurisdiction to enforce the payment of all taxes, penalties and costs of suit.

H.

[INTENTIONALLY OMITTED]

I. Effective Date.

This Ordinance shall take effect immediately upon enactment thereof.

J. Implementation and Administration.

The proper officers of this County are hereby authorized and directed to take any and all action necessary to implement the Lancaster County Hotel Room Rental Tax in accordance with the provisions of the Act and in accordance with this Ordinance.

K. Prior Ordinances.

All ordinances, or parts thereof, insofar as the same are inconsistent herewith, are repealed hereby.

L. Severability of Provisions.

In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this County that the remainder of this Ordinance shall remain in full force and effect.

DULY ENACTED AND ORDAINED at a public meeting of the Board of County Commissioners of the County of Lancaster, Pennsylvania held on the 15th day of September, 1999.

COUNTY OF LANCASTER

Paul Thibault
Paul Thibault, Chairman

Terry L. Kauffman
Terry L. Kauffman, Vice Chairman

Ron Ford
Ron Ford, Commissioner

Attest:

Doris Kiehl
Doris Kiehl, Chief Clerk

NOTICE OF REDEMPTION

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BOND
SERIES OF 2014
DATED AS OF AUGUST 1, 2014
CUSIP #514042AE0**

To the holder of the outstanding Bond of the above Issue:

The undersigned as Trustee for the Authority under the Trust Indenture dated as of August 1, 2014, and pursuant to the provisions of Article II thereof and to the term of the Bond itself authorizing the redemption and call of certain Revenue Bonds, does hereby call for redemption, all of the outstanding Bond, of the above Issue on **December 1, 2022** (the "Redemption Date") at a redemption price of 100% of the principal amount (the "Redemption Price"), which in the absence of redemption would mature on December 1, 2047.

On the Redemption Date the Bond so called for redemption will become and will be due and payable at:

Manufacturers and Traders Trust Company
c/o Wilmington Trust
Corporate Trust Operations
Attn: Work Flow Management
1100 N. Market Street
Wilmington, DE 19890

Trustee will pay to said holder of the Bond in accordance with the terms of the Trust Indenture, the Redemption Price of the called portion of the Bond upon presentation thereof. From and after the Redemption Date interest on the called portion of the Bond so called for redemption will cease to accrue, irrespective of whether or not the Bond is presented and surrendered to the Trustee. The principal amount of the Bond so called for redemption, together with accrued interest to the Redemption Date, as provided in the Bond, will become and will be due and payable at such office of the Trustee. No further interest will accrue on said called portion of the Bond subsequent to December 1, 2022.

No representation is made as to the correctness of any CUSIP Number either as printed on the Bond or as contained in this Notice of Redemption, and reliance may be placed only on the description of the Bond contained herein and on the identification number in this Notice and on the Bond itself.

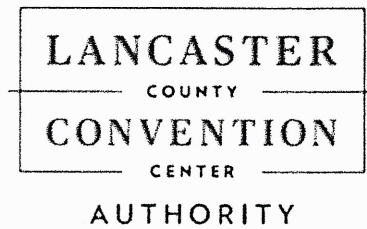
THIS NOTICE OF REDEMPTION IS CONDITIONAL IN THAT IT IS SUBJECT TO THE DEPOSIT WITH THE TRUSTEE OF CERTAIN ELIGIBLE FUNDS SUFFICIENT TO EFFECT THE REDEMPTION OF THE BOND ON OR PRIOR TO DECEMBER 1, 2022, AND THIS NOTICE OF REDEMPTION SHALL BE OF NO EFFECT UNLESS SUCH MONEY IS DEPOSITED WITH THE TRUSTEE ON OR PRIOR TO SUCH DATE.

IMPORTANT NOTICE:

Backup Withholding of 24% of gross redemption proceeds of any payment made within the United States may be required pursuant to IRS Notice 1036, unless the paying agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed IRS Form W-9 or exemption certificate or equivalent when presenting your securities.

By: Manufacturers and Traders Trust Company, as Trustee

Mailing Date: November 15, 2022



MEMORANDUM OF UNDERSTANDING

THIS Memorandum of Understanding (the "MOU") is made as of July 28, 2022, by and between **DISCOVER LANCASTER ("DISCOVER LANCASTER")** and the **LANCASTER COUNTY CONVENTION CENTER AUTHORITY ("THE AUTHORITY")**.

Background

1. Discover Lancaster is the appointed tourist promotion agency for the County of Lancaster, Pennsylvania, with its principal place of business as 501 Greenfield Road, Lancaster, Pennsylvania 17601. Discover Lancaster was previously known as the Pennsylvania Dutch Convention & Visitors Bureau ("PDCVB").

2. The Authority, pursuant to powers granted in the "Third Class County Convention Center Authority Act", undertook development and construction of the Lancaster County Convention Center, including funding the design, acquisition, construction, furnishing and equipping a multi-purpose convention center facility and related and ancillary facilities (the "Convention Center Unit"); establishing and funding of necessary reserves and other funds; and funding the costs and expenses of issuance of the bonds issued to finance the development and construction ("the Project").

3. The Authority operates subject to a Trust Indenture entered into on or about August 1, 2014, relating to the Hotel Room Rental Tax Revenue Bonds ("2014 Bond Series"), which is guaranteed by the County of Lancaster (the County").

4. Discover Lancaster and the Authority are parties to a Memorandum of Understanding dated October 10, 2018 which directing payment of County hotel room rental tax ("HRRT") to the Authority (2018 MOU) the Authority until December 31, 2023.

5. Pursuant to the 2018 MOU, Discover Lancaster, executed an irrevocable letter to the Lancaster County Treasurer directing that one hundred percent (100%) of the County HRRT revenue be provided to the Authority. A copy of the letter is attached hereto as Exhibit "A".

6. The Authority through its underwriters Raymond James Securities and RBC Securities will market and sell all of the Authority's 35-year Fixed Interest Rate bonds issued in 2022. The bonds, indentures, agreements and all other documents executed as a part of the 2022 35-Year Fixed Rate Bond issuance will be referred to as "the 2022 Authority Bond Issue."

7. The Authority's Notice to Proceed with the bond issuance is contingent on a Lancaster County guarantee of the bonds Debt Service Reserve Fund and continued direction of Discover Lancaster's HRRT revenues to the Authority.

8. The Authority and Discover Lancaster acknowledge and agree that the continued financial stability of the Convention Center to be provided by extending financial commitments through December 31, 2057, is important to the marketability of the Convention Center and, in turn, the promotion and attraction of business, industry, commerce and tourism within Lancaster County.

9. The promotion and attraction of business, industry, commerce and tourism within the County is essential to the missions of the Authority and Discover Lancaster, and therefore the Notice to Proceed by the Authority is desirable for both entities.

10. The purpose of this MOU is to memorialize the understanding of the Authority and Discover Lancaster regarding adjustment of the Authority's Furniture, Fixtures and Equipment and Capital Reserve funding schedule, and to extend Discover Lancaster's commitment to directing HRRT revenues to the Authority through December 31, 2057

AGREEMENT

NOW THEREFORE, in consideration of the benefits to be received by each party from the arrangements set forth herein, other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties agree as follows:

1. **Incorporation of Background.** The foregoing Background is incorporated into this Agreement as if stated in full herein.

2. **Future Marketing Commitment.**

A. **Marketing Consortium Budget.** The Authority shall transfer the available funds for marketing and sales expenses for Priority 1 and Priority 2 events, in the amounts set forth herein.

2023	\$ 448,974.40	2032	\$ 536,565.97	2041	\$ 641,246.00	2050	\$ 766,348.33
2024	\$ 457,953.89	2033	\$ 547,297.29	2042	\$ 654,070.92	2051	\$ 781,675.30
2025	\$ 467,112.97	2034	\$ 558,243.23	2043	\$ 667,152.34	2052	\$ 797,308.80
2026	\$ 476,455.23	2035	\$ 569,408.10	2044	\$ 680,495.39	2053	\$ 813,254.98
2027	\$ 485,984.33	2036	\$ 580,796.26	2045	\$ 694,105.30	2054	\$ 829,520.08
2028	\$ 495,704.02	2037	\$ 592,412.19	2046	\$ 707,987.40	2055	\$ 846,110.48
2029	\$ 505,618.10	2038	\$ 604,260.43	2047	\$ 722,147.15	2056	\$ 863,032.69
2030	\$ 515,730.46	2039	\$ 616,345.64	2048	\$ 736,590.09	2057	\$ 880,293.35
2031	\$ 526,045.07	2040	\$ 628,672.55	2049	\$ 751,321.89		

The amounts set forth herein shall be in addition to any other marketing operations established and maintained by the Authority in its annual budget.

B. The Authority's Furniture, Fixtures and Equipment and Capital Reserve Account. The Authority's reserve funding schedule shall be as follows for the years provided, the monies for which shall be deposited into an FF&E and Capital Reserve Account owned and maintained by the Authority:

2023	\$ 1,050,000.00	2032	\$ 1,000,000.00	2041	\$ 2,100,000.00	2050	\$ 3,750,000.00
2024	\$ 1,050,000.00	2033	\$ 1,250,000.00	2042	\$ 2,200,000.00	2051	\$ 4,000,000.00
2025	\$ 1,050,000.00	2034	\$ 1,250,000.00	2043	\$ 2,300,000.00	2052	\$ 4,250,000.00
2026	\$ 1,050,000.00	2035	\$ 1,250,000.00	2044	\$ 2,400,000.00	2053	\$ 4,500,000.00
2027	\$ 1,050,000.00	2036	\$ 1,250,000.00	2045	\$ 2,500,000.00	2054	\$ 4,500,000.00
2028	\$ 1,050,000.00	2037	\$ 1,250,000.00	2046	\$ 2,750,000.00	2055	\$ 4,500,000.00
2029	\$ 1,000,000.00	2038	\$ 1,500,000.00	2047	\$ 3,000,000.00	2056	\$ 4,500,000.00
2030	\$ 1,000,000.00	2039	\$ 1,750,000.00	2048	\$ 3,250,000.00	2057	\$ 4,500,000.00
2031	\$ 1,000,000.00	2040	\$ 2,000,000.00	2049	\$ 3,500,000.00		

This schedule may be modified to maintain the required quality standards in the existing Convention Center Unit and common elements of the condominium, as set forth in the Declaration of Condominium, last amended by the Amended and Restated Declaration of Condominium, recorded at Document No. 6330807 in the Office of the Recorder of Deeds for Lancaster County.

3. **HRRT Contribution of Discover Lancaster.** On or before _____, Discover Lancaster shall execute and deliver an irrevocable letter to the County Treasurer, directing one hundred percent (100%) of HRRT revenues to the Authority for the period beginning January 1, 2024 through December 31, 2057. This is an extension of for four hundred and twenty (420) months from the provisions described the October 2018 MOU.

A. If for any reason during this period, Discover Lancaster receives funds for payment of HRRT revenues from any entity, Discover Lancaster agrees to endorse said check over and deliver same to the Authority within two (2) business days.

B. Each December 31, through December 31, 2057 (i) the funds and/or cash equivalents on deposit by the Authority under the Authority Bond Documents exceed Five Million Seven Hundred and Fifty Thousand Dollars (\$5,750,000.00), after payment of all obligations of the Authority then due and owing (including, but not limited to, those as set forth more fully in this MOU and all the Authority Bond Documents) and (ii) the Authority certifies in writing that it is not in breach of this MOU or the Authority Bond Document, then the Authority shall notify the Trustee to remit payment of the lesser of (i) any funds in excess of \$5,750,000.00 to Discover Lancaster and (ii) an amount not to exceed the equivalent of twenty (20%) percent of the HRRT revenues for that year.

C. Any payment made pursuant to paragraph 4.B by the Authority/Trustee shall be made by electronic transfer no later than January 15 each year.

4. **Marketing Consortium.** A marketing consortium consistent with that established in Resolution #39 of 2014 of the County of Lancaster shall be maintained to review and advise, in accordance with the provisions of Resolution #39 until such time as this MOU expires. Funds for the marketing consortium that are withdrawn from bond reserves shall not exceed the schedule set forth in paragraph 2.A.

5. **Entire Agreement; Amendment.** This MOU and the documents referred to herein and to be delivered pursuant hereto constitute the entire agreement between the parties pertaining to the subject matter hereof, and – except as expressly otherwise provided herein – supersede all prior agreements, understandings, negotiations and discussions of the parties, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein or in the documents referred to herein and to be delivered pursuant hereto. No amendment, supplement, modification or waiver of this MOU or any terms shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this MOU shall be deemed or shall constitute a waiver of any other provision of this MOU, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

6. **Modification.** In the event the 2022 Authority Bond Issue is refinanced and the bond principal and interest payments increase, or the duration of the 2022 Authority Bond Issue increases, this MOU may be renegotiated. Any modifications shall be effective only if made in writing and executed by the parties hereto.

7. **Governing Law.** This MOU is subject to and shall be construed and interpreted according to the laws of the Commonwealth of Pennsylvania.

8. **Assignment.** This MOU shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

9. **Notices.** All notices to be given by either party to the other shall be in writing and shall be effective upon receipt, and may be delivered or mailed by certified mail, return receipt requested, postage prepaid, or sent by a nationally recognized overnight carrier addressed as set forth below.

To the Authority:
Lancaster County Convention Center Authority
Attn: Executive Director
25 South Queen Street
Lancaster, Pennsylvania 17603

To Discover Lancaster:
Discover Lancaster

Attn: President
501 Greenfield Road
Lancaster, Pennsylvania 17601

10. **Counterparts; Headings.** This MOU may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute one and the same agreement. The section and paragraph headings in this MOU are inserted for convenience of reference only and shall not constitute a part of this MOU.

11. **Severability.** If any provision, clause or part of this MOU, or the application thereof under certain circumstances, is held invalid, the remainder of this MOU, or the application of such provision, clause or part under other circumstances, shall not be affected thereby.

12. **No Reliance.** The parties hereto assume no liability to any person not a party to this MOU because of any reliance on the representations, warranties and agreements of the parties contained herein; no person shall be a third-party beneficiary of this MOU.

13. **Due Execution.** This MOU has been executed and delivered pursuant to a resolution of the Board of Directors of each of the Authority and Discover Lancaster duly adopted and the person executing this MOU has been duly authorized to do so.

ATTEST:

By: 

Title: Administrative Coordinator

DISCOVER LANCASTER

By: 

Title: President

ATTEST:

By: 

Title: Executive Director

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: 

Title: Board Chair, the Authority



November 16, 2022

Amber Martin
Lancaster County Treasurer
150 N. Queen St., Suite 122
Lancaster, PA 17608

Dear Ms. Martin:

Pursuant to section 3 of the Memorandum of Understanding (MOU) executed July 28, 2022 between Discover Lancaster and the Lancaster County Convention Center Authority (LCCCA), Discover Lancaster hereby irrevocably directs you to direct one hundred percent (100%) of the HRRT revenues to the LCCCA for the period beginning January 1, 2024 through December 31, 2057. This is an extension of the provisions contained in the October 10, 2018 MOU between our two organizations.

Sincerely,

A handwritten signature in black ink that reads "Edward Harris". The signature is fluid and cursive.

Edward Harris
President & CEO
Discover Lancaster

CC: Kevin R. Molloy, Executive Director
Lancaster County Convention Center Authority

TRUST INDENTURE

by and between

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,

as Trustee

Dated as of December 1, 2022

Relating to the Issuance of

\$6,755,000

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS,
SERIES A OF 2022 (FEDERALLY TAXABLE)**

AND

\$62,730,000

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS,
SERIES B OF 2022**

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

Section 1.01 Defined Terms	3
Section 1.02 Rules of Construction	11

ARTICLE II

THE BONDS

Section 2.01 Authorized Amount of Bonds	12
Section 2.02 Issuance of Bonds	12
Section 2.03 Designation, Denominations, Interest Rates and Maturity	13
Section 2.04 Execution; Source of Payment of Bonds	14
Section 2.05 Certificate of Authentication.....	15
Section 2.06 Form of Bonds	15
Section 2.07 Delivery of Bonds	15
Section 2.08 Disposition of the Proceeds of the Bonds	16
Section 2.09 Mutilated, Lost, Stolen or Destroyed Bonds.....	17
Section 2.10 Exchangeability and Transfer of Bonds; Persons Treated as Owners	17
Section 2.11 Cancellation	18
Section 2.12 Ratably Secured	18
Section 2.13 Redemption of Bonds; Partial Redemption of Bonds.....	19
Section 2.14 Notice of Redemption.....	21
Section 2.15 Book Entry System	22

ARTICLE III

SECURITY; COVENANTS OF ISSUER

Section 3.01 Security	23
Section 3.02 Payment of Bonds and Performance of Covenants.....	23
Section 3.03 Authority	24
Section 3.04 No Litigation.....	24
Section 3.05 Further Assurances.....	24
Section 3.06 No Other Encumbrances; Limitations on Creation of Liens	25
Section 3.07 Parity Indebtedness	25
Section 3.08 Security for Parity Indebtedness	26
Section 3.09 No Personal Liability	26
Section 3.10 Corporate Existence; Compliance with Laws.....	27
Section 3.11 Indemnification	27

ARTICLE IV

DISCHARGE OF LIEN

Section 4.01 Discharge of Lien and Security Interest.....	27
---	----

Section 4.02 Provision for Payment of Bonds	28
---	----

ARTICLE V

FUNDS

Section 5.01 Hotel Tax Revenue Fund and Bond Fund	29
Section 5.02 Investment of Funds.....	32
Section 5.03 Bond Fund Moneys to be Held in Trust.....	34
Section 5.04 Nonpresentment of Bonds.....	34
Section 5.05 Debt Service Reserve Fund.....	34
Section 5.06 Surplus Fund	36
Section 5.07 Non-presentment of Bonds	38
Section 5.08 Records	38

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES

Section 6.01 Events of Default	38
Section 6.02 Remedies; Rights of Holders	39
Section 6.03 Right of Holders to Direct Proceedings	39
Section 6.04 Discontinuance of Default Proceedings.....	40
Section 6.05 Waiver.....	40
Section 6.06 Application of Monies	40
Section 6.07 Notification to County Treasurer.....	41

ARTICLE VII

THE TRUSTEE

Section 7.01 Appointment of Trustee	42
Section 7.02 Compensation and Indemnification of Trustee; Trustee's Prior Claim	46
Section 7.03 Intervention in Litigation	46
Section 7.04 Resignation; Successor Trustees.....	47
Section 7.05 Removal of Trustee.....	47
Section 7.06 Paying Agent.....	47
Section 7.07 Qualifications of Paying Agent.....	48
Section 7.08 Resignation of Paying Agent; Removal; Successors	48
Section 7.09 Instruments of Holders.....	49
Section 7.10 Power to Appoint Co-Trustees.....	49
Section 7.11 Filing of Financing Statements	51

ARTICLE VIII

AMENDMENTS, SUPPLEMENTAL INDENTURES

Section 8.01 Supplemental Indentures.....	51
Section 8.02 Amendments to Indenture; Consent of Holders.....	52
Section 8.03 Amendments to the Security Documents Not Requiring Consent of Holders.....	53
Section 8.04 Other Amendment Provisions.....	53

Section 8.05 Notice to and Consent of Holders	53
Section 8.06 Approving Opinion Required	54

ARTICLE IX

MISCELLANEOUS

Section 9.01 Limitation of Rights; No Personal Recourse	54
Section 9.02 Severability	54
Section 9.03 Notices	54
Section 9.04 Payments Due on Non-Business Days.....	55
Section 9.05 Binding Effect.....	55
Section 9.06 Captions	55
Section 9.07 Governing Law	56
Section 9.08 Waiver of Trial by Jury.....	56
Section 9.09 Notices to Rating Agency	56
Section 9.10 Execution in Counterparts.....	56
Section 9.11 Patriot Act Compliance.....	56
Section 9.12 Electronic Signatures	56
Section 9.13 Entire Agreement.....	57

EXHIBIT A Form of Series A Bond	A-1
EXHIBIT B Form of Series B Bond	B-1

TRUST INDENTURE

THIS TRUST INDENTURE (the “Indenture”), dated as of December 1, 2022, is made and entered into by and between LANCASTER COUNTY CONVENTION CENTER AUTHORITY, a body public and corporate and a public instrumentality of the Commonwealth of Pennsylvania (the “Issuer”), and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association with trust powers, as trustee, and its successors and assignees in trust (the “Trustee”).

WITNESSETH:

WHEREAS, the Issuer is a body politic and corporate and a public instrumentality of the Commonwealth, organized and existing under the Act; and

WHEREAS, in furtherance of the public purpose for which the Issuer was created, the Issuer previously issued its \$62,595,000 principal amount Hotel Room Rental Tax Revenue Bonds, Series of 2014 (the “Prior Bonds”) pursuant to a Trust Indenture dated as of August 1, 2014, as amended and supplemented (the “Prior Indenture”), by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Prior Trustee”), to finance a project of the Issuer, which consisted of, the refunding of certain indebtedness of the Issuer originally issued to finance, among other things, the design, acquisition, construction, furnishing and equipping of the Convention Center; and

WHEREAS, the Issuer, by resolution duly adopted, has determined to undertake a project consisting of (i) the current refunding of the Prior Bonds; (ii) the payment of the cost of terminating certain interest rate swaps (the “Existing Swaps”); (iii) the funding of a debt service reserve fund; and (iv) the payment of the costs of issuance of the Bonds (hereinafter defined); and

WHEREAS, concurrently with the execution and delivery of this Indenture, the Issuer will execute and deliver its (i) Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the “Series A of 2022 Bonds”); and (ii) Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “Series B of 2022 Bonds” and together with the Series A of 2022 Bonds, the “Bonds”); and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, have been done and performed, and the creation, execution and delivery of this Indenture, and the issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, the parties hereto hereby agree that to secure the payment of principal of, redemption premium, if any, and interest on the Bonds and any other cost or pecuniary liability of the Issuer relating to the Bonds or any proceeding, document or certification incidental to the issuance of the Bonds according to their true intent and meaning, and all other amounts due from time to time under this Indenture, including those due to the Trustee, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained in the Bonds and in this Indenture,

and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and as collateral trustee for each payee and obligee thereunder to secure the payment of all amounts due from time to time by the Issuer under any other Bond Document, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Holders and for other good and valuable consideration, the receipt of which is acknowledged, the Issuer has executed and delivered this Indenture and absolutely and irrevocably pledges and assigns, without recourse, to the Trustee and to its successors in trust forever, and grants a Security Interest in, on the basis set forth herein, and its and their assigns, all right, title and interest of the Issuer in and to the Trust Estate as defined in Section 1.01;

TO HAVE AND TO HOLD unto the Trustee and its successors in trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions hereof,

(a) for the equal and proportionate benefit, security and protection of the Holders of any and all of the Bonds,

(b) for the enforcement of the payment of the principal of, redemption premium, if any, and interest on the Bonds, and all other amounts due from time to time under this Indenture, including those due to the Trustee, when payable, according to the true intent and meaning thereof and of this Indenture, and

(c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture and the other Bond Documents;

provided, however, that payments required to be made in each case, without preference, priority or distinction, as to lien or otherwise except as provided herein, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under this Indenture and shall be secured equally and proportionately by this Indenture, it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value; provided, however, that, upon satisfaction of and in accordance with the provisions of Article IV, the rights assigned hereby shall cease, determine and be void to the extent described therein; otherwise, such rights shall be and remain in full force and effect;

IT IS DECLARED that all Bonds issued under and secured by this Indenture are to be issued, authenticated and delivered, and that all moneys assigned or pledged hereby are to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture; and the Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Holders, as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Defined Terms. In addition to terms defined elsewhere in this Indenture, the following words and terms as used in this Indenture and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

“Act” means the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented.

“Annual Trustee Fee” shall have the meaning given such term in Section 5.01(b)(i)(4) hereof.

“Approving Opinion” shall mean, with respect to any action relating to the Series B of 2022 Bonds, the occurrence of which requires an Opinion of Counsel, delivered by Bond Counsel, to the effect that such action (a) is permitted by this Indenture and the Act and (b) will not adversely affect the exclusion of interest on the Series B of 2022 Bonds from gross income of the Holders for purposes of federal income taxation.

“Authorized Denomination” means \$5,000 and integral multiples thereof.

“Beneficial Owner” means the Person in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository or a Participant or an Indirect Participant on the records of such Securities Depository, Participant or Indirect Participant, as the case may be, or such Person’s subrogee.

“Bond” or *“Bonds”* has the meaning assigned to such term in the recitals hereto.

“Bond Counsel” means an attorney, or firm of attorneys, nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds.

“Bond Documents” means collectively (without limitation) this Indenture, the Bonds, the Security Documents and the Tax Certificate, and any and all extensions, renewals, modifications, amendments, supplements and substitutions thereof.

“Bond Fund” means the fund of that name created pursuant to Section 5.01.

“Bond Proceeds” means the principal of the Bonds and any investment earnings thereon.

“Book Entry System” means a book entry system established and operated for the recordation of Beneficial Owners of the Bonds pursuant to Section 2.15.

“Business Day” means any day on which (a) the office of the Trustee is open for business, (b) the Federal Reserve System is operational, (c) the New York Stock Exchange is not closed and (d) banks in the city in which the principal office of the Trustee are open for business.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

“*Commonwealth*” means the Commonwealth of Pennsylvania.

“*Convention Center*” shall mean the land, improvements, structures, buildings, or part thereof, or property interests therein, owned by the Issuer and used for large public assemblies, the holding of conventions, conferences, trade exhibitions, sporting events and other business, social, cultural, scientific and public interest events, and all facilities, furniture, fixtures and equipment necessary or incident thereto, including meeting rooms, dining rooms, kitchens, ballrooms, reception areas, registration and pre-function areas, truck loading areas, including access thereto, access ways, common areas, lobbies, offices and areas appurtenant to any of the preceding, and also including other buildings, structures or facilities for use in conjunction with the foregoing, including, but not limited to, provision for off-street parking, retail areas and other improvements related to the center owned by the Issuer.

“*Counsel*” means an attorney, or firm of attorneys, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, including any Bond Counsel.

“*County*” means the County of Lancaster, Pennsylvania.

“*County Treasurer*” means the duly appointed and acting treasurer of the County.

“*Debt Service Reserve Fund*” shall mean the fund of that name created pursuant to Section 5.05 hereof.

“*Debt Service Requirements*”, with reference to a specified period, and with respect to the Bonds or other Parity Indebtedness under consideration, shall mean:

(i) interest payable on Bonds or other Parity Indebtedness during the period, subject to reduction for funded interest;

(ii) amounts required to pay the principal of Bonds or other Parity Indebtedness maturing during the period and not to be redeemed prior to or at maturity through any sinking fund account; and

(iii) amounts required to pay the principal of Bonds or other Parity Indebtedness subject to mandatory sinking fund redemption.

“*Discover Lancaster*” means the Pennsylvania Dutch Tourist Bureau (d/b/a Discover Lancaster), and its successors and assigns.

“Eligible Investments” means any one or more of the following which at the time of investment are legal investments under the applicable laws of the Commonwealth for the monies proposed to be invested therein:

(i) Direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(ii) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself);

(iii) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself);

(iv) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AA-Am-G; AAA-m; or AA-m or if rated by Moody’s rated Aaa-mf, Aa-mf or A-mf;

(v) Certificates of deposit secured at all times by collateral described in (i) and/or (ii) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(vi) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC;

(vii) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P;

(viii) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies;

(ix) Bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P;

(x) Repurchase Agreements with primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and “A2” or better by Moody’s, or banks rated “A” or above by S&P and “A2” or above by Moody’s. Purchased securities will be limited to those in paragraph (i), (ii) or (iii) above at a margin percentage of 102%. Purchased securities must be held in a separate, segregated account by either the Trustee or tri-party custodian for the benefit of the Issuer, and the Issuer or Trustee must have a first perfected security interest in all purchased securities;

(xi) Investment Agreements with providers initially rated at least “AA-” and “Aa3” by S&P and Moody’s, with the provision that (i) if the provider is downgraded below “AA-” or

“Aa3” by S&P or Moody’s, the provider must deliver collateral of the type described in paragraph (i) above at a margin percentage of 103%, or that described in paragraph (ii) or (iii) above at a margin percentage of 104%, and (ii) if the provider is further downgraded below “A-” or “A3” by S&P or Moody’s, the Issuer will have the right to terminate the agreement and receive all invested amounts plus accrued but unpaid interest without penalty; and

(xii) any other investments to the extent at the time permitted by then applicable law for the investment of public funds, including without limitation, one or more money market mutual fund portfolios of the Wells Fargo Advantage Funds or any other mutual fund for which the Trustee or any of its affiliates serve as an investment manager, administrator, servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates.

“Event of Default” means any of the events specified in Section 6.01.

“Financing Statements” means any and all financing statements (including continuation statements) or other instruments filed or recorded to perfect the Security Interest created in this Indenture and in the Security Documents (or any of them).

“Fitch” means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with notice to the Trustee.

“Government Obligations” means (i) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity.

“Guaranty Agreement” shall mean the Guaranty Agreement dated as of December 1, 2022, between the County, as guarantor, and the Issuer and the Trustee, whereunder, among other things, the County guarantees, unconditionally, the payment of the Issuer’s obligations under the Replenishment Note, all as more fully provided for therein, and any amendments, restatements, supplements or other modifications thereto permitted pursuant to the terms thereof and hereof.

“Historic Hotel Tax Revenues” means the Hotel Tax Revenues deposited to the Hotel Tax Revenue Fund under Section 5.01 hereof as shown in the audited financial report of the Issuer for the Fiscal Year immediately preceding the Fiscal Year in which the relevant

calculation is being made which are available for the payment of debt service on the Bonds and any Parity Indebtedness incurred under Section 3.07 hereof.

“Holder” or *“Owner”* or *“Registered Owner”* means the Person who shall be the registered owner of any Bond, provided that, if any Bond is held pursuant to the Book Entry System, Holder shall mean, with respect to such Bond, the Beneficial Owner thereof.

“Hotel Room Rental Tax” means the Hotel Room Rental Tax imposed by the County pursuant to the provisions of Section 3 of the Act and the Hotel Tax Ordinance.

“Hotel Tax Ordinance” means Ordinance No. 45 Lancaster County Hotel Room Rental Tax enacted by the Lancaster County Board of County Commissioners on September 15, 1999 with an effective date of January 1, 2000.

“Hotel Tax Revenues” means all monies transferred by the County Treasurer to the Issuer pursuant to Section C of the Hotel Tax Ordinance and derived from the revenues received by the County Treasurer from the Hotel Room Rental Tax.

“Hotel Tax Revenue Fund” shall mean the fund of that name created pursuant to Section 5.01(a) hereof.

“Indebtedness” shall mean Long Term Indebtedness and Short Term Indebtedness.

“Indenture” means this Trust Indenture, as the same may be amended or supplemented from time to time as permitted hereby.

“Indirect Participant” means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant.

“Interest Payment Date” means each May 1 and November 1 of each year commencing May 1, 2023.

“Issue Date” means the date on which the Bonds are delivered to the purchaser or purchasers thereof upon original issuance.

“Issuer” means Lancaster County Convention Center Authority, a body public and corporate and a public instrumentality of the Commonwealth duly organized and existing under the Constitution and laws of the Commonwealth, including the Act, or any successor to its rights and obligations under this Indenture.

“Issuer Representative” means any one of the persons at the time designated to act on behalf of the Issuer by written certificate furnished to the Trustee containing the specimen signatures of such persons and signed on behalf of the Issuer by its Chairman, Vice Chairman, Secretary, Assistant Secretary or Executive Director.

“Lien” means any mortgage, deed of trust or pledge of, security interest in or encumbrance on the Convention Center or the Hotel Tax Revenues which secures any obligation of the Issuer or which secures any obligation of any Person.

“Long Term Indebtedness” shall mean the amount of all obligations for the payment of money incurred, assumed or guaranteed by the Issuer, including but not limited to its obligations with respect to all Bonds issued under this Indenture, whether due and payable in all events, or upon the performance of work, possession of property as lessee or rendering of services by others except:

- (i) Short Term Indebtedness;
- (ii) Current obligations payable out of current revenues, including current payments for the funding of pension plans;
- (iii) Obligations under contracts for supplies, services and pensions, allocable to current operating expenses of future years in which the supplies are to be furnished, the services rendered or the pension benefits paid; and
- (iv) Amounts payable in future years under Issuer leases, other than such leases properly capitalized under Generally Accepted Accounting Principles.

“Maximum Annual Debt Service Requirements” means the largest Debt Service Requirement to be paid by the Issuer with respect to the Bonds issued under this Indenture and any Parity Indebtedness incurred pursuant to Section 3.07 hereof.

“Memo of Understanding” means the Memo of Understanding dated as of July 28, 2022, between the Issuer and Discover Lancaster.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *“Moody’s”* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with notice to the Trustee.

“Opinion of Counsel” means any opinion of Counsel delivered pursuant to this Indenture. Each such opinion shall be addressed to the Trustee, the Issuer and the Paying Agent.

“Outstanding” means, when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, all Bonds that have been authenticated and delivered by the Trustee hereunder, except:

- (i) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
- (ii) Bonds deemed to be paid in accordance with Section 4.02;
- (iii) Bonds in lieu of which others have been authenticated under Sections 2.09 and 2.10; and
- (iv) For purposes of any consent, request, demand, authorization, direction, notice, waiver or other action to be taken by the Holders of a specified percentage of Outstanding Bonds

hereunder, all Bonds held by or for the account of the Issuer or any affiliate of the Issuer; provided, however, that for purposes of any such consent, request, demand, authorization, direction, notice, waiver or action the Trustee shall be obligated to consider as not being Outstanding only Bonds known by the Trustee by actual notice thereof to be so held.

“Parity Indebtedness” shall mean any Indebtedness incurred, assumed or guaranteed by the Issuer, other than the Bonds, which the Issuer is permitted to incur and which shall be equally and ratably secured with the Bonds to the extent provided in Section 3.07(a), 3.07(b) or 3.07(c) of this Indenture.

“Parity Indebtedness Agreement” shall mean any agreement of any sort entered into by the Issuer for the purpose of incurring, securing or guaranteeing Parity Indebtedness.

“Parity Lender” shall mean the financial institution providing any Parity Indebtedness to the Issuer pursuant to Section 3.07 hereof.

“Participant” means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

“Paying Agent” means Wilmington Trust, National Association, and its successors appointed and serving under this Indenture.

“Person” means any natural person, firm, partnership, association, corporation, limited liability company or public body.

“Project” has the meaning ascribed to such term in the recitals hereto.

“Rating Agency” means Moody’s (if Moody’s assigns a rating to the long-term unenhanced general obligation debt of the County) or S&P (if S&P assigns a rating to the long-term unenhanced general obligation debt of the County).

“Record Date” means with respect to each Interest Payment Date, the Trustee’s close of business on April 15 or October 15 immediately preceding the applicable Interest Payment Date, regardless of whether such day is a Business Day.

“Register” means the register of the record owners of Bonds maintained by the Trustee.

“Replenishment Note” means the Guaranteed Debt Service Reserve Fund Replenishment Note of the Issuer delivered pursuant to Section 5.05 hereof.

“Reserve Fund Credit Facility” means (i) an irrevocable letter of credit, naming the Trustee as beneficiary, issued by any domestic or foreign bank, or any branch or agency thereof, whose long-term debt obligations are rated in one of the two highest rating categories by Moody’s and S&P or (ii) a policy of reserve fund insurance naming the Trustee as beneficiary, issued by an insurance company whose claims paying ability is rated in one of the two highest rating categories by Moody’s and S&P, in either case (A) in an amount not less than the Series A Bonds Required Reserve Amount or the Series B Bonds Required Reserve Amount, as

applicable, and (B) the terms of which allow the Trustee to make the draws required by Section 5.05.

“Revenues” means (a) the Hotel Tax Revenues, (b) any proceeds of Bonds originally deposited with the Trustee for the payment of interest accrued on the Bonds or otherwise paid to the Trustee by or on behalf of the Issuer for deposit in the Bond Fund, (c) investment income with respect to any moneys held by the Trustee under this Indenture, and (d) any moneys paid to the Trustee under the Guaranty Agreement.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with notice to the Trustee.

“Securities Depository” means The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book Entry System with respect to the Bonds.

“Securities Depository Nominee” means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Register the Bonds to be delivered to such Securities Depository during the continuation with such Securities Depository of participation in its Book Entry System.

“Security Documents” means, as applicable, the Guaranty Agreement and the Replenishment Note.

“Security Interest” or *“Security Interests”* means the security interests created herein and in the Security Documents (or any of them) and has the meanings set forth in the U.C.C.

“Series A Bonds Required Reserve Amount” means \$384,401.93.

“Series B Bonds Required Reserve Amount” means (i) from the date hereof through and including May 1, 2030, \$3,569,731.07; and (ii) from May 2, 2030 through the final maturity of the Series B of 2022 Bonds, \$3,954,133.00.

“Settlement Fund” shall mean the special fund created under Section 2.08.

“Short Term Indebtedness” shall mean indebtedness of the Issuer payable on demand or otherwise maturing not more than 365 days after it is incurred, but not including accounts payable and accrued expenses.

“Surplus Fund” shall mean the fund of that name created pursuant to Section 5.06 hereof.

“Tax Certificate” means the Nonarbitrage Certificate and Compliance Agreement of the Issuer dated the Issue Date.

“*Trustee*” means Wilmington Trust, National Association, as trustee hereunder, and any successor trustee appointed under this Indenture.

“*Trust Estate*” means all of the Trustee’s right, title and interest in, to and under the Security Documents and all collateral pledged or hypothecated thereunder, all products and proceeds thereof, and all cash, funds and other property (real and personal) realized, collected or obtained upon the exercise of the Trustee’s rights and remedies hereunder and thereunder, and all right, title and interest of the Issuer in and to:

- (i) the Revenues;
- (ii) all moneys in the Hotel Tax Revenue Fund, the Bond Fund, the Surplus Fund and the Debt Service Reserve Fund, including proceeds of the Bonds pending disbursement thereof;
- (iii) payments received from the County pursuant to the Guaranty Agreement;
- (iv) all of the Issuer’s rights, title and interest in the Security Documents;
- (v) all of the proceeds of the foregoing, including without limitation investments thereof; and
- (vi) all other property of every name and nature from time to time hereafter by delivery or by writing mortgaged, pledged, delivered or hypothecated as and for additional security under this Indenture by the Issuer or by anyone on its behalf or with its written consent in favor of the Trustee.

“*U.C.C.*” means the Uniform Commercial Code of the Commonwealth as now in effect or hereafter amended.

“*Unsecured Indebtedness*” means any Indebtedness not secured by any Lien.

Section 1.02 Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The table of contents, captions, and headings herein are for convenience of reference only and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.
- (c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.
- (d) All references in this Indenture to particular Articles, Exhibits or Sections are references to Articles or Sections of this Indenture, unless otherwise indicated.

ARTICLE II

THE BONDS

Section 2.01 Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total aggregate principal amount of Bonds that may be issued and Outstanding hereunder is expressly limited to \$69,485,000. The Bonds shall be issued as two series of Bonds and shall be designated “\$6,755,000 Lancaster County Convention Center Authority Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)” and “\$62,730,000 Lancaster County Convention Center Authority Hotel Room Rental Tax Revenue Bonds, Series B of 2022”.

Section 2.02 Issuance of Bonds. The Bonds shall bear interest from the Issue Date, until paid, at the rates set forth in Section 2.03. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall mature, unless sooner paid, on the dates set forth in Section 2.03.

The Bonds shall be issued initially in definitive form, shall be dated December 1, 2022, shall be in fully registered form, without coupons, and shall be issuable in denominations of \$5,000 principal amount and any integral multiple thereof.

The Bonds shall be dated the Issue Date. Each of the Bonds shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date; or (b) such Bond is registered and authenticated after a Record Date and before the next succeeding Interest Payment Date, in which event the Bond shall bear interest from such Interest Payment Date; or (c) such Bond is registered and authenticated on or prior to the Record Date preceding May 1, 2023, in which event such Bond shall bear interest from December 1, 2022; or (d) as shown by the records of the Trustee, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date on which interest was last paid on such Bond, payable semiannually on May 1 and November 1 of each year, beginning May 1, 2023, until the principal sum thereof is paid. Except as to distinguishing numbers, series designation, denominations, maturity dates and interest rates, the Bonds and the Trustee’s certificates of authentication shall be substantially in the forms and shall be of the tenor and purport hereinbefore set forth, with such insertions and variations (including CUSIP numbers) approved by the Trustee, as may be appropriate for different series designations, denominations and maturity dates.

The principal of, premium, if any, and interest on all Bonds shall be payable in lawful money of the United States, and such principal, premium, if any, and interest shall be payable at the places set forth in the Bonds. Payment of interest on any Bond on any Interest Payment Date shall be made to the Person appearing on the registration books of the Issuer, maintained by the Trustee in behalf of the Issuer, as the Registered Owner thereof on the Record Date and shall be paid by check mailed to the Registered Owner at his address as it appears on such registration books, unless the Issuer shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the Persons in whose names the Bonds are registered at the close of business on a special record date for the

payment of such defaulted interest established by notice mailed by the Trustee in behalf of the Issuer to the Registered Owners of Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the Persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. Payment of the principal of all Bonds shall be made upon presentation and surrender of such Bonds as the same shall become due and payable.

If the date for payment of the principal of, premium, if any, or interest on the Bonds shall not be a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the stated date of payment.

The Issuer in issuing its Bonds may use “CUSIP” numbers (if then generally in use), and the Trustee shall use such “CUSIP” numbers in notices of redemption as a convenience to Registered Owners, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers prefixed “R” printed on the Bonds.

Section 2.03 Designation, Denominations, Interest Rates and Maturity.

(a) Series A of 2022 Bonds shall be numbered consecutively as issued, without regard to denomination or maturity, and shall bear interest (for the period specified) at the rates per annum and shall mature on the dates and in the aggregate principal amounts, all as follows:

<u>Interest Rate</u>	<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>
4.870%	2023	\$1,000,000
4.920	2024	840,000
4.740	2025	885,000
4.730	2026	925,000
4.780	2027	970,000
4.940	2028	1,020,000
5.090	2029	1,070,000
5.170	2030	45,000

(b) Series B of 2022 Bonds shall be numbered consecutively as issued, without regard to denomination or maturity, and shall bear interest (for the period specified) at the rates per annum and shall mature on the dates and in the aggregate principal amounts, all as follows:

<u>Interest Rate</u>	<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>
5.000%	2030	\$1,080,000
5.000	2031	1,185,000
5.000	2032	1,245,000
5.000	2033	1,310,000
5.000	2034	1,375,000
5.000	2035	1,445,000
5.000	2036	1,520,000
5.000	2037	1,600,000
4.000	2038	1,670,000
5.000	2039	1,750,000
4.250	2040	1,510,000
5.000	2040	325,000
4.250	2041	1,915,000
4.375	2042	2,000,000
4.000	2049	16,500,000
4.750	2053	11,905,000
4.750	2057	14,395,000

Section 2.04 Execution; Source of Payment of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chair or Vice Chair of the Issuer and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Issuer and shall have impressed or imprinted thereon the seal (or a facsimile thereof), if any, of the Issuer.

In case any officer whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such manual or facsimile signatures shall nevertheless be valid and sufficient for all purposes.

TO THE EXTENT PROVIDED IN AND EXCEPT AS OTHERWISE PERMITTED BY THIS INDENTURE, (I) THE BONDS SHALL BE LIMITED OBLIGATIONS OF THE ISSUER AND THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON AND INTEREST ON THE BONDS SHALL BE PAYABLE EQUALLY AND RATABLY SOLELY FROM THE REVENUES AND (II) THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON AND INTEREST ON THE BONDS SHALL BE SECURED BY THE TRUST ESTATE PURSUANT TO THE GRANTING CLAUSES OF THIS INDENTURE. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT, NEITHER THE GENERAL CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS, AND THE BONDS SHALL NOT BE OR BE DEEMED OBLIGATIONS OF THE COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

The Issuer covenants and agrees that the only moneys it shall deposit into or transfer to the various funds and accounts hereunder, shall be (i) Hotel Tax Revenues; (ii) the proceeds of the Bonds issued hereunder; and (iii) any other Revenues, as defined herein. The Issuer is prohibited from making payments into any Fund established and created under this Indenture hereto for the Bonds issued hereunder other than from the sources described in the immediately preceding sentence without first obtaining and delivering to the Trustee an opinion of Bond Counsel to the effect that the same is permitted under applicable law and the Indenture and that the same will not adversely affect the tax-exempt status of the interest payment on the Bonds.

Section 2.05 Certificate of Authentication. No Bonds shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon a certificate of authentication, substantially in the form as set forth in the form of Bond referred to in Section 2.06, executed by an authorized representative of the Trustee; and such certificate on any Bond issued by the Issuer shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

Section 2.06 Form of Bonds.

(a) The Bonds, the Trustee's certificate of authentication and the form of assignment shall be in substantially the forms set forth as Exhibit A and Exhibit B hereto, with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or are required by law and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations.

(b) The Bonds shall be in either typewritten or printed form, as the Issuer shall direct, with approval of the Trustee; provided that any expenses, including but not limited to expenses of printing, incurred in connection therewith shall be paid by the Issuer.

Section 2.07 Delivery of Bonds. Upon the execution and delivery hereof, the Issuer shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to such purchaser or purchasers as shall be directed in writing by the Issuer as hereinafter provided in this Section.

Prior to the authentication of and initial delivery by the Trustee of any of the Bonds, there shall be filed with the Trustee:

- (a) A certified copy of all resolutions adopted and proceedings had by the Issuer authorizing execution of the Indenture and the issuance of the Bonds;
- (b) An original executed counterpart of this Indenture and each of the Bond Documents;
- (c) Copies of any Financing Statements filed to perfect the Security Interests;
- (d) An original executed counterpart of the Tax Certificate;
- (e) An Opinion of Bond Counsel to the effect that the Bonds have been duly authorized and validly issued, are legal, valid and binding obligations of the Issuer enforceable against the

Issuer in accordance with their terms and that interest on the Series B of 2022 Bonds will not be included in gross income of the Holders thereof for federal tax purposes;

(f) An Opinion of Counsel for the Issuer to the effect that the Indenture, the Security Documents and the other Bond Documents to which the Issuer is a party have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their terms and that the Indenture creates a valid lien on the Trust Estate; and

(g) An Opinion of Counsel for the County to the effect that the Guaranty Agreement has been duly authorized, executed and delivered by the County and is the legal, valid and binding agreement of the County and is enforceable against the County in accordance with its terms; and

(h) A request and authorization to the Trustee on behalf of the Issuer and signed by a duly authorized officer of the Issuer directing the Trustee to authenticate and deliver the Bonds in such specified denominations as permitted herein to the initial purchaser or purchasers upon payment to the Trustee, but for the account of the Issuer, of a specified sum of money.

Upon receipt of the foregoing, the Trustee shall authenticate and deliver the Bonds as provided above.

Section 2.08 Disposition of the Proceeds of the Bonds. The net proceeds of the Bonds and any other funds received on the date of delivery of the Bonds as described in this Section 2.08 shall be deposited by the Trustee in the Settlement Fund, which is hereby created, and paid or transferred therefrom in accordance with written instructions of the Issuer delivered to the Trustee on the Issue Date. The Trustee shall establish within the Settlement Fund a “Series A Bonds Account” and a “Series B Bonds Account”.

The net proceeds of the Series A of 2022 Bonds in the amount of \$6,722,913.75, which is equal to the principal amount thereof less the Underwriter’s discount of \$32,086.25, shall be deposited into the Series A Bonds Account of the Settlement Fund. The Trustee is hereby directed to apply the monies deposited to the Series A Bonds Account of the Settlement Fund as follows:

(a) the sum of \$6,306,451.00 shall be applied to pay a portion of the costs of terminating the Existing Swaps;

(b) the sum of \$384,401.93 shall be transferred to the Series A Bonds Account of the Debt Service Reserve Fund; and

(c) the sum of \$32,060.82 shall be applied to pay the costs of issuance of the Series A of 2022 Bonds pursuant to the written direction of the Issuer.

The net proceeds of the Series B of 2022 Bonds in the amount of \$60,270,284.35, which is equal to the principal amount thereof less net original issue discount of \$2,099,018.15, and less the Underwriter’s discount of \$360,697.50, shall be deposited into the Series B Bonds Account of the Settlement Fund. The Trustee is also directed to deposit \$5,839,994.18 from monies on deposit under the Trust Indenture for the Prior Bonds into the Series B Bonds Account of the

Settlement Fund, as more specifically provided in the Closing Statement of the Issuer dated the date of issuance of the Series B of 2022 Bonds.

The Trustee is hereby directed to apply the monies deposited to the Series B Bonds Account of the Settlement Fund as follows:

(a) the sum of \$59,181,430.91 shall be applied to pay the cost of refunding the Prior Bonds;

(b) the sum of \$3,031,549.00 shall be applied to pay a portion of the costs of terminating the Existing Swaps;

(c) the sum of \$3,569,731.07 shall be transferred to the Series B Bonds Account of the Debt Service Reserve Fund; and

(d) the sum of \$276,535.18 shall be applied to pay the costs of issuance of the Series B of 2022 Bonds pursuant to the written direction of the Issuer; and

(e) the sum of \$51,032.37 shall be deposited into the Bond Fund.

In the event any balance of money reserved in the Settlement Fund shall remain in the Settlement Fund after all payments and transfers authorized in this Section 2.08 shall have been made, the Trustee shall transfer such balance to the Bond Fund.

Section 2.09 Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond of the same maturity, interest rate, principal amount and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided, that there shall be first furnished to the Trustee evidence satisfactory to it and the Issuer of the ownership of such Bond and of such loss, theft or destruction (or, in the case of a mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee), together with indemnity satisfactory to the Trustee and the Issuer and compliance with such other reasonable regulations as the Issuer and the Trustee may prescribe. If any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond the Issuer may pay the same without surrender thereof, upon receipt of such evidence, indemnification and payment of fees and expenses as described herein. The Issuer and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in connection with this Section.

Section 2.10 Exchangeability and Transfer of Bonds; Persons Treated as Owners. Books for the registration of the Bonds and for the registration of transfer of the Bonds as provided herein shall be kept by the Trustee.

Any Holder of a Bond, in person or by such Holder's duly authorized attorney, may transfer title to such Holder's Bond on the Register upon surrender thereof at the designated office of the Trustee, and by providing the Trustee with a written instrument of transfer (in substantially the form of assignment attached to the Bond) executed by the Holder or such Holder's duly authorized attorney, and thereupon, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the

same aggregate principal amount tenor as the Bond surrendered (or for which transfer of registration has been effected) and of any Authorized Denomination or Authorized Denominations.

Bonds may be exchanged upon surrender thereof at the designated office of the Trustee with a written instrument of transfer satisfactory to the Trustee executed by the Holder or such Holder's attorney duly authorized in writing, for an equal aggregate principal amount of Bonds of the same tenor as the Bonds being exchanged and of any Authorized Denomination or Authorized Denominations. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds that the Holder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

Such registrations of transfer or exchanges of Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service charge made by the Trustee for any such registration of transfer or exchange and all reasonable expenses of the Trustee shall be paid by the Issuer.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal or interest shall be made only to or upon the order of the registered owner thereof or such Holder's duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

All Bonds issued upon any registration of transfer or exchange of Bonds shall be legal, valid and binding limited obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such registration of transfer or exchange.

Notwithstanding the foregoing, for so long as the Bonds are held under the Book Entry System, transfers of beneficial ownership will be effected pursuant to rules and procedures established by the Securities Depository.

Section 2.11 Cancellation. All Bonds that have been surrendered to the Trustee pursuant to Sections 2.09 or 2.10 of this Indenture or for payment upon maturity or redemption prior to maturity, shall be cancelled and destroyed by the Trustee and a certificate of destruction shall be delivered to the Issuer.

Section 2.12 Ratably Secured. All Bonds issued hereunder are and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication, delivery or maturity of the Bonds so that subject as aforesaid, all Bonds at any time Outstanding shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same, or any of them,

shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date.

Section 2.13 Redemption of Bonds; Partial Redemption of Bonds.

(a) ***Optional Redemption.*** The Series A of 2022 Bonds are not subject to optional redemption prior to maturity.

The Series B of 2022 Bonds maturing on and after May 1, 2033 are subject to redemption prior to maturity, at the option of the Issuer, in whole or in part (and, if in part, as selected by the Issuer, in authorized denominations), on May 1, 2032, or on any date thereafter, upon payment of the principal amount of the Series B of 2022 Bonds to be redeemed, together with accrued interest to the date fixed for redemption. In the event less than all of the Series B of 2022 Bonds of any particular maturity are to be redeemed, the Series B of 2022 Bonds to be redeemed shall be drawn by lot by the Trustee.

(b) ***Mandatory Sinking Fund Redemption.*** The Series A of 2022 Bonds are not subject to mandatory sinking fund redemption.

The Series B of 2022 Bonds stated to mature on May 1, 2049 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$2,085,000	2043
2,170,000	2044
2,255,000	2045
2,350,000	2046
2,445,000	2047
2,545,000	2048
2,650,000	2049*

* Final maturity

The Series B of 2022 Bonds stated to mature on May 1, 2053 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$2,770,000	2050
2,900,000	2051
3,045,000	2052
3,190,000	2053*

* Final maturity

The Series B of 2022 Bonds stated to mature on May 1, 2057 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$3,345,000	2054
3,510,000	2055
3,680,000	2056
3,860,000	2057*

* Final maturity

(c) ***Selection of Bonds to be Redeemed.*** Except as otherwise provided herein or in the Bonds, if less than all the Bonds are to be redeemed, the particular Bonds to be called for redemption shall be selected from the maturities designated in writing by the Issuer and within a maturity by any method determined by the Trustee to be fair and reasonable. The Trustee shall treat any Bond of a denomination greater than the minimum authorized denomination as representing that number of separate Bonds each of that minimum authorized denomination as can be obtained by dividing the actual principal amount of such Bond by that minimum authorized denomination; provided that no Bond shall be redeemed in part if it results in the unredeemed portion of the Bond being in a principal amount other than an authorized denomination.

(d) ***Bonds Redeemed in Part.*** Any Bond which is to be redeemed only in part shall be surrendered at a place stated for the surrender of Bonds called for redemption in the notice provided for in Section 2.14 (with due endorsement by, or a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Owner thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond without service charge, a new Bond or Bonds, of any authorized

denomination as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 2.14 Notice of Redemption.

(a) The Issuer shall exercise its option to prepay the Bonds pursuant to Section 2.13(a) hereof by giving written notice to the Trustee and the Paying Agent, not less than forty-five (45) days prior to the date selected for redemption.

The notice of the call for redemption of Bonds shall identify (i) the complete official name of the issue, (ii) the Bonds or portions thereof to be redeemed by designation, letters, CUSIP numbers, numbers or other distinguishing marks, interest rate, maturity date and principal amount, (iii) the redemption price to be paid, (iv) the date fixed for redemption, (v) the place or places, by name and address, where the amounts due upon redemption are payable and (vi) the name and telephone number of the person to whom inquiries regarding the redemption may be directed; provided, however, that the failure to identify a CUSIP number for said Bonds in the redemption notice, or the inclusion of an incorrect CUSIP number, shall not affect the validity of such redemption notice. The notice shall be given by the Trustee on behalf of the Issuer by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days, but no more than 60 days, prior to the date fixed for redemption, to the Owner of each Bond subject to redemption in whole or in part at the Owner's address shown on the Register. Failure to mail notice pursuant to this Section, or any defect in that notice, as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond.

(b) The Trustee shall take the following additional actions with respect to such redemption notice, but no defect in the following actions or any failure to take the same shall defeat the effectiveness of the foregoing redemption notice:

(i) At least 30 days prior to the date fixed for redemption, such redemption notice shall be given by (i) registered or certified mail, postage prepaid, (ii) legible facsimile transmission, (iii) electronic mail, or (iv) overnight delivery service to:

The Depository Trust Company
55 Water Street
New York, New York 10041
Facsimile transmission: (212) 855-7232
(212) 855-7234
E-mail: redemptionnotification@dtcc.com

(ii) At least 30 days before the date fixed for redemption, such redemption notice shall be given to the Municipal Securities Rulemaking Board ("MSRB") through its the Electronic Municipal Market Access system ("EMMA") as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to or as may be prescribed by the MSRB (or, if such system is no longer in existence, to such other information service of national recognition that disseminates redemption information as is specified in writing by the Issuer to the Trustee).

(iii) In undertaking the requirements of this subsection (b), the Trustee does so as a courtesy to the Owners and to the institutions listed herein and the Trustee shall not incur any liability as a result of the failure to provide such notice to any Owner or to any such institution or as a result of any defect therein.

(c) If at the time of mailing of notice of any optional redemption, the Issuer shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional in that it is subject to the deposit of the sufficient moneys with the Trustee not later than 2:00 PM eastern time on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 2.15 Book Entry System.

(a) The Bonds of each series shall initially be issued in the form of one typewritten fully registered Bond for the aggregate principal amount of the Bonds of each maturity, which Bond shall be registered in the name of the Securities Depository or its nominee provided that if the Securities Depository shall request that the Bond be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the Bond for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of the Securities Depository. No Person other than the Securities Depository or its nominee shall be entitled to receive from the Issuer or the Trustee either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless the Securities Depository or its nominee shall transfer record ownership of all or any portion of the Bonds, in connection with discontinuing the Book Entry System as provided in this Section 2.15.

(b) So long as the Book Entry System is in effect, the Trustee shall comply with the terms of any agreement with the Securities Depository, and notwithstanding anything in this Indenture to the contrary, such agreement shall govern with respect to notices, voting, payment, and delivery of Bonds.

(c) The Book Entry System may be terminated upon the happening of any of the following:

(i) The Securities Depository or the Issuer, based upon advice from the Securities Depository, advises the Trustee in writing that the Securities Depository is no longer willing or able to properly discharge its responsibilities under any agreement(s) with the Issuer and the Trustee, and the Issuer is unable to locate a qualified successor Securities Depository satisfactory to the Trustee;

(ii) The Issuer may elect to terminate the Book Entry System by written notice to the Securities Depository and the Trustee; or

(iii) After the occurrence of an Event of Default, the Beneficial Owners of a majority in aggregate Outstanding principal amount of the Bonds, through the Participants and the Securities Depository, may elect to discontinue the Book Entry System and so advise the Trustee, the Issuer and the Securities Depository in writing.

Upon the occurrence of any event hereinabove described, the Trustee shall notify the Securities Depository of the occurrence of such event and of the availability of definitive or temporary certificated Bonds to Beneficial Owners, in an aggregate Outstanding principal amount representing the ownership interest of each such Beneficial Owner, making such adjustments and allowances as it may find necessary or appropriate as to accrued interest and previous payments of principal or redemption price. Definitive certificated Bonds shall be issued only upon surrender to the Trustee of the Bond held by the Securities Depository, accompanied by registration instructions for the definitive certificated Bonds. Neither the Issuer nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon issuance of definitive certificated Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such definitive certificated Bonds.

(d) Except for payment of principal at maturity, any provision of this Indenture permitting or requiring the delivery of Bonds shall, while the Book Entry System is in effect, be satisfied by the notation on the books of the Securities Depository or a Participant, if applicable, of the transfer of the Beneficial Owner's interest in such Bond.

(e) Neither the Issuer nor the Trustee will have any responsibility or obligation to Participants, to indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by the Securities Depository, any Participant, or any indirect Participant; (ii) the payment by the Securities Depository, any Participant or indirect Participant of any amount with respect to the principal of, or premium, if any, or interest on the Bonds; (iii) any notice which is permitted or required to be given by Beneficial Owners under this Indenture; (iv) the selection by the Securities Depository or any direct or indirect Participant of any Person to receive payment in the event of a partial redemption of the Bonds, or (v) any consent given or other action taken by the Securities Depository as Bondholder.

(f) Payments by the Participants or indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant or indirect Participant and not of the Securities Depository, the Trustee or the Issuer, subject to any statutory and regulatory requirements as may be in effect from time to time.

ARTICLE III

SECURITY; COVENANTS OF ISSUER

Section 3.01 Security. The Bonds and the interest and any premium thereon shall be a limited obligation of the Issuer as provided in Section 2.04, and shall be secured by and payable from the Trust Estate.

Section 3.02 Payment of Bonds and Performance of Covenants. The Issuer shall pay or cause to be paid solely from the sources and to the extent provided herein the principal of and interest on every Bond on the date and at the places and in the manner mentioned in such

Bonds according to the true intent and meaning thereof, but shall make such payment on the Bonds only out of Revenues and the amounts on deposit in the funds established hereunder representing proceeds of the Bonds, Revenues and the earnings thereon. The Issuer shall conduct its affairs in such a manner as to meet its obligations in full under this Indenture.

Except as provided in Section 5.01(a) hereof, the Issuer covenants and agrees that the only moneys it shall deposit into or transfer to the various funds and accounts hereunder, shall be (i) Hotel Tax Revenues; (ii) the proceeds of the Bonds issued hereunder; and (iii) any other Revenues, as defined herein. The Issuer is prohibited from making payments into any Fund established and created under this Indenture hereto for the Bonds issued hereunder other than from the sources described in the immediately preceding sentence without first obtaining and delivering to the Trustee an opinion of Bond Counsel to the effect that the same is permitted under applicable law and the Indenture and that the same will not adversely affect the tax-exempt status of the interest payment on the Bonds.

Section 3.03 Authority. The Issuer represents and warrants that (i) it is duly authorized under the Constitution and laws of the Commonwealth to issue the Bonds, and to execute, deliver and perform the terms of this Indenture; (ii) all action on its part for the issuance of the Bonds and execution and delivery of this Indenture has been duly taken; (iii) the Bonds, upon issuance and authentication, and this Indenture upon delivery, assuming that they are the respective legal, valid, binding and enforceable obligations of the other parties thereto, shall be valid and enforceable obligations of the Issuer in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and general equitable principles; (iv) it has not heretofore conveyed, assigned, pledged, granted a Security Interest in or otherwise disposed of the Trust Estate; and (v) the execution, delivery and performance of this Indenture and issuance of the Bonds are not in contravention of law or any agreement, instrument, indenture or other undertaking to which it is a party or by which it is bound and no other approval, consent or notice from any governmental agency is required on the part of the Issuer.

Section 3.04 No Litigation. The Issuer represents and warrants that there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds or this Indenture or (ii) the tax-exempt status of interest on the Series B of 2022 Bonds.

Section 3.05 Further Assurances. The Issuer covenants that it will cooperate to the extent necessary with the Trustee in its defenses of the Trust Estate against the claims and demands of all Persons and, upon payment or provision for payment of the fees and expenses to be incurred by the Issuer in connection therewith, will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging of the Trust Estate.

Section 3.06 No Other Encumbrances; Limitations on Creation of Liens.

(a) The Issuer covenants that, except as otherwise provided herein, it will not sell, convey, mortgage, encumber or otherwise dispose of any portion of the Trust Estate.

(b) The Bonds and any Parity Indebtedness incurred pursuant to Section 3.07 shall be equally and ratably secured by a first lien on the Revenues. The Issuer agrees that it will not create or suffer to be created or permit the existence of any security interest, lien or encumbrance upon the Revenues, except the liens created by this Indenture and as otherwise permitted by this Section 3.06.

Section 3.07 Parity Indebtedness. The Issuer hereby agrees that after the date hereof it may not create, incur, assume or suffer to exist any Long Term Indebtedness or Short Term Indebtedness, except the following:

(a) Long Term Indebtedness may be incurred or assumed by the Issuer if at the time of such incurring or assumption thereof:

(i) a certificate of an Issuer Representative is first delivered to the Trustee concluding that to the best of such person's knowledge, no Event of Default under this Indenture, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing;

(ii) the Issuer shall have delivered to the Trustee a certified resolution of the Issuer, (1) approving the incurring of such additional Long Term Indebtedness, (2) specifying in reasonable detail the purpose for which such Long Term Indebtedness is to be incurred or assumed, and (3) authorizing the execution of any required financing documents;

(iii) the Issuer shall have delivered to the Trustee an Opinion or Opinions of Counsel that (1) the purpose of the Long Term Indebtedness, as stated in the certified resolution, is one for which Long Term Indebtedness may be incurred under law, (2) all conditions prescribed herein as precedent to such incurrence have been fulfilled, and (3) the additional Long Term Indebtedness has been validly authorized; and

(iv) the Issuer shall have delivered to the Trustee a certificate of an Issuer Representative demonstrating and concluding that for the immediately preceding Fiscal Year, the Historic Hotel Tax Revenues was not less than 125% of the Maximum Annual Debt Service Requirements with respect to the Bonds Outstanding under this Indenture, including any Parity Indebtedness previously incurred under this Section 3.07 and the proposed Parity Indebtedness proposed to be incurred as if it had been issued on the first day of such Fiscal Year, for such Fiscal Year.

(b) Short Term Indebtedness may be incurred or assumed by the Issuer if at the time thereof the aggregate principal amount of all Short Term Indebtedness of the Issuer then outstanding, including such Indebtedness to be incurred or assumed (other than Short Term Indebtedness to be paid from sources other than the Issuer's Hotel Tax Revenues), does not exceed 25% of the annual arithmetic average of the Issuer's Hotel Tax Revenues for the three immediately preceding Fiscal Years.

(c) The certificates referred to in clauses (i) and (iv) of Section 3.07(a) shall not be required if the Indebtedness referred to in said clauses is to be incurred or assumed to refund Long Term Indebtedness in whole or in part.

(d) Unsecured Indebtedness may be incurred without limit.

Section 3.08 Security for Parity Indebtedness. Any Parity Indebtedness incurred pursuant to clauses (a), (b) or (c) of Section 3.07 may be secured by a lien on and security interest in the Revenues of equal rank and priority with the lien and security interest granted to the Owners of the Bonds hereunder; provided however, that (i) funds on deposit in the Debt Service Reserve Fund, including any funds advanced by the County under the Guaranty Agreement, may only be used to pay the principal of or the interest due on the Bonds and are not available to pay debt service on Parity Indebtedness; and (ii) any Parity Indebtedness Agreement for the repayment of such Parity Indebtedness and instruments evidencing or securing the same shall provide that, if any event of default shall have occurred in respect of such Parity Indebtedness, the holder or holders thereof shall not be entitled to exercise any rights or remedies with respect to the Revenues and that all such rights or remedies are, except as otherwise provided herein, to be exercised solely by the Trustee as long as any of the Bonds remain outstanding under this Indenture, all for the equal and ratable benefit of the Owners of the Bonds and all holders of Parity Indebtedness having a security interest in the Revenues of equal rank and priority.

In the event that any funds hereunder shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting any such funds, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the parties hereto or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Section 3.09 No Personal Liability. No recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the Bonds or the other Bond Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, member, officer, agent, attorney or employee, as such, in his or her individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any director, member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such director, member, officer, agent, attorney and employee is, by the execution of this

Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

Section 3.10 Corporate Existence; Compliance with Laws. The Issuer shall maintain its corporate existence; shall use its best efforts to maintain and renew all its rights, powers, privileges and franchises; and shall comply with all valid and applicable laws, rules, regulations, orders, requirements and directions of any legislative, executive, administrative or judicial body relating to the issuance of the Bonds.

Section 3.11 Indemnification. The Issuer will indemnify and hold the Trustee and its directors, officers, agents and employees harmless from and against any and all claims, liabilities, losses, damages, fines, penalties and expenses (including out-of-pocket, incidental expenses, legal fees and expenses, and the allocated costs and expenses of in-house counsel and legal staff) that may be imposed on, incurred by, or asserted against, the Trustee and its directors, officers, agents and employees or any of them for following any instruction or other direction upon which the Trustee is authorized to rely pursuant to the terms of this Indenture and the Bonds. In addition to and not in limitation of the immediately preceding sentence, the Issuer will indemnify and hold the Trustee and its directors, officers, agents and employees and each of them harmless from and against any and all claims, liabilities, losses, damages, fines, penalties and expenses (including out-of-pocket, incidental expenses, legal fees and expenses, and the allocated costs and expenses of in-house counsel and legal staff) that may be imposed on, incurred by, or asserted against the Trustee and its directors, officers, agents and employees or any of them in connection with or arising out of the Trustee's performance under this Indenture and the Bonds; provided the Trustee has not acted with gross negligence or engaged in willful misconduct. The provisions of this paragraph shall survive the termination of this Indenture and the resignation or removal of the Trustee for any reason. In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The indemnification set forth above is intended to and shall (i) include the indemnification of all affected directors, officers, agents and employees of the Trustee, and (ii) be enforceable by the Trustee to the full extent permitted by law.

ARTICLE IV

DISCHARGE OF LIEN

Section 4.01 Discharge of Lien and Security Interest. Upon the payment in full of the principal of and interest on the Bonds and all Parity Indebtedness these presents and the Security Interests shall cease, determine and be discharged, and thereupon the Trustee, upon receipt by the Trustee of an Opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with shall (a) cancel and discharge this Indenture, the lien upon the Trust Estate and the Security Interests; and (b) execute and deliver to the Issuer, at the Issuer's expense, such instruments in writing, prepared by the Issuer, as shall be required to cancel and discharge this Indenture and the Security Interests and

reconvey to the Issuer the Trust Estate, and assign and deliver to the Issuer so much of the Trust Estate as may be in its possession or subject to its control, except for moneys and Government Obligations held in the Bond Fund for the purpose of paying Bonds; provided, however, that the cancellation and discharge of this Indenture pursuant to this Section 4.01, (i) shall not terminate the powers and rights granted to the Trustee with respect to the payment, registration of transfer and exchange of the Bonds and (ii) shall not impair or limit the rights of the Issuer and the Trustee to indemnity, non-liability and payment of all reasonable fees and expenses, which rights shall survive the cancellation and discharge of this Indenture pursuant to this Section or Section 4.02. If the Bonds are rated by a Rating Agency, notice of payment in full of the Bonds shall be furnished by the Trustee to such Rating Agency.

Section 4.02 Provision for Payment of Bonds. Bonds shall be deemed to have been paid within the meaning of Section 4.01 if:

(a) there shall have been irrevocably deposited in the Bond Fund, either (1) sufficient cash, or (2) Government Obligations of such maturities and interest payment dates and bearing such interest as will, in the opinion of an independent certified public accountant or a nationally recognized firm with experience in preparing verification reports, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings also to be held in trust), be sufficient together with any cash deposit, for the payment at their respective maturities or redemption and the redemption premium, if any, and interest to accrue thereon at such maturity or redemption, as the case may be;

(b) there shall have been paid or provision duly made for the payment of all fees and expenses of the Issuer and the Trustee due or to become due; and

(c) if any Bonds are to be redeemed on any date prior to their maturity, the Trustee shall have received in form satisfactory to it irrevocable instructions from an Issuer Representative to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices has been granted to the Trustee.

Limitations set forth elsewhere herein regarding the investment of moneys held by the Trustee in the Bond Fund shall not be construed to prevent the depositing and holding in the Bond Fund of the obligations described in paragraph (a) of this Section for the purpose of defeasing the lien of this Indenture as to Bonds which have not yet become due and payable. Notwithstanding any other provision of this Indenture to the contrary, all cash deposited with the Trustee as provided in this Section may be invested and reinvested, at the direction of the Issuer, in Government Obligations (or, in the case of a deposit under paragraph (a) of this Section, in a money market fund that invests solely in Government Obligations and is rated in the highest category by one of Fitch, Moody's or S&P and, if more than one of such rating agencies then rates such money market fund, is rated no less than the highest rating category by each of such rating agencies then rating such money market fund) maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations (or money market fund) in the hands of the Trustee pursuant to this Section which is not required for the payment of the Bonds and interest and redemption premium, if any, thereon with respect to which such moneys

shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund.

ARTICLE V

FUNDS

Section 5.01 Hotel Tax Revenue Fund and Bond Fund.

(a) Hotel Tax Revenue Fund. There is hereby established with the Trustee a trust fund designated as the “Hotel Tax Revenue Fund.” The Issuer covenants to cause the County Treasurer to transfer into the Hotel Tax Revenue Fund, within thirty (30) days of receipt, all Hotel Tax Revenues received by the County Treasurer and initially deposited in the Convention Center Authority Fund established pursuant to Section C(1) of the Hotel Tax Ordinance. Money in the Hotel Tax Revenue Fund, from time to time, including, without limitation, all Hotel Tax Revenues received by the County Treasurer, shall be and is irrevocably pledged by the Issuer to the Trustee for prompt and full satisfaction of all obligations of the Issuer under this Indenture, the Bonds and any Parity Indebtedness incurred pursuant to Section 3.07 hereof, and shall be transferred, from time to time, by the Trustee to satisfy such obligations, as more fully provided in this Section 5.01.

In addition to the Hotel Tax Revenues, the Issuer is authorized to deposit into the Hotel Tax Revenue Fund at its discretion any monies for which the Trustee has received an opinion of Bond Counsel to the effect that the deposit of such monies into the Hotel Tax Revenue Fund and application of such monies to pay the principal of and interest on the Bonds will not adversely affect any applicable exemption from federal income taxation of the interest on any Outstanding Bonds. For the avoidance of doubt, any such additional monies deposited into the Hotel Tax Revenue Fund shall be subject to the pledge and security interest created by this Section 5.01(a) and shall be transferred from the Hotel Tax Revenue Fund in accordance with Section 5.01(b) hereof.

As security for its obligations hereunder and any Parity Indebtedness, the Issuer hereby pledges, assigns, transfers and sets over to the Trustee as a first priority security interest in all of the Issuer’s right, title and interest in and to the Hotel Tax Revenues and the Hotel Tax Revenue Fund, as such fund may be evidenced from time to time as accounts, deposits and/or deposit accounts, and hereby grants a security interest to the Trustee in any and all renewals, substitutions and proceeds of the foregoing (collectively, the “Deposits”). The foregoing pledge constitutes a security agreement under the terms of the Pennsylvania Uniform Commercial Code, and the Trustee shall have all of the rights and remedies available to secured parties under the Uniform Commercial Code. The Issuer agrees that at any time or times, promptly upon request by the Trustee, the Issuer will execute and deliver such further documents (including, without limitation, control agreements and financing statements) and do such further acts as may, in the reasonable opinion of the Trustee, be necessary to assure that all Deposits are subject to the valid and subsisting first priority security interest of the Trustee, and will, at the Issuer’s expense cause all such documents to be filed and recorded in the manner required by law to insure their effectiveness and the continuation of all such security interests.

(b) Transfers from Hotel Tax Revenue Fund. On the last Business Day of each month, the Trustee shall transfer money from the Hotel Tax Revenue Fund in the amounts and in the order of priority as follows:

(i) *First*, to the Bond Fund established under Section 5.01(c) hereof, the following amounts:

(1) *Interest:* Commencing December 30, 2022, and continuing on the last Business Day of each month thereafter, an amount equal to one fifth (1/5th) of the amount necessary to pay interest to become due on the Bonds on May 1, 2023; and thereafter, commencing May 31, 2023 and continuing on the last Business Day of each month thereafter, an amount equal to one sixth (1/6th) of the amount necessary to pay interest to become due on the Bonds on the next succeeding Interest Payment Date.

(2) *Principal on Bonds:* Commencing December 30, 2022, and continuing on the last Business Day of each month thereafter, one fifth (1/5th) of the amount necessary to pay principal due on the Bonds (whether upon maturity or upon a scheduled mandatory sinking fund redemption date) on May 1, 2023; and thereafter commencing May 31, 2023, and continuing on the last Business Day of each month thereafter, one twelfth (1/12th) of the amount necessary to pay principal due on the Bonds (whether upon maturity or upon a scheduled mandatory sinking fund redemption date) on the next succeeding May 1, after applying any applicable credits from the Debt Service Reserve Fund pursuant to the following paragraphs.

On October 31, 2056, and on April 30, 2057, the Trustee is hereby authorized to transfer funds on deposit in the Series B Bonds Account of the Debt Service Reserve Fund, in an amount equal to one half (1/2) of the amount then on deposit in the Series B Bonds Account of the Debt Service Reserve Fund, to the Bond Fund, to pay principal and interest on the Series B of 2022 Bonds due on May 1, 2057.

(3) *Redemption:* The amount required to redeem the Bonds then Outstanding if the Issuer exercises its right to redeem Bonds under any provision of this Indenture or if any Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of this Indenture.

(4) *Trustee Fee.* Commencing December 31, 2022, and continuing the last Business Day of each month thereafter, one twelfth (1/12th) of the amount necessary to pay the annual fees and expenses of the Trustee (the "Annual Trustee Fee") in its capacity as trustee for the holders of the Bonds.

(5) *Parity Indebtedness.* An amount sufficient to make the scheduled payment of principal of and interest on any Parity Indebtedness, as certified to the Trustee by the Parity Lender.

(ii) *Second*, after the transfers required by Section 5.01(b)(i) hereof have been made, the amount necessary to replenish a deficiency in any account within the Debt Service Reserve Fund in the amounts required pursuant to Section 5.05 hereof;

(iii) *Third*, after the transfers required by Section 5.01(b)(i) through (ii) hereof have been made, the amount necessary to reimburse the County for any advances made under the Guaranty Agreement; and

(iv) *Fourth*, after the transfers required by Section 5.01(b)(i) through (iii) hereof have been made, any funds remaining in the Hotel Tax Revenue Fund, shall be transferred to the Operating and Administrative Expense Account of the Surplus Fund established under Section 5.06 hereof.

If, on any date that monies are required to be withdrawn from the Hotel Tax Revenue Fund as specified in Section 5.01(b)(i) above, there are insufficient monies to make all transfers or disbursements, the Trustee shall be authorized, without any direction from the Issuer, to transfer money first from monies on deposit in the Excess Funds Account of the Surplus Fund, if any, and second from monies on deposit in the Operating and Administrative Expense Account of the Surplus Fund, if any, to the Hotel Tax Revenue Fund to make up such deficiencies. Any monies transferred to the Hotel Tax Revenue Fund pursuant to this paragraph shall be applied by the Trustee to make the transfers and disbursements required by Section 5.01(b)(i) on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer on such date to the Bond Fund on account of each particular purpose falling within such level of priority.

If, on any date that monies are required to be withdrawn from the Hotel Tax Revenue Fund as specified above, (i) no transfer or disbursement is required to be made to a particular Fund or for a particular purpose specified above, the Trustee shall nevertheless make any other transfers or disbursements as may be required on such date as specified above next in order of priority; or (ii) there are insufficient monies to make all transfers or disbursements falling within a particular level of priority and then required to be made by the Trustee, and the transfers required by the preceding paragraph have been made, the Trustee shall allocate the available monies to such transfers or disbursements within such level of priority on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer or disburse on such date to each particular Person or on account of each particular purpose falling within such level of priority.

(c) Creation of Bond Fund. There is hereby established with the Trustee a trust fund designated as the "Bond Fund". Moneys held by the Trustee in the Bond Fund shall be applied in accordance with Section 5.01(d) and the other provisions of this Indenture.

(d) Application of Bond Fund. Except as otherwise provided in Section 6.06, moneys in the Bond Fund shall be applied, on a pro rata basis, as follows:

(i) to the payment when due of principal of, premium, if any, on and interest on the Bonds;

(ii) to the payment when due of the Annual Trustee fee; and

(iii) to the payment when due of principal of, premium, if any, on and interest on any other Parity Indebtedness.

In applying moneys pursuant to this Section 5.01(d), the Trustee shall transfer such moneys by wire transfer of immediately available funds, if adequate wire instructions have been provided to the Trustee for Holders of a minimum of \$1,000,000.00 in Bonds.

If, on any date that monies are required to be withdrawn from the Bond Fund as specified above, there are insufficient monies to make all transfers or disbursements then required to be made by the Trustee, the Trustee shall allocate the available monies to such transfers or disbursements on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer or disburse on such date to each particular Person or on account of each particular purpose specified above.

(e) If, on any date that monies are required to be withdrawn from the Bond Fund as specified in Section 5.01(d) above, there are insufficient monies to make all transfers or disbursements, the Trustee shall be authorized, without any direction from the Issuer, to transfer money first from monies on deposit in the Excess Funds Account of the Surplus Fund, if any, and second from monies on deposit in the Operating and Administrative Expense Account of the Surplus Fund, if any, to the Bond Fund to make up such deficiencies. Any monies transferred to the Bond Fund pursuant to this Section 5.01(e) shall be applied by the Trustee to make the transfers and disbursements required by Section 5.01(d) on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer or disburse on such date to each particular Person or on account of each particular purpose falling within such level of priority.

If, after the transfers required by this Section 5.01(e) have been made, there are still insufficient monies in the Bond Fund to make the transfers or disbursements required by Section 5.01(d)(i) with respect to the Series A of 2022 Bonds, the Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series A Bonds Account of the Debt Service Reserve Fund created hereunder to the Bond Fund to make up such deficiency.

If, after the transfers required by this Section 5.01(e) have been made, there are still insufficient monies in the Bond Fund to make the transfers or disbursements required by Section 5.01(d)(i) with respect to the Series B of 2022 Bonds, the Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series B Bonds Account of the Debt Service Reserve Fund created hereunder to the Bond Fund to make up such deficiency.

(f) Payment in Full. Whenever the amount in the Bond Fund available for the payment of principal or redemption price and interest in accordance with Subsection 5.01(d) is sufficient to redeem all of the outstanding Bonds and to pay interest accrued to the redemption date, the Issuer will cause the Trustee to redeem all such Bonds on the redemption date specified by the Issuer pursuant to the Bonds and this Indenture. Any amounts remaining in any fund or account hereunder after payment in full of the principal of and premium, if any, and interest on the Bonds (or provision for payment thereof) and the fees, charges and expenses of the Issuer and the Trustee shall be paid to the Person entitled thereto in accordance with Article IV hereof.

Section 5.02 Investment of Funds. All moneys received by the Trustee under this Indenture shall be deposited with the Trustee, until or unless invested or deposited as provided in this Section. All deposits with the Trustee (whether original deposits or deposits or redeposits in

time accounts) shall be secured as required by applicable law for such trust deposits. The Issuer acknowledges that the Trustee is not providing investment supervision, recommendations or advice.

Moneys in the Bond Fund (except moneys held to pay principal of, or premium, if any, or interest on, any Bonds which are deemed paid under Article IV), the Hotel Tax Revenue Fund, the Surplus Fund and the Debt Service Reserve Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of an Authorized Representative of the Issuer. Moneys in the Bond Fund held to pay principal of, or premium, if any, or interest on, any Bonds which are deemed paid under Article IV shall be invested only if and as provided in Article IV.

Investments pursuant to this Section of moneys in the Bond Fund shall mature or be redeemable at the written direction of the Issuer at the times and in the amounts necessary to provide moneys to make payments of the principal of, premium, if any, on and interest on the Bonds as they become due on Interest Payment Dates, at stated maturity or by redemption. The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient moneys available hereunder at the times required for the purpose of paying the principal of, premium, if any, on and interest on the Bonds when due as aforesaid, and shall do so without necessity for any order by or on behalf of the Issuer and without restriction by reason of any order. Subject to any written directions from an Authorized Representative of the Issuer with respect thereto, the Trustee may, from time to time, sell investments in the Bond Fund made pursuant to this Section and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable as aforesaid. In the event the Trustee is required to sell investments from any Fund which holds multiple investments, the Trustee may request direction from the Issuer as to which investment(s) to sell. The Trustee shall not be deemed to have investment discretion related to any of the Funds created herein.

Any investment of moneys in any Fund established under this Indenture may be purchased from or through, or sold to, the Trustee or any affiliate of the Trustee; and any such investment made through the purchase of shares in a fund described in clause (i), (ii) or (v) of the definition of Eligible Investments may be in a fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates.

An investment made from moneys credited to the Bond Fund, the Hotel Tax Revenue Fund, the Surplus Fund or the Debt Service Reserve Fund shall constitute part of that respective Fund, and each respective Fund shall be credited with all proceeds of sale and income from investment of moneys credited thereto. Unless otherwise provided in this Indenture, those investments shall be valued at face amount or market value, whichever is less.

If the Issuer shall not give directions as to investments of moneys held by the Trustee in the Bond Fund, the Hotel Tax Revenue Fund, the Surplus Fund or the Debt Service Reserve

Fund, or if an Event of Default has occurred and is continuing hereunder, the Trustee shall make such investments in the Federated Government Obligations Fund #395 (CUSIP #60934N807).

The Trustee shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Indenture.

Section 5.03 Bond Fund Moneys to be Held in Trust. Revenues and investments thereof in the Bond Fund shall, until applied as provided in this Indenture, be held by the Trustee for the benefit of the Holders of all outstanding Bonds in the order of priority set forth in the granting clauses of this Indenture, except that any portion of the Revenues representing principal of, and premium, if any, and interest on, any Bonds which have matured or been called for redemption in accordance with Article II or which are otherwise deemed paid under Article IV, shall be held for the benefit of the Holders of such Bonds only.

Section 5.04 Nonpresentment of Bonds. In the event that any Bond shall not be presented for payment when the principal thereof becomes due in whole or in part, either at stated maturity or by redemption or a check for interest is uncashed, all liability of the Issuer to that Holder for such Bond or such check thereupon shall cease and be discharged completely; provided that moneys sufficient to pay the principal and accrued interest then due of that Bond or such check shall have been delivered to the Trustee for the benefit of its Holder. Thereupon, it shall be the duty of the Trustee to hold those moneys subject to the provisions of Article IV without requirement for interest.

Section 5.05 Debt Service Reserve Fund. There is hereby created, solely for the benefit and security of the Bonds, a special fund to be known as the “Debt Service Reserve Fund” which shall be held in trust by the Trustee until applied as hereinafter provided, within which there shall be established a “Series A Bonds Account” and a “Series B Bonds Account”. The Series A Bonds Account of the Debt Service Reserve Fund shall be funded in an amount not less than the Series A Bonds Required Reserve Amount. The Series B Bonds Account of the Debt Service Reserve Fund shall be funded in an amount not less than the Series B Bonds Required Reserve Amount. The Debt Service Reserve Fund may consist of cash or Eligible Investments of the type described in paragraphs (i), (ii), (iii), (iv) and (xiii) of the definition of “Eligible Investments”. Eligible Investments in the Debt Service Reserve Fund shall be valued in the manner provided in this Section.

The Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series A Bonds Account of the Debt Service Reserve Fund to the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to pay the principal of or the interest due on the Series A of 2022 Bonds, as the same shall become due and payable.

The Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series B Bonds Account of the Debt Service Reserve Fund to the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to pay the principal of or the interest due on the Series B of 2022 Bonds, as the same shall become due and payable.

Each account within the Debt Service Reserve Fund shall be valued initially upon issuance of the Bonds and thereafter quarterly on each January 1, April 1, July 1 and October 1,

beginning on April 1, 2023. Eligible Investments then constituting part of the Debt Service Reserve Fund shall be valued at the then fair market value thereof. If on any valuation date (i) the amount in the Series A Bonds Account of the Debt Service Reserve Fund, as so valued, is less than the Series A Bonds Required Reserve Amount or (ii) the amount in the Series B Bonds Account of the Debt Service Reserve Fund, as so valued, is less than the Series B Bonds Required Reserve Amount, the Trustee shall give notice of such deficiency to the Issuer and the County; provided, however, that failure to give such notice or any defect therein shall not affect the obligations of the Issuer to make good a deficiency in any account within the Debt Service Reserve Fund as herein provided.

On the last Business Day of each month following (1) any withdrawal of money from the Series A Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series A Bonds Account of the Debt Service Reserve Fund is less than the Series A Bonds Required Reserve Amount, the Issuer shall cause to be transferred to the Series A Bonds Account of the Debt Service Reserve Fund an amount in three equal monthly payments until the value of the Series A Bonds Account of the Debt Service Reserve Fund is not less than the Series A Bonds Required Reserve Amount.

On the last Business Day of each month following (1) any withdrawal of money from the Series B Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series B Bonds Account of the Debt Service Reserve Fund is less than the Series B Bonds Required Reserve Amount, the Issuer shall cause to be transferred to the Series B Bonds Account of the Debt Service Reserve Fund an amount in three equal monthly payments until the value of the Series B Bonds Account of the Debt Service Reserve Fund is not less than the Series B Bonds Required Reserve Amount.

To evidence its obligation to replenish each account within the Debt Service Reserve Fund pursuant to this Section 5.05, the Issuer has executed and delivered to the Trustee its Replenishment Note. In the event that the Issuer fails to make any monthly installment required to restore the value of each account within the Debt Service Reserve Fund as required by this Section 5.05 and the Replenishment Note, the Trustee shall promptly notify the County in writing of such failure, and the County, under the provisions of the Guaranty Agreement, shall promptly pay to the Trustee an amount which will satisfy such deficiency.

On December 1, 2023, and on December 1 of each Fiscal Year thereafter, the Trustee shall give written notice to the County of any deficiency which shall exist in either account within the Debt Service Reserve Fund, and, unless the Issuer shall satisfy such deficiency on or before December 15 of such Fiscal Year, the Trustee shall again provide written notice to the County of such deficiency. In the event that the County has advanced funds pursuant to the Guaranty Agreement to cure a deficiency in either account within the Debt Service Reserve Fund, in whole or in part, such action shall not operate to relieve the Issuer from its obligations under this Section 5.05 to replenish the Debt Service Reserve Fund.

If on any valuation date the amount on deposit in the Series A Bonds Account of the Debt Service Reserve Fund exceeds the Series A Bonds Required Reserve Amount, the Trustee, upon the written request of the Issuer, shall transfer such excess to the Bond Fund.

If on any valuation date the amount on deposit in the Series B Bonds Account of the Debt Service Reserve Fund exceeds the Series B Bonds Required Reserve Amount, the Trustee, upon the written request of the Issuer, shall transfer such excess to the Bond Fund.

The Issuer may deliver to the Trustee a Reserve Fund Credit Facility. If any Reserve Fund Credit Facility is issued to replace moneys then on deposit in an account within the Debt Service Reserve Fund, such moneys shall be applied in such a manner as may be directed in writing to the Trustee, by an Authorized Representative of the Issuer, which direction shall be accompanied by an opinion of nationally recognized bond counsel to the effect that such application will not adversely affect any applicable exemption from federal income taxation of the interest on any Outstanding Bonds.

Upon payment in full of all principal of and interest on the Series A of 2022 Bonds pursuant to Article IV hereof, any monies remaining in the Series A Bonds Account of the Debt Service Reserve Fund shall be transferred to the Series B Bonds Account of the Debt Service Reserve Fund.

Section 5.06 Surplus Fund. There is hereby established with the Trustee a special fund designated as the “Surplus Fund” and within which there shall be established an “Operating and Administrative Expense Account”, an “Excess Funds Account” and a “Bond Redemption Account”.

(a) Operating and Administrative Expense Account. The Operating and Administrative Expense Account of the Surplus Fund shall consist of monies transferred to the Operating and Administrative Expense Account by the Trustee pursuant to Section 5.01(b)(iv) hereof.

Funds on deposit in the Operating and Administrative Expense Account may be used by the Issuer at its discretion to pay any lawful expenditures of the Issuer including, but not limited to, (a) operating expenses of the Issuer and the Convention Center; (b) the management fees of the Person contracted by the Issuer to manage the Convention Center; (c) working capital expenses of the Issuer; (d) capital expenditures or reserves related to the Convention Center including the acquisitions of furniture, fixtures and equipment; (e) to pay the marketing and sales expenses of the Issuer under the Memo of Understanding; or (f) any expenditures for non-routine repairs, alterations, maintenance and refurbishment to the Convention Center, upon delivery to the Trustee of a written order of an Authorized Representative of the Issuer detailing the amount and payment instructions of the requested payment.

The Trustee shall also be authorized, without any direction from the Issuer, to transfer money from the Operating and Administrative Expense Account, if any, to (a) the Hotel Tax Revenue Fund to the extent that the money in the Hotel Tax Revenue Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(b)(i) hereof and (b) the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(d) hereof, as the same shall become due and payable.

Funds on deposit in the Operating and Administrative Expense Account may consist of cash or Eligible Investments with maturities not longer than six (6) months.

The Trustee shall value the amount on deposit in the Operating and Administrative Expense Account at face amount or market value, whichever is less, on the last Business Day of December each year commencing December 30, 2022. On each valuation date through and including December 31, 2046, in the event that the amount on deposit in the Operating and Administrative Expense Account exceeds \$1,750,000, the Trustee is hereby directed to transfer such excess, without any direction from the Issuer, to the Excess Funds Account of the Surplus Fund. On each valuation date commencing the last Business Day of December, 2047, and thereafter, in the event that the amount on deposit in the Operating and Administrative Expense Account exceeds \$6,000,000, the Trustee is hereby directed to transfer such excess, first, in an amount not to exceed \$500,000 to the Bond Redemption Account of the Surplus Fund and second, any remaining amounts in excess of \$6,000,000 to the Excess Funds Account of the Surplus Fund.

(b) Excess Funds Account. The Excess Funds Account of the Surplus Fund shall consist of monies transferred to the Excess Funds Account by the Trustee pursuant to Section 5.06(a) hereof.

The Trustee is hereby authorized, without any direction from the Issuer, to transfer money from the Excess Funds Account, if any, to (a) the Hotel Tax Revenue Fund to the extent that the money in the Hotel Tax Revenue Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(b)(i) hereof and (b) the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(d) hereof, as the same shall become due and payable.

In the event that on any valuation date performed pursuant to subparagraph (a) above, the amount on deposit in the Operating and Administrative Expense Account (i) on or prior to December 31, 2046, falls below \$1,750,000, the Trustee shall also be authorized, without any direction from the Issuer, to transfer any amounts on deposit in the Excess Funds Account to restore the balance in the Operating and Administrative Expense Account to \$1,750,000 and (ii) on or after January 31, 2047, falls below \$6,000,000, the Trustee shall also be authorized, without any direction from the Issuer, to transfer any amounts on deposit in the Excess Funds Account to restore the balance in the Operating and Administrative Expense Account to \$6,000,000.

Funds on deposit in the Excess Funds Account may also be used at the Issuer's discretion to pay the obligations of the Issuer to Discover Lancaster under the Memo of Understanding and for any other lawful purpose of the Authority, upon delivery to the Trustee of a written order of an Authorized Representative of the Issuer detailing the amount and payment instructions of the requested payment.

Funds on deposit in the Excess Funds Account may consist of cash or Eligible Investments with maturities not longer than six (6) months.

(c) Bond Redemption Account. The Bond Redemption Account of the Surplus Fund shall consist of monies transferred to the Bond Redemption Account by the Trustee pursuant to Section 5.06(a) hereof.

As of March 1 of each year commencing March 1, 2048, the Trustee is hereby directed, without any direction from the Issuer, to apply any monies in the Bond Redemption Account of the Surplus Fund in denominations of \$5,000 and any integral multiple thereof to the optional redemption of outstanding Series B of 2022 Bonds on May 1 of such year in compliance with the provisions of Section 2.13(a) hereof. Such optional redemption shall be completed upon delivery of all required notices in compliance with the provisions of Section 2.14 hereof. Each such redemption of the Series B of 2022 Bonds shall be in inverse order of maturity.

Funds on deposit in the Bond Redemption Account may consist of cash or Eligible Investments with maturities not longer than three (3) months.

Section 5.07 Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay the principal of, premium (if any) and interest on such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, payment of such Bond or portion thereof as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee, subject to any applicable escheat laws, to hold such fund or funds uninvested in the Bond Fund, without liability to the Holder of such Bond for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on such Holder's part on, or with respect to, said Bond, or portion thereof, or premium, if any.

Section 5.08 Records. The Trustee shall cause to be kept and maintained records pertaining to the Hotel Tax Revenue Fund, the Bond Fund, the Surplus Fund and the Debt Service Reserve Fund and all disbursements therefrom and shall deliver to the Issuer each month statements of activity and statements indicating the investments, if applicable, made with moneys in all such funds during the applicable period. Upon written request and at the expense of the Issuer, the Trustee shall provide the Issuer, within a reasonable period of time, with a report stating the principal amount of Bonds Outstanding and a list of the registered owners of the Bonds as of the date specified by the Issuer in its request.

The Trustee shall provide the Issuer with a written report, on a monthly basis through the calendar month in which the last obligation of the Bonds is retired, identifying the Eligible Investments in which the moneys held as part of the Bond Fund were invested during the preceding period and the dates of such investments, together with such other information as the Trustee ordinarily provides to Persons such as the Issuer in its regular monthly investment reports.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES

Section 6.01 Events of Default. Any one of the following shall constitute an Event of Default hereunder:

- (a) Failure to pay interest on any Bond when and as the same shall have become due;

(b) Failure to pay the principal of or any premium on any Bond when and as the same shall become due, whether at the stated maturity or redemption date thereof; or

(c) The County shall default in performance of the Guaranty Agreement.

Section 6.02 Remedies; Rights of Holders. Upon the occurrence and continuance of an Event of Default hereunder the Trustee may (1) if the Issuer is not collecting 100% of the Hotel Tax Revenues, notify the County Treasurer that an Event of Default has occurred and is continuing under this Indenture and direct the County Treasurer to transfer 100% of the Hotel Tax Revenues to the Issuer; and (2) pursue any available remedy to enforce the performance of or compliance with any other obligation or requirement of this Indenture or any of the Security Documents.

Subject to the provisions of Section 6.03, upon the happening and continuance of an Event of Default, and if requested to do so by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if the Trustee is indemnified as provided in Section 7.01(i), the Trustee shall exercise such of the rights and powers conferred by this Section as the Trustee, being advised by Counsel, shall deem most effective to enforce and protect the interests of the Holders and any Parity Lender and, except to the extent inconsistent with the interests of the Holders.

Upon the occurrence and continuance of an Event of Default under Section 6.01(c) hereof, the Trustee may, and if requested to do so by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if the Trustee is indemnified as provided in Section 7.01(i), the Trustee shall, exercise such of the rights and remedies conferred by the provision of the Act of the General Assembly of the Commonwealth, known as the Local Government Unit Debt Act, 53 Pa. C.S. § 8001 et. seq., as amended and supplemented, from time to time.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Holders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Holders hereunder or now or hereafter existing.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 6.03 Right of Holders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all

proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture and the Security Documents, or any other proceedings hereunder or thereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law, this Indenture and the Security Documents, and provided that the Trustee shall be indemnified to its satisfaction and the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

No Holder shall have the right to institute any proceeding for the enforcement of this Indenture unless such Holder has given the Trustee and the Issuer written notice of an Event of Default, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have requested the Trustee in writing to institute such proceeding, the Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, there shall have been offered to the Trustee indemnity satisfactory to it against the cost, expense and liability to be incurred in connection with such request and the Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within sixty (60) days after receipt of notice with no inconsistent direction given during such sixty (60) days by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding. Nothing in this Indenture shall affect or impair any right of enforcement conferred on any Holder by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on Bonds at and after the maturity thereof, or (ii) the obligation of the Issuer to pay the principal of, premium, if any, and interest on Bonds to such Holder at the time, place, from the sources and in the manner as provided in this Indenture.

Section 6.04 Discontinuance of Default Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Issuer and the Trustee shall continue as if no such proceedings had been taken subject to the limits of any adverse determination.

Section 6.05 Waiver. The Trustee may waive any default or Event of Default hereunder and its consequences; provided, however, that the Trustee shall not cause such a waiver unless and until all principal, premium, if any, and interest on the Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate of interest borne by the Bonds and all fees and expenses of the Trustee and the Issuer shall have been paid or provided for.

Section 6.06 Application of Monies. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Indenture, or under any of the other Bond Documents including any proceeding at law or in equity to enforce the provisions of and foreclose, realize, levy or execute upon all items of collateral thereunder, shall be deposited in the Bond Fund and, after payment (out of moneys derived from a source other than moneys held for the redemption of Bonds) of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, including reasonable attorneys' fees, and all other outstanding fees and expenses of the Trustee, such moneys shall be applied in the order set forth below:

(a) Unless the principal of all Bonds shall have become or been declared due and payable, all such moneys shall be applied:

First: To the ratable payment of (i) all installments of interest then due on the Bonds, and (ii) all installments of interest then due on any Parity Indebtedness, and, if the amount available shall not be sufficient to pay in full all such amounts described in clauses (i) and (ii) of this paragraph, then to the ratable payment of all such amounts so due and the portion thereof allocable to the installments of interest shall be applied in order of priority first to installments past due for the greatest period; and

Second: To the ratable payment of (i) the unpaid principal of and premium, if any, which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds from the respective dates upon which they became due (at the rate borne by the Bonds, to the extent permitted by law), and (ii) the unpaid principal of and premium, if any, on any Parity Indebtedness, and, if the amount available shall not be sufficient to pay in full all such amounts described in clauses (i) and (ii) of this paragraph due on any particular date, then to the ratable payment of the amounts due on such date.

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds and any Parity Indebtedness, without preference or priority as between principal, premium, interest, installments of interest or Bonds, ratably according to the amounts due to the persons entitled thereto.

(c) If the principal on all Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded under this Article then, subject to paragraph (b) of this Section in the event that the principal of all the Bonds shall again become or be declared due and payable, the moneys shall be applied in accordance with paragraph (a) of this Section.

Section 6.07 Notification to County Treasurer. As provided in Section 6.02 hereof, upon the happening and continuance of an Event of Default hereunder, if the Issuer is not collecting 100% of the Hotel Tax Revenues, the Trustee may notify the County Treasurer that an Event of Default has occurred and is continuing under this Indenture and direct the County Treasurer to transfer 100% of the Hotel Tax Revenues to the Issuer.

If, after an Event of Default has occurred, all arrears of principal of and interest on the Bonds outstanding, if any, are paid, and the Issuer also performs all other things in respect of which it may have been in default hereunder and pays the reasonable charges of the Trustee, the Holders and any trustee appointed under the Act, including reasonable attorney's fees and expenses, then, and in every such case, the Trustee shall notify the County Treasurer that such Event of Default has been cured and direct the County Treasurer to reinstitute payment of twenty percent (20%) of the Hotel Tax Revenues to Discover Lancaster.

ARTICLE VII

THE TRUSTEE

Section 7.01 Appointment of Trustee. The Trustee is hereby appointed and does hereby agree to act in such capacity, and to perform the duties of the Trustee under this Indenture, but only upon and subject to the following express terms and conditions (and no implied covenants or other obligations shall be read into this Indenture against the Trustee):

(a) The Trustee may execute any of its trusts or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be held liable for their actions if such agents are selected with reasonable care. The Trustee shall be entitled to advice of Counsel concerning all matters hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees. The Trustee may act upon the opinion or advice of Counsel, accountants, engineers or surveyors selected by it in the exercise of reasonable care or, if the same are selected by the Issuer, approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein or in the Bonds, or for the recording, re-recording, filing or re-filing of this Indenture or the Security Documents or Financing Statements or for insuring the Trust Estate or the Convention Center or collecting any insurance moneys, or for the validity of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Convention Center or otherwise as to the maintenance of the Trust Estate. The Trustee shall not be liable to any Holder, any Beneficial Owner or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with Section 5.02. The Trustee shall not be liable to the Issuer for any loss suffered as a result of or in connection with any investment of funds made by the Trustee in good faith as instructed by or approved by an Issuer Representative. The Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted to or delivered to any Holder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer or for the use by the Issuer of the proceeds of the Bonds or for the use or application of any moneys received by the Paying Agent. The Trustee may become the owner of Bonds secured hereby with the same rights as any other Holder.

(d) The Trustee shall be protected in acting upon Opinions of Counsel and upon any resolution, statement, instrument, report, direction, notice, request, consent, certificate, order, affidavit, letter, telegram, bond debenture, note, or other evidence of indebtedness or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. Any action taken by the Trustee pursuant to

this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) The Trustee shall be entitled to request and receive written instructions from the Issuer and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of the Issuer. The Trustee may, at the expense of the Issuer, request, rely on and act in accordance with officer's certificates and/or opinions of counsel, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such officer's certificates and opinions of counsel.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as duties. The Trustee shall be responsible only for the performance of the duties expressly set forth herein and shall not be answerable for other than its gross negligence or willful misconduct in the performance of those express duties.

(g) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Project.

(h) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trust and powers or otherwise in respect of this Indenture.

(i) Before taking any action requested hereunder by the Holders (except with respect to the payment of principal, interest, and premium, if any, to Holders), the Trustee may require satisfactory security or indemnity for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own gross negligence or willful misconduct by reason of any action so taken.

(j) All moneys received by the Trustee or the Paying Agent, until used or applied or invested as herein provided, shall be held as special trust funds for the purposes specified in this Indenture and for the benefit and security of the Holders of the Bonds as herein provided. Such moneys need not be segregated from other funds except to the extent required by law or herein provided, and neither the Trustee nor the Paying Agent shall otherwise be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(k) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Issuer under this Indenture, and shall not be deemed to have, or be required to take, notice of default under this Indenture (unless notice thereof has been received from the Paying Agent), except (i) in the event of an insufficient amount in the Bond Fund (or any account therein) to make a principal or interest or premium, if any, payment on the Bonds, or (ii) written notification of such default by any Holder is received by a responsible officer of the Trustee, and in the absence of such notice the Trustee may conclusively presume no default except as aforesaid. The Trustee may nevertheless require the Issuer to furnish information regarding performance of its obligations under this Indenture, but is not obligated to do so.

(l) The Trustee shall, prior to any Event of Default and after the curing of all Events of Default which may have occurred, perform such duties and only such duties of the Trustee as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured, exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

(m) In addition to the Trustee's other duties hereunder, the Trustee shall authenticate and cancel Bonds as provided herein, keep such books and records relating to such duties as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer at all reasonable times. All Bonds shall be made available for authentication, exchange and registration of transfer at the designated office of the Trustee.

(n) Without limiting the duties of the Trustee expressly set forth herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bonds or the interest thereon; (ii) the consequences of the investment or non-investment of any funds or accounts relating to the Series B of 2022 Bonds under Section 148 of the Code, or (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code.

(o) No provision of this Indenture or the Bonds shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(p) Whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of gross negligence or willful misconduct on its part, rely upon a written certificate of an Issuer Representative. The Trustee shall have no liability for any action taken, or errors in judgement made, in good faith by it or any of its officers, employees, agents, unless it shall have been negligent in ascertaining the pertinent facts.

(q) Except as provided in Section 7.09, in the event that the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, then the Trustee, in its sole discretion, may determine what action or actions, if any, shall be taken or not taken.

(r) The Trustee's immunities and protections from liability and its rights to indemnification in connection with the performance of its duties under this Indenture shall likewise extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's rights to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Bonds.

(s) The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold or deal in any of the Bonds and may join in any action that any Holder may be entitled to take with like effect as if it were not the Trustee. The Trustee, in its commercial

banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Issuer, and may act as depository, trustee or agent for any committee of Holders secured hereby or other obligations of the Issuer, as freely as if it were not the Trustee hereunder. The provisions of this paragraph shall extend to the affiliates of the Trustee.

(t) The Trustee shall have no responsibility or obligation to Participants, to Indirect Participants, or to the Persons for whom they act as nominees with respect to the Bonds, or to any Beneficial Owner of Bonds in respect of the accuracy of any records maintained by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant, the payment by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant of any amount in respect of the principal of or interest on the Bonds, any notice which is permitted or required to be given under this Indenture, the selection by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant of any Person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by the Securities Depository or the Securities Depository Nominee as Holder.

(u) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Issuer, or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such Persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person.

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; pandemics, riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

(w) Notwithstanding anything to the contrary herein, the Trustee shall have no duty to prepare or file any Federal or state tax report or return with respect to any funds held pursuant to this Indenture or any income earned thereon, except for the delivery and filing of tax information reporting forms required to be delivered and filed with the Internal Revenue Service. The Issuer agrees that, for tax reporting purposes, the Funds shall be deemed to be the property of Issuer and all interest and other income from investment of the Funds shall, as of the end of each calendar year and to the extent required by the Internal Revenue Service, be reported as having been earned by Issuer, whether or not such income was disbursed during such calendar year. With respect to the preparation, delivery and filing of such required tax information reporting forms and all matters pertaining to the reporting of earnings on funds held under this Indenture, the Trustee shall be entitled to request and receive written instructions from the Issuer, and the Trustee shall be entitled to rely conclusively and without further inquiry on such written

instructions. With respect to any other payments made under this Indenture, the Trustee shall not be deemed the payer and shall have no responsibility for performing tax reporting. The Trustee's function of making such payments is solely ministerial and upon express direction of the Issuer.

(x) The Trustee shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Indenture and the Guaranty Agreement, whether or not an original or a copy of such agreement has been provided to the Trustee. The Trustee shall have no duty to know or inquire as to the performance or nonperformance of any provision of any other agreement, instrument or document other than this Indenture and the Guaranty Agreement.

(y) Whether or not expressly so provided, each and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section 7.01.

Section 7.02 Compensation and Indemnification of Trustee; Trustee's Prior Claim.

The Issuer will pay the reasonable fees and expenses of the Trustee under this Indenture and all other amounts which may be payable to the Trustee under this Section and in accordance with any fee proposal executed by the Issuer and the Trustee, such fees and expenses to be paid when due and payable by the Issuer directly to the Trustee for its own account.

The Issuer shall (a) pay the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), (b) pay or reimburse the Trustee upon request for all reasonable expenses, disbursements and advances incurred or made, in accordance with any of the provisions of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its Counsel and of all agents and other persons not regularly in its employ), except to the extent that any such expense, disbursement or advance is due to its own gross negligence or willful misconduct, and (c) indemnify each of the Trustee for, and to hold it harmless against, any loss, liability or expense incurred by it, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder or the performance of its duties hereunder, including the reasonable costs and expenses of defending itself against or investigating any claim of liability in the premises, except to the extent that any such loss, liability or expense was due to its own gross negligence or willful misconduct. The obligations of the Issuer referred to in this Section shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. Such additional indebtedness shall be a senior claim to that of the Bonds upon all property and funds held or collected by the Trustee as such, except funds held with respect to unredeemed Bonds for which notice of redemption has been given, and except for any arbitrage rebate fund or account established pursuant to any arbitrage regulatory agreement. "Trustee", for purposes of this Section shall include any predecessor Trustee but the gross negligence or willful misconduct of any Trustee shall not affect the indemnification of any other Person. The obligations of the Issuer under this Section shall survive the termination of this Indenture and the resignation or removal of the Trustee.

Section 7.03 Intervention in Litigation. In any judicial proceedings to which the Issuer is a party, the Trustee may intervene on behalf of Holders, and shall intervene if requested

in writing by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and indemnified as provided in Section 7.01(i).

Section 7.04 Resignation; Successor Trustees. The Trustee and any successor Trustee may resign only upon giving thirty (30) days prior written notice to the Issuer and each Holder of Bonds then Outstanding as shown on the Register. Such resignation shall take effect only upon the appointment of a successor Trustee by the Issuer and the acceptance of such appointment by the successor Trustee. If no successor is appointed within thirty (30) days after the notice of resignation, the resigning party may appoint a successor or petition any court of competent jurisdiction to appoint a successor. Upon appointment of a successor Trustee, the resigning Trustee shall assign all of its right, title and interest in this Indenture and the Trust Estate to the successor Trustee. The successor Trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States, or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000. Any successor Trustee shall accept in writing its duties and responsibilities hereunder and such writing shall be filed with the Issuer and the resigning trustee.

Any corporation or association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or any material part of the corporate trust business of the Trustee that includes this Indenture, shall be the successor of the Trustee hereunder, without the execution or filing of any instrument or any further act on the part of any Person, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible to serve as Trustee under the provisions of this Indenture. If the Trustee is not the successor corporation or association in any such merger or consolidation, the Trustee shall give notice of such event to the Issuer and shall take such action as may be required to effect a transfer of the trust included in this Indenture to such successor corporation or association.

Section 7.05 Removal of Trustee. The Trustee may be removed at any time, upon at least 30 days' notice, by an instrument or concurrent instruments in writing delivered to the Trustee and the Issuer and signed by the Holders of a majority in aggregate principal amount of Bonds then Outstanding. During such time that no Event of Default has occurred and is continuing under this Indenture, the Trustee may also be removed by an instrument in writing delivered to the Trustee, upon at least 30 days' notice, and signed by an Issuer Representative. Such removal shall take effect only upon the appointment of a successor Trustee by the Issuer and the acceptance of such appointment by the successor Trustee. Upon such removal, the Trustee shall assign to the successor Trustee all of its right, title and interest in this Indenture and the Trust Estate in the same manner as provided in Section 7.04.

Section 7.06 Paying Agent. Wilmington Trust, National Association is hereby appointed by the Issuer as the initial Paying Agent. The Issuer shall appoint any successor Paying Agent for the Bonds, subject to the conditions set forth in Section 7.07. The Paying Agent shall designate to the Issuer and the Trustee its designated office for all purposes hereof and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which the Paying Agent shall agree, particularly:

(i) to hold all sums held by it for the payment of the principal of, premium, if any, or interest on the Bonds in trust for the benefit of the Holders of the Bonds until such sums shall be paid to such Holders of the Bonds or otherwise disposed of as herein provided;

(ii) to perform its obligations under this Indenture; and

(iii) to keep such books and records relating to its duties as Paying Agent as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer and the Trustee at all reasonable times.

The Issuer shall cooperate with the Trustee and the Paying Agent to cause the necessary arrangements to be made and to be thereafter continued whereby:

(a) funds derived from the sources specified in this Indenture will be made available at the designated office of the Paying Agent for the timely payment of principal of, premium, if any, and interest on the Bonds; and

(b) the Paying Agent shall be furnished such records and other information, at such times, as shall be required to enable the Paying Agent to perform the duties and obligations imposed upon it hereunder.

In carrying out its responsibilities hereunder the Paying Agent will act for the benefit of the Holders.

No purchase of Bonds by the Paying Agent shall constitute a redemption of Bonds or any extinguishment of the debt represented thereby or constitute the Paying Agent the owner of such Bonds for any purpose whatsoever. No delivery of Bonds to the Trustee shall constitute a redemption of Bonds or any extinguishment of the debt represented thereby or constitute the Trustee the owner of such Bonds for any purpose whatsoever unless the Trustee has purchased such Bonds for its own account.

Section 7.07 Qualifications of Paying Agent. The Paying Agent shall be a bank or trust company with trust powers duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The designated office of the Paying Agent for all purposes hereof shall be the office of the Paying Agent at which all deliveries to it hereunder shall be made and any and all notices and other communications in connection herewith shall be delivered. The Paying Agent may at any time resign and be discharged of its duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Issuer and the Trustee. The Paying Agent may be removed at any time, by an instrument, signed by the Issuer, upon at least 30 days' notice, filed with such Paying Agent and with the Trustee.

Section 7.08 Resignation of Paying Agent; Removal; Successors.

(a) In the event of the resignation or removal of the Paying Agent, the Paying Agent shall deliver any moneys and any related books and records held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(b) In the event that the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed a successor Paying Agent, the Trustee shall ipso facto be deemed to be the Paying Agent for all purposes of this Indenture until the appointment by the Issuer and acceptance of a successor Paying Agent.

Section 7.09 Instruments of Holders. Any instrument required by this Indenture to be executed by Holders may be in any number of writings of similar tenor and may be executed by Holders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds given in any of the following forms shall be sufficient for any of the purposes of this Indenture:

(i) A certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him/her the execution thereof;

(ii) A certificate executed by any trust company or bank stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank, as the property of such party, the Bonds therein mentioned.

The Trustee may rely on such an instrument of Holders unless and until the Trustee receives notice in the form specified in (i) or (ii) above that the original such instrument is no longer reliable. In the event that the Trustee shall receive conflicting directions from two or more groups of Holders, each with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, the directions given by the group of Holders which holds the largest percentage of Bonds shall be controlling and the Trustee shall follow such directions to the extent required herein.

Section 7.10 Power to Appoint Co-Trustees. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Convention Center may at the time be located, the Issuer and the Trustee shall have power to appoint and, upon the request of the Trustee or of the Holders of a majority of the aggregate principal amount of the Bonds then Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more persons approved by the Trustee either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the Convention Center, or to act as separate trustee or separate co-trustees of all or any part of the Convention Center, and to vest in such person or persons, in such capacity, such title to the Convention Center or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Any co-trustee or separate trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000.

The Trustee and co-trustee, if any, may by written instrument between them designate and assign either the Trustee or the co-trustee or both of them to perform all or any part of the responsibilities and duties of the Trustee under this Indenture.

If the Issuer shall not have joined in such appointment within thirty (30) days after the receipt by it of a written request to do so, or in case an Event of Default shall have occurred and be continuing, the Trustee shall have the power to make such appointment.

The Issuer shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee appointed pursuant to this Section, to the extent permitted by law or any applicable contract, shall be subject to the following terms, namely:

(a) This Indenture shall become effective at the time the Bonds shall be authenticated and delivered, and thereupon such co-trustee or separate trustee shall have all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees, or separate trustee or separate trustees, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee, to the extent permitted by law, may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Trustee at any time, by an instrument in writing, with the concurrence of the Issuer evidenced by a resolution, may accept the resignation of any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(f) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(g) Any moneys, paper, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with the Security Interest in the Trust Estate and with such rights, powers, duties, trusts or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as applicable law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the Security Interest in the Trust Estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the same manner as provided for with respect to the appointment of a successor Trustee pursuant to Section 7.04 hereof.

Section 7.11 Filing of Financing Statements. The Issuer shall file or record or cause to be filed or recorded all Financing Statements that are required, in order to fully protect and preserve the Security Interests and the priority thereof and the rights and powers of the Trustee in connection therewith. The Issuer, at the expense of the Issuer, shall file or record or cause to be filed or recorded all continuation statements for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the U.C.C., and (ii) any previously filed continuation statements that shall have been filed as required herein. The Issuer and the Trustee shall sign, if necessary, all such Financing Statements as may be required for the purposes specified in the preceding sentence. Upon the filing of any such Financing Statement, the Issuer shall immediately notify the Trustee that the same has been accomplished.

ARTICLE VIII

AMENDMENTS, SUPPLEMENTAL INDENTURES

Section 8.01 Supplemental Indentures. The Issuer and the Trustee, without the consent of or notice to any Holders may enter into an indenture or indentures supplemental to this Indenture that do not materially adversely affect the interest of the Holders for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(b) to grant or pledge to the Trustee for the benefit of Holders any additional security other than that granted or pledged under this Indenture;

(c) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute then in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;

(d) to appoint a successor Trustee, separate trustees or co-trustees in the manner provided in Article VII hereof;

(e) to modify, amend or supplement this Indenture for the purpose of obtaining or retaining a rating on the Bonds from a Rating Agency;

(f) to modify, amend or supplement this Indenture to permit a transfer of Bonds from one Securities Depository to another or the discontinuance of the Book Entry System and issuance of replacement Bonds to the Beneficial Owners;

(g) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not materially adversely affect the interest of the Holders; and

(h) to make any change herein necessary, in the opinion of Bond Counsel, to maintain the exclusion of the interest on any Outstanding Series B of 2022 Bonds from gross income of the Holders thereof for federal income tax purposes.

When requested by the Issuer, and if all conditions precedent under this Indenture have been met, the Trustee shall join the Issuer in the execution of any such supplemental indenture unless it imposes additional obligations on the Trustee or adversely affects the Trustee's rights and immunities under this Indenture or otherwise.

Section 8.02 Amendments to Indenture; Consent of Holders. Exclusive of supplemental indentures covered by Section 8.01 and subject to the terms and provisions contained in this Section, and not otherwise, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding and affected by such indenture or indentures supplemental hereto, shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and direct the execution by the Trustee of such other indenture or indentures supplemental hereto as shall be consented to by the Issuer in its sole discretion for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing contained in this Section shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Bonds, (a) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Bond, or (b) a reduction in the principal amount of, or the premium or the rate of interest on, any Bond, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (d) the creation of a lien on the Trust Estate prior to or on parity with the lien of this Indenture, or (e) a reduction in the aggregate principal amount of the Bonds required for any consent to any supplemental indenture; provided further, however, that without the written consent of the Trustee, the Trustee

shall not be required to join in the execution of any supplemental indenture that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee. The giving of notice to and consent of the Holders to any such proposed supplemental indenture shall be obtained pursuant to Section 8.05.

Notwithstanding anything herein contained, no supplement or amendment shall be made to Section 8.05 of this Indenture without the prior written consent of the County.

Section 8.03 Amendments to the Security Documents Not Requiring Consent of Holders. The Issuer and the Trustee, as the case may be, may, without the consent of the Holders, enter into or permit (and the Trustee shall consent to) any amendment of any of the Security Documents as may be required (i) for the purpose of curing any ambiguity or formal defect or omission that shall not adversely affect the interest of the Holders (ii) to grant or pledge to the Trustee, for the benefit of the Holders any additional security, (iii) to modify, amend or supplement any of the Security Documents for the purpose of obtaining or retaining a rating on the Bonds from a Rating Agency, (iv) to make any change therein necessary, in the opinion of Bond Counsel, to maintain the exclusion of interest on any Outstanding Series B of 2022 Bonds from gross income of the Holders thereof for federal income tax purposes or (v) in connection with any other change therein which, in the judgment of the Trustee acting in reliance upon an Opinion of Counsel, is not materially prejudicial to the interests of the Trustee and the Holders of the Bonds; provided, however, that without the written consent of the Trustee, the Trustee shall not be required to join in the execution of any such amendment that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee.

Section 8.04 Other Amendment Provisions. Except as provided in this paragraph, the Issuer shall not enter into, and the Trustee shall not consent to, any modification or amendment of this Indenture or the Security Documents, nor shall any such modification or amendment become effective, without the consent of any Parity Lender, if such modification or amendment affects (a) the timing or amount of any payment or payments under any Parity Indebtedness, (b) a preference or priority of any payment with respect to any Bonds or Parity Indebtedness over any Parity Indebtedness, or (c) the creation of a lien on the Trust Estate prior to or on a parity with the lien of this Indenture.

Section 8.05 Notice to and Consent of Holders. If consent of the Holders is required under the terms of this Indenture for the amendment of this Indenture or any of the Bond Documents or the Security Documents or for any other similar purpose, the Trustee shall cause notice of the proposed execution of the amendment or supplemental indenture to be given by first-class mail, postage prepaid, to the Holders of the Outstanding Bonds then shown on the Register. Such notice shall briefly set forth the nature of the proposed amendment, supplemental indenture or other action and shall state that copies of any such amendment, supplemental indenture or other document are on file at the office of the Trustee administering this Indenture for inspection by all Holders. If, within sixty (60) days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Holders of a majority or all, as the case may be, of the principal amount of the Bonds Outstanding by instruments filed with the Trustee shall have consented to the amendment, supplemental indenture or other proposed action, then the Trustee may execute such amendment, supplemental indenture or other

document or take such proposed action and the consent of the Holders shall thereby be conclusively presumed.

Section 8.06 Approving Opinion Required. No supplemental indenture or amendment to this Indenture shall become effective without the delivery of an Approving Opinion.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Limitation of Rights; No Personal Recourse. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Holders, any Parity Lender and the Paying Agent any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders, any Parity Lender and the Paying Agent as herein provided.

This Indenture does not pledge the general credit nor the taxing power of the County (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision thereof. The liability of the Issuer hereunder and under the Bonds shall be limited to its interest in the Trust Estate.

No covenant or agreement contained in this Indenture or the Bonds shall be deemed to be the covenant or agreement of any member, director, officer, attorney, agent or employee of the Issuer in an individual capacity. No recourse shall be had for the payment of any claim based thereon against any member, director, officer, agent, attorney or employee of the Issuer past, present or future, or its successors or assigns, as such, either directly or through the Issuer, or any such successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

Section 9.02 Severability. If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

The invalidity of any one or more phrases, sentences, clauses or sections of this Indenture, shall not affect the remaining portions of this Indenture or any part thereof.

Section 9.03 Notices. Except as otherwise provided herein, all notices, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or facsimile transmitter (with confirmed receipt) to the address or facsimile number set forth below and shall be deemed to have been given on the date deposited in the mail, if mailed, by first-class, registered or certified mail, postage prepaid, addressed as set forth

below. Where required herein, notice shall be given by telephone, and promptly confirmed in writing, and shall be deemed given when given by telephone to the telephone numbers set forth below. The Issuer, the County, the Trustee and the Paying Agent may, by written notice given hereunder, designate any different addresses, phone numbers and facsimile numbers to which subsequent notices, certificates, approvals, consents, requests or other communications shall be sent.

To the Issuer:	LANCASTER COUNTY CONVENTION CENTER AUTHORITY 25 South Queen Street Lancaster, PA 17603 Attention: Executive Director Telephone: (717) 207-4100 Facsimile: (717) 207-4101
To the Trustee:	WILMINGTON TRUST, NATIONAL ASSOCIATION 213 Market Street, PA1-HM22 Harrisburg, Pennsylvania 17101 Attention: Corporate Trust Telephone: (717) 255-2264 Facsimile: (717) 231-2615
To the County:	COUNTY OF LANCASTER 150 North Queen Street Lancaster, Pennsylvania 17603 Attention: Chief Clerk Telephone: (717) 299-8300 Facsimile: (717) 293-7208

Section 9.04 Payments Due on Non-Business Days. In any case where the date of maturity of interest on or premium, if any, or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Section 9.05 Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this Indenture.

Section 9.06 Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

Section 9.07 Governing Law. This Indenture shall be governed by and interpreted in accordance with the laws of the Commonwealth. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Harrisburg, PA, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 9.08 Waiver of Trial by Jury. Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Indenture.

Section 9.09 Notices to Rating Agency. If the Bonds are rated by a Rating Agency, the Trustee shall provide written notice to such Rating Agency with respect to (i) the appointment of any successor Trustee or Paying Agent, (ii) the appointment of any agent by the Trustee to perform any material duties of the Trustee under this Indenture, (iii) any amendment or supplement to this Indenture, and (iv) the payment in full of all of the Bonds (whether at stated maturity or upon redemption or defeasance). Failure of the Trustee to provide any such notice shall not have any effect on the occurrence of such event.

Section 9.10 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.11 Patriot Act Compliance. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity the Trustee will ask for documentation to verify its formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification, and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

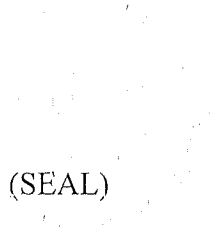
Section 9.12 Electronic Signatures. The parties agree that the electronic signature of a party to this Indenture shall be as valid as an original signature of such party and shall be effective to bind such party to this Indenture. The parties agree that any electronically signed document (including this Indenture) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 9.13 Entire Agreement. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed, sealed and delivered in their names and on their behalf by their respective duly authorized representatives, all as of the day and year first above written.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY



(SEAL)

By: Sharron V. Nelson
Name Sharron V. Nelson
Title Chairman

ATTEST:

Patrick Snyder
Name: Patrick Snyder
Title: Secretary

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed, sealed and delivered in their names and on their behalf by their respective duly authorized representatives, all as of the day and year first above written.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____
Name Sharron V. Nelson
Title Chairman

(SEAL)

ATTEST:

Name: Patrick Snyder
Title: Secretary

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: Alphonse C. Miller
Name: Alphonse C. Miller
Title: Vice President

[Signature Page to Indenture]

EXHIBIT A

FORM OF SERIES A BOND

No. R-____

\$_____

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”) to the Trustee for registration of transfer, exchange, or payment, with respect to any Bond issued that is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered Holder hereof, CEDE & Co., has an interest herein.

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BOND
SERIES A OF 2022 (FEDERALLY TAXABLE)

Interest Rate

Maturity Date

Issue Date

CUSIP

May 1, ____

December 1, 2022

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLAR AMOUNT (\$____)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the “Issuer”), a public body corporate and politic, duly created under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”), for value received, hereby promises to pay to the order of the Registered Owner of this Hotel Room Rental Tax Revenue Bond, Series A of 2022 (Federally Taxable) (this “Bond”), or registered assigns, on the maturity date stated hereon, upon surrender hereof, the Principal Amount stated above, and to pay semiannually on May 1 and November 1 of each year, beginning May 1, 2023 (each an “Interest Payment Date”), to the Registered Owner hereof, interest on said principal sum, at the rate per annum stated hereon, from the interest payment date next preceding the date of registration and authentication of this Bond, unless: (a) this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date; or (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event this Bond shall bear interest from such interest payment date; or (c) this Bond is registered and authenticated on

or prior to the Record Date preceding May 1, 2023, in which event this Bond shall bear interest from December 1, 2022; or (d) as shown by the records of the Trustee (hereinafter defined), interest on this Bond shall be in default, in which event this Bond shall bear interest from the date on which interest was last paid on this Bond, until said principal sum is paid.

Payment of the principal and interest on this Bond shall be made in lawful money of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts. Unless other arrangements are made pursuant to the Indenture (hereinafter defined), interest is payable by check drawn upon Wilmington Trust, National Association, as Paying Agent (the "Paying Agent"), mailed on the Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) to the Registered Owner hereof at the close of business on the Record Date immediately preceding each Interest Payment Date at the address of such Registered Owner as it appears on the Register. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve months of thirty day months. In any case where the date of maturity of interest on or premium, if any, or principal of this Bond shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Payment of the interest hereon shall be made to the Registered Owner hereof whose name and address shall appear, at the close of business on April 15 or October 15 immediately preceding the applicable Interest Payment Date regardless of whether such day is a Business Day (the "Record Date"), on the registration books maintained by the Trustee in behalf of the Issuer, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee in behalf of the Issuer to the Registered Owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

This Bond shall be a limited obligation of the Issuer, the principal, interest and premium (if any) of which are payable solely from and secured by the Trust Estate described in the Indenture, for the equal and ratable benefit of the Registered Owners, from time to time of this Bond. This Bond and the interest thereon shall not be deemed to constitute or create an indebtedness, liability or obligation of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision or agency thereof within the meaning of any state constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any such political subdivision or agency.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. THE BONDS ARE PAYABLE SOLELY FROM HOTEL TAX REVENUES AND OTHER SOURCES AVAILABLE

THEREFOR AS DESCRIBED IN THE INDENTURE. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS EXCEPT FROM SAID HOTEL TAX REVENUES AND OTHER SOURCES. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND, AND THIS BOND SHALL NOT BE OR BE DEEMED AN OBLIGATION OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR THE INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

No recourse shall be had for the payment of the principal of or interest or any premium on this Bond, or for any claim based hereon or on the Indenture, against any member, director, officer or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

This Bond is one of an authorized issue of Bonds issued in an aggregate principal amount of \$6,755,000. The Bonds are being issued under and secured by a Trust Indenture, dated as of December 1, 2022, between the Issuer and Wilmington Trust, National Association as Trustee (the "Trustee") (as amended and supplemented from time to time in accordance with the terms thereof, collectively, the "Indenture"). Concurrently with the issuance of the Bonds, the Issuer is also issuing its Hotel Room Rental Tax Revenue Bond, Series B of 2022 in the aggregate principal amount of \$62,730,000. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and interest on the Bonds, the nature and extent of the security for the Bonds, the terms and conditions under which the Bonds are or may be issued, the rights, duties and obligations of the Issuer and of the Trustee and the rights of the Registered Owners of the Bonds, and, by the acceptance of this Bond, the Registered Owner hereof assents to all of the provisions of the Indenture. Capitalized terms used herein and not defined shall have the meaning ascribed to them in the Indenture.

The Bonds are issuable as fully registered Bonds in the principal amount of \$5,000 and multiples of \$5,000 in excess thereof (each an "Authorized Denomination"). This Bond may be transferred or exchanged by the registered owner hereof upon surrender of this Bond to the Trustee, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Trustee shall enter any transfer of ownership or exchange of this Bond in the registration

books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity for the aggregate principal amount that the registered owner is entitled to receive at the earliest practicable time. The Issuer and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Indenture), is being issued and required to be deposited with the Securities Depository (as defined in the Indenture) and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal and interest payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal and interest payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of and interest on this Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Indenture and the Securities Depository.

The Bonds are not subject to redemption prior to maturity.

Certain modifications and alterations of the Indenture not adversely affecting rights of Registered Owners of Bonds Outstanding thereunder may be made without consent of Registered Owners of such Bonds in the manner and upon terms and conditions provided in the Indenture. Any other modification or alteration of the Indenture or of rights and obligations of the Issuer or of Registered Owners of Bonds outstanding thereunder may be made in the manner and upon terms and conditions provided in the Indenture. Any consent by the Registered Owners of this Bond, when required by the Indenture (unless revoked as provided in the Indenture), shall be conclusive and binding upon such Registered Owners and all future Registered Owners and owners of this Bond, irrespective of whether any notation of such consent is made upon this Bond.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond and in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Issuer, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Issuer.

This Bond shall not be entitled to any benefit under the Indenture and shall not be valid or obligatory for any purpose until this Bond shall have been authenticated by the Certificate of Authentication endorsed hereon duly signed by the Trustee or its successor in trust under the Indenture.

The Registered Owner of this Bond, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Indenture.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to a default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided under certain limited circumstances described in the Indenture; provided, however, that nothing contained in the Indenture shall affect or impair any right of enforcement conferred on the Registered Owner hereof by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on this Bond at and after the maturity hereof, or (ii) the obligation of the Issuer to pay the principal of and premium, if any, and interest on this Bond to the Registered Owner hereof at the time, place, from the source and in the manner as provided in the Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed in its name and in its behalf by its Chair or Vice Chair, and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, as of the 1st day of December, 2022.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____
Name: Sharron V. Nelson
Title: Chairman

Attest:

By: _____
Name: Patrick Snyder
Title: Secretary

(SEAL)

* * * * *

AUTHENTICATION CERTIFICATE

This Bond is one of the Bonds described in the within-mentioned Indenture and is hereby authenticated.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Representative

Date of Authentication: December 1, 2022

* * * * *

FORM FOR TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company or pursuant to a recognized signature medallion program.

[End of Form of Series A Bond]

EXHIBIT B

FORM OF SERIES B BOND

No. R-____

\$_____

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”) to the Trustee for registration of transfer, exchange, or payment, with respect to any Bond issued that is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered Holder hereof, CEDE & Co., has an interest herein.

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BOND
SERIES B OF 2022

Interest Rate	Maturity Date	Issue Date	CUSIP
	May 1, ____	December 1, 2022	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [DOLLAR AMOUNT (\$_____)]

LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the “Issuer”), a public body corporate and politic, duly created under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”), for value received, hereby promises to pay to the order of the Registered Owner hereof, or registered assigns, on the maturity date stated hereon, upon surrender hereof, the Principal Amount stated above, unless this Hotel Room Rental Tax Revenue Bond, Series B of 2022 (this “Bond”) duly shall have been called for earlier redemption and payment of the redemption price shall have been made or provided for, and to pay semiannually on May 1 and November 1 of each year, beginning May 1, 2023 (each an “Interest Payment Date”), to the Registered Owner hereof, interest on said principal sum, at the rate per annum stated hereon, from the interest payment date next preceding the date of registration and authentication of this Bond, unless: (a) this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date; or (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which

event this Bond shall bear interest from such interest payment date; or (c) this Bond is registered and authenticated on or prior to the Record Date preceding May 1, 2023, in which event this Bond shall bear interest from December 1, 2022; or (d) as shown by the records of the Trustee (hereinafter defined), interest on this Bond shall be in default, in which event this Bond shall bear interest from the date on which interest was last paid on this Bond, until said principal sum is paid.

Payment of the principal and redemption premium, if any, and interest on this Bond shall be made in lawful money of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts. Unless other arrangements are made pursuant to the Indenture (hereinafter defined), interest is payable by check drawn upon Wilmington Trust, National Association, as Paying Agent (the "Paying Agent"), mailed on the Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) to the Registered Owner hereof at the close of business on the Record Date immediately preceding each Interest Payment Date at the address of such Registered Owner as it appears on the Register. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve months of thirty day months. In any case where the date of maturity of interest on or premium, if any, or principal of this Bond or the date fixed for redemption of this Bond shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Payment of the interest hereon shall be made to the Registered Owner hereof whose name and address shall appear, at the close of business on April 15 or October 15 immediately preceding the applicable Interest Payment Date regardless of whether such day is a Business Day (the "Record Date"), on the registration books maintained by the Trustee in behalf of the Issuer, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee in behalf of the Issuer to the Registered Owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

This Bond shall be a limited obligation of the Issuer, the principal, interest and premium (if any) of which are payable solely from and secured by the Trust Estate described in the Indenture, for the equal and ratable benefit of the Registered Owners, from time to time of this Bond. This Bond and the interest thereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision or agency thereof within the meaning of any state constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any such political subdivision or agency.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. THE BONDS ARE PAYABLE SOLELY FROM HOTEL TAX REVENUES AND OTHER SOURCES AVAILABLE THEREFOR AS DESCRIBED IN THE INDENTURE. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS EXCEPT FROM SAID HOTEL TAX REVENUES AND OTHER SOURCES. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND, AND THIS BOND SHALL NOT BE OR BE DEEMED AN OBLIGATION OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR THE INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

No recourse shall be had for the payment of the principal of or interest or any premium on this Bond, or for any claim based hereon or on the Indenture, against any member, director, officer or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

This Bond is one of an authorized issue of Bonds issued in an aggregate principal amount of \$62,730,000. The Bonds are being issued under and secured by a Trust Indenture, dated as of December 1, 2022, between the Issuer and Wilmington Trust, National Association as Trustee (the "Trustee") (as amended and supplemented from time to time in accordance with the terms thereof, collectively, the "Indenture"). Concurrently with the issuance of the Bonds, the Issuer is also issuing its Hotel Room Rental Tax Revenue Bond, Series A of 2022 (Federally Taxable) in the aggregate principal amount of \$6,755,000. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and redemption premium, if any, and interest on the Bonds, the nature and extent of the security for the Bonds, the terms and conditions under which the Bonds are or may be issued, the rights, duties and obligations of the Issuer and of the Trustee and the rights of the Registered Owners of the Bonds, and, by the acceptance of this Bond, the Registered Owner hereof assents to all of the provisions of the Indenture. Capitalized terms used herein and not defined shall have the meaning ascribed to them in the Indenture.

The Bonds are issuable as fully registered Bonds in the principal amount of \$5,000 and multiples of \$5,000 in excess thereof (each an "Authorized Denomination"). This Bond may be transferred or exchanged by the registered owner hereof upon surrender of this Bond to the Trustee, at its principal corporate trust office, accompanied by a written instrument or

instruments in form, with instructions, and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Trustee shall enter any transfer of ownership or exchange of this Bond in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity for the aggregate principal amount that the registered owner is entitled to receive at the earliest practicable time. The Issuer and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Indenture), is being issued and required to be deposited with the Securities Depository (as defined in the Indenture) and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Indenture and the Securities Depository.

The Bonds maturing on and after May 1, 2033 are subject to redemption prior to maturity, at the option of the Issuer, in whole or in part (and, if in part, as selected by the Issuer, in authorized denominations), on May 1, 2032, or on any date thereafter, upon payment of the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption. In the event less than all of the Bonds of any particular maturity are to be redeemed, the Bonds to be redeemed shall be drawn by lot by the Trustee.

The Bonds stated to mature on May 1, 2049 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$2,085,000	2043
2,170,000	2044
2,255,000	2045
2,350,000	2046
2,445,000	2047
2,545,000	2048
2,650,000	2049*

* Final maturity

The Bonds stated to mature on May 1, 2053 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$2,770,000	2050
2,900,000	2051
3,045,000	2052
3,190,000	2053*

* Final maturity

The Bonds stated to mature on May 1, 2057 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$3,345,000	2054
3,510,000	2055
3,680,000	2056
3,860,000	2057*

* Final maturity

Any such redemption shall be upon application of money available for such purpose in the Bond Fund established under the Indenture and shall be upon payment of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

If this Bond is of a denomination larger than \$5,000, a portion of this Bond may be redeemed. For the purpose of redemption, this Bond shall be treated as representing that number of Bonds that is obtained by dividing the principal amount hereof by \$5,000, each \$5,000 portion of this Bond being subject to redemption. In the case of partial redemption of this Bond, payment of the redemption price shall be made only upon surrender of this Bond in exchange for Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount hereof.

Notice of any redemption, as hereinbefore authorized, shall be given by the Trustee by first class mail to the Registered Owners of Bonds to be redeemed in whole or in part not more than 60 days and not less than 30 days prior to the date fixed for redemption at the addresses shown on the registration books, in accordance with requirements of the Indenture. Failure to mail any notice of redemption or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption. Any such redemption shall be in the manner and upon terms and with the effect provided in the Indenture or after waiver of such notice shall have been filed in accordance with provisions of the Indenture.

Certain modifications and alterations of the Indenture not adversely affecting rights of Registered Owners of Bonds Outstanding thereunder may be made without consent of Registered Owners of such Bonds in the manner and upon terms and conditions provided in the Indenture. Any other modification or alteration of the Indenture or of rights and obligations of the Issuer or of Registered Owners of Bonds outstanding thereunder may be made in the manner and upon terms and conditions provided in the Indenture. Any consent by the Registered Owners of this Bond, when required by the Indenture (unless revoked as provided in the Indenture), shall be conclusive and binding upon such Registered Owners and all future Registered Owners and owners of this Bond, irrespective of whether any notation of such consent is made upon this Bond.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond and in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Issuer, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Issuer.

This Bond shall not be entitled to any benefit under the Indenture and shall not be valid or obligatory for any purpose until this Bond shall have been authenticated by the Certificate of Authentication endorsed hereon duly signed by the Trustee or its successor in trust under the Indenture.

The Registered Owner of this Bond, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Indenture.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to a default under the Indenture, or to institute, appear in or defend any suit or other

proceedings with respect thereto, except as provided under certain limited circumstances described in the Indenture; provided, however, that nothing contained in the Indenture shall affect or impair any right of enforcement conferred on the Registered Owner hereof by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on this Bond at and after the maturity hereof, or (ii) the obligation of the Issuer to pay the principal of and premium, if any, and interest on this Bond to the Registered Owner hereof at the time, place, from the source and in the manner as provided in the Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed in its name and in its behalf by its Chair or Vice Chair, and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, as of the 1st day of December, 2022.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____
Name: Sharron V. Nelson
Title: Chairman

Attest:

By: _____
Name: Patrick Snyder
Title: Secretary

(SEAL)

* * * * *

AUTHENTICATION CERTIFICATE

This Bond is one of the Bonds described in the within-mentioned Indenture and is hereby authenticated.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Representative

Date of Authentication: December 1, 2022

* * * * *

FORM FOR TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company or pursuant to a recognized signature medallion program.

[End of Form of Series B Bond]

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Trustee for registration of transfer, exchange, or payment, with respect to any Bond issued that is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered Holder hereof, CEDE & Co., has an interest herein.

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BOND
SERIES A OF 2022 (FEDERALLY TAXABLE)

Interest Rate	Maturity Date	Issue Date	CUSIP
4.870%	May 1, 2023	December 1, 2022	514042 AF7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION DOLLARS (\$1,000,000)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the "Issuer"), a public body corporate and politic, duly created under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the "Act"), for value received, hereby promises to pay to the order of the Registered Owner of this Hotel Room Rental Tax Revenue Bond, Series A of 2022 (Federally Taxable) (this "Bond"), or registered assigns, on the maturity date stated hereon, upon surrender hereof, the Principal Amount stated above, and to pay semiannually on May 1 and November 1 of each year, beginning May 1, 2023 (each an "Interest Payment Date"), to the Registered Owner hereof, interest on said principal sum, at the rate per annum stated hereon, from the interest payment date next preceding the date of registration and authentication of this Bond, unless: (a) this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date; or (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event this Bond shall bear interest from such interest payment date; or (c) this Bond is registered and authenticated on or prior to the Record Date preceding May 1, 2023, in which event this Bond shall bear interest from December 1, 2022; or (d) as shown by the records of the Trustee (hereinafter defined), interest on this Bond shall be in default, in which event this Bond shall bear interest from the date on which interest was last paid on this Bond, until said principal sum is paid.

Payment of the principal and interest on this Bond shall be made in lawful money of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts. Unless other arrangements are made pursuant to the Indenture (hereinafter defined), interest is payable by check drawn upon Wilmington Trust, National Association, as Paying Agent (the "Paying Agent"), mailed on the Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) to the Registered Owner hereof at the close of business on the Record Date immediately preceding each Interest Payment Date at the address of such Registered Owner as it appears on the Register. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve months of thirty day months. In any case where the date of maturity of interest on or premium, if any, or principal of this Bond shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Payment of the interest hereon shall be made to the Registered Owner hereof whose name and address shall appear, at the close of business on April 15 or October 15 immediately preceding the applicable Interest Payment Date regardless of whether such day is a Business Day (the "Record Date"), on the registration books maintained by the Trustee in behalf of the Issuer, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee in behalf of the Issuer to the Registered Owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

This Bond shall be a limited obligation of the Issuer, the principal, interest and premium (if any) of which are payable solely from and secured by the Trust Estate described in the Indenture, for the equal and ratable benefit of the Registered Owners, from time to time of this Bond. This Bond and the interest thereon shall not be deemed to constitute or create an indebtedness, liability or obligation of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision or agency thereof within the meaning of any state constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any such political subdivision or agency.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. THE BONDS ARE PAYABLE SOLELY FROM HOTEL TAX REVENUES AND OTHER SOURCES AVAILABLE THEREFOR AS DESCRIBED IN THE INDENTURE. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS EXCEPT FROM SAID HOTEL TAX REVENUES AND OTHER SOURCES. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE COUNTY OF LANCASTER, THE COMMONWEALTH OF

PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND, AND THIS BOND SHALL NOT BE OR BE DEEMED AN OBLIGATION OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR THE INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

No recourse shall be had for the payment of the principal of or interest or any premium on this Bond, or for any claim based hereon or on the Indenture, against any member, director, officer or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

This Bond is one of an authorized issue of Bonds issued in an aggregate principal amount of \$6,755,000. The Bonds are being issued under and secured by a Trust Indenture, dated as of December 1, 2022, between the Issuer and Wilmington Trust, National Association as Trustee (the "Trustee") (as amended and supplemented from time to time in accordance with the terms thereof, collectively, the "Indenture"). Concurrently with the issuance of the Bonds, the Issuer is also issuing its Hotel Room Rental Tax Revenue Bond, Series B of 2022 in the aggregate principal amount of \$62,730,000. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and interest on the Bonds, the nature and extent of the security for the Bonds, the terms and conditions under which the Bonds are or may be issued, the rights, duties and obligations of the Issuer and of the Trustee and the rights of the Registered Owners of the Bonds, and, by the acceptance of this Bond, the Registered Owner hereof assents to all of the provisions of the Indenture. Capitalized terms used herein and not defined shall have the meaning ascribed to them in the Indenture.

The Bonds are issuable as fully registered Bonds in the principal amount of \$5,000 and multiples of \$5,000 in excess thereof (each an "Authorized Denomination"). This Bond may be transferred or exchanged by the registered owner hereof upon surrender of this Bond to the Trustee, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Trustee shall enter any transfer of ownership or exchange of this Bond in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity for the aggregate principal amount that the registered owner is entitled to receive at the earliest practicable time. The Issuer and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on

account of principal hereof and interest due hereon and for all other purposes and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Indenture), is being issued and required to be deposited with the Securities Depository (as defined in the Indenture) and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal and interest payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal and interest payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of and interest on this Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Indenture and the Securities Depository.

The Bonds are not subject to redemption prior to maturity.

Certain modifications and alterations of the Indenture not adversely affecting rights of Registered Owners of Bonds Outstanding thereunder may be made without consent of Registered Owners of such Bonds in the manner and upon terms and conditions provided in the Indenture. Any other modification or alteration of the Indenture or of rights and obligations of the Issuer or of Registered Owners of Bonds outstanding thereunder may be made in the manner and upon terms and conditions provided in the Indenture. Any consent by the Registered Owners of this Bond, when required by the Indenture (unless revoked as provided in the Indenture), shall be conclusive and binding upon such Registered Owners and all future Registered Owners and owners of this Bond, irrespective of whether any notation of such consent is made upon this Bond.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond and in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Issuer, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Issuer.

This Bond shall not be entitled to any benefit under the Indenture and shall not be valid or obligatory for any purpose until this Bond shall have been authenticated by the Certificate of Authentication endorsed hereon duly signed by the Trustee or its successor in trust under the Indenture.

The Registered Owner of this Bond, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Indenture.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to a default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided under certain limited circumstances described in the Indenture; provided, however, that nothing contained in the Indenture shall affect or impair any right of enforcement conferred on the Registered Owner hereof by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on this Bond at and after the maturity hereof, or (ii) the obligation of the Issuer to pay the principal of and premium, if any, and interest on this Bond to the Registered Owner hereof at the time, place, from the source and in the manner as provided in the Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed in its name and in its behalf by its Chair or Vice Chair, and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, as of the 1st day of December, 2022.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: Sharron V. Nelson
Name: Sharron V. Nelson
Title: Chairman

Attest:

By: Patrick Snyder
Name: Patrick Snyder
Title: Secretary

(SEAL)

AUTHENTICATION CERTIFICATE

This Bond is one of the Bonds described in the within-mentioned Indenture and is hereby authenticated.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: Alphonse C. Miller
Authorized Representative

Date of Authentication: December 1, 2022

FORM FOR TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company or pursuant to a recognized signature medallion program.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Trustee for registration of transfer, exchange, or payment, with respect to any Bond issued that is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered Holder hereof, CEDE & Co., has an interest herein.

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BOND
SERIES B OF 2022

Interest Rate	Maturity Date	Issue Date	CUSIP
5.000%	May 1, 2030	December 1, 2022	514042 AP5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION EIGHTY THOUSAND DOLLARS (\$1,080,000)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the "Issuer"), a public body corporate and politic, duly created under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the "Act"), for value received, hereby promises to pay to the order of the Registered Owner hereof, or registered assigns, on the maturity date stated hereon, upon surrender hereof, the Principal Amount stated above, unless this Hotel Room Rental Tax Revenue Bond, Series B of 2022 (this "Bond") duly shall have been called for earlier redemption and payment of the redemption price shall have been made or provided for, and to pay semiannually on May 1 and November 1 of each year, beginning May 1, 2023 (each an "Interest Payment Date"), to the Registered Owner hereof, interest on said principal sum, at the rate per annum stated hereon, from the interest payment date next preceding the date of registration and authentication of this Bond, unless: (a) this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date; or (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event this Bond shall bear interest from such interest payment date; or (c) this Bond is registered and authenticated on or prior to the Record Date preceding May 1, 2023, in which event this Bond shall bear interest from December 1, 2022; or (d) as shown by the records of the Trustee (hereinafter defined), interest on this Bond shall be in default, in which event this Bond shall

bear interest from the date on which interest was last paid on this Bond, until said principal sum is paid.

Payment of the principal and redemption premium, if any, and interest on this Bond shall be made in lawful money of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts. Unless other arrangements are made pursuant to the Indenture (hereinafter defined), interest is payable by check drawn upon Wilmington Trust, National Association, as Paying Agent (the "Paying Agent"), mailed on the Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) to the Registered Owner hereof at the close of business on the Record Date immediately preceding each Interest Payment Date at the address of such Registered Owner as it appears on the Register. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve months of thirty day months. In any case where the date of maturity of interest on or premium, if any, or principal of this Bond or the date fixed for redemption of this Bond shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Payment of the interest hereon shall be made to the Registered Owner hereof whose name and address shall appear, at the close of business on April 15 or October 15 immediately preceding the applicable Interest Payment Date regardless of whether such day is a Business Day (the "Record Date"), on the registration books maintained by the Trustee in behalf of the Issuer, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee in behalf of the Issuer to the Registered Owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

This Bond shall be a limited obligation of the Issuer, the principal, interest and premium (if any) of which are payable solely from and secured by the Trust Estate described in the Indenture, for the equal and ratable benefit of the Registered Owners, from time to time of this Bond. This Bond and the interest thereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision or agency thereof within the meaning of any state constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any such political subdivision or agency.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. THE BONDS ARE PAYABLE SOLELY FROM HOTEL TAX REVENUES AND OTHER SOURCES AVAILABLE THEREFOR AS DESCRIBED IN THE INDENTURE. THE ISSUER SHALL NOT BE

OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS EXCEPT FROM SAID HOTEL TAX REVENUES AND OTHER SOURCES. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND, AND THIS BOND SHALL NOT BE OR BE DEEMED AN OBLIGATION OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR THE INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

No recourse shall be had for the payment of the principal of or interest or any premium on this Bond, or for any claim based hereon or on the Indenture, against any member, director, officer or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

This Bond is one of an authorized issue of Bonds issued in an aggregate principal amount of \$62,730,000. The Bonds are being issued under and secured by a Trust Indenture, dated as of December 1, 2022, between the Issuer and Wilmington Trust, National Association as Trustee (the "Trustee") (as amended and supplemented from time to time in accordance with the terms thereof, collectively, the "Indenture"). Concurrently with the issuance of the Bonds, the Issuer is also issuing its Hotel Room Rental Tax Revenue Bond, Series A of 2022 (Federally Taxable) in the aggregate principal amount of \$6,755,000. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and redemption premium, if any, and interest on the Bonds, the nature and extent of the security for the Bonds, the terms and conditions under which the Bonds are or may be issued, the rights, duties and obligations of the Issuer and of the Trustee and the rights of the Registered Owners of the Bonds, and, by the acceptance of this Bond, the Registered Owner hereof assents to all of the provisions of the Indenture. Capitalized terms used herein and not defined shall have the meaning ascribed to them in the Indenture.

The Bonds are issuable as fully registered Bonds in the principal amount of \$5,000 and multiples of \$5,000 in excess thereof (each an "Authorized Denomination"). This Bond may be transferred or exchanged by the registered owner hereof upon surrender of this Bond to the Trustee, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Trustee shall enter any transfer of ownership or exchange of this Bond in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully

registered Bond or Bonds of authorized denominations of the same maturity for the aggregate principal amount that the registered owner is entitled to receive at the earliest practicable time. The Issuer and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Indenture), is being issued and required to be deposited with the Securities Depository (as defined in the Indenture) and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Indenture and the Securities Depository.

The Bonds maturing on and after May 1, 2033 are subject to redemption prior to maturity, at the option of the Issuer, in whole or in part (and, if in part, as selected by the Issuer, in authorized denominations), on May 1, 2032, or on any date thereafter, upon payment of the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption. In the event less than all of the Bonds of any particular maturity are to be redeemed, the Bonds to be redeemed shall be drawn by lot by the Trustee.

The Bonds stated to mature on May 1, 2049 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$2,085,000	2043
2,170,000	2044
2,255,000	2045
2,350,000	2046
2,445,000	2047
2,545,000	2048
2,650,000	2049*

* Final maturity

The Bonds stated to mature on May 1, 2053 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$2,770,000	2050
2,900,000	2051
3,045,000	2052
3,190,000	2053*

* Final maturity

The Bonds stated to mature on May 1, 2057 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$3,345,000	2054
3,510,000	2055
3,680,000	2056
3,860,000	2057*

* Final maturity

Any such redemption shall be upon application of money available for such purpose in the Bond Fund established under the Indenture and shall be upon payment of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

If this Bond is of a denomination larger than \$5,000, a portion of this Bond may be redeemed. For the purpose of redemption, this Bond shall be treated as representing that number of Bonds that is obtained by dividing the principal amount hereof by \$5,000, each \$5,000 portion of this Bond being subject to redemption. In the case of partial redemption of this Bond, payment of the redemption price shall be made only upon surrender of this Bond in exchange for Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount hereof.

Notice of any redemption, as hereinbefore authorized, shall be given by the Trustee by first class mail to the Registered Owners of Bonds to be redeemed in whole or in part not more than 60 days and not less than 30 days prior to the date fixed for redemption at the addresses shown on the registration books, in accordance with requirements of the Indenture. Failure to mail any notice of redemption or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption. Any such redemption shall be in the manner and upon terms and with the effect provided in the Indenture or after waiver of such notice shall have been filed in accordance with provisions of the Indenture.

Certain modifications and alterations of the Indenture not adversely affecting rights of Registered Owners of Bonds Outstanding thereunder may be made without consent of Registered Owners of such Bonds in the manner and upon terms and conditions provided in the Indenture. Any other modification or alteration of the Indenture or of rights and obligations of the Issuer or of Registered Owners of Bonds outstanding thereunder may be made in the manner and upon terms and conditions provided in the Indenture. Any consent by the Registered Owners of this Bond, when required by the Indenture (unless revoked as provided in the Indenture), shall be conclusive and binding upon such Registered Owners and all future Registered Owners and owners of this Bond, irrespective of whether any notation of such consent is made upon this Bond.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond and in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Issuer, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Issuer.

This Bond shall not be entitled to any benefit under the Indenture and shall not be valid or obligatory for any purpose until this Bond shall have been authenticated by the Certificate of Authentication endorsed hereon duly signed by the Trustee or its successor in trust under the Indenture.

The Registered Owner of this Bond, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Indenture.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to a default under the Indenture, or to institute, appear in or defend any suit or other

proceedings with respect thereto, except as provided under certain limited circumstances described in the Indenture; provided, however, that nothing contained in the Indenture shall affect or impair any right of enforcement conferred on the Registered Owner hereof by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on this Bond at and after the maturity hereof, or (ii) the obligation of the Issuer to pay the principal of and premium, if any, and interest on this Bond to the Registered Owner hereof at the time, place, from the source and in the manner as provided in the Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed in its name and in its behalf by its Chair or Vice Chair, and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, as of the 1st day of December, 2022.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: Sharron V. Nelson

Name: Sharron V. Nelson

Title: Chairman

Attest:

By: Patrick Snyder

Name: Patrick Snyder

Title: Secretary

(SEAL)

AUTHENTICATION CERTIFICATE

This Bond is one of the Bonds described in the within-mentioned Indenture and is hereby authenticated.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: Alphonse C. Milano

Authorized Representative

Date of Authentication: December 1, 2022

FORM FOR TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company or pursuant to a recognized signature medallion program.

GUARANTEED DEBT SERVICE RESERVE FUND REPLENISHMENT NOTE

\$3,954,133.00

Date: December 1, 2022

FOR VALUE RECEIVED, LANCASTER COUNTY CONVENTION CENTER AUTHORITY, a body corporate and politic (the “Maker”), promises to pay to the order of WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association (the “Payee”) at its address at 213 Market Street, Harrisburg, Pennsylvania 17101 or at such other place as Payee may from time to time designate in writing, the principal sum of Three Million Nine Hundred Fifty-Four Thousand One Hundred Thirty-Three Dollars (\$3,954,133.00), or such lesser sum as shall be shown on the records of the Payee as the unpaid balance due and payable hereunder from time to time, on the terms and conditions described below.

1. Definitions. All capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Trust Indenture dated as of December 1, 2022 (the “Indenture”) between the Payee and the Maker.

2. Payments by Maker. On or before the fifteenth (15th) day of each month following (1) any withdrawal of money from the Series A Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series A Bonds Account of the Debt Service Reserve Fund is less than the Series A Bonds Required Reserve Amount, the Maker shall cause to be transferred to the Payee for deposit into the Series A Bonds Account of the Debt Service Reserve Fund an amount in three equal monthly payments to restore the value of the Series A Bonds Account of the Debt Service Reserve Fund until the value of the Series A Bonds Account of the Debt Service Reserve Fund is not less than the Series A Bonds Required Reserve Amount.

On or before the fifteenth (15th) day of each month following (1) any withdrawal of money from the Series B Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series B Bonds Account of the Debt Service Reserve Fund is less than the Series B Bonds Required Reserve Amount, the Maker shall cause to be transferred to the Payee for deposit into the Series B Bonds Account of the Debt Service Reserve Fund an amount in three equal monthly payments to restore the value of the Series B Bonds Account of the Debt Service Reserve Fund until the value of the Series B Bonds Account of the Debt Service Reserve Fund is not less than the Series B Bonds Required Reserve Amount.

3. Revolving Nature of Amounts Due Hereunder. The Maker’s obligation to pay the principal sum due hereunder shall arise as and when necessary to eliminate any deficiency in the Series A Bonds Account of the Debt Service Reserve Fund or the Series B Bonds Account of the Debt Service Reserve Fund notwithstanding the fact that the Maker had previously paid any amount due hereunder.

4. Indenture. This Note is the Guaranteed Debt Service Reserve Fund Replenishment Note referred to in Section 5.05 of the Indenture.

5. Guaranty Agreement. The payment of the obligations of the Maker under this Note is guaranteed by the County of Lancaster, Pennsylvania (the "County") pursuant to the terms of that certain Guaranty Agreement dated as of December 1, 2022 (the "Guaranty Agreement"), between the County, as guarantor, and the Maker and the Payee. In the event that the County shall have advanced funds pursuant to the Guaranty Agreement to cure a deficiency in any account within the Debt Service Reserve Fund, in whole or in part, such action shall not operate to relieve the Maker from its payment obligations under this Note.

6. Priority. Nothing herein contained is intended to affect or modify the priority of application or transfer of Hotel Tax Revenues and/or other moneys deposited to the credit of the Hotel Tax Revenue Fund as provided in Section 5.01(b) of the Indenture, and any and all payment obligations of the Maker hereunder shall be subject thereto.

7. Waivers. Maker and all endorsers, guarantors and sureties of this Note waive presentment, demand, notice of dishonor, protest, and notice of protest with regard to this Note.

8. Binding Effect. The provisions of this Note shall bind and inure to the benefit of Maker and Payee and their respective successors and permitted assigns.

IN WITNESS WHEREOF, Maker, intending to be legally bound hereby, and intending this to be a sealed instrument has caused this Note to be duly executed by its authorized officers the day and year first above written.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

(SEAL)

By Sharon V. Nelson
Chair

Attest: [Signature]
Secretary

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of the 1st day of December, 2022, but effective as of the date of execution and delivery hereof, by and among COUNTY OF LANCASTER, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania, as guarantor (the “County”), LANCASTER COUNTY CONVENTION CENTER AUTHORITY, a body corporate and politic existing under the Third Class County Convention Center Authority Act, as amended and supplemented, of the Commonwealth of Pennsylvania (the “Authority”) and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association with a corporate trust office located in the City of Harrisburg, Pennsylvania (the “Trustee”).

WITNESSETH:

WHEREAS, the Authority intends to authorize and to issue its Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) in the aggregate principal amount of \$6,755,000 (the “2022A Bonds”) and its Hotel Room Rental Tax Revenue Bonds, Series B of 2022 in the aggregate principal amount of \$62,730,000 (the “2022B Bonds” and together with the 2022A Bonds, the “Bonds”); and

WHEREAS, the Bonds shall be issued under and pursuant to the provisions of a Trust Indenture to be dated as of December 1, 2022, between the Authority and the Trustee (the “Indenture”); and

WHEREAS, the proceeds to be derived from the issuance and sale of the Bonds will be applied, together with other funds available or to be available to the Authority for and towards the following project (the “Project”): (i) the current refunding of the Authority’s Hotel Room Rental Tax Revenue Bonds, Series of 2014 (the “Prior Bonds”); (ii) the payment of the costs of terminating certain interest rate swaps; (iii) the funding of a debt service reserve fund; and (iv) payment of the costs and expenses associated with the issuance of the Bonds; and

WHEREAS, the Prior Bonds were originally issued to refinance certain outstanding indebtedness of the Authority incurred to finance the funding of the design, acquisition, construction, furnishing and equipping of a multi-purpose convention center facility and related and ancillary facilities containing approximately 200,000 square feet (the “Convention Center”); and

WHEREAS, in order to further evidence the Authority’s obligation to maintain certain of the reserve funds established under the Indenture (as more fully described in the Indenture), the Authority will execute and deliver to the Trustee its Guaranteed Debt Service Reserve Fund Replenishment Note dated December 1, 2022, in the aggregate principal amount of \$3,954,133.00 (the “Note”); and

WHEREAS, the Board of Commissioners of the County has determined, among other things, that the undertaking of the Project is in the best interests of the County and its residents; and

WHEREAS, the County, as an inducement to the Authority to undertake the Project and to authorize and issue its Bonds and the Note, and as an inducement to the initial and all future owners of the Bonds to purchase the Bonds and to, thereby achieve interest costs and other savings to the Authority, among other things, desires to enter into this Guaranty Agreement with respect to the Authority's obligations under the Note, as permitted by and in accordance with the terms and conditions of the Debt Act (hereinafter defined); and

WHEREAS, the parties hereto desire to set forth the terms and conditions under and pursuant to which the County will guaranty the obligations of the Authority under the Note when due, as well as other ancillary and related matters.

NOW, THEREFORE, in consideration of the mutual covenants and premises herein contained, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

Definitions

SECTION 1.01 Terms and Phrases. In addition to the terms and phrases which may be elsewhere defined in this Guaranty Agreement, terms and phrases defined in this Section 1.01, for all purposes of this Guaranty Agreement, as herein defined, shall have the meanings herein specified, unless the context clearly otherwise requires:

“Act” shall mean the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented.

“Board” shall mean, at any given time, the governing body of the Authority.

“Board of Commissioners” shall mean the governing body of the County.

“Bond Fund” shall have the meaning given such term in the Indenture.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“County Obligation” shall mean, to the extent the Authority has failed to provide necessary funding as required by the Note, the County's obligation to replenish the Debt Service Reserve Fund in order to maintain the Series A Bonds Required Reserve Amount and the Series B Bonds Required Reserve Amount, but not to exceed \$3,954,133.00 in any fiscal year.

“Debt Act” shall mean the Act of the General Assembly of the Commonwealth, known as the Local Government Unit Debt Act, 53 Pa. C.S. § 8001 et. seq., as amended and supplemented, from time to time.

“Debt Service” shall mean, with respect to any Fiscal Year, the amount required to pay interest on, premium, if any, and principal of the Bonds including, without limitation, any amount required to be deposited in such Fiscal Year to the credit of any sinking fund established

for the Bonds, including, without limitation, the amounts payable by the Authority in connection with the required redemption of the Bonds pursuant to the Indenture.

“Debt Service Reserve Fund” shall mean the Debt Service Reserve Fund established for the owners of the Bonds under the Indenture, which is comprised of the Series A Bonds Account of the Debt Service Reserve Fund and the Series B Bonds Account of the Debt Service Reserve Fund.

“Fiscal Year” shall mean the fiscal year of the County as provided by laws of the Commonwealth.

“Guaranty Agreement” shall mean this agreement and all modifications, alterations, amendments and supplements hereto made and delivered in accordance with the provisions hereof, which phrase sometimes is referred to in this document by use of such words as “hereto,” “hereby,” “herein,” “hereof” or “hereunder.”

“Reimbursement Agreement” shall mean the Reimbursement Agreement dated as of the date hereof between the County and the Authority and all modifications, amendments, extensions and substitutions therefor.

“Series A Bonds Required Reserve Amount” shall have the meaning given such term in the Indenture.

“Series B Bonds Required Reserve Amount” shall have the meaning given such term in the Indenture.

ARTICLE II

Representations and Warranties of the County

SECTION 2.01 Representations and Warranties. The County represents and warrants that:

- A. The County is a political subdivision of the Commonwealth;
- B. The County possesses all requisite power and authority under laws of the Commonwealth to enter into and to perform all the covenants and agreements set forth in this Guaranty Agreement;
- C. The County has duly authorized all necessary action on its part to enter into this Guaranty Agreement, pursuant to proper and necessary official action of its Board of Commissioners in accordance with laws of the Commonwealth;
- D. The County, in entering into this Guaranty Agreement, is acting in the public interest by assisting in providing modern, convention center facilities at the lowest possible cost to the users of such facilities, and by assisting in the preservation, protection and

promotion of the general health and welfare of inhabitants of the County and of the Commonwealth; and

E. The County, in entering into this Guaranty Agreement, is incurring lease rental debt pursuant to the terms and conditions of the Debt Act; and the County has taken all proper proceedings pursuant to the Debt Act and has obtained all approvals required to be obtained in connection with the execution and delivery of this Guaranty Agreement.

ARTICLE III

Covenants and Agreements of the Authority and the County

SECTION 3.01 Full and Prompt Payment. The County hereby guarantees, unconditionally and irrevocably, to the registered Owners, from time to time, of the Bonds, the full and prompt payment of the County Obligation when and as such shall be due and payable, in accordance with the terms and conditions of this Guaranty. Except with respect to the County Obligation, nothing contained in this Agreement shall in any way be construed to imply that the County shall be or become liable or responsible for any other debt or obligation of the Authority.

SECTION 3.02 Costs, Fees, Expenses and Charges. Except as may be expressly provided herein or elsewhere, the County shall not be responsible or liable to the Authority or the Trustee for the payment of any other costs, fees, expenses or charges arising in connection with the issuance and sale of the Bonds, the issuance of the Note, or the enforcement of any rights of the Authority against any other person.

SECTION 3.03 Manner of Payment. All payments required to be made by the County under this Guaranty Agreement shall be made in lawful money of the United States of America at the designated corporate trust office of the Trustee and at the times specified in the Note and/or the Indenture for the payment of amounts to appropriately fund the Debt Service Reserve Fund.

SECTION 3.04 Separate Causes of Action. Each and every default in payment of the Series A Bonds Required Reserve Amount or the Series B Bonds Required Reserve Amount by the Authority and the County Obligation by the County shall give rise to a separate cause of action under this Guaranty Agreement; and separate suits may be instituted pursuant to this Guaranty Agreement, from time to time, as each cause of action shall arise.

SECTION 3.05 Amounts to be Included in Budget. The County covenants to and agrees with the Trustee, the Authority, and the registered owners, from time to time, of the Bonds that the County shall (a) include in its budget for each Fiscal Year in which the County Obligation is payable with respect to the Note (beginning with its 2023 Fiscal Year), an amount equal to the County Obligation for such Fiscal Year less the amount on deposit in the Debt Service Reserve Fund (as hereinafter set forth) on December 15 of the immediately preceding Fiscal Year, but in no event shall the budgeted amount exceed the amount of the County Obligation for such Fiscal Year as set forth on Exhibit "A" hereto, and (b) appropriate such amounts from its general revenues for payment to the Trustee of its obligations hereunder, and

(c) duly and punctually pay or cause to be paid from its sinking fund or any of its revenues or funds to the Trustee such amounts, at the times and in the manner provided for herein, at the designated corporate trust office of the Trustee, according to the true intent and meaning hereof. For such budgeting, appropriation and payment, the County hereby pledges its full faith, credit and taxing power. As provided in the Debt Act, this covenant shall be enforceable specifically against the County.

At any time when payments are required to be made by the County hereunder, to the extent that sufficient money shall not be available in the County's then current budget, and if the County shall be unable to incur, lawfully, debt in the current Fiscal Year for the purpose of paying such County Obligation or to issue tax anticipation notes or otherwise to satisfy its obligations hereunder, the County shall include any amounts so payable in its budget for the next succeeding Fiscal Year and shall appropriate such amounts to the payment of such obligations and duly and punctually shall pay or shall cause to be paid the obligations incurred hereunder in the manner herein stated according to the true intent and meaning hereof, and for such budgeting, appropriation and payment the County does pledge its full faith, credit and taxing power. As provided in the Debt Act, this covenant shall be enforceable specifically against the County.

SECTION 3.06 Authority to Establish and Maintain Debt Service Reserve Fund.

The Authority covenants and agrees to establish and maintain a Debt Service Reserve Fund as more fully set forth in the Indenture. The Authority further covenants and agrees that it shall promptly (i) notify the County in writing (or cause the Trustee to notify the County) of any transfers or withdrawals which may be made from the Debt Service Reserve Fund for the purpose of making payment of Debt Service at any time due or to become due on the Bonds, and (ii) make up any deficiency in the Debt Service Reserve Fund (whether such deficiency arises from a withdrawal of monies for the payment of Debt Service on the Bonds, from a decrease in the value of investments held therein or otherwise) by a deposit with the Trustee of any available hotel room rental tax revenues or other monies permitted by the Indenture at the time and in the amounts required by Section 5.05 of the Indenture.

In addition, in order to facilitate the budgeting of any deficiencies by the County, as provided in Section 3.05 hereof, the Authority agrees to cause the Trustee, in addition to the other requirements imposed on the Trustee, pursuant to the Indenture, (i) on a quarterly basis or before January 1, April 1, July 1, and October 1 of each Fiscal Year, to value the Debt Service Reserve Fund in accordance with the provisions of the Indenture, and (ii) on December 1 of each Fiscal Year thereafter, to give written notice to the County of any deficiency which shall exist in the Debt Service Reserve Fund, and, unless the Authority shall satisfy such deficiency on or before December 15 of such Fiscal Year, to again provide written notice to the County of such deficiency.

SECTION 3.07 Authority to Provide Certificate. The Authority covenants and agrees that on or before December 1, 2022, and on or before December 1 in each Fiscal Year thereafter, the Authority will prepare and deliver to the County an Officer's Certificate stating (i) the value of the Debt Service Reserve Fund, as calculated by the Trustee in accordance with the provisions of the Indenture (a copy of the Trustee's valuation shall be included with the Officer's Certificate), and (ii) either (a) that no deficiency exists in the Debt Service Reserve Fund, or (b) that a deficiency exists in the Debt Service Reserve Fund in which event, such

certificate should state the amount of such deficiency, should state that all other available monies in Funds created under the Indenture have been transferred to the Debt Service Reserve Fund, and should explain, in reasonable detail, what steps the Authority intends to take to try to satisfy such deficiency by December 15; provided that notwithstanding any such Officer's Certificate, the County shall perform its covenants and agreements set forth in Section 3.01 of this Guaranty Agreement.

SECTION 3.08 Obligations of County Absolute and Unconditional. The obligations of the County under this Guaranty Agreement shall be absolute, irrevocable and unconditional, and all payment obligations of the County hereunder shall be paid strictly in conformance with the terms hereof under all circumstances, irrespective of any other agreement or instrument to which the County shall be a party, and all such obligations shall remain in full force and effect so long as the Bonds remain outstanding, and such obligations of the County shall not be affected, modified, diminished, or impaired upon the happening, from time to time, of any event, including, without limitation, any of the following (whether or not with notice to or the consent of the County in accordance with the provisions hereof unless such notice or consent is required hereunder):

A. The failure of the Authority otherwise to perform any obligation contained in this Guaranty Agreement or in any other agreement, for any reason whatsoever, including, without limiting the generality of the foregoing, the occurrence of an insufficiency of funds, negligence or willful misconduct on the part of the Authority or its agents, employees or independent contractors, legal action of any nature which shall prohibit the operations of the Authority, labor disputes, war, insurrection, natural catastrophe or laws, rules or regulations of any body, governmental or otherwise, having proper jurisdiction;

B. The compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Authority under the Indenture or the Reimbursement Agreement;

C. The failure of the Authority or the Trustee to give notice to the County of the occurrence of a default under terms and provisions of this Guaranty Agreement, the Indenture or the Reimbursement Agreement;

D. The validity, enforceability or termination of the Indenture or the Reimbursement Agreement;

E. The failure of the Authority to make any payment to the County under the Reimbursement Agreement or any other agreement;

F. The neglect or failure of the Authority and/or the Trustee to exercise or to preserve any rights or rights of action against any party, person or property;

G. The failure of the Authority and/or the Trustee to have enforced, on prior appropriate occasions, any right or right of action against any party, person or property;

H. The compromise, settlement, release, alteration, indulgence or any other change or modification of any obligation or liability of the Authority under the Reimbursement

Agreement or the Indenture, regardless of the nature of such obligation or liability and regardless of the extent to which such obligation or liability shall have been modified, compromised or otherwise changed;

I. The waiver of the payment, performance or observance by the Authority, and/or the Trustee and/or the County of any obligations, covenants or agreements contained in the Indenture, the Reimbursement Agreement or this Guaranty Agreement;

J. The extension of the time for payment of the Debt Service on the Bonds, amounts due under the Note or any part thereof owing or payable under this Guaranty Agreement or of the time for performance of any other obligations, covenants or agreements under or arising out of the Indenture, the Reimbursement Agreement or this Guaranty Agreement or any other agreement to which the Authority is a party;

K. The waiver by the County, or the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement of the Authority set forth in the Indenture or the Reimbursement Agreement or any other agreement to which the Authority is a party;

L. The taking of, or the omission to take, any action referred to in the Reimbursement Agreement, the Indenture or this Guaranty Agreement or any other document, instrument or agreement executed and delivered in connection with the issuance of the Bonds;

M. Any failure, omission or delay on the part of the Authority and/or the Trustee to enforce, to assert or to exercise any right, power or remedy conferred upon or vested in the Authority and/or the Trustee hereunder or under the Indenture or the Reimbursement Agreement or any other document, instrument or agreement executed and delivered in connection with the issuance of the Bonds, or to enforce, to assert or to exercise any other right or rights on the part of the Authority, the Trustee or any Owner, at any time or from time to time, of the Bonds and/or the Note;

N. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustments or other similar proceedings affecting the County or the Authority or any of the assets of either, or any allegation or contest of the validity of this Guaranty Agreement in any such proceeding;

O. The release or discharge of the County, to the extent permitted by law, from performance or observance of any obligation, covenant or agreement contained in this Guaranty Agreement, by operation of law;

P. The default or failure of the County fully to perform any of its obligations set forth in this Guaranty Agreement;

Q. Any failure by the Authority or the Trustee to comply with any of the covenants, agreements or undertakings set forth herein, in the Indenture or any breach by the Authority or the Trustee of any representation or warranty set forth herein or in the Indenture;

R. The voluntary or involuntary repossession or surrender of all or any portion of the Convention Center.

SECTION 3.09 Obligations of County Not Affected by Bankruptcy, etc. The obligations of the County hereunder shall not be affected by any bankruptcy, arrangement of creditors, reorganization or other similar proceedings of the Authority or the County.

SECTION 3.10 Obligations of County Not Subject to Setoff, Counterclaim, etc. The obligations of the County hereunder shall not be subject to any setoff, counterclaim or defense resulting from any breach or any alleged breach by the Authority of any obligation to the County, whether said obligation arises under this Guaranty Agreement or the Reimbursement Agreement or from any other transaction between the Authority and the County, regardless of the nature of such transaction, or otherwise.

SECTION 3.11 Trustee Obligated to Proceed. In the event of a default in payment of the Series A Bonds Required Reserve Amount or the Series B Bonds Required Reserve Amount by the Authority under the Note when and as the same shall become due and payable, whether at the stated maturity thereof or by acceleration, the Trustee shall be obligated to proceed hereunder, in accordance with the timing and requirements of Section 3.14 hereof, directly against the County without proceeding against or exhausting any other remedies which it may have against the Authority or its assets.

The County agrees to pay all costs, fees and expenses, including, to the extent permitted by law, all court costs and reasonable attorney fees which may be incurred by the Trustee in enforcing or attempting to enforce this Guaranty Agreement against it, following any default on the part of the County hereunder, whether the same shall be enforced by suit or otherwise.

SECTION 3.12 Enforcement by Third Parties. This Guaranty Agreement is entered into by the County for the benefit of the Trustee, the owners, from time to time, of the Bonds and the Note, any successor trustee or trustees and their respective successors and assigns under the Indenture, all of whom shall be entitled to enforce performance and observance hereof by the County to the same extent as if they were parties signatory hereto.

SECTION 3.13 Separate or Cumulative Enforcement. Terms of this Guaranty Agreement may be enforced as to any one or more breaches, either separately or cumulatively.

SECTION 3.14 Payment by County.

A. On any date that the Authority fails to honor its payment obligations under the Note and under Section 5.05 of the Indenture, the County shall promptly pay to the Trustee, upon written demand of the Trustee, on the dates and in the amounts required under the Note and Section 5.05 of the Indenture, an amount which, together with other monies available to the Trustee in the applicable account within the Debt Service Reserve Fund, will be sufficient to comply with the Series A Bonds Required Reserve Amount or the Series B Bonds Required Reserve Amount, as applicable; provided, however, that the sum of all amounts advanced by the County in any given fiscal year in no event shall exceed the County Obligation for such fiscal year.

B. To the extent that it makes any payments to fund the Series A Bonds Required Reserve Amount or the Series B Bonds Required Reserve Amount in respect of the Note, the County shall become subrogated to all right, title and interest of the holder receiving such payments. To evidence such subrogation, the Trustee shall note the County rights as subrogee on the registration books of the Authority maintained by the Trustee.

C. The County acknowledges and agrees that any such right of subrogation and/or the obligation of the Authority to repay or reimburse the County for any payments made by the County hereunder, including, without limitation, pursuant to the Reimbursement Agreement, shall be subordinated in all respects to the obligations of the Authority to pay the principal of and interest on the Bonds as and when due and other amounts provided for in subsections (i) and (ii) of Section 5.01(b) of the Indenture.

SECTION 3.15 Discharge of Obligations. Anything contained in this Guaranty Agreement to the contrary notwithstanding, except as provided herein with respect to expenses incurred in connection with the enforcement hereof, the obligations of the County hereunder shall be satisfied in full and discharged when (a) the principal of and interest on the Bonds have been paid or deemed paid as specified in the Bonds and/or provided in the Indenture, and (b) the Indenture shall have been discharged in accordance with its terms.

If the County deposits with the Trustee funds sufficient to pay the County Obligation in full under this Guaranty Agreement as same may arise from time to time, all liability of the County with respect to the payment of the County Obligation under this Guaranty Agreement shall cease and be deemed to be satisfied. Thereafter, any claims of whatsoever nature hereunder with respect to such payment of the County Obligation shall be restricted exclusively to the funds so deposited hereunder and the Trustee shall hold such funds in trust for the benefit of the owners of the Bonds and the Note.

SECTION 3.16 Hotel Room Rental Tax. The County hereby agrees that, as long as any Bonds are Outstanding under the Indenture, the County shall not reduce, diminish or repeal the Hotel Room Rental Tax.

ARTICLE IV

Miscellaneous

SECTION 4.01 Increased Obligations of County; Amendment. No amendment, change, modification, alteration or termination of the Indenture shall be effective which would in any way increase obligations of the County under this Guaranty Agreement, without obtaining the prior written consent of the County (such consent to be given by the County pursuant to an ordinance duly enacted by the Board of Commissioners). No amendment, change, modification, alteration or termination of the County's obligations hereunder shall be effective without the Trustee's consent if the effect of such amendment, change, modification, alteration or termination is to impair the security of the Bonds or the Note by changing the coverage of the County's guaranty obligation.

SECTION 4.02 Time When Obligations Arise. Obligations of the County hereunder shall arise absolutely, irrevocably and unconditionally when the Bonds shall have been issued, sold and delivered by the Authority.

SECTION 4.03 Authority to Punctually Perform. The Authority and the Trustee covenant with the County that each duly and punctually will perform every covenant and agreement undertaken by the Authority under the Bonds and the Note; provided, however, this Section 4.03 shall not be construed to violate the provisions of Section 3.08.

SECTION 4.04 Remedies of Authority. In the event of default by the County in the punctual discharge of its obligations hereunder, the Authority and the Trustee shall be entitled to exercise such remedies as are provided under the Debt Act, together with any other remedies which otherwise may be provided at law or in equity or by other statutes.

SECTION 4.05 Cumulative Remedies: Waiver. No remedy conferred upon or reserved to the Authority or the Trustee hereunder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised, from time to time, and as often as may be deemed expedient. In order to entitle the Authority and/or the Trustee to exercise any remedy reserved in this Guaranty Agreement, it shall not be necessary to give any notice, other than such notice as herein expressly may be required. In the event any provision contained in this Guaranty Agreement should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification hereof shall be established by conduct, custom or course of dealing, but shall be established solely by an instrument, in writing, duly executed by the appropriate parties. Notwithstanding any other provision hereof to the contrary, no recourse shall be had for the payment of the principal of or interest on the Bonds, or for any claim based hereon or on the Ordinance of the County authorizing and approving the execution and delivery of this Guaranty Agreement, against any member, officer or employee, past, present, or future, of the County or of any successor body, as such, either directly or through the County or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Guaranty Agreement.

SECTION 4.06 Notices. Except as otherwise provided herein, all notices, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or facsimile transmitter (with confirmed receipt) to the address or facsimile number set forth below and shall be deemed to have been given on the date deposited in the mail, if mailed, by first-class, registered or certified mail, postage prepaid, addressed as set forth below. The Issuer, the County and the Trustee may, by written notice given hereunder,

designate any different addresses, phone numbers and facsimile numbers to which subsequent notices, certificates, approvals, consents, requests or other communications shall be sent.

To the Issuer: LANCASTER COUNTY CONVENTION CENTER
AUTHORITY
25 South Queen Street
Lancaster, PA 17603
Attention: Executive Director
Telephone: (717) 207-4100
Facsimile: (717) 207-4101

To the Trustee: WILMINGTON TRUST, NATIONAL ASSOCIATION
213 Market Street, PA1-HM22
Harrisburg, Pennsylvania 17101
Attention: Corporate Trust
Telephone: (717) 255-2264
Facsimile: (717) 231-2615

To the County: COUNTY OF LANCASTER
150 North Queen Street
Lancaster, Pennsylvania 17603
Attention: Chief Clerk
Telephone: (717) 299-8300
Facsimile: (717) 293-7208

SECTION 4.07 Entire Agreement Multiple Counterparts. This Guaranty Agreement constitutes the entire agreement, and superseded all prior agreements, and understandings, both written and oral, among the parties with respect to the subject matter hereof; and this Guaranty Agreement may be executed, simultaneously, in multiple counterparts, each of which counterparts, together, shall constitute but one and the same instrument.

SECTION 4.08 Severability. Provisions of this Guaranty Agreement shall be severable; and in the event of the invalidity or unenforceability of any one or more phrases, sentences, clauses, Articles, Sections or parts, in this Guaranty Agreement contained, such invalidity or unenforceability shall not affect the validity or enforceability of remaining portions of this Guaranty Agreement or any remaining parts thereof.

SECTION 4.09 Amendment. This Guaranty Agreement may be amended and/or supplemented, from time to time, by a written document duly signed by the parties hereto; provided, however, that no amendment and/or supplement shall be made which shall diminish or discontinue the obligations of the County hereunder.

SECTION 4.10 Choice of Law. This Agreement shall be construed in accordance with and shall be governed by laws of the Commonwealth.

SECTION 4.11 The Trustee. With respect to this Guaranty Agreement and related documents, the Trustee is entitled to all protections, immunities, indemnities, rights and obligations which it has under the Indenture.

[Remainder of page intentionally left blank.]

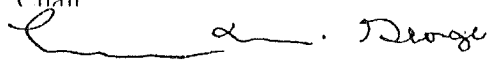
IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, pursuant to proper authorization of their respective governing bodies, have caused this Guaranty Agreement to be executed by its respective duly authorized officer or officers and to be attested by its respective duly authorized officer and its respective official or corporate seal to be affixed to this Guaranty Agreement, all as of the day and year first above written.

COUNTY OF LANCASTER, PENNSYLVANIA

By: 

Chair

(SEAL)

Attest: 
Chief Clerk

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____
Chair

(SEAL)

Attest: _____
Secretary

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

[Signature page to Guaranty Agreement]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, pursuant to proper authorization of their respective governing bodies, have caused this Guaranty Agreement to be executed by its respective duly authorized officer or officers and to be attested by its respective duly authorized officer and its respective official or corporate seal to be affixed to this Guaranty Agreement, all as of the day and year first above written.

COUNTY OF LANCASTER, PENNSYLVANIA

By: _____
Chair

(SEAL)

Attest: _____
Chief Clerk

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: Sharon D. Nelson
Chair

(SEAL)

Attest: [Signature]
Secretary

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

[Signature page to Guaranty Agreement]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, pursuant to proper authorization of their respective governing bodies, have caused this Guaranty Agreement to be executed by its respective duly authorized officer or officers and to be attested by its respective duly authorized officer and its respective official or corporate seal to be affixed to this Guaranty Agreement, all as of the day and year first above written.

COUNTY OF LANCASTER, PENNSYLVANIA

By: _____
Chair

(SEAL)

Attest: _____
Chief Clerk

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____
Chair

(SEAL)

Attest: _____
Secretary

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: *Alphonse C. McOo*
Authorized Officer

[Signature page to Guaranty Agreement]

Exhibit A
Maximum Annual Guaranty Obligations

<u>FISCAL YEAR ENDED December 31,</u>	<u>MAX ANNUAL DEBT SERVICE</u>
2023	\$3,890,774.21
2024	3,950,771.50
2025	3,954,133.00
2026	3,951,282.25
2027	3,951,223.00
2028	3,952,846.00
2029	3,950,420.50
2030	3,950,025.75
2031	3,952,237.50
2032	3,951,487.50
2033	3,952,612.50
2034	3,950,487.50
2035	3,949,987.50
2036	3,950,862.50
2037	3,952,862.50
2038	3,949,462.50
2039	3,952,312.50
2040	3,953,350.00
2041	3,952,443.75
2042	3,953,000.00
2043	3,952,550.00
2044	3,952,450.00
2045	3,948,950.00
2046	3,951,850.00
2047	3,950,950.00
2048	3,951,150.00
2049	3,952,250.00
2050	3,953,462.50
2051	3,948,800.00
2052	3,952,606.25
2053	3,949,525.00
2054	3,949,318.75
2055	3,951,512.50
2056	3,950,750.00
2057	3,951,675.00

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of the 1st day of December, 2022, but effective as of the date of execution and delivery hereof, by and among the COUNTY OF LANCASTER, Pennsylvania (the “County”), being a political subdivision of the Commonwealth of Pennsylvania and LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the “Authority”), a body corporate and politic organized and existing under the Third Class County Convention Center Authority Act, as amended and supplemented, of the Commonwealth of Pennsylvania (the “Act”).

WITNESSETH:

WHEREAS, the capitalized terms used herein which are not defined herein shall have the meaning given them in the Indenture (hereinafter defined) or the Guaranty Agreement (hereinafter defined); and

WHEREAS, the Authority intends to authorize and to issue its Hotel Room Tax Revenue Bonds – Series A of 2022 (Federally Taxable) in the aggregate principal amount of \$6,755,000 (the “2022A Bonds”) and its Hotel Room Rental Tax Revenue Bonds, Series B of 2022 in the aggregate principal amount of \$62,730,000 (the “2022B Bonds” and together with the 2022A Bonds, the “Bonds”), under and pursuant to the terms of that certain Trust Indenture dated as of December 1, 2022 (the “Indenture”), between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”); and

WHEREAS, the proceeds derived from the issuance and sale of the Bonds will be applied, together with other funds available or to be available to the Authority, for and toward the following project (the “Project”) (i) the current refunding of the Authority’s Hotel Room Rental Tax Revenue Bonds, Series of 2014 (the “Prior Bonds”); (ii) the payment of the costs of terminating certain interest rate swaps; (iii) the funding of a debt service reserve fund; and (iv) payment of the costs and expenses associated with the issuance of the Bonds; and

WHEREAS, the Prior Bonds were originally issued to refinance certain outstanding indebtedness of the Authority incurred to finance the funding of the design, acquisition, construction, furnishing and equipping of a multi-purpose convention center facility and related and ancillary facilities containing approximately 200,000 square feet (the “Facilities”); and

WHEREAS, in order to further evidence the Authority’s obligation to maintain certain of the reserve funds established under the Indenture (as more fully described in the Indenture), the Authority will issue and deliver to the Trustee its Guaranteed Debt Service Reserve Fund Replenishment Note in the principal amount of \$3,954,133.00 (the “Note”); and

WHEREAS, the County as an inducement to the Authority to authorize and issue the Bonds and the Note, and as an inducement to the Purchaser and any and all subsequent Owners of the Bonds to purchase such Bonds and to further enhance and ensure the marketability of the Bonds and thereby achieve interest costs and other savings to the Authority, desires to execute and deliver its Guaranty Agreement (the “Guaranty Agreement”) with respect to the Authority’s obligations under the Note, all as permitted by and in accordance with the terms and conditions

of the Local Government Unit Debt Act (the “Debt Act”) of the Commonwealth of Pennsylvania (the “Commonwealth”) and to enter into this Reimbursement Agreement in connection therewith; and

WHEREAS, the Board of Commissioners (the “Board”) of the County is acting in the public interest by assisting in providing a multi-purpose convention center at the lowest possible cost to the users of such facilities, and by assisting in preserving, protecting and promoting the general health and welfare of the inhabitants of the County and of the Commonwealth.

NOW, THEREFORE, intending to be legally bound hereby, the County and the Authority hereby agree as follows:

1. Execution and Delivery of Guaranty Agreement. Subject to the terms and conditions hereinafter set forth, the County hereby agrees to execute, attest, seal and deliver to the Authority and the Trustee, on or before the date of issuance and delivery of the Bonds by the Authority, the Guaranty Agreement. The Guaranty Agreement, substantially in the form approved by the Board, is incorporated herein by reference.

2. Reimbursement and Other Payments.

(a) Subject to Section 7 hereof, the Authority covenants and agrees that it shall pay to the County, on demand, an amount equal to any amount at any time paid by the County under the Guaranty Agreement, plus an additional amount equal to any and all reasonable charges and expenses which the County pays or incurs in connection with making payments under the Guaranty Agreement or enforcing reimbursement hereunder. Notwithstanding the foregoing, the parties hereby agree that all payment obligations of the Authority hereunder shall be subordinated in all respects to the obligations of the Authority to pay the principal of and interest on the Bonds as and when due and all other obligations payable by the Authority under subsections (i) and (ii) of Section 5.01(b) of the Indenture and shall otherwise be subject to the provisions of Section 7 hereof.

(b) All payments at any time made by the Authority to the County hereunder shall be made in lawful currency of the United States of America in immediately available funds in such manner and at such place as the County may direct.

3. Conditions Precedent. As conditions precedent to the obligation of the County to execute and deliver the Guaranty Agreement, the County shall have received each of the following in form and substance satisfactory to it:

(a) A copy of the resolution of the Authority authorizing, among other things, the issuance of the Bonds;

(b) A certificate of duly authorized officers of the Authority stating that (i) the representations and warranties of the Authority set forth in this Agreement and in the Guaranty Agreement are true, correct and complete as of the date of issuance of the Bonds; and (ii) no event of default under this Agreement or the Indenture has occurred and is continuing or would result from the issuance and sale of the Bonds and the issuance of the Note, and no event has

occurred and is continuing which, with the giving of notice or lapse of time or both, would constitute an event of default under this Agreement or the Indenture;

(c) An opinion of Russell, Krafft & Gruber LLP, Counsel to the Authority, as to:
(i) the due existence of the Authority; (ii) the power of the Authority to enter into and perform its obligations under this Agreement, the Bonds and the Note and such other agreements, documents, instruments executed and delivered by the Authority in connection therewith; and
(iii) the due validity, binding effect and enforceability of this Agreement, the Bonds and the Note and such other agreements, documents, instruments executed and delivered by the Authority in connection therewith, subject, however, to laws and equitable principles affecting the enforcement of creditors rights;

(d) The opinion of Jacquelyn E. Pfursich, Esquire, County Solicitor, regarding
(i) the due existence of the County; (ii) the valid incumbency of the officers of the County; and
(iii) the legal, valid and binding enactment of the Ordinance approving the Guaranty Agreement and this Agreement and authorizing and directing, among other things, the execution, attestation and delivery thereof by proper officers of the County;

(e) Executed copies of this Agreement and all related documentation delivered in connection therewith; and

(f) The approval of the Department of Community and the Economic Development, as required by the Debt Act, with respect to the execution and delivery of the Guaranty Agreement and the incurrence of lease rental debt by the County.

4. Obligations Absolute. The obligations of the Authority to the County under this Agreement shall be absolute, unconditional and irrevocable, and shall be fully performed strictly in accordance with the terms and conditions of this Agreement, under all circumstances whatsoever, including, without limitation, the foregoing: (i) any lack of validity or enforceability of the Guaranty Agreement, the Note, the Bonds or any other agreement or document relating thereto; (ii) any amendment or waiver of or any consent to or departure from the terms and conditions of the Guaranty Agreement, the Note, the Bonds or any documents relating thereto; or
(iii) the existence of any claim, set-off, defense or other right which the Authority may have at any time against the Trustee (or any person or entities for whom the Trustee may be acting), the County or any other person or entity, whether in connection with this Agreement, the transactions described herein or any unrelated transaction.

5. Representations and Warranties. The Authority hereby represents and warrants as follows:

(a) The Authority is a convention center authority duly organized and validly existing under the Act, as amended and supplemented. Each of the individuals executing and delivering this Agreement, the Guaranty Agreement, the Indenture, the Note, the Bonds and all related documents and instruments possesses full power and authority to execute and deliver such documents and such execution and delivery does not contravene the terms or provisions of any document, agreement or instrument to which the Authority or any of its properties or assets is or may be bound;

(b) The execution, delivery and performance by the Authority of this Agreement, the Guaranty Agreement, the Indenture, the Note, the Bonds and related documents and instruments has been duly authorized by all necessary action, do not contravene the provisions of the Articles of Incorporation or By-Laws of the Authority or of any other agreement or instrument binding on or affecting the Authority or any of its assets or properties, and does not result in or require the creation of any lien, security interest or other charge or encumbrance (other than pursuant to this Agreement, the Guaranty Agreement, or any other collateral security document or instrument executed and delivered at the closing held this day) upon or with respect to any of the Authority assets or properties;

(c) No authorization, approval or other consent or action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Authority of this Agreement, the Guaranty Agreement, the Note, the Bonds or any related document or instrument, except such as have been obtained.

(d) This Agreement, the Guaranty Agreement, the Indenture, the Note, the Bonds and any related document or instrument, executed and delivered by or on behalf of the Authority constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, subject, however, to the application by a court of general principles of equity and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting the enforcement of creditors' rights generally; and

(e) There is no pending action or proceeding before any court, governmental agency or arbitrator against or directly involving the Authority and, to the best of the knowledge of the Authority, there is no threatened action or proceeding against the Authority before any court, governmental agency or arbitrator which, in any case, may materially and adversely affect the financial condition or operations of the Authority or any other material contingent liability of any kind (which has not heretofore been disclosed to the County).

6. Covenants of the Authority. So long as the Guaranty Agreement shall remain in full force and effect, or any amount is due and owing to the County under the provisions of this Agreement, the Authority covenants and agrees that it shall, unless the County shall have otherwise consented in writing:

(a) Preservation of Existence. Preserve and maintain its due existence, and its right to do business and its good standing in the Commonwealth, and will maintain (and obtain) all licenses, permits and other authorizations necessary, proper or desirable for the ownership and operations of its facilities.

(b) Compliance with Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders of any governmental authority the non-compliance with which would materially and adversely affect its operations or condition.

(c) Keeping of Books. Keep proper, accurate and complete books of record and account, in which full and correct entries shall be made of financial transactions and the assets and operations of the Authority.

(d) Guaranty Agreement. Observe, in all respects, its obligations under the Guaranty Agreement.

(e) Repayment of Amounts Advanced. At any time after the County shall have paid such amount or amounts as at that time shall be required to pay the County Obligation, in accordance with the provisions of the Guaranty Agreement or shall have paid any costs, fees or expenses guaranteed thereby, to repay to the County the amount or amounts actually advanced by the County, together with interest on such amounts, all in accordance with the terms of this Agreement and the Indenture.

7. Covenants Specifically Enforceable. The Authority hereby agrees that the covenants set forth in this Reimbursement Agreement and in Article III of the Guaranty Agreement may be specifically enforced by the County. In the instance that the County is required to seek enforcement of this Agreement, the Authority shall pay any and all fees and costs incurred by the County in enforcing this Reimbursement Agreement including, without limitation, reasonable counsel fees incurred by the County.

8. Subrogation. To the extent that it makes any payments to fund the Series A Bonds Required Reserve Amount or the Series B Bonds Required Reserve Amount in respect of the Note, the County shall be subrogated to all rights of the holder receiving such payments as against the Authority in respect thereof; provided that the County shall not be entitled to enforce or to receive any payments from the Authority except pursuant to the provisions of Section 5.01(b)(iii) of the Indenture.

9. Amendments, Etc. No amendment, waiver or consent of any provision of this Agreement shall in any event be effective unless the same shall be in writing and executed by the County, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

10. No Waiver; Remedies Cumulative. No failure on the part of the County to exercise, and no delay in exercising, any right hereunder or elsewhere shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder or elsewhere preclude any other or further exercise thereof or the exercise of any other right.

11. Continuing Obligation. This Agreement and the Guaranty Agreement are continuing obligations and shall: (i) be binding upon the Authority and the County and their respective successors and assigns; and (ii) inure to the benefit of and be enforceable by the Authority and the County and their respective successors and assigns; provided that the Authority may not assign all or any part of this Agreement without the prior written consent of the County.

12. Indemnification. The Authority hereby indemnifies and holds harmless the County from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever which the County may incur (or which may be claimed against the County by any person or entity whatsoever) by reason of or in connection with the execution and delivery of, or payment or failure to pay under, the Guaranty Agreement; provided the Authority shall not be required to indemnify the County for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by: (a) the willful misconduct or gross negligence of the County; or

(b) the County's willful failure to pay under the Guaranty Agreement. Nothing in this Section is intended to limit the Authority's reimbursement obligation contained in paragraph (a) of Section 2 hereof. Notwithstanding anything contained herein to the contrary, any payments made to satisfy the obligations of the Authority under this Section 11 may only be made from monies available in the Operating and Administrative Expense Account of the Surplus Fund.

13. No Recourse. No recourse under or upon any obligation, covenant or agreement contained herein, in the Indenture, in the Note, or in the Bonds, or because of any indebtedness secured hereby shall be had against any past, present or future member, officer or employee of the Authority or the County or of any successor of the Authority or the County under any rule of law, statute or constitutional provision, or by enforcement of any assessment or by any legal or equitable proceeding or otherwise, it expressly being agreed and understood that the obligations of the Authority hereunder, under the Note, and under the Bonds and elsewhere are solely corporate obligations of the Authority and that no personal liability whatsoever shall attach to or shall be incurred by such members, officers or employees of the Authority or of any successor of the Authority, or any of them, because of such indebtedness or by reason of any obligation, covenant or agreement contained herein, in the Note, in the Bonds or elsewhere, or implied therefrom.

14. Conflicts. Insofar as possible the provisions of this Agreement shall be deemed complementary to the terms of the Guaranty Agreement but in the event of conflict the terms hereof shall control to the extent such are enforceable under applicable law, provided, however, that nothing herein contained shall limit or alter the County's obligations under the Guaranty Agreement.

15. Severability. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable, it shall be ineffective only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision to the extent that it is not prohibited or unenforceable, nor invalidate the other provisions hereof, all of which shall be liberally construed in favor of the County in order to effect the provisions of this Agreement.

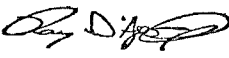
16. Governing Law. This Agreement shall be governed by, and construed in accordance with, the domestic internal laws (but not the law of conflicts of law) of the Commonwealth.

17. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

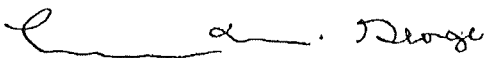
[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Authority and the County have each caused this Agreement to be duly executed by its duly authorized officers, and its seal affixed hereon, and this Agreement delivered in its name as of the date first above written.

COUNTY OF LANCASTER, PENNSYLVANIA

By: 
Chair

(SEAL)

Attest:  . George
Chief Clerk

**LANCASTER COUNTY CONVENTION
CENTER AUTHORITY**

By: _____
Chair

(SEAL)

Attest: _____
Secretary

Acknowledged by:

WILMINGTON TRUST, NATIONAL ASSOCIATION

By: _____
Authorized Officer

[Signature page to Reimbursement Agreement]

IN WITNESS WHEREOF, the Authority and the County have each caused this Agreement to be duly executed by its duly authorized officers, and its seal affixed hereon, and this Agreement delivered in its name as of the date first above written.

COUNTY OF LANCASTER, PENNSYLVANIA

By: _____
Chair

(SEAL)

Attest: _____
Chief Clerk

**LANCASTER COUNTY CONVENTION
CENTER AUTHORITY**

By: Sharon V. Nelson
Chair

(SEAL)

Attest: [Signature]
Secretary

Acknowledged by:

WILMINGTON TRUST, NATIONAL ASSOCIATION

By: _____
Authorized Officer

[Signature page to Reimbursement Agreement]

IN WITNESS WHEREOF, the Authority and the County have each caused this Agreement to be duly executed by its duly authorized officers, and its seal affixed hereon, and this Agreement delivered in its name as of the date first above written.

COUNTY OF LANCASTER, PENNSYLVANIA

By: _____
Chair

(SEAL)

Attest: _____
Chief Clerk

**LANCASTER COUNTY CONVENTION
CENTER AUTHORITY**

By: _____
Chair

(SEAL)

Attest: _____
Secretary

Acknowledged by:

WILMINGTON TRUST, NATIONAL ASSOCIATION

By: Alphonse C. Miller
Authorized Officer

[Signature page to Reimbursement Agreement]

Stevens & Lee

111 N. Sixth Street
P.O. Box 679
Reading, PA 19603
(610) 478-2000
www.stevenslee.com

T: (610) 478-2168
F: (610) 988-0825
peter.edelman@stevenslee.com

September 22, 2022

BY EMAIL

Susie Blanton, Esquire
Office of Chief Counsel
Commonwealth of Pennsylvania
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Re: County of Lancaster, Pennsylvania \$88,725,000 maximum principal amount Lease Rental Indebtedness

Dear Ms. Blanton:

We are serving as Bond Counsel to the County of Lancaster, Pennsylvania (the "County"), in the above-referenced matter. Attached herewith for filing in accordance with the provisions of Section 8111 of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania are the proceedings in connection with the proposed issuance of the County's \$88,725,000 maximum principal amount Lease Rental Indebtedness.

A check in the amount of \$2,822.66 payable to the Department of Community and Economic Development, Commonwealth of Pennsylvania, as payment of the filing fee for this issue will sent via Federal Express to the Department.

Please contact the undersigned if you have any questions or comments or require any additional information.

Very truly yours,

STEVENS & LEE



Peter T. Edelman

PTE:slga
Enclosures

Allentown • Bergen County • Bala Cynwyd • Cleveland • Fort Lauderdale • Harrisburg • Lancaster • New York
Philadelphia • Princeton • Reading • Rochester • Scranton • Valley Forge • Wilkes-Barre • Wilmington
A PROFESSIONAL CORPORATION

COUNTY OF LANCASTER, PENNSYLVANIA

APPLICATION FORM

In the Matter of the Proposed Incurrence of
Indebtedness in
Accordance with the Provisions of the
Local Government Unit Debt Act

TO: Department of Community and Economic Development
Office of Chief Counsel
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120

RE:
County of Lancaster, Pennsylvania
Lease Rental Debt in the Principal Amount of \$88,725,000
September 14, 2022

Application is hereby made pursuant to Section 8111(a) the Local Government Unit Debt Act, as amended (the "Act"), for approval of the proceedings taken by the County of Lancaster, Pennsylvania (the "County"), to incur lease rental debt in the aggregate principal amount of not to exceed \$88,725,000 and to evidence the same by the execution and delivery of a Guaranty Agreement of the County.

The complete transcript of the proceedings which are herewith submitted in support of the "Application for Approval" consists of a copy of each of the following:

- (a) This Application for Approval;
- (b) Proof of Publication of Preenactment Notice;
- (c) Proof of Publication of Postenactment Notice;
- (d) Certified Copy of the Ordinance;
- (e) Debt Statement, including Borrowing Base Certificate; and
- (f) Section 8110(b) Certificate; and
- (g) Report on Self-liquidating Debt.


Please return one (1) copy with your approval attached at your earliest convenience to Peter T. Edelman, Stevens & Lee, 111 North Sixth Street, P.O. Box 679, Reading, Pennsylvania 19603 (Email: peter.edelman@stevenslee.com).

Thank you very much for your cooperation.

Very truly yours,

COUNTY OF LANCASTER, PENNSYLVANIA

(SEAL)

By: 
Chief Clerk

ORDINANCE NO. 154

**OF THE BOARD OF COMMISSIONERS OF THE
COUNTY OF LANCASTER, PENNSYLVANIA**

APPROVING A CERTAIN PROJECT BEING UNDERTAKEN BY THE LANCASTER COUNTY CONVENTION CENTER AUTHORITY (THE "AUTHORITY") CONSISTING OF, *INTER ALIA*, THE CURRENT REFUNDING OF THE AUTHORITY'S HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES OF 2014 (THE "PRIOR BONDS") AND THE PAYMENT OF THE COSTS OF TERMINATING CERTAIN INTEREST RATE SWAPS RELATED TO THE PRIOR BONDS; DESCRIBING THE PROJECTS FOR WHICH SUCH PRIOR BONDS WERE ISSUED, RATIFYING AND CONFIRMING THE ESTIMATED USEFUL LIFE THEREOF AND SETTING FORTH THE ESTIMATED COMPLETION DATE FOR THE PROJECT; AUTHORIZING THE INCURRENCE OF LEASE RENTAL DEBT BY THE COUNTY EVIDENCED BY THE GUARANTY AGREEMENT, AS SUCH TERM IS DEFINED HEREIN, IN CONNECTION WITH THE HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES OF 2022 BEING ISSUED BY THE AUTHORITY; AUTHORIZING THE PROPER OFFICERS OF THE COUNTY TO PREPARE, CERTIFY AND FILE WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, WITH A CERTIFIED COPY OF THIS ORDINANCE AND PROOFS OF PUBLICATION, AS REQUIRED BY THE LOCAL GOVERNMENT UNIT DEBT ACT, AND TO PAY ANY NECESSARY FILING FEES; APPROVING THE FORM OF GUARANTY AGREEMENT AMONG THE COUNTY, THE AUTHORITY AND THE TRUSTEE, AS SUCH TERM IS DEFINED HEREIN, AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF; APPROVING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF; STATING THE ANNUAL AMOUNTS OF PRINCIPAL AND INTEREST TO BE PAID UNDER THE GUARANTY AGREEMENT, COVENANTING THE PAYMENT THEREOF AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY THEREFOR; SETTING FORTH CERTAIN CONDITIONS TO THE EXECUTION AND DELIVERY OF THE GUARANTY AGREEMENT, INCLUDING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A REIMBURSEMENT AGREEMENT WITH THE COUNTY; AUTHORIZING AND DIRECTING THE PREPARATION OF A SELF-LIQUIDATING DEBT REPORT AND THE FILING THEREOF AND THE PREPARATION AND FILING OF ANY OTHER STATEMENTS AND REPORTS REQUIRED TO QUALIFY THE LEASE RENTAL DEBT INCURRED HEREBY OR ANY PORTION THEREOF FOR EXCLUSION FROM THE APPROPRIATE DEBT LIMIT OF THE COUNTY AS SELF-LIQUIDATING; RATIFYING PRIOR ACTION; AUTHORIZING THE PROPER OFFICERS OF THE COUNTY TO TAKE OTHER APPROPRIATE ACTION; REPEALING ALL ORDINANCES AND RESOLUTIONS INCONSISTENT HERewith; AND STATING THE EFFECTIVE DATE.

On motion of Commissioner Parsons, seconded by Commissioner Trescot;

WHEREAS, the Lancaster County Convention Center Authority (the “Authority”) is a body corporate and politic existing under the Third Class County Convention Center Authority Act, Act of Nov. 3, 1999, P.L. 461, as amended and supplemented, 16 P.S. §2399.1 *et seq.* (the “Authorities Act”); and

WHEREAS, the County of Lancaster (the “County”) is a class 2A county and a duly organized and validly existing political subdivision of the Commonwealth of Pennsylvania (the “Commonwealth”), and is a “local government unit” under the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. §8001 *et seq.*, as amended (the “Debt Act”); and

WHEREAS, at the time of the creation of the Authority, the County was a third class county and thus remains subject to the Authorities Act pursuant to 16 P.S. § 2399.3; and

WHEREAS, the Authority has undertaken to finance a project (the “Project”) consisting of, among other things, all or any of the following: (i) the current refunding of the Authority’s Amended and Restated Hotel Room Rental Tax Revenue Bonds, Series of 2014 (the “Prior Bonds”); (ii) the payment of the costs of terminating certain interest rate swaps related to the Prior Bonds; and (iii) payment of the costs and expenses associated with the issuance of the hereinafter defined Bonds; and

WHEREAS, the Prior Bonds were originally issued by the Authority to finance, among other things, the refunding of certain outstanding debt of the Authority that was originally incurred to finance the design, acquisition, construction, furnishing and equipping of a anti-purpose convention center facility and related and ancillary facilities containing approximately 200,000 square feet (the “Facilities”); and

WHEREAS, the Authority has determined to issue one or more series of its Hotel Room Rental Tax Revenue Bonds, Series of 2022 in the aggregate principal amount of not to exceed \$88,725,000 (the “Bonds”), the proceeds of which will be applied to the costs of the Project and which will benefit the County; and

WHEREAS, the Bonds will be issued under and secured by a Trust Indenture (the “Indenture”), between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”); and

WHEREAS, in order to further evidence the Authority’s obligation to maintain certain of the reserve funds established under the Indenture (as more fully described in the Indenture), the Authority will issue and deliver to the Trustee its Guaranteed Debt Service Reserve Fund Replenishment Note in the aggregate principal amount of not to exceed \$88,725,000 (the “Note”); and

WHEREAS, the Board of Commissioners (the “Governing Body”) of the County has determined, among other things, that the undertaking of the Project is in the best interests of the County and its residents; and

WHEREAS, the County, as an inducement to the Authority to undertake the Project and to authorize and issue its Bonds and Note, and as an inducement to the initial and all future owners of the Bonds to purchase the Bonds and to thereby achieve interest costs and other savings with respect to the Project, will enter into a guaranty agreement (the “Guaranty Agreement”) with respect to the Authority’s obligations under the Note, in the maximum aggregate principal amount of \$88,725,000, providing for the unconditional guarantee by the County of the timely payment of the principal of, and interest on, the Note and the pledge by the County of its full faith, credit and taxing power to discharge all of its obligations under the Guaranty Agreement, as permitted by and in accordance with the terms and conditions of the Debt Act; and

WHEREAS, the Authority will enter into a reimbursement agreement with the County (the “Reimbursement Agreement”) defining certain obligations of the Authority in order to induce the County to enter into the Guaranty Agreement; and

WHEREAS, the Authority will cause to be prepared and submitted to the County a report (the “Self-Liquidating Debt Report”) in accordance with Section 8026(a) of the Debt Act to qualify all of the debt of the County incurred pursuant to the Guaranty Agreement as self-liquidating debt under the Debt Act and to exclude such debt from the debt limit of the County; and

WHEREAS, the execution by the County of the Guaranty Agreement constitutes the incurrence of lease rental debt by the County under the Debt Act; and

WHEREAS, the County desires to formally approve the Project and the financing thereof by the Authority, to authorize the incurrence of lease rental debt under the Debt Act, and the execution and delivery of the Guaranty Agreement.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of Commissioners of the County of Lancaster, Pennsylvania, as follows:

Section 1. Approval of Project and Financing Thereof; Prior Project; Remaining Useful Life Thereof; and Estimated Project Completion Date. The County hereby approves the Project, as described above, and the financing thereof. The Prior Bonds were issued to finance and refinance the Facilities, as described above. The County hereby finds and determines that the remaining realistic estimated useful lives of the projects financed or refinanced with the Prior Bonds is at least forty (40) years. The principal amount of the Bonds equal to the cost of the Project have been scheduled to mature prior to the unexpired useful life thereof. The Authority is refunding the Prior Bonds to reduce its annual debt service costs and to eliminate restrictive covenants contained in the Prior Bonds.

Section 2. Amount of Note Secured by Bonds Guaranty Agreement; Incurrence of Lease Rental Debt. The aggregate principal amount of the Note to be issued by the Authority and secured by the Guaranty Agreement is \$88,725,000. The County hereby authorizes and directs the incurring of lease rental debt of the County, pursuant to the Debt Act, in the aggregate principal amount of \$88,725,000 to be evidenced by the Guaranty Agreement among the County, the Authority and the Trustee.

Section 3. Approval of Guaranty Agreement; Covenant to Pay Guaranty. The form, terms and provisions of the Guaranty Agreement as presented to this meeting (copies of which shall be filed with the records of the County) are hereby approved. The Chairman or Vice Chairman of the County, or any one of them, and/or any other duly authorized or appointed officer of the County, as the case may be (the "Proper Officers"), are hereby authorized and directed, upon receipt of approval from the Pennsylvania Department of Community and Economic Development ("DCED"), to execute the Guaranty Agreement in such form, subject to such changes and modifications, if any, as may be approved by such Proper Officers with the advice of the County's solicitor and McNees Wallace & Nurick LLC, special counsel to the County, the execution of the Guaranty Agreement to be conclusive evidence of such approval, and the Chief Clerk of the County is hereby authorized and directed to affix thereto the corporate seal of the County, to attest the same and to deliver the Guaranty Agreement to the Trustee and the Authority.

The County covenants to and with the holders, from time to time, of the Bonds that it shall: (a) include the amounts payable by the County under the Guaranty Agreement for each fiscal year in which such sums are payable in its budget for that year, but in no event shall the budgeted amount exceed the amount of the County's guaranty for such fiscal year as set forth on Exhibit A hereto; (b) appropriate such amounts from its general revenues for payment under the Guaranty Agreement; and (c) duly and punctually pay or cause to be paid the amount payable under the Guaranty Agreement on the dates and places and in the manner stated in the Guaranty Agreement according to the true intent and meaning thereof.

For such budgeting, appropriation and payment the County pledges its full faith, credit and taxing power. As provided in the Debt Act, the foregoing covenants shall be specifically enforceable; subject, however, as to the enforceability of remedies, to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally. Nothing in this Section shall be construed to give the County any taxing power not granted by another provision of law.

The maximum annual amounts the County will be required to pay under the Guaranty Agreement is as set forth on Exhibit A hereto. The Guaranty Agreement shall state the exact amount of the guaranty in each fiscal year.

Section 4. Approval of Continuing Disclosure Certificate. The Proper Officers are hereby authorized and directed to execute the Continuing Disclosure Certificate (hereinafter defined) on behalf of the County and the County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Ordinance, failure of the County to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Section.

As used herein, the term "Continuing Disclosure Certificate" shall mean one or more Continuing Disclosure Certificates to be executed by the County in order to comply with Securities and Exchange Commission Rule 15c2-12, and dated the date of issuance and delivery of the Bonds

from time to time, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Section 5. Debt Statement and Borrowing Base Certificate; Debt Proceedings. The Proper Officers are each authorized and directed to prepare and verify the debt statement required by Section 8110 of the Debt Act and to prepare or cause to be prepared a borrowing base certificate, and the Chief Clerk of the County is hereby authorized and directed to certify to DCED, in accordance with the Debt Act, a complete and accurate copy of the proceedings taken in connection with the increase of debt authorized hereunder and to pay any filing fees necessary in connection therewith.

Section 6. Authorization for Exclusion of Lease Rental Debt as Self-Liquidating Debt. The Proper Officers and Chief Clerk of the County are further authorized and directed to prepare, or cause to be prepared, and file the Self-Liquidating Debt Report and any statements required under Section 8026(a) of the Debt Act, which are necessary to qualify all or any portion of the lease rental indebtedness incurred hereby for exclusion as self-liquidating debt.

Section 7. Guaranty Agreement; Reimbursement Agreement. The Proper Officers are authorized and directed to execute and deliver, and the Chief Clerk of the County is hereby authorized and directed to affix and attest the corporate seal of the County to, the Guaranty Agreement and the Reimbursement Agreement in such form as the County's solicitor and McNees Wallace & Nurick LLC, special counsel to the County, may advise and the officers executing the same may approve, their approval and the conclusive approval of the County to be evidenced by their execution thereof, and to take any other actions necessary to effectuate the Project and the issuance of the Bonds and the Note by the Authority.

Section 8. Conditions to Execution of Guaranty Agreement. The Guaranty Agreement shall be executed and delivered by the County as provided in Section 3 hereof only after satisfaction of the following conditions:

(a) DCED shall have approved the incurrence by the County of the lease rental debt authorized by this Ordinance pursuant to the Debt Act, and the exclusion of such lease rental debt as self-liquidating debt in accordance with the Self-Liquidating Debt Report.

(b) The Proper Officers shall have approved the principal amount of the Bonds and the Bonds debt service schedule, which approval will be evidenced by execution and delivery of the Guaranty Agreement as set forth in Section 3.

(c) The County shall have received all closing documents required by the County in such form as the County's solicitor and McNees Wallace & Nurick LLC, special counsel to the County, may advise and County officers may require or approve, including without limitation the Trust Indenture, Reimbursement Agreement, legal opinions from counsel to the various parties, and Authority certificates providing assurance as to the Authority's existence, the absence of adverse events, and other appropriate matters. The satisfaction and conclusive approval of the County will be evidenced by execution and delivery of the Guaranty Agreement as set forth in Section 3.

(d) Counsel to the County shall have provided a legal opinion as to the legality and enforceability of this Ordinance and the Guaranty Agreement.

Section 9. Ratification of Prior Action. The Governing Body approves and ratifies all action heretofore taken in connection with the Project by the Proper Officers, the Chief Clerk and other officers and employees of the County.

Section 10. Incidental Actions. The Proper Officers and the Chief Clerk are hereby authorized, directed and empowered on behalf of the County to execute any and all papers and documents and to do or cause to be done any and all acts and things necessary or proper for the carrying out of the provisions of this Ordinance, and in connection with the transactions contemplated hereby, including, without limitation, approving the Bond Purchase Proposal of Raymond James & Associates, Inc., presented to the Authority, if necessary.

Section 11. Repeals. All ordinances and resolutions or parts thereof, insofar as the same are inconsistent herewith, are repealed hereby.

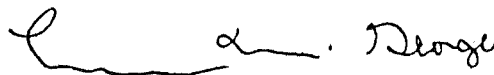
Section 12. Severability. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the County that the remainder of the Ordinance shall remain in full force and effect.

Section 13. Effective Date. This Ordinance shall become effective on the earliest date permitted by the Debt Act.

Motion passed unanimously.

I HEREBY CERTIFY that the foregoing is a true and correct copy of an Ordinance duly enacted by the affirmative vote of a majority of the members of the Governing Body of the County, at a public meeting held the 13th day of September, 2022; that proper notice of such meeting was duly given as required by law; and that said Ordinance has been duly entered upon the Minutes of said Governing Body, showing how each member voted thereon.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said County this 13th day of September, 2022.



Chief Clerk

(COUNTY SEAL)

EXHIBIT A

Maximum Amounts Payable Under the Guaranty Agreement

FISCAL YEAR ENDED <u>December 31,</u>	<u>MAX ANNUAL DEBT SERVICE</u>
2023	5,580,056.25
2024	5,579,312.50
2025	5,609,581.25
2026	5,581,831.25
2027	5,562,243.75
2028	5,521,081.25
2029	5,517,818.75
2030	5,521,143.75
2031	5,520,793.75
2032	5,516,768.75
2033	5,518,806.25
2034	5,516,643.75
2035	5,520,018.75
2036	5,518,668.75
2037	5,517,462.50
2038	5,521,006.25
2039	5,519,037.50
2040	5,516,425.00
2041	5,517,775.00
2042	5,517,693.75
2043	5,520,787.50
2044	5,516,793.75
2045	5,520,318.75
2046	5,520,837.50
2047	5,518,087.50
2048	5,516,675.00
2049	5,520,943.75
2050	5,520,368.75
2051	5,519,556.25
2052	5,517,981.25
2053	5,519,987.50
2054	5,519,918.75
2055	5,517,250.00
2056	5,521,193.75
2057	5,516,093.75

PROOF OF PUBLICATION NOTICE IN

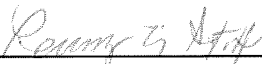
State of Pennsylvania}

} ss:

County of Lancaster}

An Affiant of the County and State aforesaid, being duly sworn, deposes and says that the LNP, a newspaper of general circulation published at Lancaster, County and State aforesaid, was established 1741-1847 since which date said newspaper has been regularly issued in said county, and that a true and correct copy of the printed notice or publication is attached hereto as was printed and published in the regular editions and issues of said newspaper on the following dates: 09/03/22

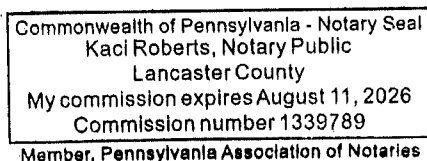
Affiant further deposes that he/she is the Clerk duly authorized by the LNP Media Group, Inc., a corporation, publisher of said LNP, a newspaper of general circulation, to verify the foregoing statement under oath, and also declares that affiant is not interested in the subject matter of the aforesaid notice or advertisement and that all allegations in the foregoing statement as to time, place and character of publication are true.



Affiant's Signature



Notary Public



**NOTICE TO THE
TAXPAYERS AND
RESIDENTS OF THE
COUNTY OF
LANCASTER,
PENNSYLVANIA**

NOTICE IS HEREBY GIVEN that the Board of Commissioners (the "Board") of the County of Lancaster, Pennsylvania (the "County") proposes to enact at a meeting to be held at the Lancaster County Government Center, County Commissioners Public Meeting Room (Room 701), 150 North Queen Street, Lancaster, Pennsylvania, 17603, not less than three (3) nor more than thirty (30) days as calculated from the date of publication of this notice, an ordinance (the "Ordinance") authorizing, among other things, the incurrence of lease rental indebtedness of the County. The caption and summary of the Ordinance to be considered by the Board at such meeting is as follows:

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF LANCASTER, PENNSYLVANIA APPROVING A CERTAIN PROJECT BEING UNDERTAKEN BY THE LANCASTER COUNTY CONVENTION CENTER AUTHORITY (THE "AUTHORITY") CONSISTING OF, INTER ALIA, THE CURRENT REFUNDING OF THE AUTHORITY'S HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES OF 2014 (THE "PRIOR BONDS") AND THE PAYMENT OF THE COSTS OF TERMINATING CERTAIN INTEREST RATE SWAPS RELATED TO THE PRIOR BONDS; DESCRIBING THE PROJECTS FOR WHICH SUCH PRIOR BONDS WERE ISSUED, RATIFYING AND CONFIRMING THE ESTIMATED USEFUL LIFE THEREOF AND SETTING FORTH THE ESTIMATED COMPLETION DATE FOR THE PROJECT; AUTHORIZING THE INCURRENCE OF LEASE RENTAL DEBT BY THE COUNTY EVIDENCED BY THE GUARANTY AGREEMENT, AS SUCH TERM IS DEFINED HEREIN, IN CONNECTION WITH THE HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES OF 2022 BEING ISSUED BY THE AUTHORITY; AUTHORIZING

THE PROPER OFFICERS OF THE COUNTY TO PREPARE, CERTIFY AND FILE WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, WITH A CERTIFIED COPY OF THIS ORDINANCE AND PROOFS OF PUBLICATION, AS REQUIRED BY THE LOCAL GOVERNMENT UNIT DEBT ACT, AND TO PAY ANY NECESSARY FILING FEES; APPROVING THE FORM OF GUARANTY AGREEMENT AMONG THE COUNTY, THE AUTHORITY AND THE TRUSTEE, AS SUCH TERM IS DEFINED HEREIN, AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF; APPROVING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF; STATING THE ANNUAL AMOUNTS OF PRINCIPAL AND INTEREST TO BE PAID UNDER THE GUARANTY AGREEMENT, COVENANTING THE PAYMENT THEREOF AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY THEREFOR; SETTING FORTH CERTAIN CONDITIONS TO THE EXECUTION AND DELIVERY OF THE GUARANTY AGREEMENT, INCLUDING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A REIMBURSEMENT AGREEMENT WITH THE COUNTY; AUTHORIZING AND DIRECTING THE PREPARATION OF A SELF LIQUIDATING DEBT REPORT AND THE FILING THEREOF AND THE PREPARATION AND FILING OF ANY OTHER STATEMENTS AND REPORTS REQUIRED TO QUALIFY THE LEASE RENTAL DEBT INCURRED HEREBY OR ANY PORTION THEREOF FOR EXCLUSION FROM THE APPROPRIATE DEBT LIMIT OF THE COUNTY AS SELF LIQUIDATING; RATIFYING PRIOR ACTION; AUTHORIZING THE PROPER OFFICERS OF THE COUNTY TO TAKE OTHER APPROPRIATE ACTION; REPEALING ALL ORDINANCES AND RESOLUTIONS INCONSISTENT HERewith; AND STATING THE EFFECTIVE DATE.

A copy of the proposed text of the Ordinance described above may be examined or inspected by any resident at the Lancaster County Government Center, County Commissioner's Public Meeting Room (Room 701), 150 North Queen Street, Lancaster, Pennsylvania, 17603, on any business day, between the hours of 8:30 a.m. and 5:00 p.m., prevailing time. The Ordinance currently on file will be completed by the insertion of certain information and will be amended prior to enactment by the Board in any manner as the Board of the County may deem appropriate.

THE ORDINANCE CURRENTLY ON FILE, AMONG OTHER THINGS, ESTIMATE THAT THE AMOUNT OF LEASE RENTAL INDEBTEDNESS TO BE AUTHORIZED WILL NOT EXCEED EIGHTY-EIGHT MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$88,725,000); HOWEVER, SUCH AMOUNT MAY BE INCREASED OR DECREASED PRIOR TO FINAL ENACTMENT.

If the Ordinance is enacted, a notice of enactment, including a summary of the omitted details (including the amount of the lease rental indebtedness to be incurred, a range of lease rental payments and a summary of any other amendments made prior to final enactment) will be advertised after enactment and posted in accordance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as re-enacted, amended and supplemented.

This Notice is published in compliance with the Act of December 19, 1996, Act No. 177, as amended.

BOARD OF
COMMISSIONERS OF THE
COUNTY OF LANCASTER,
PENNSYLVANIA

PROOF OF PUBLICATION NOTICE IN

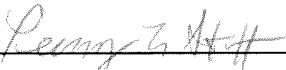
State of Pennsylvania}

} ss:

County of Lancaster}

An Affiant of the County and State aforesaid, being duly sworn, deposes and says that the LNP, a newspaper of general circulation published at Lancaster, County and State aforesaid, was established 1741-1847 since which date said newspaper has been regularly issued in said county, and that a true and correct copy of the printed notice or publication is attached hereto as was printed and published in the regular editions and issues of said newspaper on the following dates: 09/16/22

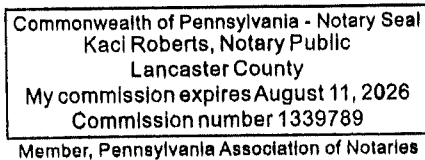
Affiant further deposes that he/she is the Clerk duly authorized by the LNP Media Group, Inc., a corporation, publisher of said LNP, a newspaper of general circulation, to verify the foregoing statement under oath, and also declares that affiant is not interested in the subject matter of the aforesaid notice or advertisement and that all allegations in the foregoing statement as to time, place and character of publication are true.



Affiant's Signature



Notary Public



NOTICE TO THE
TAXPAYERS AND
RESIDENTS OF THE
COUNTY OF LANCASTER,
PENNSYLVANIA

NOTICE IS HEREBY
GIVEN that the Board of
Commissioners (the
"Board") of the County of
Lancaster, Pennsylvania
(the "County") at a meeting
of the Board held on Sep-
tember 13, 2022, finally en-
acted an ordinance (the "Or-
dinance"), authorizing,
among other things, the in-
currence of lease rental
debt of the County in the
aggregate principal amount
of not to exceed
\$88,725,000 evidenced by a
certain Guaranty Agree-
ment.

NOTICE IS ALSO GIVEN
that the Ordinance was
amended during final pas-
sage to reflect the aggre-
gate principal amount of
the lease rental debt to be
incurred and to reflect the
maximum payments which
may be required to be paid
under the Guaranty Agree-
ment (the "Guaranty Agree-
ment").

NOTICE IS FURTHER
GIVEN that the maximum
annual payments that may
be required to be made by
the County pursuant to the
Guaranty Agreement range
from a low of \$5,516,093.75
to a high of \$5,609,581.25.
Such range of payments
sets forth the maximum an-
nual payments that may be
required to be paid pur-
suant to the Guaranty
Agreement.

The final text of the Ordi-
nance as enacted, may be
examined by any citizen at
the Lancaster County Gov-
ernment Center, County
Commissioner's Public
Meeting Room (Room 701),
150 North Queen Street,
Lancaster, Pennsylvania,
17603, on any business day,
between the hours of 8:30
a.m. and 5:00 p.m., prevail-
ing time.

This notice is published in
compliance with the act of
December 19, 1996, Act No.
177, as re-enacted,
amended and supple-
mented, known as the Local
Government Unit Debt Act.

BOARD OF
COMMISSIONERS OF THE
COUNTY OF LANCASTER,
PENNSYLVANIA

DEBT STATEMENT PURSUANT TO
LOCAL GOVERNMENT UNIT DEBT ACT

Local Government Unit – County of Lancaster, Pennsylvania

Statement as of September 14, 2022

	<u>Electoral</u>	<u>Nonelectoral</u>	<u>Lease Rental</u>
I. GROSS INCURRED DEBT	\$ _____	\$ 5,335,000.00 (2013)	\$ 1,099,966.24 (2005)
A. Bonds outstanding (List and identify by year of issue)		7,040,000.00 (2015)	100,000.00 (2005)
		1,785,000.00 (2015)	4,015,000.00 (2013)
		21,805,000.00 (2016)	58,990,000.00 (2014) ¹
		21,770,000.00 (2017)	88,725,000.00 (2022) ²
		16,015,000.00 (2017)	
		9,530,000.00 (2018)	
		19,235,000.00 (2019)	
		14,915,000.00 (2019)	
		<u>22,575,000.00 (2020)</u>	
B. Notes outstanding		<u>\$17,640,000.00 (2002)</u>	
TOTAL	\$ _____	\$ 157,645,000.00	\$152,929,966.24
II. CREDITS AND EXCLUSIONS			
Less:			
(where applicable)			
1. Sinking funds, reserve accounts, bond proceeds	\$ _____	\$ _____	\$ _____
2. Current unpaid appropriations	\$ _____	\$ _____	\$ _____
3. Uncollected special assessments	\$ _____	\$ _____	\$ _____
4. Delinquent taxes and liens	\$ _____	\$ _____	\$ _____
5. Surplus cash	\$ _____	\$ _____	\$ _____
6. Solvent debts due	\$ _____	\$ _____	\$ _____
7. Indemnifying insurance	\$ _____	\$ _____	\$ _____
8. Self-liquidating and Self-Sustaining Debt (excluded under Sections 8024, 8025, and 8026)	\$ _____	\$ _____	\$147,715,000.00 ³
TOTAL	\$ _____	\$ _____	\$ _____
	=====	=====	=====
TOTAL NET INDEBTEDNESS	\$ _____	\$ 157,645,000.00	\$5,214,966.24

¹ All of the County's lease rental indebtedness (LRA-14072402) is being refunded with the new lease rental indebtedness

² New lease rental indebtedness which is the subject of this set of debt proceedings.

³ Assumes that \$88,725,000 of the new lease rental indebtedness, which is the subject of this set of debt proceedings, will be approved as self-liquidating debt

The aggregate principal amount of bonds or notes being issued or evidencing lease rental debt	\$88,725,000
The principal amount of bonds or notes which will no longer be deemed to be outstanding pursuant to Section 8250(b) after settlement of the issue	\$58,990,000
The borrowing base as shown by appended borrowing base certificate	\$159,602,381
Applicable debt limitation:	
(a) nonelectoral (300% of the borrowing base)	\$478,807,143
(b) nonelectoral plus lease rental (400% of the borrowing base).....	\$638,409,524

IN WITNESS WHEREOF, the undersigned, being the Chair of the Board of Commissioners of the County of Lancaster, Pennsylvania and being authorized to prepare, certify and file the foregoing debt statement, has hereunto set his hand and affixed the seal of the County this 14th day of September, 2022.

COUNTY OF LANCASTER, PENNSYLVANIA

By: _____

Chair

Attest: _____

Chief Clerk

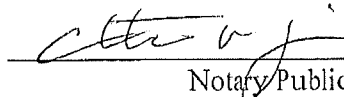
(SEAL)

COMMONWEALTH OF PENNSYLVANIA :
:SS.
COUNTY OF LANCASTER :

On this 14th day of September, 2022, before me, a Notary Public, the undersigned officer, personally appeared RAY D'AGOSTINO, who acknowledged himself to be the Chair of the Board of Commissioners of the COUNTY OF LANCASTER, a Pennsylvania county, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the County by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Commonwealth of Pennsylvania - Notary Seal
Christine M Carrigan, Notary Public
Lancaster County
My commission expires March 19, 2023
Commission number 1289039



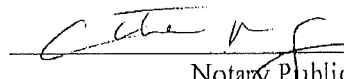
Notary Public

COMMONWEALTH OF PENNSYLVANIA :
:SS.
COUNTY OF LANCASTER :

On this 14th day of September, 2022, before me, a Notary Public, the undersigned officer, personally appeared LAWRENCE M. GEORGE, who acknowledged himself to be the Chief Clerk of the COUNTY OF LANCASTER, a Pennsylvania county, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the County by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Commonwealth of Pennsylvania - Notary Seal
Christine M Carrigan, Notary Public
Lancaster County
My commission expires March 19, 2023
Commission number 1289039



Notary Public

BORROWING BASE CERTIFICATE

COUNTY OF LANCASTER, PENNSYLVANIA

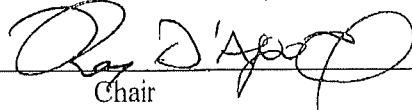
Prepared as of September 14, 2022

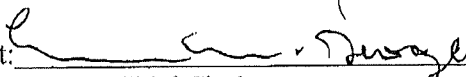
The borrowing base is the arithmetic average of total revenues received for the three preceding fiscal years as set forth in a certificate stating the total revenues for each year and stating the average. The certificate may be executed by any authorized official of the local government unit or an independent accountant. The computation of the borrowing base must be done in accordance with the definition of revenues in Section 8002(c)(16) of the Local Government Unit Debt Act. The following method may be used:

	<u>FISCAL YEAR (ending December 31)</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Net Revenues	\$158,785,543	\$158,159,443	\$161,862,156
 TOTAL NET REVENUES			\$478,807,142
 BORROWING BASE			\$159,602,381
(Total Net Revenues divided by 3)			

IN WITNESS WHEREOF, the foregoing Borrowing Base Certificate is executed this
14th day of September, 2022.

COUNTY OF LANCASTER, PENNSYLVANIA

By: 
Chair

Attest: 
Chief Clerk

(SEAL)

COUNTY OF LANCASTER, PENNSYLVANIA

8110(b) CERTIFICATE

The undersigned Chair of the Board of Commissioners of the County of Lancaster, Pennsylvania (the "County") does hereby certify pursuant to Section 8110(b) of the Local Government Unit Debt Act (the "Act") that with respect to the County's outstanding nonelectoral indebtedness that previously has been excluded as self-liquidating, no decrease in the amounts originally excluded are required by a change in circumstances other than decreases resulting from the payment of bonds or notes.

Dated this 14th day of September, 2022.

COUNTY OF LANCASTER, PENNSYLVANIA

By 
Chair,
Board of Commissioners

REPORT ON SELF-LIQUIDATING DEBT

Prepared for

Lancaster County Convention Center Authority
25 South Queen Street
Lancaster, PA 17603

and

Board of Commissioners
County of Lancaster
150 North Queen Street
Seventh Floor, Suite 715
Lancaster, Pennsylvania 17603

Prepared by
Walz Group
2929 Lititz Pike,
PO Box 5555
Lancaster, PA 17606-5555

September 14, 2022

September 14, 2022

Lancaster County Convention Center Authority
25 South Queen Street
Lancaster, PA 17603

Board of Commissioners
County of Lancaster
150 North Queen Street
Seventh Floor, Suite 715
Lancaster, Pennsylvania 17603

Ladies and Gentlemen:

This report is made pursuant to Section 8026 of the Local Government Unit Debt Act, 53 PA.C.S. § 8001 et seq., as amended and supplemented, in connection with the application by the County of Lancaster, Pennsylvania (the “County”) for exclusion of certain lease rental debt as self-liquidating debt. The lease rental debt for which exclusion is sought will be evidenced by the County’s guaranty of \$88,725,000 Hotel Room Rental Tax Revenue Bonds, Series of 2022 (the “2022 Bonds”) to be issued by the Lancaster County Convention Center Authority (the “Authority”).

The 2022 Bonds are being issued by the Authority finance a project consisting of (i) the current refunding of the Authority’s Hotel Room Rental Tax Revenue Bonds, Series of 2014 (the “Prior Bonds”); (ii) the costs of terminating certain interest rate swaps related to the Prior Bonds; and (iii) the payment of the costs and expenses associated with the issuance of the 2022 Bonds (collectively, the “2022 Project”). The Prior Bonds were originally issued by the Authority to refinance certain outstanding indebtedness of the Authority originally incurred to finance the design, acquisition, construction, furnishing and equipping of a multi-purpose convention center facility and related and ancillary facilities containing approximately 200,000 square feet (the “Facilities”).

INTRODUCTION

The Authority is a third class county convention center authority existing under provisions of the Pennsylvania Third Class County Convention Center Authority Act, Act of August 9, 1955, P.L. 323, No. 130 (see, 16 P.S. § 2399.1 et seq.), as amended and supplemented (the “Act”), pursuant to action by the governing bodies of the County and the City of Lancaster, Lancaster County, Pennsylvania. The County, pursuant to the Act, heretofore enacted Ordinance No. 45 on September 15, 1999 (the “Ordinance”), that imposed an excise tax on the consideration received by each operator of a hotel within the County from each transaction of

renting a room or rooms to accommodate transients (the “Hotel Room Rental Tax”). The rate of tax authorized under the Act to be imposed is limited to 5.00%, and the rate of tax presently imposed by the County under the Ordinance is 3.90%.

Pursuant to the provisions of the Act, receipts from the Hotel Room Rental Tax are to be allocated 80% to the Authority and 20% to the local visitors bureau. Pursuant to the provisions of a Memorandum of Understanding dated July 28, 2022, between the Authority and Discover Lancaster, the local visitors bureau serving the County of Lancaster, Discover Lancaster has agreed that 100% of the Hotel Room Rental Tax shall be transferred to the Authority each year for the full term of the 2022 Bonds.

The Authority will issue the 2022 Bonds, in the maximum principal amount of \$88,725,000, which 2022 Bonds will be issued under a Trust Indenture (the “Indenture”) between the Authority and Wilmington Trust, National Association, serving as trustee (the “Trustee”). The 2022 Bonds will be secured under the Indenture by a pledge of the Revenues from the Hotel Room Rental Tax and other available revenues as described in the Indenture (the “Pledged Revenues”).

The Authority is undertaking the Refunding in order to (i) reduce its annual interest expense; (ii) eliminate restrictive covenants contained in the Prior Bonds and (iii) provide budget certainty by eliminating variable rate debt and replacing it with fixed rate debt.

In preparing this Report, we have relied upon certain information received from the Authority and other professional advisors to the Authority.

REQUIRED INFORMATION

1. The Authority is issuing the 2022 Bonds to finance the costs of the 2022 Project.
2. The maximum principal amount of the 2022 Bonds will be \$88,725,000. The 2022 Bonds will mature on May 1, 2057, and will bear interest at the maximum rate set forth in Exhibit “A” attached hereto. The dates and amounts of maximum debt service of the 2022 Bonds payable on such dates, including the principal payments of the 2022 Bonds, which was supplied to us by FSL Public Finance LLC, the Authority’s municipal advisor (the “Municipal Advisor”), are set forth on Exhibit “A”.

The maximum annual debt service for each year during the life of the 2022 Bonds is shown on Exhibit “A”.
3. Settlement for the issuance of the 2022 Bonds and completion of the 2022 Project is expected to occur on October 20, 2022.
4. Based upon the foregoing and other assumptions contained in this report, the estimated Pledged Revenues to be derived from the Hotel Room Rental Tax and available excess Debt Service Reserve Fund proceeds, as needed, for each year of the life of the 2022 Bonds, are reasonably expected to be sufficient in each such year to pay the annual debt service of the

2022 Bonds. The computation showing such estimated Pledged Revenues compared with the annual debt service on the 2022 Bonds is set forth in Exhibit "B" attached hereto.

5. The estimates of Pledged Revenues have been computed from our best estimates of the Pledged Revenues to be obtained from the Hotel Room Rental Tax and other available revenues, based on historical Hotel Room Rental Tax collections from 2000. Actual Hotel Room Rental Tax collections from 2000 to the present are set forth on Exhibit "C" attached hereto. Hotel Room Rental Tax collections for the years 2023 and beyond are based on actual collections in the current fiscal year and include a conservative assumption for collections for the remaining months of the current fiscal year. For purposes of this Report, we are making a conservative assumption that collections will not increase but will remain static for the life of the 2022 Bonds.

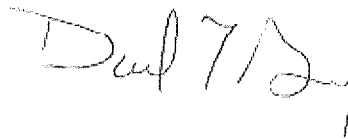
The Trust Indenture for the 2022 Bonds mandates that the Hotel Room Rental Tax collections are first applied to debt service, and then to operating expenses. In most revenue backed transactions involving special tax or dedicated user fees, operating expenses are paid before debt service, leaving debt service coverage at greater risk than the Facilities debt service. We note this as a substantial and critical aspect of deeming the 2022 Bonds to be self-liquidating under the Local Government Unit Debt Act.

There are risk factors that may negatively affect Hotel Room Rental Tax collections over the life of the 2022 Bonds, including another pandemic similar to the recent COVID-19 pandemic, a significant decline in tourism in central Pennsylvania, a nationwide recession that would cause hotel room rates and occupancy to decline and consumer taxes imposed by the federal, state or local government that would significantly increase hotel costs. These risks are mitigated by (i) the current level of excess debt service coverage, and (ii) 21 years of historical collections data (which includes a period of significant economic downturn) that demonstrates average annual growth much greater than the 0% growth rate for hotel room taxes shown on Exhibit "B". As demonstrated on Exhibit "B", even with a 0% growth rate for hotel room taxes, the Hotel Room Rental Tax collections would be sufficient to cover debt service. Occupancy in the County has been consistently strong and our report does not assume an increase in occupancy rates.

6. The professionals of Walz Group have more than 15 years of relevant experience and over that time have actively advised the Authority with respect to its annual budget and projections. We, therefore, are qualified to act with regard to the type of project being financed.

Very truly yours,

WALZ GROUP



Name: Daniel T. Massey
Title: Principal

EXHIBIT "A"

Total Maximum Debt Service Schedule

<u>PAYMENT DATE</u>	<u>MAX PRINCIPAL</u>	<u>MAX RATE</u>	<u>MAX INTEREST</u>	<u>MAX SERVICE</u>	<u>MAX FISCAL YEAR DEBT SERVICE</u>
5/1/2023	1,000,000	5.250%	2,277,275.00	3,277,275.00	
11/1/2023			2,302,781.25	2,302,781.25	5,580,056.25
5/1/2024	1,000,000	5.250%	2,302,781.25	3,302,781.25	
11/1/2024			2,276,531.25	2,276,531.25	5,579,312.50
5/1/2025	1,085,000	5.250%	2,276,531.25	3,361,531.25	
11/1/2025			2,248,050.00	2,248,050.00	5,609,581.25
5/1/2026	1,115,000	5.250%	2,248,050.00	3,363,050.00	
11/1/2026			2,218,781.25	2,218,781.25	5,581,831.25
5/1/2027	1,155,000	5.250%	2,218,781.25	3,373,781.25	
11/1/2027			2,188,462.50	2,188,462.50	5,562,243.75
5/1/2028	1,175,000	5.250%	2,188,462.50	3,363,462.50	
11/1/2028			2,157,618.75	2,157,618.75	5,521,081.25
5/1/2029	1,235,000	5.250%	2,157,618.75	3,392,618.75	
11/1/2029			2,125,200.00	2,125,200.00	5,517,818.75
5/1/2030	1,305,000	5.250%	2,125,200.00	3,430,200.00	
11/1/2030			2,090,943.75	2,090,943.75	5,521,143.75
5/1/2031	1,375,000	5.250%	2,090,943.75	3,465,943.75	
11/1/2031			2,054,850.00	2,054,850.00	5,520,793.75
5/1/2032	1,445,000	5.250%	2,054,850.00	3,499,850.00	
11/1/2032			2,016,918.75	2,016,918.75	5,516,768.75
5/1/2033	1,525,000	5.250%	2,016,918.75	3,541,918.75	
11/1/2033			1,976,887.50	1,976,887.50	5,518,806.25
5/1/2034	1,605,000	5.250%	1,976,887.50	3,581,887.50	
11/1/2034			1,934,756.25	1,934,756.25	5,516,643.75
5/1/2035	1,695,000	5.250%	1,934,756.25	3,629,756.25	
11/1/2035			1,890,262.50	1,890,262.50	5,520,018.75
5/1/2036	1,785,000	5.250%	1,890,262.50	3,675,262.50	
11/1/2036			1,843,406.25	1,843,406.25	5,518,668.75
5/1/2037	1,880,000	5.250%	1,843,406.25	3,723,406.25	
11/1/2037			1,794,056.25	1,794,056.25	5,517,462.50
5/1/2038	1,985,000	5.250%	1,794,056.25	3,779,056.25	
11/1/2038			1,741,950.00	1,741,950.00	5,521,006.25
5/1/2039	2,090,000	5.250%	1,741,950.00	3,831,950.00	
11/1/2039			1,687,087.50	1,687,087.50	5,519,037.50
5/1/2040	2,200,000	5.250%	1,687,087.50	3,887,087.50	
11/1/2040			1,629,337.50	1,629,337.50	5,516,425.00
5/1/2041	2,320,000	5.250%	1,629,337.50	3,949,337.50	

A-1

11/1/2041			1,568,437.50	1,568,437.50	5,517,775.00
5/1/2042	2,445,000	5.250%	1,568,437.50	4,013,437.50	
11/1/2042			1,504,256.25	1,504,256.25	5,517,693.75
5/1/2043	2,580,000	5.250%	1,504,256.25	4,084,256.25	
11/1/2043			1,436,531.25	1,436,531.25	5,520,787.50
5/1/2044	2,715,000	5.250%	1,436,531.25	4,151,531.25	
11/1/2044			1,365,262.50	1,365,262.50	5,516,793.75
5/1/2045	2,865,000	5.250%	1,365,262.50	4,230,262.50	
11/1/2045			1,290,056.25	1,290,056.25	5,520,318.75
5/1/2046	3,020,000	5.250%	1,290,056.25	4,310,056.25	
11/1/2046			1,210,781.25	1,210,781.25	5,520,837.50
5/1/2047	3,180,000	5.250%	1,210,781.25	4,390,781.25	
11/1/2047			1,127,306.25	1,127,306.25	5,518,087.50
5/1/2048	3,350,000	5.250%	1,127,306.25	4,477,306.25	
11/1/2048			1,039,368.75	1,039,368.75	5,516,675.00
5/1/2049	3,535,000	5.250%	1,039,368.75	4,574,368.75	
11/1/2049			946,575.00	946,575.00	5,520,943.75
5/1/2050	3,725,000	5.250%	946,575.00	4,671,575.00	
11/1/2050			848,793.75	848,793.75	5,520,368.75
5/1/2051	3,925,000	5.250%	848,793.75	4,773,793.75	
11/1/2051			745,762.50	745,762.50	5,519,556.25
5/1/2052	4,135,000	5.250%	745,762.50	4,880,762.50	
11/1/2052			637,218.75	637,218.75	5,517,981.25
5/1/2053	4,360,000	5.250%	637,218.75	4,997,218.75	
11/1/2053			522,768.75	522,768.75	5,519,987.50
5/1/2054	4,595,000	5.250%	522,768.75	5,117,768.75	
11/1/2054			402,150.00	402,150.00	5,519,918.75
5/1/2055	4,840,000	5.250%	402,150.00	5,242,150.00	
11/1/2055			275,100.00	275,100.00	5,517,250.00
5/1/2056	5,105,000	5.250%	275,100.00	5,380,100.00	
11/1/2056			141,093.75	141,093.75	5,521,193.75
5/1/2057	5,375,000	5.250%	141,093.75	5,516,093.75	5,516,093.75
Total	\$88,725,000.00		\$104,755,962.50	\$193,480,962.50	\$193,480,962.50

EXHIBIT "B"

PROJECTED REVENUES AND EXPENDITURES
FOR YEAR ENDED DECEMBER 31

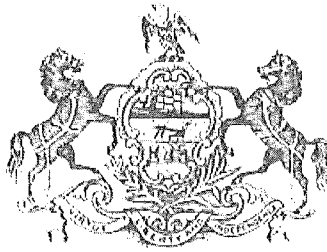
FISCAL YEAR ENDED <u>December 31,</u>	<u>HOTEL TAX REVENUES</u>	<u>MAX ANNUAL DEBT SERVICE</u>	<u>NET REVENUES</u>	<u>PROJECTED DEBT SERVICE COVERAGE</u>
2023	7,618,572.50	5,580,056.25	2,038,516.25	1.37
2024	7,618,572.50	5,579,312.50	2,039,260.00	1.37
2025	7,618,572.50	5,609,581.25	2,008,991.25	1.36
2026	7,618,572.50	5,581,831.25	2,036,741.25	1.36
2027	7,618,572.50	5,562,243.75	2,056,328.75	1.37
2028	7,618,572.50	5,521,081.25	2,097,491.25	1.38
2029	7,618,572.50	5,517,818.75	2,100,753.75	1.38
2030	7,618,572.50	5,521,143.75	2,097,428.75	1.38
2031	7,618,572.50	5,520,793.75	2,097,778.75	1.38
2032	7,618,572.50	5,516,768.75	2,101,803.75	1.38
2033	7,618,572.50	5,518,806.25	2,099,766.25	1.38
2034	7,618,572.50	5,516,643.75	2,101,928.75	1.38
2035	7,618,572.50	5,520,018.75	2,098,553.75	1.38
2036	7,618,572.50	5,518,668.75	2,099,903.75	1.38
2037	7,618,572.50	5,517,462.50	2,101,110.00	1.38
2038	7,618,572.50	5,521,006.25	2,097,566.25	1.38
2039	7,618,572.50	5,519,037.50	2,099,535.00	1.38
2040	7,618,572.50	5,516,425.00	2,102,147.50	1.38
2041	7,618,572.50	5,517,775.00	2,100,797.50	1.38
2042	7,618,572.50	5,517,693.75	2,100,878.75	1.38
2043	7,618,572.50	5,520,787.50	2,097,785.00	1.38
2044	7,618,572.50	5,516,793.75	2,101,778.75	1.38
2045	7,618,572.50	5,520,318.75	2,098,253.75	1.38
2046	7,618,572.50	5,520,837.50	2,097,735.00	1.38
2047	7,618,572.50	5,518,087.50	2,100,485.00	1.38
2048	7,618,572.50	5,516,675.00	2,101,897.50	1.38
2049	7,618,572.50	5,520,943.75	2,097,628.75	1.38
2050	7,618,572.50	5,520,368.75	2,098,203.75	1.38
2051	7,618,572.50	5,519,556.25	2,099,016.25	1.38
2052	7,618,572.50	5,517,981.25	2,100,591.25	1.38
2053	7,618,572.50	5,519,987.50	2,098,585.00	1.38
2054	7,618,572.50	5,519,918.75	2,098,653.75	1.38
2055	7,618,572.50	5,517,250.00	2,101,322.50	1.38
2056	7,618,572.50	5,521,193.75	2,097,378.75	1.38
2057	7,618,572.50	5,516,093.75	2,102,478.75	1.38

EXHIBIT "C"

HISTORICAL HOTEL TAX COLLECTIONS

<u>Year</u>	<u>Total Annual Amount Received</u>
2000*	\$3,106,499.26
2001	\$3,622,885.51
2002	\$3,813,030.92
2003	\$3,632,106.36
2004	\$3,937,486.58
2005	\$4,001,548.15
2006	\$4,228,439.73
2007	\$4,675,824.98
2008	\$4,509,263.90
2009	\$4,235,471.81
2010	\$4,458,110.95
2011	\$4,589,784.97
2012	\$4,990,048.07
2013	\$5,080,993.31
2014	\$5,493,841.56
2015	\$5,773,404.29
2016	\$6,202,621.43
2017	\$6,239,865.60
2018	\$6,648,022.14
2019	\$6,739,244.32
2020	\$4,383,941.53
2021	\$7,064,306.13

* Only collected for ten months (March – December)



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

CERTIFICATE OF APPROVAL
LOCAL GOVERNMENT UNIT DEBT ACT

DATE: October 11, 2022
LOCAL GOVERNMENT UNIT: Lancaster County
COUNTY:
APPROVAL NUMBER: LRA 221011-01
AMOUNT: \$88,725,000.00
APPROVAL NUMBER: E 221011-01
AMOUNT: \$88,725,000.00

A handwritten signature in cursive script, reading "Jane Q. Blanton".

For Secretary of Community and Economic Development

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 14, 2022

NEW ISSUE - BOOK ENTRY ONLY

Rating: (See RATING herein)

In the opinion of Stevens & Lee, P.C., Lancaster, Pennsylvania, Bond Counsel, assuming continuing compliance by the Authority with certain covenants and agreements to comply with provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable regulations thereunder; interest on the 2022B Bonds is not includible in gross income under Section 103(a) of the Code, and interest on the 2022B Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals and corporations; however interest on the 2022B Bonds may be subject to the Federal alternative minimum tax on "applicable corporations" as defined in Section 59(k) of the Code for tax years beginning after December 31, 2022. See TAX MATTERS in this Official Statement. Other provisions of the Code may affect the purchasers and holders of the 2022B Bonds. See TAX MATTERS herein for a brief description of these provisions. Interest on the 2022A Bonds is includable in gross income for federal income tax purposes.

Under the laws of the Commonwealth of Pennsylvania, the 2022 Bonds and the interest on the 2022 Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the 2022 Bonds, or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the 2022 Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania.

\$68,325,000*

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
(Pennsylvania)**

**\$11,950,000* Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)
And**

\$56,375,000* Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Dated: Date of Delivery

Due: May 1, 20__ (2022A Bonds)

Due: May 1, 20__ (2022B Bonds)

The \$11,950,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the "2022A Bonds") and the \$56,375,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the "2022B Bonds" and, together with the 2022A Bonds, the "2022 Bonds") are being issued by the Lancaster County Convention Center Authority (the "Authority"), a public body corporate and politic organized and existing under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented (the "Act") and under a Trust Indenture dated as of December 1, 2022 (the "Indenture") between the Authority and Wilmington Trust, National Association, as bond trustee (the "Trustee"), and are payable from the sources described herein.

The proceeds of the 2022A Bonds will be used to: (1) pay a portion of the costs of terminating certain outstanding interest rate swap agreements; (2) fund a debt service reserve fund for the 2022A Bonds under the Indenture; and (3) pay certain expenses in connection with the issuance of the 2022A Bonds. The proceeds of the 2022B Bonds, together with other funds from the Authority, will be used to: (1) currently refund the Authority's outstanding Hotel Room Rental Tax Revenue Bonds, Series of 2014; (2) pay a portion of the costs of terminating certain outstanding interest rate swap agreements; (3) fund a debt service reserve fund for the 2022B Bonds under the Indenture; and (4) pay certain expenses in connection with the issuance of the 2022B Bonds. See "USE OF PROCEEDS" herein.

The 2022A Bonds are stated to mature on May 1, 2036 and the 2022B Bonds are stated to mature on May 1, 2057. However, as more fully described herein, the 2022 Bonds are subject to optional, and mandatory redemption prior to maturity.

The 2022 Bonds will be issued in a minimum denomination of \$5,000 and integral multiples thereof. Interest on the 2022 Bonds will be payable on May 1 and November 1, commencing May 1, 2023. When issued, the 2022 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (DTC), New York, NY. Purchasers of the 2022 Bonds (the Beneficial Owners) will not receive physical delivery of bond certificates. Beneficial ownership of the 2022 Bonds initially will be evidenced by book-entry only. As long as Cede & Co. as nominee for DTC, is the registered owner of the 2022 Bonds, payments of principal of, redemption premium, if any, and interest on the 2022 Bonds will be made directly to DTC, which will in turn remit such payments to DTC participants for subsequent disbursement to Beneficial Owners. See "BOOK-ENTRY ONLY SYSTEM" herein.

The 2022 Bonds are limited obligations of the Authority payable solely from certain Hotel Tax Revenues and certain funds on deposit with the Trustee pursuant to the Indenture, and neither the general credit nor the taxing power of the County of Lancaster, Pennsylvania (other than to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision thereof is pledged for the payment of the 2022 Bonds, nor will the 2022 Bonds be, or be deemed to be, an obligation of the County of Lancaster, Pennsylvania, the Commonwealth of Pennsylvania (other than to the extent provided in the Guaranty Agreement), or any political subdivision thereof. The principal, premium, if any, and interest on the 2022 Bonds are payable solely from Hotel Tax Revenues and certain funds on deposit with the Trustee pursuant to the Indenture. The Authority has no taxing power.

The 2022 Bonds are offered by the Authority when, as and if issued, subject to the approving opinion of Stevens & Lee, P.C., Lancaster, PA, Bond Counsel, to be furnished upon delivery of the Bonds. Legal matters pertaining to the Authority will be passed upon by its counsel, Russell, Krafft & Gruber, LLP, Lancaster, PA and certain legal matters will be passed upon for the Underwriters by Eckert Seamans Cherin & Mellot, LLC, Underwriters' Counsel. The 2022 Bonds will be available for delivery through DTC on or about _____, 2022.

RAYMOND JAMES®



The date of the Official Statement is _____, 2022.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other changes without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY
(Pennsylvania)
Consisting of
\$11,950,000* Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable)

Dated: Date of Delivery

Due: May 1, as shown below

Denomination: Integral multiples of \$5,000

Interest Payable: May 1 and November 1

First Interest Payment: May 1, 2023

Form: Book-Entry

2022A BONDS

Maturity Schedule

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP **</u>
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					

\$ _____ % Term Bonds due May 1, 20__ at _____ to yield _____ % CUSIP:

*Preliminary, subject to change

**The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority and the Authority is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. The Authority has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY
(Pennsylvania)
Consisting of
\$56,375,000* Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Dated: Date of Delivery

Due: May 1, as shown below

Denomination: Integral multiples of \$5,000

Interest Payable: May 1 and November 1

First Interest Payment: May 1, 2023

Form: Book-Entry

2022B BONDS

Maturity Schedule

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP **</u>
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					

\$ _____ % Term Bonds due May 1, 20__ at _____ to yield _____ % CUSIP:

*Preliminary, subject to change

**The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority and the Authority is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. The Authority has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information set forth in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without the entire Official Statement.

Authority	Lancaster County Convention Center Authority (the “ Authority ”)
Bonds	The Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the “ 2022A Bonds ”), dated the date of delivery of the 2022A Bonds, and the Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “ 2022B Bonds ” and, together with the 2022A Bonds, the “ 2022 Bonds ”), dated the date of delivery of the 2022B Bonds.
Denominations	\$5,000 and integral multiples thereof.
Final Maturity	2022A Bonds: May 1, 20__. 2022B Bonds: May 1, 20__.
Interest	May 1 and November 1 commencing May 1, 2023.
Redemption Provisions	The 2022 Bonds are subject to optional and mandatory redemption prior to their stated maturity dates as described herein.
Form of Bonds	Book-Entry Only.
Application of Proceeds	<p>The proceeds of the 2022A Bonds will be used to: (1) pay a portion of the costs of terminating certain interest rate swap agreements; (2) fund a debt service reserve fund for the 2022A Bonds under the Indenture; and (3) pay certain expenses in connection with the issuance of the 2022A Bonds.</p> <p>The proceeds of the 2022B Bonds, together with other funds from the Authority, will be used to: (1) currently refund the Authority’s outstanding Hotel Room Rental Tax Revenue Bonds, Series of 2014; (2) pay a portion of the costs of terminating certain interest rate swap agreements; (3) fund a debt service reserve fund for the 2022B Bonds under the Indenture; and (4) pay certain expenses in connection with the issuance of the 2022B Bonds. See “USE OF PROCEEDS” herein</p>
Security for the 2022 Bonds	The 2022 Bonds are limited obligations of the Authority payable solely from certain Hotel Tax Revenues and certain funds on deposit with the Trustee pursuant to the Indenture, and neither the general credit nor the taxing power of the County of Lancaster, Pennsylvania (other than to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision thereof is pledged for the payment of the 2022 Bonds, nor will the 2022 Bonds be, or be deemed to be, an obligation of the County of Lancaster, Pennsylvania, (other than to the extent provided in the Guaranty Agreement) the Commonwealth

of Pennsylvania, or any political subdivision thereof. The principal of and interest on the 2022 Bonds are payable solely from Hotel Tax Revenues and certain funds on deposit with the Trustee under the Indenture. The Authority has no taxing power. See “SECURITY FOR THE 2022 BONDS – Pledge of Trust Estate” herein.

Receipts and revenues generated from the operation of the Convention Center may not be used to pay the principal of and interest on the 2022 Bonds and are not included in the Trust Estate (as defined herein). See “SECURITY FOR THE 2022 BONDS – Pledge of Trust Estate” herein.

Debt Service Reserve Fund

Under the provisions of the Indenture, the Authority has created, solely for the benefit and security of the Bonds, a special fund to be known as the “Debt Service Reserve Fund”, within which there shall be established a “Series A Bonds Account” and a “Series B Bonds Account”. Funds on deposit in the Series A Bonds Account will be available to pay the principal of or the interest due on the 2022A Bonds, as the same shall become due and payable and funds on deposit in the Series B Bonds Account will be available to pay the principal of or the interest due on the 2022B Bonds, as the same shall become due and payable.

The Indenture provides that the Authority shall restore any shortfall in either Account within the Debt Service Reserve Fund, either upon a withdrawal from such Account or upon a valuation showing a deficiency in such Account. To evidence its obligation to replenish each Account within the Debt Service Reserve Fund, the Authority has executed and delivered to the Trustee its Debt Service Reserve Fund Replenishment Note (the “Replenishment Note”). See “SECURITY FOR THE 2022 BONDS – Pledge of Trust Estate” herein.

County Guaranty Agreement

Concurrently with the issuance of the 2022 Bonds, the County of Lancaster, Pennsylvania (the “County”) will execute and deliver a Guaranty Agreement with the Trustee (the “Guaranty Agreement”) pursuant to which the County will guaranty, unconditionally and irrevocably, to the Trustee, the full and prompt payment of the Authority’s obligation to replenish the Debt Service Reserve Fund under the Indenture.

Pursuant to the terms of the Guaranty Agreement, on any date that the Authority fails to honor its payment obligations under the Replenishment Note, the County shall promptly pay to the Trustee, upon demand of the Trustee, on the dates and in the amounts required under the Replenishment Note and the Indenture, an amount which, together with other monies available to the Trustee in the Debt Service Reserve Fund, will be sufficient to restore each Account within the Debt Service Reserve Fund to the minimum level required under the Indenture. See “SECURITY FOR THE 2022 BONDS – Pledge of Trust Estate” herein.

Bond Ratings

See “RATING” herein

**Continuing Disclosure
Undertakings**

The Authority and the County have each agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the “**Rule**”). See “CONTINUING DISCLOSURE” herein.

**Trustee and Paying
Agent**

Wilmington Trust, National Association

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

25 South Queen Street
Lancaster, PA 17601

MEMBERS OF THE BOARD

Sharon V. Nelson	Chairman
Thomas Showers	Vice Chairman
Darcy Pollock	Treasurer
Patrick Snyder	Secretary
C. Ted Darcus	Assistant Secretary
Scott Bowser	Member
Zachary Peirson	Member

EXECUTIVE DIRECTOR

Kevin Molloy

AUTHORITY SOLICITOR

Russell, Kraft & Gruber, LLP.
Lancaster, Pennsylvania

BOND COUNSEL

Stevens & Lee, PC
Reading, Pennsylvania

AUTHORITY FINANCIAL ADVISOR

FSL Public Finance, LLC
Reading, Pennsylvania

COUNTY CONTROLLER

Lisa Colon
Lancaster, Pennsylvania

COUNTY SOLICITOR

Jacquelyn E. Pfursich, Esq.
Lancaster, Pennsylvania

UNDERWRITERS

Raymond James & Associates, Inc.
Lancaster, Pennsylvania

RBC Capital Markets, LLC
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITERS' COUNSEL

Eckert Seamans Cherin & Mellot, LLC.
Harrisburg, Pennsylvania

TRUSTEE

Wilmington Trust, National Association
Harrisburg, Pennsylvania

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2022 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the 2022 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction. No dealer, broker, salesman or any other person has been authorized by the Authority or the Underwriters to give any information or make any representation, other than those contained in this Official Statement, in connection with the offering of or solicitation of offers for the 2022 Bonds. If given or made, such information or representation must not be relied upon.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of the 2022 Bonds.

Information contained in this Official Statement was obtained in part from officials of the Authority and from other sources that are deemed to be reliable. Such sources are not guaranteed as to accuracy or completeness. Such information is not intended to be, and should not be relied upon as, a complete report or analysis. It is not to be construed as a representation either by the Underwriters or, as to information from sources other than the Authority, by the Authority.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete. Reference is made to such laws and documents for full and complete statement of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2022 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Authority since the date of this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In making an investment decision, investors must rely on their own examination of the Authority and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

TABLE OF CONTENTS

OFFICIAL STATEMENT.....	1
INTRODUCTORY STATEMENT	1
REDEMPTION PRIOR TO MATURITY.....	2
BOOK-ENTRY ONLY SYSTEM.....	4
USE OF PROCEEDS	6
SECURITY FOR THE 2022 BONDS.....	7
BONDHOLDERS RISKS	14
THE AUTHORITY	18
TAX MATTERS.....	19
OTHER LEGAL OPINIONS	24
AUTHORITY LITIGATION	24
COUNTY LITIGATION	24
UNDERWRITING	24
CONTINUING DISCLOSURE.....	25
RATING	26
CERTAIN RELATIONSHIPS AMONG THE PARTIES	26
FINANCIAL ADVISOR	26
FUTURE AUTHORITY FINANCINGS	27
MISCELLANEOUS	27
APPENDIX A - CERTAIN INFORMATION OF THE AUTHORITY	A-1
APPENDIX B - CERTAIN INFORMATION OF THE COUNTY	B-1
APPENDIX C – SUBSTANTIAL FORM OF TRUST INDENTURE.....	C-1
APPENDIX D –AUTHORITY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 ...	D-1
APPENDIX E –COUNTY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021	E-1
APPENDIX F - FORM OF OPINION OF 2022A BOND COUNSEL.....	F-1
APPENDIX G –FORM OF OPINION OF 2022B BOND COUNSEL	G-1
APPENDIX H - FORM OF CONTINUING DISCLOSURE AGREEMENT.....	H-1

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OFFICIAL STATEMENT

\$68,325,000*

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

(Pennsylvania)

\$11,950,000* Hotel Room Rental Tax Revenue Bonds, Series A of 2022

(Federally Taxable)

And

\$56,375,000* Hotel Room Rental Tax Revenue Bonds, Series B of 2022

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, the table of contents page and the Appendices, is provided to furnish information with respect to the above-captioned bonds (the “2022 Bonds”) being issued by the Lancaster County Convention Center Authority (the “Authority”). The 2022 Bonds are being issued pursuant to a Trust Indenture dated as of December 1, 2022 (the “Indenture”) between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). The 2022 Bonds are being issued in two series consisting of Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) in the principal amount of \$_____ (the “2022A Bonds”) and Hotel Room Rental Tax Revenue Bonds, Series B of 2022 in the principal amount of \$_____ (the “2022B Bonds”).

The Authority

The Lancaster County Convention Center Authority is a public body corporate and politic organized and existing under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented (the “Act”). The Authority has all necessary power and authority to issue its hotel room tax revenue bonds to finance the Project described below.

The Authority owns and operates the Lancaster County Convention Center which is located in the center of the City of Lancaster, Pennsylvania. The Convention Center provides convention attendees with more than 46,000 square feet of unobstructed meeting and exhibit space and two ballrooms each offering more than 8,700 elegant square feet. The facility offers meeting planners abundant, flexible space for groups ranging in size up to 5,000, the very latest in high-tech amenities within a total combined meeting space of more than 90,000 square feet. The facility includes vast expanses of bright, naturally lit space, well appointed interiors with warm cosmopolitan tones and generous cherry wood accents, and singular vantage points into the City of Lancaster.

The Bonds

The 2022 Bonds will be issued in fully registered form, will bear interest, and will mature in the principal amounts and on the dates set forth on the inside cover of this Official Statement. The 2022 Bonds will be issued in the minimum denominations of \$5,000 and integral multiples thereof (“**Authorized Denominations**”). Interest on the 2022 Bonds will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2023.

* Preliminary, subject to change.

Each 2022 Bond shall bear interest from the immediately preceding Interest Payment Date to which interest has been paid, unless (a) such 2022 Bond is registered and authenticated as of an Interest Payment Date, in which event such 2022 Bond shall bear interest from such Interest Payment Date; or (b) such 2022 Bond is registered and authenticated after a Record Date and before the next succeeding Interest Payment Date, in which event the 2022 Bond shall bear interest from such Interest Payment Date; or (c) such 2022 Bond is registered and authenticated on or prior to the Record Date preceding May 1, 2023, in which event such Bond shall bear interest from _____, 2022; or (d) as shown by the records of the Trustee, interest on such 2022 Bond shall be in default, in which event such 2022 Bond shall bear interest from the date on which interest was last paid on such 2022 Bond. Interest shall be payable on the basis of a 360-day year comprised of twelve 30-day months. The Record Date is the April 15 or October 15 immediately preceding the relevant Interest Payment Date, regardless of whether or not the Trustee is open for business on that date.

The 2022 Bonds initially will be issued in book-entry form without any physical distribution of certificates made to the owners thereof. The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the 2022 Bonds, and the 2022 Bonds of each series will be registered in the name of Cede & Co., as nominee of DTC. One certificate for each maturity of the 2022 Bonds of a series will be issued in the name of Cede & Co., as nominee of DTC, and immobilized in DTC’s custody. The book-entry only system will evidence ownership of the 2022 Bonds in Authorized Denominations. See “BOOK-ENTRY ONLY SYSTEM” below.

REDEMPTION PRIOR TO MATURITY

Optional Redemption.

The 2022A Bonds maturing on or after May 1, 20__ are subject to optional redemption prior to maturity, at the option of the Authority, in whole, or in part, at any time on and after May 1, 20__, at a redemption price equal to 100% of the principal amount of the 2022A Bonds being redeemed plus interest accrued to the redemption date.

The 2022B Bonds maturing on or after May 1, 20__ are subject to optional redemption prior to maturity, at the option of the Authority, in whole, or in part, at any time on and after May 1, 20__, at a redemption price equal to 100% of the principal amount of the 2022B Bonds being redeemed plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption.

The 2022A Bonds stated to mature on May 1, 20__ are subject to redemption pursuant to the operation of the Mandatory Sinking Fund under the Indenture, at a redemption price equal to

one-hundred percent (100%) of the principal amount to be redeemed, together with accrued interest, on May 1 of the following years and in the following principal amounts:

Term Bond
Maturing May 1, 20__

Year	Principal Amount
	\$

*

* At maturity

The 2022B Bonds stated to mature on May 1, 20__ are subject to redemption pursuant to the operation of the Mandatory Sinking Fund under the Indenture, at a redemption price equal to one-hundred percent (100%) of the principal amount to be redeemed, together with accrued interest, on May 1 of the following years and in the following principal amounts:

Term Bond
Maturing May 1, 20__

Year	Principal Amount
	\$

*

* At maturity

Registration, Transfer and Exchange of the 2022 Bonds

The Trustee has been appointed bond registrar and as such shall keep the bond register at its designated office. The person in whose name any 2022 Bond shall be registered on the bond register shall be deemed and regarded as the absolute owner of such 2022 Bond for all purposes, and payment of or on account of the principal of and redemption premium, if any, and interest on any such 2022 Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such 2022 Bond, including the interest thereon, to the extent of the sum or sums so paid.

Any 2022 Bond may be transferred only upon the bond register upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the Authority shall execute and the Trustee shall authenticate and deliver in exchange for such 2022 Bond a new 2022 Bond or 2022 Bonds, registered in the name of the transferee, of any authorized denomination and of the same maturity and series and bearing interest at the same rate.

See also “BOOK-ENTRY ONLY SYSTEM” herein for further information regarding registration, transfer and exchange of the 2022 Bonds.

BOOK-ENTRY ONLY SYSTEM

The information set forth below concerning The Depository Trust Company and the book-entry only system has been extracted from materials provided by DTC for such purpose. No representation is made by the Authority or the Underwriters as to the accuracy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“**DTC**”), New York, New York, will act as securities depository for the 2022 Bonds. The 2022 Bonds of each series will be issued as fully-registered securities registered in the name of CEDE & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2022 Bond certificate will be issued for each maturity of the 2022 Bonds of a series set forth on the inside front cover page of this Official Statement, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the “**Exchange Act**”). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of: AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about the DTC can be found at www.dtcc.com.

Purchases of the 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2022 Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2022 Bonds, except in the event that use of the book-entry only system for the 2022 Bonds is discontinued.

To facilitate subsequent transfers, all 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, CEDE & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2022 Bonds with DTC and their registration in the name of CEDE & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2022 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2022 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2022 Bond documents. For example, Beneficial Owners of 2022 Bonds may wish to ascertain that the nominee holding the 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2022 Bonds of a series within a maturity of the 2022 Bonds of such series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor CEDE & Co. (nor any other DTC nominee) will consent or vote with respect to the 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns CEDE & Co.'s consenting or voting rights to those Direct Participants to whose accounts such bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and payments of principal of and interest on the 2022 Bonds will be made to CEDE & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption proceeds and payment of principal and interest to CEDE & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2022 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is either not required under the Indenture or not obtained, 2022 Bond certificates are required to be printed and delivered in accordance with the Indenture.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or successor securities depository). In that event 2022 Bond certificates will be printed and delivered to DTC.

The above information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable but the Authority takes no responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN HOLDERS OR OWNERS OF BOOK-ENTRY BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY BONDS.

Discontinuance of Book-Entry-Only System

The book-entry system for registration of the ownership of the 2022 Bonds may be discontinued at any time if: (i) DTC determines to resign as securities depository for the 2022 Bonds; or (ii) the Authority determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Beneficial Owners. In either such event (unless the Authority appoints a successor securities depository), 2022 Bonds will then be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Authority, or the Trustee for the accuracy of such designation. Whenever DTC requests the Authority or the Trustee to do so, the Authority or the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the 2022 Bonds.

USE OF PROCEEDS

The proceeds of the 2022A Bonds will be used to: (1) pay a portion of the costs of terminating certain interest rate swap agreements; (2) fund a debt service reserve fund for the 2022A Bonds under the Indenture; and (3) pay certain expenses in connection with the issuance of the 2022A Bonds.

The proceeds of the 2022B Bonds, together with other funds from the Authority, will be used to: (1) currently refund the Authority's outstanding Hotel Room Rental Tax Revenue Bonds, Series of

2014; (2) pay a portion of the costs of terminating certain interest rate swap agreements; (3) fund a debt service reserve fund for the 2022B Bonds under the Indenture; and (4) pay certain expenses in connection with the issuance of the 2022B Bonds.

Sources and uses of funds related to the 2022 Bonds are estimated to be as follows:

Sources of Funds:

	<u>2022A Bonds*</u>	<u>2022B Bonds*</u>	<u>Total</u>
Principal Amount of 2022 Bonds			
Original Issue Premium/(Discount)			
Total Sources			

Uses of Funds:

Refunding of 2014 Bonds
Deposit to Debt Service Reserve Fund
Swap Termination Payment
Estimated Issuance Costs*
Total Uses

- * Includes underwriters' discount, financial advisor, legal, printing, rating agency, and surety bond premiums, initial trustee fees and other costs.

SECURITY FOR THE 2022 BONDS

General

As further described herein, the 2022 Bonds will be issued under and will be equally and ratably secured by the Indenture, subject to the provisions of the Indenture regarding certain funds and accounts maintained solely for particular series of Bonds.

Pledge of the Trust Estate

Under the Indenture, the Authority has assigned, transferred, set over, granted a security interest in and pledged to the Trustee, its successors in the trust and its assigns, to the extent provided in the Indenture, the Trust Estate, which consists of (i) the Revenues (as defined below); (ii) all moneys in the Hotel Tax Revenue Fund, the Bond Fund, the Surplus Fund and the Debt Service Reserve Fund, including proceeds of the Bonds pending disbursement thereof; (iii) payments received from the County of Lancaster, Pennsylvania (the "County") pursuant to the Guaranty Agreement (as defined below); (iv) all of the Authority's rights, title and interest in the Security Documents (as defined below); (v) all of the proceeds of the foregoing, including without limitation investments thereof; and (vi) all other property of every name and nature from time to time hereafter by delivery or by writing mortgaged, pledged, delivered or hypothecated as and for additional security under the Indenture by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee. The Indenture secures the Bonds including any additional Parity Indebtedness (which may be incurred by the Authority for any purpose permitted under the Act, but only upon compliance with the provisions of the Indenture) issued pursuant thereto. See Appendix C – "THE TRUST INDENTURE – Parity Indebtedness".

As used herein, the term Revenues means (a) all monies transferred by the appointed and acting treasurer of the County (the "County Treasurer") to the Authority pursuant to Section C of

the Hotel Tax Ordinance (as defined below) and derived from the revenues received by the County Treasurer from the Hotel Room Rental Tax imposed by the County pursuant to the provisions of Section 3 of the Act and the Hotel Tax Ordinance (the “Hotel Tax Revenues”), (b) any proceeds of 2022 Bonds originally deposited with the Trustee for the payment of interest accrued on the 2022 Bonds or otherwise paid to the Trustee by or on behalf of the Authority for deposit in the Bond Fund, (c) investment income with respect to any moneys held by the Trustee under the Indenture, and (d) any moneys paid to the Trustee under the Guaranty Agreement.

Receipts and revenues generated from the operation of the Convention Center may not be used to pay the principal of and interest on the 2022 Bonds and are not included in the Trust Estate.

TO THE EXTENT PROVIDED IN AND EXCEPT AS OTHERWISE PERMITTED BY THE INDENTURE, (I) THE 2022 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON AND INTEREST ON THE 2022 BONDS SHALL BE PAYABLE EQUALLY AND RATABLY SOLELY FROM THE REVENUES AND (II) THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON AND INTEREST ON THE 2022 BONDS SHALL BE SECURED BY THE TRUST ESTATE UNDER THE INDENTURE. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT, NEITHER THE GENERAL CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2022 BONDS, AND THE 2022 BONDS SHALL NOT BE OR BE DEEMED OBLIGATIONS OF THE COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER.

Hotel Tax Revenues

The Bonds will constitute limited obligations of the Authority payable solely from, and secured by a pledge and assignment under the Indenture of the Revenues as defined above.

The Hotel Room Rental Tax giving rise to the Hotel Tax Revenues is derived from Section C of Ordinance No. 45 Lancaster County Hotel Room Rental Tax, enacted by the Lancaster County Board of County Commissioners on September 15, 1999 with an effective date of January 1, 2000 (the “Hotel Tax Ordinance”). The County Treasurer is responsible for collecting the Hotel Room Rental Tax from hotel operators and is required to deposit the amounts received in special funds created pursuant to the Hotel Tax Ordinance. The maximum Hotel Room Rental Tax permitted by the Hotel Tax Ordinance is five percent (5%) of room rental revenues, and the current Hotel Room Rental Tax assessed by the County is three and nine-tenths percent (3.9%).

Pursuant to the provisions of the Act, the County Treasurer is directed to (i) deposit 80% of the Hotel Tax Revenues into an account designated by the Authority for use by the Authority in compliance with the provisions of the Act and (ii) deposit 20% of the Hotel Tax Revenues with the local tourist promotion agency.

Pursuant to the terms of a Memorandum of Understanding dated July 27, 2022, by and between the Authority and Discover Lancaster, the tourist promotion agency serving the County of Lancaster,

Pennsylvania (“Discover Lancaster”), Discover Lancaster has directed the County Treasurer to deposit 100% of the Hotel Tax Revenues into an account designated by the Authority for a period continuing through December 31, 2057.

See also “DESCRIPTION OF HOTEL ROOM RENTAL TAX”, Appendix C – “THE TRUST INDENTURE” and Appendix A – “CERTAIN INFORMATION OF THE AUTHORITY” herein.

Hotel Tax Revenue Fund

Pursuant to terms of the Indenture, there is established with the Trustee a trust fund designated as the “Hotel Tax Revenue Fund.” The Authority covenants to cause the County Treasurer to transfer into the Hotel Tax Revenue Fund, within thirty (30) days of receipt, all Hotel Tax Revenues received by the County Treasurer. Money in the Hotel Tax Revenue Fund, from time to time, including, without limitation, all Hotel Tax Revenues received by the County Treasurer, is irrevocably pledged by the Authority to the Trustee for prompt and full satisfaction of all obligations of the Authority under the Indenture, the Bonds and any Parity Indebtedness incurred pursuant to the Indenture.

As security for its obligations under the Indenture and any Parity Indebtedness, the Authority has granted to the Trustee a first priority security interest in all of the Authority’s right, title and interest in and to the Hotel Tax Revenues and the Hotel Tax Revenue Fund, as such fund may be evidenced from time to time as accounts, deposits and/or deposit accounts, and has granted a security interest to the Trustee in any and all renewals, substitutions and proceeds of the foregoing (collectively, the “Deposits”). The foregoing pledge constitutes a security agreement under the terms of the Pennsylvania Uniform Commercial Code, and the Trustee has all of the rights and remedies available to secured parties under the Uniform Commercial Code.

Flow of Hotel Tax Revenues under the Indenture

Pursuant to the terms of the Indenture, on the last Business Day of each month, the Trustee shall transfer money from the Hotel Tax Revenue Fund in the amounts and in the order of priority as follows:

(a) *First*, to the Bond Fund established under the Indenture, the following amounts on a pro rata basis:

(i) *Interest*: An amount equal to one sixth (1/6th) of the amount necessary to pay interest to become due on the Bonds on the next succeeding Interest Payment Date.

(ii) *Principal on Bonds*: One twelfth (1/12th) of the amount necessary to pay principal due on the Bonds (whether upon maturity or upon a scheduled mandatory sinking fund redemption date) on the next succeeding _____.

(iii) *Redemption*: The amount required to redeem the Bonds then Outstanding if the Authority exercises its right to redeem Bonds under any provision of the Indenture or if any Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of the Indenture.

(iv) *Trustee Fee.* One twelfth (1/12th) of the amount necessary to pay the annual fees and expenses of the Trustee (the “Annual Trustee Fee”) in its capacity as trustee for the holders of the Bonds.

(v) *Parity Indebtedness.* An amount sufficient to make the scheduled payment of principal of and interest on any Parity Indebtedness, as certified to the Trustee by the Parity Lender.

(b) *Second*, after the transfers required by subparagraph (a) have been made, the amount necessary to replenish a deficiency in any account within the Debt Service Reserve Fund in the amounts required pursuant the Indenture;

(c) *Third*, after the transfers required by subparagraphs (a) and (b) have been made, the amount necessary to reimburse the County for any advances made under the Guaranty Agreement; and

(d) *Fourth*, after the transfers required by subparagraphs (a), (b) and (c) have been made, any funds remaining in the Hotel Tax Revenue Fund, shall be transferred to the Operating and Administrative Expense Account of the Surplus Fund established under the Indenture.

Pursuant to the terms of the Indenture, monies in the Bond Fund are applied, on a pro rata basis, as follows:

(i) to the payment when due of principal of, premium, if any, on and interest on the Bonds;

(ii) to the payment when due of the Annual Trustee fee; and

(iii) to the payment when due of principal of, premium, if any, on and interest on any other Parity Indebtedness.

If, on any date that monies are required to be withdrawn from the Bond Fund as specified above, there are insufficient monies to make all transfers or disbursements then required to be made by the Trustee, the Trustee shall allocate the available monies to such transfers or disbursements on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer or disburse on such date to each particular Person or on account of each particular purpose specified above.

See Article V in the form of the Trust Indenture attached hereto as Appendix C.

The Debt Service Reserve Fund

Under the provisions of the Indenture, the Authority has created, solely for the benefit and security of the Bonds, a special fund to be known as the “Debt Service Reserve Fund”, within which there shall be established a “Series A Bonds Account” and a “Series B Bonds Account”. Funds on deposit in the Series A Bonds Account will be available to pay the principal of or the interest due on the 2022A Bonds, as the same shall become due and payable and funds on deposit in the Series B Bonds Account will be available to pay the principal of or the interest due on the 2022B Bonds, as the same shall become due and payable.

The Series A Bonds Account of the Debt Service Reserve Fund shall be funded in an amount not less than the Series A Bonds Required Reserve Amount. The Series B Bonds Account of the Debt Service Reserve Fund shall be funded in an amount not less than the Series B Bonds Required Reserve Amount.

The Trustee shall be authorized, without any direction from the Authority, to transfer money from the Series A Bonds Account of the Debt Service Reserve Fund to the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to pay the principal of or the interest due on the Series A of 2022 Bonds, as the same shall become due and payable.

The Trustee shall be authorized, without any direction from the Authority, to transfer money from the Series B Bonds Account of the Debt Service Reserve Fund to the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to pay the principal of or the interest due on the Series B of 2022 Bonds, as the same shall become due and payable.

Each account within the Debt Service Reserve Fund shall be valued initially upon issuance of the Bonds and thereafter quarterly on each January 1, April 1, July 1 and October 1, beginning on April, 2023. Eligible Investments then constituting part of the Debt Service Reserve Fund shall be valued at the then fair market value thereof. If on any valuation date (i) the amount in the Series A Bonds Account of the Debt Service Reserve Fund, as so valued, is less than the Series A Bonds Required Reserve Amount or (ii) the amount in the Series B Bonds Account of the Debt Service Reserve Fund, as so valued, is less than the Series B Bonds Required Reserve Amount, the Trustee shall give notice of such deficiency to the Authority and the County; provided, however, that failure to give such notice or any defect therein shall not affect the obligations of the Authority to make good a deficiency in any account within the Debt Service Reserve Fund as herein provided.

On the last Business Day of each month following (1) any withdrawal of money from the Series A Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series A Bonds Account of the Debt Service Reserve Fund is less than the Series A Bonds Required Reserve Amount, the Authority shall cause to be transferred to the Series A Bonds Account of the Debt Service Reserve Fund an amount in six equal monthly payments in the case of a withdrawal or three equal monthly payments in the case of a deficiency determined upon a quarterly valuation of the Series A Bonds Account of the Debt Service Reserve Fund until the value of the Series A Bonds Account of the Debt Service Reserve Fund is not less than the Series A Bonds Required Reserve Amount.

On the last Business Day of each month following (1) any withdrawal of money from the Series B Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series B Bonds Account of the Debt Service Reserve Fund is less than the Series B Bonds Required Reserve Amount, the Authority shall cause to be transferred to the Series B Bonds Account of the Debt Service Reserve Fund an amount in six equal monthly payments in the case of a withdrawal or three equal monthly payments in the case of a deficiency determined upon a quarterly valuation of the Series B Bonds Account of the Debt Service Reserve Fund until the value of the Series B Bonds Account of the Debt Service Reserve Fund is not less than the Series B Bonds Required Reserve Amount.

To evidence its obligation to replenish each Account within the Debt Service Reserve Fund, the Authority has executed and delivered to the Trustee its Debt Service Reserve Fund Replenishment Note (the “Replenishment Note”).

See Appendix C – “THE TRUST INDENTURE”.

Surplus Fund

Pursuant to the Indenture, there is established with the Trustee a special fund designated as the “Surplus Fund” and within which there shall be established an “Operating and Administrative Expense Account”, an “Excess Funds Account” and a “Bond Redemption Account”.

(a) Operating and Administrative Expense Account. The Operating and Administrative Expense Account of the Surplus Fund shall consist of monies transferred to the Operating and Administrative Expense Account by the Trustee from the Hotel Tax Revenue Fund.

Funds on deposit in the Operating and Administrative Expense Account may be used by the Authority at its discretion to pay any lawful expenditures of the Authority including, but not limited to, (a) operating expenses of the Authority and the Convention Center; (b) the management fees of the Person contracted by the Authority to manage the Convention Center; (c) working capital expenses of the Authority; (d) capital expenditures or reserves related to the Convention Center including the acquisitions of furniture, fixtures and equipment; (e) to pay the marketing and sales expenses of the Authority under the Memo of Understanding; or (f) any expenditures for non-routine repairs, alterations, maintenance and refurbishment to the Convention Center, upon delivery to the Trustee of a written order of an Authorized Representative of the Authority detailing the amount of the requested payment.

The Trustee is also authorized to transfer money from the Operating and Administrative Expense Account, if any, to (a) the Hotel Tax Revenue Fund to the extent that the money in the Hotel Tax Revenue Fund may at any time be insufficient to make any of the payments or transfers required by the Indenture and (b) the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to make any of the payments or transfers required by the Indenture, as the same shall become due and payable.

The Trustee shall value the amount on deposit in the Operating and Administrative Expense Account at face amount or market value, whichever is less, on the last Business Day of December each year commencing December 30, 2022. On each valuation date through and including December 31, 2046, in the event that the amount on deposit in the Operating and Administrative Expense Account exceeds \$1,750,000, the Trustee is directed to transfer such excess, without any direction from the Authority, to the Excess Funds Account of the Surplus Fund. On each valuation date commencing December 31, 2047, and thereafter, in the event that the amount on deposit in the Operating and Administrative Expense Account exceeds \$6,000,000, the Trustee is directed to transfer such excess, first, in an amount not to exceed \$500,000 to the Bond Redemption Account of the Surplus Fund and second, any remaining amounts in excess of \$6,000,000 to the Excess Funds Account of the Surplus Fund.

(b) Excess Funds Account. The Excess Funds Account of the Surplus Fund shall consist of monies transferred to the Excess Funds Account by the Trustee pursuant to subparagraph (a) above.

The Trustee is authorized to transfer money from the Excess Funds Account, if any, to (a) the Hotel Tax Revenue Fund to the extent that the money in the Hotel Tax Revenue Fund may at any time be insufficient to make any of the payments or transfers required by the Indenture and (b) the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to make any of the payments or transfers required by the Indenture, as the same shall become due and payable.

In the event that on any valuation date performed pursuant to subparagraph (a) above, the amount on deposit in the Operating and Administrative Expense Account (i) on or prior to December 31, 2046, falls below \$1,750,000, the Trustee shall transfer any amounts on deposit in the Excess Funds Account to restore the balance in the Operating and Administrative Expense Account to \$1,750,000 and (ii) on or after January 31, 2047, falls below \$6,000,000, the Trustee shall transfer any amounts on deposit in the Excess Funds Account to restore the balance in the Operating and Administrative Expense Account to \$6,000,000.

Funds on deposit in the Excess Funds Account may also be used at the Authority's discretion to pay the obligations of the Authority to Discover Lancaster under the Memo of Understanding and for any other lawful purpose of the Authority, upon delivery to the Trustee of a written order of an Authorized Representative of the Authority detailing the amount of the requested payment.

(c) Bond Redemption Account. The Bond Redemption Account of the Surplus Fund shall consist of monies transferred to the Bond Redemption Account by the Trustee pursuant to subparagraph (a) above.

As of March 1 of each year commencing March 1, 2048, the Trustee is directed, without any direction from the Authority, to apply any monies in the Bond Redemption Account of the Surplus Fund in denominations of \$5,000 and any integral multiple thereof to the optional redemption of outstanding 2022B Bonds on May 1 of such year in compliance with the optional redemption provisions of the Indenture. Such optional redemption shall be completed upon delivery of all required notices in compliance with the provisions of the Indenture. Each such redemption of the 2022B Bonds shall be in inverse order of maturity.

See Appendix C – “THE TRUST INDENTURE”.

The Guaranty Agreement

Concurrently with the issuance of the 2022 Bonds, the County of Lancaster, Pennsylvania (the “County”) will execute and deliver a Guaranty Agreement with the Trustee (the “Guaranty Agreement”) pursuant to which the County will guaranty, unconditionally and irrevocably, to the Trustee, the full and prompt payment of the Authority's obligation to replenish the Debt Service Reserve Fund under the Indenture. The County's obligations under the Guaranty Agreement constitutes lease rental debt of the County under the Pennsylvania Local Government Unit Debt Act, Act 117, approved December 19, 1996 (the “Debt Act”).

Pursuant to the terms of the Guaranty Agreement, on any date that the Authority fails to honor its payment obligations under the Replenishment Note, the County shall promptly pay to the Trustee, upon demand of the Trustee, on the dates and in the amounts required under the Replenishment Note and the Indenture, an amount which, together with other monies available to the Trustee in the Debt Service Reserve Fund, will be sufficient to restore each Account within the Debt Service Reserve Fund to the minimum level required under the Indenture.

Pursuant to the terms of the Guaranty Agreement, the County covenants to and agrees with the Trustee, the Authority and the registered Owners, from time to time, of the Bonds that the County shall (a) include in its budget for each Fiscal Year in which the Authority's obligations with respect to the Replenishment Note (beginning with its 2023 Fiscal Year) are due and payable (the "Annual Replenishment Obligations"), an amount equal to the Annual Replenishment Obligations for such Fiscal Year less the amount on deposit in the Debt Service Reserve Fund (as hereinafter set forth) on December 15 of the immediately preceding Fiscal Year, but in no event shall the budgeted amount exceed the amount of the Annual Replenishment Obligations for such Fiscal Year, and (b) appropriate such amounts from its general revenues for payment to the Trustee of its obligations under the Guaranty Agreement, and (c) duly and punctually pay or cause to be paid from its sinking fund or any of its revenues or funds to the Trustee such amounts, at the times and in the manner provided for in the Guaranty Agreement. For such budgeting, appropriation and payment, the County has pledged its full faith, credit and taxing power. As provided in the Debt Act, this covenant shall be enforceable specifically against the County.

Parity Indebtedness

Pursuant to the terms of the Indenture, the Authority may incur new Long Term Indebtedness or Short Term Indebtedness which may be secured by a lien on and security interest in the Revenues of equal rank and priority with the lien and security interest granted to the Owners of the 2022 Bonds under the Indenture ("Parity Indebtedness"); provided however, that funds on deposit in the Debt Service Reserve Fund, including any funds advanced by the County under the Guaranty Agreement, may only be used to pay the principal of or the interest due on the 2022 Bonds and are not available to pay debt service on Parity Indebtedness. See Appendix C – "THE TRUST INDENTURE".

BONDHOLDERS RISKS

The 2022 Bonds are limited obligations of the Authority payable solely from the Trust Estate pledged under the Indenture. **Neither the credit nor the taxing power the County (other than to the extent provided in the Guaranty Agreement), the Commonwealth or any political subdivision thereof is pledged for the payment of the 2022 Bonds. The Authority has no taxing power.**

An investment in the 2022 Bonds involves certain risks of nonpayment of interest or principal and an investment in the 2022 Bonds may not be suitable for all investors. Prospective purchasers of the 2022 Bonds should give careful consideration to the matters referred to in the following summary of risks as well as to other information set forth in this Official Statement. However, the following summary of bondholders' risks should not be considered an exhaustive discussion of all aspects of economics and law which may affect the Authority and its payment of the 2022 Bonds, but rather is intended to be informational only.

The 2022 Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Preliminary Official Statement does not purport to describe all of the risks of an

investment in the Bonds; both the Authority and the Underwriters disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Preliminary Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds, and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Preliminary Official Statement inclusive of its Appendices.

THE PURCHASE OF THE 2022 BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE 2022 BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, INCLUDING ALL APPENDICES HERETO. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW THAT, AMONG OTHERS, COULD AFFECT THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE 2022 BONDS AND THAT COULD ALSO AFFECT THE MARKET PRICE OF THE 2022 BONDS TO AN EXTENT THAT CANNOT BE DETERMINED.

General

In general, the ability of the Authority to pay principal of and interest on the 2022 Bonds when due could be adversely affected by a variety of future events and conditions, including but not limited to: (1) the efficiency with which the County levies, collects and pays over that portion of the Hotel Room Rental Tax; and (2) the economic conditions of the County and of the nation and the effect of those conditions on the hotel industry locally and nationally.

Global Health Emergency – COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “COVID-19 Pandemic”) by the World Health Organization and continues to affect many parts of the world, including the United States and the Commonwealth of Pennsylvania. In March, 2020, the President of the United States declared the COVID-19 Pandemic in the United States a national emergency. Also in March, 2020, pursuant to section 7301(c) of the Emergency Management Services Code, 35 Pa. C.S. § 7301(c), the Governor of the Commonwealth (the “Governor”) proclaimed the existence of a disaster emergency throughout Pennsylvania as a result of the COVID-19 pandemic, and has since issued, amended and rescinded various executive orders, proclamations and regulations having the force and effect of law, for the purpose of mitigating the spread of the disease. Additionally, the Secretary of Health of the Commonwealth (the “Secretary”) has since ordered, modified and rescinded, general control measures, including, but not limited to, closure, isolation, and quarantine, to the same end. These orders, which have frequently applied to different areas of Pennsylvania (often on a county-by-county basis, depending on the local prevalence of the disease), and the disease itself, have significantly and adversely affected the personal and economic life of the people and businesses of Pennsylvania, including those in the County and the region surrounding it.

While most Pennsylvania COVID-19 mitigation measures were lifted on May 31, 2021 (the main exceptions involving masking), the pertinent regulations have changed significantly over the past year, sometimes being tightened and sometimes loosened, sometimes with little warning, and could change further at any time. The Delta variant, which the Centers for Disease Control and Prevention reported on July 22, 2021 to account for over 80% of new cases in the United States, is causing

increasing concern, as is the Omicron variant first identified in November 2021. At this time, however, the Authority cannot know to what degree, if any, the Delta variant, the Omicron variant or other SARS-CoV-2 variants will bring about further restrictions or economic dislocation that might affect the Hotel Tax revenues, and therefore the security for the 2022 Bonds.

The COVID-19 Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. In particular, the negative impacts on travel, local business activity and local consumer spending have resulted in reduced Hotel Tax revenues as shown in Appendix A to this Official Statement. There can be no assurances regarding the extent to which the COVID-19 Pandemic will continue to impact the national and Commonwealth economies and, accordingly, how it may adversely impact Hotel Tax revenues in the future.

Potential purchasers of the 2022 Bonds should be aware that information set forth herein (particularly the tabular information set forth in Appendix A attached hereto, much of which is inherently historical in nature) may therefore be materially outdated or no longer applicable shortly after issuance of the 2022 Bonds; and such purchasers should bear this in mind when assessing future trends on the basis of that information.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on Commonwealth websites, including but not limited to the Governor's office (<http://www.pa.gov/>), the Pennsylvania Department of Health (<http://www.health.pa.gov/>). *The Authority has not incorporated by reference the information on such websites and the Authority does not assume any responsibility for the accuracy of the information on such websites.*

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Authority cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The Authority has not experienced increases in extreme weather events but maintains a comprehensive insurance policy.

Collection History of Hotel Taxes

The source of payment of the principal of and interest on the 2022 Bonds will be Hotel Room Rental Tax Revenues, which are assigned to the Trustee as part of the Trust Estate.

The amount of revenue to be collected from the Hotel Room Rental Tax is expected to be sufficient to pay required debt service on the 2022 Bonds. However, no assurances can be given that such expected results will in fact be achieved. Nor can there be any assurance that the sufficiency of historic Hotel Room Rental Tax revenue collections portends the sufficiency of future Hotel Room Rental Tax revenue collections.

Reliance on Hotel Room Rental Tax to Pay Debt Service on Bonds

The Authority relies solely on the Hotel Room Rental Tax to make debt service payments on the 2022 Bonds. In the event of a reduction or termination of or delay in the payment of the Hotel

Room Rental Tax to the Authority, there is no guarantee that the Authority will have sufficient funds available to make debt service payments on the 2022 Bonds.

Receipts and revenues generated from the operation of the Convention Center may not be used to pay the principal of and interest on the 2022 Bonds and are not included in the Trust Estate (as defined herein). See “SEE SECURITY FOR THE 2022 BONDS – Pledge of Trust Estate” herein.

Economy of the County and the Nation

In addition to the factors cited above relating to COVID-19, the amount of the Hotel Room Rental Tax revenues could be adversely affected by economic conditions in the County and the nation. In the event of economic downturn, it is possible that Hotel Room Rental Tax collections will decline due to a variety of factors including but not limited to lower hotel occupancy rates, lower room rates, and a reduction in the number of hotels and/or hotel rooms. No assurances can be given that Hotel Room Rental Tax revenues will be sufficient to satisfy debt service on the 2022 Bonds.

Continuing Authorization of Hotel Room Excise Tax

The Hotel Room Rental Tax is imposed by the County. The Act provides that to the extent that the Authority has pledged its share of the proceeds of the Hotel Room Rental Tax as security for the payment of bonds issued by the Authority for convention center purposes, the Commonwealth will not, nor will it permit the County to, reduce the rate of tax imposed for convention center purposes until all bonds so secured by the pledge, together with interest, are fully met and discharged.

Cybersecurity

The Authority and the County, like many other governmental entities, rely on a technology environment to conduct its operations. As such, the Authority and the County each may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the Authority or the County will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. The Authority and the County hold cyber-security insurance policies.

Other Risk Factors

Other factors may adversely affect the availability and sufficiency of the Hotel Room Rental Tax to pay debt service on the 2022 Bonds to an extent that cannot be determined at this time. These may include, without limitation: (i) inflation, deflation or other adverse economic conditions; or (ii) developments adversely affecting federal or state tax-exempt municipal bonds..

Forward-Looking Statements

Information included in this Official Statement includes forward-looking statements about the future that are necessarily subject to various risks and uncertainties (the “Forward-Looking Statements”). These Forward-Looking Statements are (i) based on the beliefs and assumptions of management of the Authority and on information currently available to such management; and (ii) generally identifiable by words such as estimates , expects , anticipates , plans , believes and similar expressions.

Events that could cause future results to differ materially from those expressed or implied by Forward-Looking Statements or historical experience include the impact or outcome of many factors that are described throughout this Official Statement (including without limitation the factors summarized in Bondholders Risks above).

Although the ultimate impact of such factors is uncertain, they may cause future performance to differ materially from results or outcomes that are currently sought or expected by the Authority.

Miscellaneous

There follows herein brief descriptions of the Authority, together with summaries of the Reimbursement Agreement, and the Indenture. The Indenture is set forth in APPENDIX C hereto. Information regarding the Authority is included in APPENDIX A hereto. The description and summaries of the Reimbursement Agreement, and the Indenture and other documents contained herein do not purport to be comprehensive and are qualified in their entirety by reference to such documents, and all references to the 2022 Bonds are qualified in their entirety by the definitive form thereof included in the Indenture. Words and terms defined in such documents and not defined herein shall have the meanings set forth in such documents. Copies of such documents, together with additional information about the Authority, will be available for inspection during the initial offering period and will be available for inspection at the designated, corporate trust office of the Trustee in Harrisburg, Pennsylvania.

THE AUTHORITY

The Authority, created on September 15, 1999 by the Board of Commissioners of the County of Lancaster, Pennsylvania (the “County”), pursuant to the provisions of the Act, is a body politic and corporate. The Authority has the power to exercise any and all powers granted under the Act, which include the power to acquire, hold, construct, improve, maintain, own, operate and lease, in the capacity of lessor or lessee, a convention center located within Lancaster County, Pennsylvania.

The governing body of the Authority consists of a board of seven (7) members appointed by the City of Lancaster (the “City”) officials and County officials. Members of the Authority’s Board are appointed for staggered four-year terms and may be reappointed. Present members of the Authority Board and the offices they hold are shown below:

<u>Member</u>	<u>Office</u>
Sharron V. Nelson	Chairman
Thomas Showers	1st Vice Chairman
Darcy Pollock	Treasurer
Patrick Snyder	Secretary
C. Ted Darcus	Assistant Secretary
Scott Bowser	Member
Zachary Peirson	Member

There is no litigation of any nature pending or, to the Authority’s knowledge, threatened against the Authority at the date of this Official Statement to restrain or enjoin the issuance, sale, execution or

delivery of the 2022 Bonds, or in any way contesting or affecting the validity of the 2022 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or the security provided for the payment of the Bonds or the existence or powers of the Authority, except as described under the caption CERTAIN LITIGATION herein.

The Bonds shall not be or be deemed an obligation of the County, the Commonwealth of Pennsylvania or any other political subdivision thereof. None of the County (other than to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania nor any other political subdivision thereof is or shall be obligated to pay the principal, purchase price or premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the County (other than to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any other political subdivision thereof is pledged to such payment. The Authority has no taxing power.

No covenant or agreement contained in the Indenture or the 2022 Bonds shall be deemed to be the covenant or agreement of any member, director, officer, attorney, agent or employee of the Authority in an individual capacity. No recourse shall be had for the payment of any claim based thereon against any member, director, officer, agent, attorney or employee of the Authority past, present or future, or its successors or assigns, as such, either directly or through the Authority, or any such successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

TAX MATTERS

Federal Income Tax Treatment of the 2022B Bonds

Numerous provisions of the Code affect the issuers of state and local government bonds, such as the Authority, and impair or restrict the ability of the Authority to finance projects on a tax-exempt basis. Failure on the part of the Authority to comply with any one or more of such provisions of the Code, or any regulations under the Code, could render amounts treated as interest on the 2022B Bonds includable in gross income of the owner thereof for purposes of federal income tax retroactively to the date of issuance of the 2022B Bonds. Among these provisions are rules relating to: (a) investment of funds treated as proceeds of the 2022B Bonds; (b) the advance refunding of tax-exempt bonds; and (c) the use of proceeds of the 2022B Bonds to benefit private activities. In addition, under the Code, the Authority is required to file an information return with respect to the 2022B Bonds and to rebate to the federal government certain arbitrage profits on an ongoing basis throughout the term of the 2022B Bonds. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2022B Bonds may affect the tax status of interest on the 2022B Bonds.

Other provisions of the Code affect the purchasers and holders of certain state and local government bonds such as the 2022B Bonds. Prospective purchasers of the 2022B Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on debt incurred or continued to purchase or carry state or local government bonds such as the 2022B Bonds, or in the case of a financial institution, that portion of a financial institution's interest expense allocated to interest on certain state or local government bonds such as the 2022B Bonds, unless the issuer of the state or local government bonds designates each of the 2022B Bonds as a qualified tax-exempt obligation for the purpose and effect contemplated by Section 265(b)(3)(B) of the Code (the 2022B Bonds are not and have not been designated as qualified tax-exempt obligations for purposes of Section 265(b)(3)(B) of

the Code, as such phrase is defined in the Code); (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 825(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest and amounts treated as such on certain state or local government bonds, such as the 2022B Bonds; (iii) interest on certain state or local government bonds, such as the 2022B Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (iv) if a Subchapter S corporation has passive investment income (which passive investment income will include interest on state or local government bonds, such as the 2022B Bonds) which exceeds 25% of such Subchapter S corporation's gross receipts and if such Subchapter S corporation has Subchapter C earnings and profits, then interest income derived from state or local government bonds, such as the 2022B Bonds, may be subject to federal income tax under the Code; and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on certain state or local government bonds, such as the 2022B Bonds.

Tax Exemption

In the opinion of Stevens & Lee, P.C., Lancaster, Pennsylvania, Bond Counsel, assuming continuing compliance by the Authority with certain covenants and agreements relating to the use of Bond proceeds and covenants to comply with the provisions of the Code and any applicable regulations thereunder, now or hereafter enacted, interest on the 2022B Bonds is not includable in gross income for federal tax purposes under Section 103(a) of the Code, and interest on the 2022B Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals and corporations; however, for tax years beginning after December 31, 2022, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Other provisions of the Code will affect certain purchasers and holders of the 2022B Bonds. See Tax Matters below.

The Authority will issue its certifications regarding the facts, estimates and circumstances in existence on the date of delivery of the 2022B Bonds and regarding the anticipated use of the proceeds of the 2022B Bonds. In addition, the Authority will certify that, on the basis of the facts, estimates and circumstances in existence on the date of issuance of the 2022B Bonds, the Authority does not reasonably expect to use the proceeds of the 2022B Bonds in a manner that would cause the 2022B Bonds to be or become arbitrage bonds, as defined in Section 148 of the Code.

Regulations, Future Legislation

Under the provisions of the Code, the Treasury Department is authorized and empowered to promulgate regulations implementing the intent of Congress under the Code which could affect the tax exemption and/or tax consequences of holding tax-exempt obligations, such as the 2022B Bonds. In addition, legislation may be introduced and enacted in the future which could change the provisions of the Code relating to tax-exempt bonds of a state or local government unit, such as the Authority or the taxability of interest in general.

No representation is made or can be made by the Authority or any other party associated with the issuance of the 2022B Bonds as to whether or not any other legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the 2022B Bonds to federal income taxes or so as to otherwise affect the marketability or market value of the 2022B Bonds.

Bond Counsel's engagement with respect to the 2022B Bonds ends with the issuance of the 2022B Bonds.

The proposed form of opinion of Bond Counsel with respect to the 2022B Bonds is included in Appendix G to this Official Statement.

PROSPECTIVE PURCHASERS OF THE 2022B BONDS SHOULD CONSULT THEIR OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE 2022B BONDS.

Federal Income Tax Treatment of the 2022A Bonds

Interest on the 2022A Bonds is includible in gross income for federal income tax purposes.

Additional Federal Income Tax Considerations Relating to the 2022A Bonds

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the 2022A Bonds. The summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change, possibly with retroactive effect, or differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding a 2022A Bond as a hedge against currency risks or as a position in a "straddle" for tax purposes, or persons whose functional currency is not the United States dollar. This summary focuses primarily on investors who will hold the 2022A Bonds as "capital assets" (generally, property held for investment within the meaning of Code Section 1221), but much of the discussion is applicable to other investors. Potential purchasers of the 2022A Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the 2022A Bonds.

Taxability of Stated Interest and Principal of 2022A Bonds. In general, interest payable to holders of 2022A Bonds who are not exempt from federal income tax will be treated as ordinary income, in the year paid, in the case of cash basis taxpayers, or the year accrued, in the case of accrual basis taxpayers. Principal payments on the 2022A Bonds, other than those attributable to any market discount, will be treated as a return of capital.

Acquisition Premium. The holder of a 2022A Bond will be treated as having amortizable bond premium to the extent (if any) by which the holder's initial basis in the 2022A Bond exceeds the outstanding principal amount of the 2022A Bond. Provided that the holder makes an election under Section 171 of the Code (or made such an election after October 22, 1986), the amount of any amortizable bond premium may be amortized over the term of the 2022A Bond and treated as a reduction of such holder's taxable interest income from the 2022A Bond each year, in which case the holder's basis in the 2022A Bonds will be reduced by the amortized amount.

The election under Section 171 of the Code to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by a holder of a 2022A Bond, and may be revoked only with the consent of the Internal Revenue Service. HOLDERS SHOULD CONSULT THEIR

OWN TAX ADVISORS REGARDING THE ADVISABILITY OF MAKING AN ELECTION TO DEDUCT AMORTIZABLE BOND PREMIUM AND THE APPROPRIATE METHOD OF MAKING SUCH AN ELECTION.

Market Discount. A holder who purchases a 2022A Bond from a prior holder for a price below the adjusted issue price of the 2022A Bond (which generally will equal the remaining principal amount of such 2022A Bond) will, subject to certain de minimis rules, be treated as having purchased the 2022A Bond for a market discount. The amount of any market discount will be deemed to accrue over the remaining maturity of the 2022A Bond on a ratable basis each day unless the holder elects to accrue the market discount in accordance with the constant yield to maturity method of accounting, and will have to be taken into account by the holder of a 2022A Bond as ordinary income for federal income tax purposes. Accrued market discount generally only has to be taken into account as ordinary income as principal payments are received, or upon the recognition of gain from the disposition of the 2022A Bonds, provided that the holder may elect to include market discount in income as it accrues.

A holder of a 2022A Bond acquired at a market discount may also be required to defer, until the maturity date of such 2022A Bond or its earlier disposition in a taxable disposition, the deduction of a portion of interest that the holder paid or accrued on indebtedness incurred or maintained to purchase or carry the 2022A Bonds. This deferral rule does not apply if the holder of such 2022A Bond elects to include the market discount in income for the tax years to which it relates. Prospective purchasers who intend to purchase 2022A Bonds from an existing holder at a market discount should consult their own tax advisors regarding the inclusion of market discount in taxable income as ordinary income, the election to include market discount in income as it accrues, and the possible deferral of a portion of the interest deductions attributable to indebtedness incurred or maintained to purchase or carry 2022A Bonds purchased at a market discount.

Sale or Redemption of the 2022A Bonds. A holder of a 2022A Bond's tax basis for such 2022A Bond is the price such holder pays for the 2022A Bond, increased by any accruals of market discount, if applicable, and reduced by (a) payments received other than "qualified periodic interest" and (b) amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a 2022A Bond, measured by the difference between the amount realized and the 2022A Bond's basis as so adjusted, will generally give rise to capital gain or loss if the 2022A Bond is held as a capital asset. Defeasance of the 2022A Bonds may result in a reissuance thereof, in which event a holder will also recognize taxable gain or loss as discussed in the previous sentence. In the case of a subsequent holder, a portion of any gain will generally be treated as ordinary income to the extent of any market discount accrued to the date of disposition which was not previously reported as ordinary income.

Medicare Tax. Under the "Health Care and Education Reconciliation Act of 2010," income from the 2022A Bonds may also be subject to a new 3.8 percent "medicare tax" imposed for taxable years beginning after 2012. This tax will generally apply to your net investment income if your modified adjusted gross income exceeds certain threshold amounts, which are \$250,000 in the case of married couples filing joint returns, \$125,000 in the case of married individuals filing separately, and \$200,000 in the case of single individuals.

Backup Withholding. A holder of a 2022A Bond may, under certain circumstances, be subject to "backup withholding" at a specified rate prescribed in the Code with respect to interest on the 2022A Bonds. This withholding generally applies if the holder of a 2022A Bond (a) fails to furnish the Paying Agent with its taxpayer identification number ("TIN"); (b) furnishes the Paying Agent an incorrect TIN; (c) fails to report properly interest, dividends or other "reportable payments" as defined

in the Code, or (d) under certain circumstances, fails to provide the Paying Agent or its securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is his correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to payments made to certain holders of 2022A Bonds, including payment to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as defined below). Owners of the 2022A Bonds should consult their tax advisors as to the qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The Paying Agent will report to the holders of 2022A Bonds and to the IRS for each calendar year the amount of any “reportable payments” during such year and the amount of tax withheld, if any, with respect to payments on the 2022A Bonds.

Foreign Holders. Under the Code, interest with respect to 2022A Bonds held by nonresident alien individuals, foreign corporations or other non-United States persons (“Nonresidents”) generally will not be subject to the United States backup withholding tax if the Paying Agent (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of a 2022A Bond is a Nonresident. Under present United States federal income tax law, if you are a non-United States holder of a 2022A Bond the Paying Agent will not be required to deduct United States income withholding tax from payments of principal and interest to you if, in the case of interest, (a) in general, you are not a bank or controlled foreign corporation that is related to the issuer through stock ownership, and (b) you provide to the Paying Agent or a U.S. payor, a Form W 8BEN, Certificate of Foreign Status of Beneficial Owner for United States withholding, signed under penalties of perjury, that you are not a United States holder and provide your name and address and such other certificates as may be necessary to support the facts under (a). The withholding tax, if applicable, may be reduced or eliminated by an applicable tax treaty. However, interest that is effectively connected with a United States business conducted by a Nonresident holder of a 2022A Bond will generally be subject to the regular United States income tax.

INVESTORS WHO ARE NONRESIDENTS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES TO THEM OF OWNING 2022A BONDS.

THE FOREGOING SUMMARY AS TO 2022A BONDS IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF OWNING THE 2022A BONDS. PROSPECTIVE PURCHASERS OF THE 2022A BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNING THE 2022A BONDS. BOND COUNSEL WILL NOT DELIVER ANY OPINION WITH RESPECT TO ANY FEDERAL TAX CONSEQUENCES OF OWNING THE 2022A BONDS AND WILL NOT DELIVER ANY OPINION AS TO STATE OR LOCAL TAX CONSEQUENCES EXCEPT FOR THE MATTERS SET FORTH UNDER THE CAPTION “STATE TAX MATTERS” BELOW.

The proposed form of opinion of Bond Counsel with respect to the 2022A Bonds is included in Appendix F to this Official Statement.

State Tax Matters

In the opinion of Bond Counsel under the laws of the Commonwealth, the 2022 Bonds and interest on the 2022 Bonds shall be free from taxation for State and local purposes within the

Commonwealth, but this exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the 2022 Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of the 2022 Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE 2022 BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE 2022 BONDS. ANY STATEMENTS REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

OTHER LEGAL OPINIONS

Legal matters incident to the authorization, issuance and sale of the 2022 Bonds are subject to the approval of Stevens & Lee, PC, Reading, Pennsylvania, Bond Counsel. A signed copy of their opinions dated and premised on facts existing and law in effect as of the date of original issuance and delivery of the 2022 Bonds, will be delivered to the Trustee at the time of such original issuance.

Certain legal matters will be passed upon for the Underwriters by its counsel, Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania; for the Authority by its counsel, Russell, Kraft & Gruber, LLP, Lancaster, Pennsylvania; and for the County by Jacquelyn E. Pfursich, Esquire, County Solicitor.

AUTHORITY LITIGATION

No litigation is pending or, to the knowledge of the Authority, threatened against the Authority (a) seeking to restrain or enjoin the issuance, sale or delivery of any of the 2022 Bonds or the application of proceeds of the 2022 Bonds as provided in the Indenture or the collection of revenues pledged to secure the 2022 Bonds, (b) in any way contesting or affecting any authority for the issuance of the 2022 Bonds or the validity or binding effect of the 2022 Bonds, or the Indenture or (c) in any way contesting the creation, existence, powers or jurisdiction of the Authority.

The Authority is currently involved in litigation on matters arising in the course of conducting normal Authority business, none of which litigation is believed by the Authority to adversely affect the availability of the revenues pledged to pay principal of and interest on the 2022 Bonds.

COUNTY LITIGATION

No litigation is pending or, to the knowledge of the County, threatened against the County (a) relating to the 2022 Bonds, (b) in any way related to the Guaranty Agreement or (c) in any way contesting the creation, existence, powers or jurisdiction of the County.

UNDERWRITING

The 2022 Bonds are being purchased by Raymond James & Associates, Inc., as Representative of itself and RBC Capital Markets LLC, (collectively, the "Underwriters"). The Underwriters have

agreed to purchase the 2022 Bonds at an aggregate discount of \$ _____ from the initial offering price set forth on the cover of this Official Statement. The Bond Purchase Agreement by and among the Underwriters and the Authority provides that the Underwriters will purchase all of the 2022 Bonds, if any 2022 Bonds are purchased, and contains the agreement of the Authority to indemnify the Underwriters against losses, claims, damages and liabilities to third parties arising out of any materially incorrect or incomplete statements of information contained in this Official Statement pertaining to the Authority and the Project. The initial public offering price set forth on the inside front cover page may be changed by the Underwriters, and the Underwriters may offer and sell the 2022 Bonds to certain dealers (including dealers depositing 2022 Bonds into investment trusts) and others at prices lower than the offering price set forth on the inside front cover page hereof.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer [and/or Borrower]. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer [and/or Borrower].

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12, as amended (the “Rule”) promulgated by the Securities and Exchange Commission (“SEC”), the Authority and County will execute and deliver a written continuing disclosure undertaking with respect to the 2022 Bonds.

The Authority, pursuant to a Continuing Disclosure Agreement among the Authority, the County and the Trustee (the "Agreement"), a form of which is attached hereto as Appendix H, will undertake to file with the Municipal Securities Rulemaking Board (“MSRB”) certain financial and other information concerning the Authority (including a copy of its annual audited financial statements, other financial information and operating data and notice of certain events affecting the Authority and the 2022 Bonds as further set forth therein).

Pursuant to the Agreement, the County will undertake to file with the MSRB certain financial and other information concerning the County (including a copy of its annual audited financial statements, other financial information and operating data and notices of certain events affecting the County and the 2022 Bonds as further set forth therein).

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other “obligated persons” with respect to municipal securities issues) are made available through the MSRB’s Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

The Authority and the County may modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary, as a result of a change in legal requirements or change in the nature of the Authority and the County; provided that any such modification will be done in a manner consistent with the Rule and will not, in the opinion of nationally recognized bond counsel, substantially impair the interest of the holders of the 2022 Bonds or violate the Rule.

The Authority and the County reserve the right to terminate their respective obligations to provide annual financial information and notices of material events, as set forth above, if and when they no longer remain an “obligated person” with respect to the 2022 Bonds within the meaning of the Rule. The Authority and the County acknowledge that their respective undertakings pursuant to the Rule described under this heading are intended to be for the benefit of the holders of the 2022 Bonds and shall be enforceable by the holders of such 2022 Bonds; provided that the Bondholders’ right to enforce the provisions of such undertakings shall be limited to a right to obtain specific enforcement of the obligations thereunder and any failure by the Authority or the County to comply with the provisions of such undertakings shall not be an event of default with respect to the 2022 Bonds.

RATING

Moody’s Investors Service, Inc. (“Moody’s”) has assigned the rating of “Aa2” to the 2022 Bonds. Any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. Certain information and materials not included in this Official Statement were furnished to the rating agency. Generally rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. The Underwriters have undertaken no responsibility to bring to the attention of the Holders of the 2022 Bonds any proposed revision or withdrawal of the ratings of the 2022 Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of a rating could have an adverse effect on the market price of the 2022 Bonds.

CERTAIN RELATIONSHIPS AMONG THE PARTIES

In this transaction, Stevens & Lee, P.C., is serving as Bond Counsel to the Authority. Stevens & Lee, P.C., from time to time has been engaged by RBC Capital Markets, LLC and Raymond James to act as counsel in transactions that are unrelated to the 2022 Bonds (and may be so engaged currently or in the future).

FSL Public Finance, LLC, an affiliated business of Stevens & Lee, P.C., Bond Counsel, is serving as financial advisor to the Authority in connection with the authorization and issuance of the 2022 Bonds.

FINANCIAL ADVISOR

The Authority has retained FSL Public Finance LLC, Reading, Pennsylvania, (the “Financial Advisor”), as financial advisor in connection with the authorization and issuance of the 2022 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

FUTURE AUTHORITY FINANCINGS

The Authority does not contemplate any financing in the near future.

MISCELLANEOUS

All summaries of the provisions of the 2022 Bonds, the Code, the Third Class County Convention Center Authority Act, the Indenture, the Guaranty Agreement and the documents set forth herein are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and do not purport to be complete statements of any or all of such provisions.

All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. As far as any statements herein invoke matters of opinion, whether or not expressly so stated, they are intended merely as such and not representations of fact.

This Official Statement, including the front pages and attached Appendices, has been duly approved by the Authority and its distribution has been authorized in connection with the offering for the sale of the 2022 Bonds.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

/s/

Sharon V. Nelson, Chairman

Dated: _____, 2022

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APPENDIX A - CERTAIN INFORMATION OF THE AUTHORITY

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Origins

The Lancaster County Convention Center and Lancaster Marriott at Penn Square, a seamlessly integrated facility that opened in June of 2009, is a cultural and economic centerpiece of vibrant Downtown Lancaster and the surrounding Lancaster County.

Considered by many to be one of the most important economic development projects in Central Pennsylvania in decades, the project brought jobs and additional, ongoing financial strength to Lancaster. In 2016 Freedom Hall, the 46,407 square foot exhibit hall, celebrated hosting over one million guests since the opening in 2009

Project History

In creating a downtown convention center and hotel, community leaders sought to leverage Lancaster's position as one of the most popular tourist destinations on the East Coast. Lancaster County's wholesome variety of family entertainment, historic sites, and reputation for quality and value draws millions of leisure tourists each year. It restored Lancaster's most historic streetscape and brought new life to its treasured landmark, the former Watt & Shand Building.

Lancaster's Economic Development Action Agenda

In 1997, a group of community leaders comprising The Lancaster Campaign and The Economic Development Action Group contracted with LDR International, Inc., to create a plan to stimulate the economic revitalization of the City of Lancaster.

Through a comprehensive process involving community participation, research, urban design, and strategic planning, LDR International, Inc. developed Lancaster's Economic Development Action Agenda for Prince and South Duke streets and downtown Lancaster. The plan identified almost 60 projects and strategies important to the development of these downtown commerce areas. This list was reduced to seventeen strategies, including separate proposals to develop a state-of-the-art downtown conference center and to revitalize Lancaster's historic Watt & Shand Building.

As proposed, the action agenda envisioned the conference center as part of a redevelopment of Lancaster Square, including the former Armstrong/Lancaster Square Building and the Hotel Brunswick, now the Hotel Lancaster. Separately, the plan recommended adaptive reuse of the Watt & Shand Building to include a mix of retail stores and offices, with one or more tourism attraction venues.

Task Force Evaluates Strategy and Project Evolves

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Convention Center Authority is Formed, Partners with Private Sector

On September 15, 1999, the Lancaster County Convention Center Authority was established under the Municipal Authority Act of 1945 and the Third-Class County Convention Center Authority Act.

The Convention Center Authority was, and continues to be, run by a seven-member volunteer board appointed by city and county officials.

The board was charged by local officials with developing a unique and inviting convention venue for this area and to work with a private-sector partner to develop a first-class lodging facility to enable the convention center to achieve its goals. In addition, the Convention Center Authority was encouraged to work with local experts to preserve any significant historical buildings that may be located at the site.

In 2001, the Lancaster County Convention Center Authority and Penn Square Partners formalized their relationship for the purpose of developing, designing, building, and operating a convention center and hotel. The partnership agreements between Penn Square Partners and the Lancaster County Convention Center Authority established performance covenants and were designed to carefully protect the interests of the community.

Convention Center Project Funded with Hotel Room Rental Tax

In January 2000, Lancaster County imposed a 3.9-percent tax on hotel room rentals to generate funding to construct and market a publicly owned convention center. Twenty percent of this funding is distributed to Discover Lancaster (formerly the Pennsylvania Dutch Convention and Visitors Bureau) to promote Lancaster County as a convention and meeting destination.

Project Benefits

In late 2000, the Lancaster County Convention Center Authority commissioned an independent study to evaluate and quantify the community benefits of the project. The analysis found that the convention center and hotel would:

- Create 520 to 590 construction jobs.
- Create 200 to 300 full-time jobs to staff the hotel and convention center.
- Increase Lancaster County tourism by an additional 114,000 to 147,500 visitors annually.
- Inject \$150 million into the local economy during construction: \$110 million in sales of Lancaster County-produced goods and services and \$40 million in personal income.

- Inject \$42 million per year into the local economy during operation: \$31 million per year in sales of Lancaster County-produced goods and services and \$11 million per year in personal income.
- Generate additional tax revenue for Lancaster City, Lancaster County, and the School District of Lancaster.

FINANCIAL REVIEW

The table on the following page is a summary only and is not intended to be a complete report. For more complete information, the individual financial statements and budgets of the Authority should be reviewed at the offices of the Authority, Lancaster, Pennsylvania.

Accounting Method

The Authority keeps its books and prepares its financial reports according to the accrual basis. Its financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of Maher Duessel serves as the Authority auditor.

Summary Financial Information

The following is a summary of the Authority's balance sheet for the calendar years 2018 through 2021, and a summary of the Authority's revenues and expenditures for the calendar years 2018 through 2021, which are derived from the audited financial statements of the Authority for 2018 through 2021 and the 2022 budget. Such information is a summary only and is not intended to be a complete report. For more complete information, the individual financial statements and budget should be reviewed at the Lancaster County Convention Center Authority, 25 South Queen Street, Lancaster, Pennsylvania.

LANCASTER COUNTY CONVENTION CENTER
Summary of Balance Sheet

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
CURRENT ASSETS				
Cash and Investments	\$2,215,359	\$2,601,064	\$4,082,167	\$2,759,436
Receivables:				
Taxes	1,010,394	1,137,024	554,321	1,215,821
Other	132,426	146,907	53,654	74,666
Inventory	18,220	18,043	5,770	10,417
Other prepaid expenses	58,604	76,744	268,838	151,569
Other asset	--	--	13,650	13,650
TOTAL CURRENT ASSETS	<u>\$3,435,003</u>	<u>\$3,979,782</u>	<u>\$4,978,400</u>	<u>\$4,225,559</u>
RESTRICTED ASSETS				
Cash and investments	\$10,634,912	\$12,317,872	\$10,500,506	\$12,822,583
Current portion of accounts receivable	<u>1,000,000</u>	<u>100,000</u>	<u>50,000</u>	<u>-</u>
TOTAL RESTRICTED ASSETS	<u>\$11,634,912</u>	<u>\$12,417,872</u>	<u>\$10,550,506</u>	<u>\$12,822,583</u>
CAPITAL ASSETS				
Land	\$1,579,621	\$1,607,517	\$1,607,517	\$1,607,517
Building	75,376,869	75,390,396	75,651,101	76,293,976
Furniture				
Convention Center	5,066,419	5,338,516	5,683,384	5,814,495
Penn Square Condominium Association	441,931	516,024	515,292	515,292
Office	<u>\$36,865</u>	<u>\$36,865</u>	<u>\$8,451</u>	<u>\$8,451</u>
	\$82,501,705	\$82,889,318	\$83,465,745	\$84,239,731
Less: Accumulated depreciation	<u>\$22,953,131</u>	<u>\$25,295,788</u>	<u>\$27,466,091</u>	<u>\$29,858,107</u>
Net capital Assets	<u>\$59,548,574</u>	<u>\$57,593,530</u>	<u>\$55,999,654</u>	<u>\$54,381,624</u>
Other restricted assets:				
Accounts receivable	<u>\$1,050,000</u>	<u>\$50,000</u>	<u>\$-</u>	<u>\$-</u>
Total other restricted assets	<u>\$1,050,000</u>	<u>\$50,000</u>	<u>\$-</u>	<u>\$-</u>
TOTAL ASSETS	<u>\$75,668,489</u>	<u>\$74,041,184</u>	<u>\$71,528,560</u>	<u>\$71,429,766</u>

(Continued)

CURRENT LIABILITIES				
Accounts payable	\$4,502	\$32,740	\$66,572	\$71,357
Accrued payroll and payroll expense	10,106	7,843	2,974	4,233
Other accrued expenses	265,863	378,161	206,713	230,486
Due to Interstate Hotels & Resorts	165,757	147,579	43,246	23,445
Current portion of bonds payable	570,000	630,000	655,000	670,000
Unearned revenue	162,150	263,112	130,210	127,577
Contingency fee payable	50,000	50,000	50,000	50,000
Total current liabilities	<u>1,228,378</u>	<u>\$1,509,435</u>	<u>\$1,154,715</u>	<u>\$1,177,098</u>
Current liabilities (payable from restricted assets)				
Accrued interest payable	255,226	250,318	248,769	248,154
Due to Discover Lancaster	<u>1,329,604</u>	<u>1,347,849</u>	<u>--</u>	<u>1,412,861</u>
Total current liabilities (payable from restricted assets)	<u>\$1,584,830</u>	<u>\$1,598,167</u>	<u>\$248,769</u>	<u>\$1,661,015</u>
Long-term liabilities				
Reimbursement for contingency payable	450,000	400,000	300,000	300,000
Bonds payable	60,275,000	59,645,000	58,990,000	58,320,000
Interest rate swap liability	723,318	6,903,256	13,789,710	9,172,186
Swap borrowing, net of accumulated amortization	<u>17,006,228</u>	<u>16,344,601</u>	<u>15,682,974</u>	<u>15,021,347</u>
Total long-term liabilities	<u>\$78,454,546</u>	<u>\$83,292,857</u>	<u>\$88,762,684</u>	<u>\$82,813,533</u>
TOTAL LIABILITIES	<u>\$81,267,754</u>	<u>\$86,400,459</u>	<u>\$90,166,168</u>	<u>\$85,651,646</u>
NET POSITION				
Net invested in capital assets	2,771,023	1,493,068	442,136	(\$520,002)
Restricted	6,787,859	6,495,485	6,113,024	6,971,348
Unrestricted	<u>(\$15,158,147)</u>	<u>(\$20,347,828)</u>	<u>(\$25,192,768)</u>	<u>(\$20,673,226)</u>
Total Net Position	<u>(\$5,599,265)</u>	<u>(\$12,359,275)</u>	<u>(\$18,637,608)</u>	<u>(\$14,221,880)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$75,668,489</u>	<u>\$74,041,184</u>	<u>\$71,528,560</u>	<u>\$71,429,766</u>

(Concluded)

_____*Source: Authority Audited Financial Statements (2018-2021)*

LANCASTER COUNTY CONVENTION CENTER
Comparative Statement of General Fund Revenues and Expenditures

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
OPERATING REVENUES				
Conference service	\$1,924,805	\$2,306,822	\$405,050	\$1,030,026
Concession	129,613	229,824	16,059	99,160
Other	5,827	28,140	5,605	21,695
TOTAL OPERATING REVENUES	<u>\$2,060,245</u>	<u>\$2,564,786</u>	<u>\$426,714</u>	<u>\$1,150,881</u>
OPERATING EXPENDITURES				
Department expenses	\$866,170	\$1,189,422	\$242,760	\$553,464
Undistributed operating expenses	1,703,109	1,755,691	1,201,928	1,481,175
Management fees	192,083	217,119	178,744	226,559
Fixed Charges	83,495	83,661	263,232	72,138
Capital/development costs	24,294	12,344	13,587	14,043
Repairs and maintenance	101,635	31,933	551	-
TOTAL OPERATING EXPENDITURES	<u>\$2,970,786</u>	<u>\$3,290,170</u>	<u>\$1,900,802</u>	<u>\$2,347,379</u>
OTHER OPERATING EXPENDITURES				
Administrative expenses	\$483,054	\$466,946	\$343,760	\$370,003
Collaboration Agreement – Marketing Consortium	328,386	370,013	202,928	251,770
Depreciation	<u>\$2,628,962</u>	<u>\$2,342,657</u>	<u>\$2,198,717</u>	<u>2,392,016</u>
TOTAL OTHER OPERATING EXPENDITURES	<u>\$3,440,402</u>	<u>\$3,179,616</u>	<u>\$2,745,405</u>	<u>\$3,013,789</u>
OPERATING LOSS	<u>(\$4,350,943)</u>	<u>(\$3,905,000)</u>	<u>(\$4,219,493)</u>	<u>(\$4,210,287)</u>
NON-OPERATING REVENUES (EXPENSES)				
Hotel room rental tax income	\$5,365,425	\$5,518,026	\$3,801,239	\$6,312,944
Investment income	100,430	147,265	33,371	4,498
Amounts received from the County of Lancaster	-	-	3,324,000	-
Other income	16,241	12,255	5,393	4,287
Interest expense, net of amortization of swap borrowings	(2,382,348)	(2,352,618)	(2,336,388)	(\$2,313,238)
Change in fair value of interest rate swap	<u>\$2,288,878</u>	<u>(\$6,886,455)</u>	<u>(\$6,886,455)</u>	<u>\$4,617,524</u>
TOTAL NON- OPERATING REVENUES (EXPENSES)	<u>\$5,388,626</u>	<u>(\$2,855,010)</u>	<u>(\$2,058,840)</u>	<u>\$8,626,015</u>
CHANGE IN NET POSITION	<u>\$1,037,683</u>	<u>(\$6,760,010)</u>	<u>(\$6,278,333)</u>	<u>\$4,415,728</u>
NET POSITION				
Beginning of Period	<u>(\$6,636,948)</u>	<u>(\$12,359,275)</u>	<u>(\$12,359,275)</u>	<u>(\$18,637,608)</u>
End of Period	<u>(\$5,599,265)</u>	<u>(18,637,608)</u>	<u>(\$18,637,608)</u>	<u>(\$14,221,880)</u>

Source: Authority Audited Financial Statements (2018-2021)

	<u>2022 Budget</u>
CONVENTION CENTER OPERATIONS	
Ambridge Hospitality: Convention Center Operating Revenues	
Food & Beverage Revenue	\$2,312,410
Miscellaneous Income	27,960
Other Operated Departments Revenues	-
TOTAL CONVENTION CENTER OPERATING REVENUE	<u>\$2,340,370</u>
AMBRIDGE HOSPITALITY CONVENTION CENTER OPERATING EXPENSES	
Rooms Expense	\$113,237
Food & Beverage Expenses	812,939
Other Operated Departments Expenses	69,541
Administration & General	304,429
Information & Telecommunication	132,316
Sales & Marketing	315,158
Repairs & Maintenance	498,427
Utilities	508,893
Management Fees	210,024
Rent Expenses	2,484
Insurance Expenses	78,052
Audit	18,202
Operating Supply & Equipment	-
TOTAL AMBRIDGE HOSPITALITY CONVENTION CENTER OPERATING EXPENSES	<u>\$3,063,702</u>
AMBRIDGE HOSPITALITY CONVENTION CENTER OPERATING PROFIT/(LOSS)	(\$723,332)
CONVENTION CENTER AUTHORITY OBLIGATIONS	
Collaboration Agreement	
FF&E Reserve	\$1,000,000
Additional Marketing	440,170
Total Collaboration Agreement Obligations	<u>\$1,440,170</u>
Joint Development Agreement	
Penn Square Partners	50,000
Total Joint Development Agreement Obligations	<u>\$50,000</u>
Total Convention Center Authority Obligations	\$1,490,170
TOTAL CONVENTION CENTER OPERATING LOSS AND OBLIGATIONS	<u>(\$2,213,502)</u>
Total Authority Administrative Expenses	<u>\$585,988</u>
TOTAL LCCC OPERATING LOSS, ADMINISTRATIVE EXPENSE, AND OBLIGATIONS	(\$2,799,490)

Source: Authority Budget (2022)

ANNUAL HOTEL TAX REVENUE RECEIPTS

Monthly Hotel Tax Revenues Receipts

Month	Month	100% HRRT				
Received	Earned	2012	2013	2014	2015	2016
January	November	\$ 256,705	\$ 280,273	\$ 388,365	\$ 446,411	\$ 457,654
February	December	234,946	205,426	268,550	285,750	324,955
March	January	170,763	179,735	223,195	231,655	304,105
April	February	229,944	237,359	261,102	293,746	295,119
May	March	331,679	364,698	334,311	404,365	407,767
June	April	384,668	374,460	437,635	449,273	515,150
July	May	432,012	434,138	460,779	502,085	522,963
August	June	551,846	575,108	611,731	586,732	620,830
September	July	547,621	602,188	661,591	742,271	729,155
October	August	649,067	629,508	760,704	702,388	739,218
November	September	542,085	539,891	556,345	543,306	608,399
December	October	493,087	491,852	529,533	585,423	677,307
YTD:	YTD: July	\$ 3,140,184	\$ 3,253,385	\$ 3,647,259	\$ 3,942,288	\$ 4,177,698
12 Months	Year Total:	\$ 4,824,425	\$ 4,914,635	\$ 5,493,842	\$ 5,773,404	\$ 6,202,621

Month	Month	100% HRRT					
Received	Earned	2017	2018	2019	2020	2021	2022
January	November	\$ 454,370	\$ 447,478	\$ 521,069	\$ 668,556	\$ 321,918	\$ 631,897
February	December	316,977	449,593	405,995	452,996	187,742	518,515
March	January	259,233	293,231	279,049	367,912	252,429	419,396
April	February	357,371	339,857	302,130	355,666	340,076	534,439
May	March	424,392	438,620	463,839	206,381	426,976	557,074
June	April	504,868	547,324	608,880	116,382	520,699	798,969
July	May	477,153	601,968	649,154	114,178	621,482	843,603
August	June	677,735	728,377	689,885	204,259	809,191	924,201
September	July	754,446	690,631	777,076	368,693	1,061,705	1,075,071
October	August	723,998	862,183	813,415	581,821	933,578	
November	September	655,882	637,359	649,243	441,572	731,705	
December	October	633,441	611,401	579,510	505,525	856,806	
YTD:	YTD: July	\$4,226,545	\$4,537,079	\$4,697,077	\$2,855,023	\$4,542,218	\$6,303,165
12 Months	Year Total:	\$6,239,865	\$6,648,022	\$6,739,244	\$4,383,942	\$7,064,306	\$6,303,165

APPENDIX B - SUMMARY OF CERTAIN INFORMATION OF THE COUNTY

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County Government

The County is a third-class county existing under the laws of the Commonwealth. The governing body of the County is a board of three County Commissioners who are each elected at large for a four-year term. The Board of Commissioners, being the executive and legislative officers of the County, are empowered to enact and enforce ordinances and resolutions, adopt budgets, make appropriations, levy taxes, incur debt and direct the administration of county government.

The County is served by other elected officers including the Controller, District Attorney, Treasurer, Clerk of Courts, Prothonotary, Sheriff, Recorder of Deeds, Register of Wills and Coroner.

The following Boards and Commissions are currently an active part of county government: The Youth Intervention Center Board of Managers (juvenile detention); Board of Assessment Appeals; Prison Board; County Salary Board; Registration Commission; County Board of Election; and the Retirement Board. In addition, the following advisory boards are also active: Behavioral Health/Developmental Services; Children and Youth Services; the Agency on Aging; and the Drug and Alcohol Advisory Board.

FINANCIAL REVIEW

The table on the following page is a summary only and is not intended to be a complete report. For more complete information, the individual financial statements and budgets of the County should be reviewed at the County Courthouse, Lancaster, Pennsylvania.

Accounting Method

The County keeps its books and prepares its financial reports according to a modified accrual basis. Its financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of SB & Company, LLC serves as the County auditor.

Budgeting Process

The County prepares its budgets according to procedures mandated in the County Code of Pennsylvania. A budget is prepared by the Board of County Commissioners and adopted on a preliminary basis in November of each year. The preliminary budget is then made available for public comment throughout December and adopted in its final form before the beginning of the calendar year.

Summary Financial Information

The following is a summary of the County's General Fund balance sheet for the calendar years 2017 through 2021, and a summary of the County's revenues and expenditures for the calendar years 2018 through 2021, which are derived from the audited financial statements of the County for 2017 through 2021 and the 2022 budget. Such information is a summary only and is not intended to be a complete report. For more complete information, the individual financial statements and budget should be reviewed at the Government Center, 150 North Queen Street, Lancaster, Pennsylvania.

COUNTY OF LANCASTER
Summary of General Fund Balance Sheet

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
ASSETS					
Cash and Investments	\$30,415,227	\$38,325,953	\$42,538,458	\$63,400,651	\$139,021,634
Cash with Fiscal Agents	136	136	136	136	136
Receivables:					
Taxes	2,698,610	2,637,585	2,225,207	2,313,340	1,773,510
Less Allowance for Uncollectible Taxes	(80,958)	(79,128)	(66,756)	(69,400)	(53,205)
Fines and Costs	40,746,894	41,317,224	43,198,639	41,908,934	41,040,287
Less Allowance for Uncollectible Fines & Costs	(35,818,927)	(36,021,104)	(37,490,011)	(36,941,169)	(36,585,745)
Accounts Due From Other Funds	3,040,016	3,015,123	2,939,577	2,580,607	2,922,960
Due From Other Governments	1,496,987	1,348,827	1,390,555	1,629,208	1,605,045
	1,221,189	1,561,708	1,975,578	5,757,021	4,671,831
TOTAL ASSETS	<u>\$43,719,174</u>	<u>\$52,106,324</u>	<u>\$56,711,383</u>	<u>\$80,573,328</u>	<u>\$154,396,453</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$1,508,862	\$2,555,740	\$2,630,376	\$5,875,959	\$7,574,900
Retainage Payable	-	34,096	-	8,021	-
Unearned Revenue – Intergovernmental	-	-	-	15,436,782	77,298,830
Payroll Related Accruals	3,933,102	4,478,951	4,672,974	3,423,953	3,404,668
Arbitrage Rebate Liability	-	-	-	-	-
Total Liabilities	<u>\$5,441,964</u>	<u>\$7,068,787</u>	<u>\$7,303,350</u>	<u>\$24,744,715</u>	<u>88,278,398</u>

Deferred Inflows of Resources:					
Unavailable Revenue:					
Property Taxes and Fines & Costs	<u>\$5,805,220</u>	<u>\$6,349,556</u>	<u>\$6,270,340</u>	<u>\$5,497,869</u>	<u>\$4,883,695</u>
Total Deferred Inflows of Resources	\$5,805,220	\$6,349,556	\$6,270,340	\$5,497,869	\$4,883,605
Fund Balances:					
Restricted:					
Capital Projects	\$2,668,380	\$627,051	\$46	\$-	\$-
Roads & Bridges	2,452,086	2,608,700	2,489,093	1,354,422	1,188,605
General Government	1,643,674	2,003,966	1,923,884	1,895,170	1,210,463
Public Safety	614,273	4,041,083	1,714,607	2,617,106	1,185,590
Judicial	695,666	777,530	670,722	1,033,229	1,158,590
Assigned:					
Capital Projects	-	-	-	-	-
Future Benefits	1,106,718	1,014,267	1,030,640	1,029,327	1,070,183
Healthcare Benefits	1,921,684	2,028,402	2,042,669	2,073,309	2,102,636
Postemployment Benefits	559,689	-	-	-	-
Corrections	-	1,380,972	1,408,387	1,832,801	381,862
Judicial	-	-	591,891	215,127	-
Unassigned	<u>20,809,820</u>	<u>24,206,010</u>	<u>31,265,754</u>	<u>38,280,253</u>	<u>49,649,874</u>
Total Fund Balances	\$32,471,990	\$38,687,981	\$43,137,693	\$50,330,744	\$61,234,360
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$43,719,174	\$52,106,324	\$56,711,383	\$80,573,328	\$154,396,453

Source: County Audited Financial Statements (2017-2021)

COUNTY OF LANCASTER
Comparative Statement of General Fund Revenues and Expenditures

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
REVENUES				
Real Estate Taxes	\$121,488,947	\$122,914,746	\$123,876,011	\$125,593,195
Intergovernmental Revenues	5,300,099	5,063,260	89,445,356	58,753,179
Departmental Revenues	26,452,598	26,091,481	26,188,532	28,440,341
Fines and Costs	3,437,868	3,481,423	2,870,590	2,950,879
Interest Revenue	1,209,180	1,655,309	264,161	254,842
Other	1,583,985	1,522,144	1,501,573	1,314,006
TOTAL REVENUES	<u>\$159,472,677</u>	<u>\$160,728,363</u>	<u>\$244,146,223</u>	<u>\$217,306,442</u>
EXPENDITURES				
General Government	\$28,814,022	\$29,586,708	\$110,879,887	\$66,721,272
Public Safety	11,315,166	9,246,079	12,132,068	11,166,686
Roads and Bridges	--	--	--	--
Health, Educ. & Welfare	--	--	--	--
Judicial	43,384,802	44,577,965	44,476,604	45,945,763
Corrections	26,883,888	27,766,818	25,279,538	29,325,948
Cultural & Recreation	2,168,802	2,233,046	2,195,785	2,427,147
Capital Outlay	3,202,523	9,081,205	4,840,754	3,087,804
Debt Service	24,855,389	24,022,774	24,312,446	21,517,962
TOTAL EXPENDITURES	<u>\$140,624,592</u>	<u>\$146,514,595</u>	<u>\$224,117,082</u>	<u>\$180,192,582</u>
Excess of Revenue Over (Under) Expenditures	\$18,848,085	\$14,213,768	\$20,029,141	\$37,113,860
Indirect Revenue	--	--	--	--
Other Financing Sources(Uses)	(\$12,632,094)	(\$9,764,056)	(\$12,836,090)	(26,210,244)
Excess of Revenues & Other Sources Over (Under) Expenditures	\$6,215,991	\$4,449,712	\$7,193,051	\$10,903,616
Beginning Fund Balance	\$32,471,990	\$38,687,981	\$43,137,693	\$50,330,744
ENDING FUND BALANCE	<u>\$38,687,981</u>	<u>\$43,137,693</u>	<u>\$50,330,744</u>	<u>\$61,234,360</u>
Restricted Fund Balance	\$10,058,330	\$6,798,352	\$12,050,491	\$11,584,486
Unrestricted Fund Balance	28,629,651	\$36,339,341	\$38,280,253	\$49,649,874

Source: County Audited Financial Statements (2018-2021)

	<u>2022 Budget</u>
REVENUES	
Real Estate Taxes	\$123,969,026
State and Federal Grants	5,534,852
Fines and Costs	37,112,822
Interest Revenue	110,000
TOTAL REVENUES	<u>\$168,800,700</u>
EXPENDITURES	
Payroll and Fringe Benefits	\$88,956,445
Other Operating Expenditures	34,925,880
Capital Outlay	2,089,393
Debt Service	21,619,534
Radio Project Lease & Interest	2,226,973
Voting Machine Lease	595,258
County Match	14,512,834
Affiliated Agency/Capital Project Grants	3,333,195
RRTA Funding	441,187
TOTAL EXPENDITURES	<u>\$168,700,700</u>

Source: County Budget (2022)

Taxing Powers of the County

As a third-class county under the County Code, the County may levy the following taxes:

1. An annual tax on all taxable real estate, not to exceed 25 mills, for general County purposes;
2. Unlimited millage for debt service incurred pursuant to the Debt Act;
3. 10 mills for lease rental payments to authorities;
4. 10 mills for institution districts;
5. 2 mills for County roads, 2 mills for borough and township roads and 2 mills for tunnels and subways;
6. 6.5 mills for community colleges; and
7. 1.2 mills for libraries and parks.

Largest Taxpayers

The following table indicates the 10 largest taxpayers in the County during calendar year 2021.

<u>Taxpayer</u>	<u>Business</u>	<u>2021 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Willow Valley Communities	Retirement Community	\$ 238,523,100	0.54%
Lancaster General	Medical Services	159,813,800	0.36%
High Properties	Construction/Real Estate	143,053,500	0.33%
Park City Center	Retailing	142,325,700	0.32%
High Properties	Construction/Real Estate	141,646,500	0.32%
Mennonite Home	Retirement Community	75,851,600	0.17%
Granite Properties	Real Estate	70,730,400	0.16%
Garden Spot Village Inc	Retirement Community	61,948,100	0.14%
Dart Container	Industrial	54,094,900	0.12%
Landis Homes Retirement	Retirement Community	47,997,900	0.11%
Total		<u>\$1,135,985,500</u>	2.54%

Source: County Officials

Real Property Tax Collection Data

Millage Rates and Collection Data

The following shows certain real estate tax collection data for the County for each of the calendar years 2011 through 2021.

<u>Year</u>	<u>Assessed Valuation</u>	<u>Millage Rate</u>	<u>Total Tax</u>	<u>Current Year Collections</u>	<u>Current Year Collections as Percent of Total Total Tax</u>	<u>Total Current Plus Delinquent Collections</u>	<u>Total Collection as Percent of Total Tax</u>
2011	31,275,212,500	3.416	106,893,877	103,293,221	96.63	105,737,161	98.92
2012	31,416,491,700	3.416	107,408,660	103,802,744	96.64	106,278,888	98.95
2013	31,700,851,400	3.735	118,074,023	114,128,781	96.66	116,588,240	98.74
2014	31,936,268,900	3.735	118,926,603	115,041,984	96.73	117,245,174	98.59
2015	32,239,497,600	3.735	119,919,429	115,819,600	96.58	118,023,537	98.42
2016	32,488,933,300	3.735	121,075,405	117,104,809	96.72	119,377,713	98.60
2017	32,529,382,500	3.735	121,832,122	118,253,252	97.06	120,414,501	98.84
2018 ⁽¹⁾	42,491,409,700	2.911	123,299,052	119,572,950	96.98	121,648,100	98.66
2019	42,930,915,600	2.911	124,502,933	120,780,705	97.01	122,712,196	98.56
2020	43,307,825,800	2.911	126,069,081	121,794,520	96.01	123,639,358	97.47
2021	43,801,745,500	2.911	127,506,896	123,332,935	96.09	125,994,320	98.16

Source: County Officials

⁽¹⁾ County-wide reassessment in 2017 for 2018.

Property Assessments

Land use in the County for the calendar years 2019 through 2021 appears below:

Assessment by Land Use

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential	\$30,213,741,300	\$30,721,161,500	\$30,985,098,900
Commercial	8,287,542,700	8,565,489,000	8,743,718,900
Agriculture	2,200,825,200	2,253,294,600	2,266,371,800
Industrial	1,542,891,000	1,504,339,000	1,536,559,000
Other	246,409,500	263,541,700	269,996,900
	<u>\$42,491,409,700</u>	<u>\$43,307,825,800</u>	<u>\$43,801,745,500</u>

Source: Lancaster County CAFR

Real Property Assessment Data

	<u>Market Value</u>	<u>Assessed Value</u>	<u>Common Level Ratio</u>
2012	\$39,868,644,289	\$31,416,491,700	.7880
2013	39,331,081,141	31,700,851,400	.8060
2014	40,374,549,810	31,936,268,900	.7910
2015	41,599,351,742	32,239,497,600	.7750
2016	43,031,699,735	32,488,933,300	.7550
2017	44,137,561,058	32,529,382,500	.7370
2018 ⁽¹⁾	42,491,409,700	42,491,409,700	.0000
2019**	49,402,664,672	42,930,915,600	.8690
2020**	51,990,187,035	43,307,825,800	.8330
2021	56,084,181,178	43,801,745,500	.7810

⁽¹⁾ County-wide reassessment in 2017.

**Corrected Common Level Ratio from 2019 & 2020.

Source: 2011-2021 County CAFR

County Indebtedness

Debt Statement

The County has never defaulted on payment of principal or interest on any of its obligations. A summary of the County's Direct and Overlapping Debt is included on the following page.

LCCCA Guaranty

The County agreed to guaranty certain debt of the Lancaster County Convention Center Authority (LCCCA) to the extent that LCCCA fails to provide necessary funding as required by such debt. Such debt is secured by, inter alia, hotel room rental tax revenues collected by LCCCA.

As a result of travel and business restrictions due to the Pandemic, hotel tax collections for the months of March, April, May and June of 2020 were significantly below historical collection levels and projections contained in LCCCA's fiscal year 2020 budget. Further, there is no assurance that hotel room tax collections will return to historical collection levels prior to the Pandemic. If such revenues are insufficient to cover the debt service on such LCCCA debt, the County guarantee may be drawn upon.

LCCCA applied for and received \$3,134,000 of CARES Act funding received by the County. Such portion of the CARES Act funding was sufficient to cover debt service payments on such debt for the fiscal year 2020. In addition, LCCCA received \$4,220,366 from the American Rescue Plan Act of 2021. There is no assurance that hotel room tax collections will be sufficient to cover debt service on such LCCCA debt in future years.

Redevelopment Authority Guaranty

A portion of the County's Lease Rental Debt in the Debt Statement on the next page includes a County guaranty (the "2013 County Guaranty") of The Redevelopment Authority of the County of Lancaster (the "Redevelopment Authority"), \$6,720,000 outstanding principal amount Federally Taxable Guaranteed Multi-Purpose Stadium Facility Revenue Bonds, Series of 2013 (the "2013 Redevelopment Authority Bonds"). Lancaster Baseball Club, LLC (the "Club"), which leases the baseball stadium refinanced by the 2013 Redevelopment Authority Bonds from the Redevelopment Authority, and which is responsible for making lease payments sufficient to pay the debt service on the 2013 Redevelopment Authority Bonds, requested the assistance of the County to make payments of a portion of the debt service on the 2013 Redevelopment Authority Bonds from 2017 through 2023, which payments, in a principal amount not to exceed \$2,700,000, have the economic effect of lessening, dollar for dollar, the lease payments made by the Club during such period. The County approved a loan in a principal amount not to exceed \$2,700,000 to the Club for such purposes (the "2017 Loan") which was closed on February 17, 2017. The advances made by the County to the Club constitute advances by the County under the 2013 County Guaranty of the 2013 Redevelopment Authority Bonds. The first advance under the 2017 Loan occurred in November 2017, at which time, the lease rental debt evidenced by the 2013 County Guaranty related to the 2013 Redevelopment Authority Bonds was no longer treated as self-liquidating debt under the Act. To date, the County has made payments to the Club totaling \$1,300,000 under the 2017 Loan.

Debt Statement

Nonelectoral Debt

Gross Outstanding

General Obligation Bonds, Series C of 2020	\$ 12,020,000.00
General Obligation Bonds, Series A of 2020	14,915,000.00
General Obligation Bonds, Series B of 2020	10,555,000.00
General Obligation Bonds, Series of 2019	19,235,000.00
General Obligation Bonds, Series of 2018	9,530,000.00
General Obligation Bonds, Series C of 2017	16,015,000.00
General Obligation Bonds, Series A of 2017	15,820,000.00
General Obligation Bonds, Series B of 2017	5,950,000.00
General Obligation Bonds, Series A of 2016	12,670,000.00
General Obligation Bonds, Series B of 2016	9,135,000.00
General Obligation Bonds, Series A of 2015	1,785,000.00
General Obligation Bonds, Series of 2015	7,610,000.00
General Obligation Bonds, Series A of 2013	135,000.00
Federally Taxable General Obligation Bonds, Series B of 2013 (QECB's)	5,200,000.00
General Obligation Note, Series A of 2002	17,640,000.00
Total Nonelectoral Debt	\$ 158,215,000.00

Lease Rental Debt

Lancaster County Convention Center Authority ⁽¹⁾	\$ 69,205,000.00
The Redevelopment Authority of the County of Lancaster	5,114,966.00
Lancaster Industrial Development Authority	100,000.00
Total Lease Rental Debt	\$ 74,419,966.00

Less Debt Deemed to be Self Liquidating ⁽²⁾	\$ 69,205,000.00
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Total Direct Debt	\$ 163,429,966.00
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Overlapping Debt

Municipal Debt ⁽³⁾	\$1,153,507,896.00
School District ⁽³⁾	993,117,489.00
Total Overlapping Debt	\$2,146,625,385.00

Total Direct and Overlapping Debt	<u>\$2,310,055,351.00</u>
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⁽¹⁾ The Bonds offered in this Official Statement.

⁽²⁾ Consists of \$69,205,000 related to debt issued by the Lancaster County Convention Center Authority.

⁽³⁾ Overlapping debt information is derived from Lancaster County's CAFR.

Debt Ratios

Total Direct Debt Ratios

Per Capita	\$300.95
Assessed Value	0.373%
Market Value	0.291%

Total Direct and Overlapping Debt Ratios

Per Capita	\$4,253.85
Assessed Value	5.274%
Market Value	4.119%

Types of Indebtedness under the Debt Act

The Debt Act establishes debt limits for local government units on the basis of adjusted revenues received in the most recent three fiscal year time period.

The Debt Act establishes three classes of debt for a county: (i) electoral debt (debt incurred with the approval of the electors of the municipality, for which there is no limitation on the amount that may be so incurred); (ii) nonelectoral debt (debt of a local government unit not being electoral or lease rental debt, for which the limitation on all such net debt which may be incurred is 300% of the borrowing base); and (iii) lease rental debt (the principal amount of municipal authority debt or debt of another local government unit to be repaid by the local government unit through a lease, subsidy contract, guarantee or other form of agreement payable or which may be payable out of tax revenue and other general revenues for which the limitation on all such net debt which may be incurred, including any net nonelectoral debt incurred, is 400% of the borrowing base).

Borrowing Capacity

The Debt Act establishes debt limits for local government units. The basis for determining nonelectoral borrowing capacity is related to adjusted revenues received over the most recent three fiscal years. The following is a calculation of the current “borrowing base,” which is the arithmetic average of the total revenues of the County after adjustments by the exclusion of certain subsidies, reimbursements, pledged revenues and non-recurring items:

Revenues for 2019	\$ 158,785,543
Revenues for 2020	158,159,443
Revenues for 2021	<u>161,862,156</u>
Total Revenues, Past Three Years	\$ 478,807,142
Annual arithmetic average (Borrowing Base)	\$159,602,381

Net Nonelectoral Debt Limit

Borrowing Base:	\$159,602,381
Multiplier:	300%
Net Nonelectoral Debt Limit:	\$478,807,142
Total Nonelectoral Debt Outstanding:	<u>158,215,000</u>
Total Remaining Nonelectoral Debt Capacity:	\$320,592,142

Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit	
Borrowing Base:	\$159,602,381
Multiplier:	400%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit:	\$ 638,409,523
Total Nonelectoral and Net Lease Rental Debt Outstanding:	<u>163,429,966</u>
Total Remaining Nonelectoral and Net Lease Rental Debt Capacity:	\$ 474,979,557

Source: County Officials.

Qualified Interest Rate Management Agreements

The County is authorized, under the Act, to enter into “qualified interest rate management agreements,” defined in the Act to be agreements determined in the judgment of the County to be designed to manage interest rate risk of interest cost of the County on any debt which the County is authorized to incur under the Act. The Act requires that, prior to entering into a qualified interest rate management agreement, the County adopt a written interest rate management plan prepared or reviewed by an independent financial advisor.

As of the date of this Official Statement, the County has one outstanding qualified interest rate management agreement as follows:

- A floating-to-fixed interest rate swap agreement (the “2002A Swap”) with an original notional amount of \$24,900,000 executed in November 2001 with Bear Stearns Financial Products, Inc. (now JPMorgan Chase Bank), for the purpose of hedging interest rate exposure with respect to the County’s General Obligation Note, Series A of 2002. The termination date of the 2002A Swap is October 25, 2030 and the current termination value is approximately - \$2.2 million.

Qualified interest rate management agreements expose the County to certain financial risks, including interest rate risk, basis risk, tax risk, termination risk, credit risk, market access risk, and other risks more fully described in the interest rate management plan of the County. The County believes these risks are manageable.

Labor Relations

As of December 31, 2021, the County employs 1,494 full-time and 184 part-time employees, 607 County employees are represented across six unions.

87 employees at the Children and Youth Agency are represented by the Pennsylvania Social Services Union (PSSU), Local #668. The employees are covered under a bargaining agreement that extends through December 31, 2023.

The Prison and Youth Intervention Center employees 173 correction officers are represented by the American Federation of State, County and Municipal Employees (AFSCME), Council #89. The employees were covered under a bargaining agreement that extended through December 31, 2022.

The Court Appointed Professional unit consists of 170 employees who are represented by Teamster's Local #771. The current contract with this bargaining unit expires on December 31, 2023.

The County's 15 detectives in the District Attorney's Office are represented by the Lancaster County Detective Association. The current contract with this bargaining unit expires on December 31, 2023.

The County's 126 court-related non-professional employees consisting of the deputy sheriffs and clerical staff in the Sheriff's Office, Clerk of Courts Office, Prothonotary's Office, District Attorney's Office, Register of Wills' Office, Coroner's Office and Public Defenders' Office organized in 2013 and are represented by the Laborers' International Union of North America Local 1310. The current contract with this bargaining unit expires on December 31, 2023.

The County's 36 Court-Related professionals consisting Attorneys in the District Attorney's office and the Public Defender's office are represented by Teamster's Local #771. Their contract term is January 1, 2020, to December 31, 2022.

Pension Plan

The County has a contributory retirement system (the "Pension Plan") for all full-time County employees. The County's annual retirement plan contributions for the past ten years are shown below.

<u>Year</u>	<u>Contribution</u>	<u>Year</u>	<u>Contribution</u>
2012	\$ 7,142,834	2017	\$ 4,424,334
2013	7,001,128	2018	4,399,055
2014	5,962,997	2019	5,048,537
2015	5,228,813	2020	4,918,872
2016	4,580,199	2021	5,142,723

The Pension Plan had an actuarial value in the amount of \$348,780,651 and accrued liability of \$353,363,617 as of December 31, 2020. The Pension Plan was 98.70% funded.

Other Post-Employment Benefits

The County maintains a defined benefit plan to provide certain postretirement healthcare benefits ("OPEB") for all full-time employees hired before January 1, 2012 once they are eligible to receive retirement income and have five years of service, and for full-time employees hired between January 1, 2012 and December 31, 2018 who are eligible for retiree health benefits until Medicare eligibility once they are eligible to receive retirement income and have 20 years of service. The plan is not offered to employees hired on or after January 1, 2019.

The County funds its OPEB on a pay-as-you-go basis, so the plan has no assets used specifically for paying the post-retirement medical benefits. For the year ending December 31, 2020, the annual contribution made was \$2,352,103, and the year-end net OPEB obligation was \$110,146,185.

Demographic and Economic Information Relating to the County of Lancaster

Introduction

The County totals 946 square miles in area and is located in Southeastern Pennsylvania, approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh. There are 60 municipalities in the County, including the City of Lancaster, 18 boroughs and 41 townships. The County is one of the most fertile agricultural regions in the nation, ranking first in agricultural production among counties east of the Mississippi River and first among non-irrigated counties nationwide. The County has enjoyed excellent growth or well-diversified industries during the past twenty years and this growth is expected to continue.

History

Named for Lancaster, England, the County was settled in 1709 by a group of Mennonites from the German Palatinate who accepted William Penn's invitation to seek religious freedom in his domain. Other settlers that followed included the Swiss, French, Scotch-Irish, Welsh, English and German religious sects known as the Amish, Dunkards, Mennonites and Moravians. These latter groups formed the cultural basis known as the Pennsylvania Dutch, whose language, customs, dress and cooking are still important elements of the County environment.

Illustrious residents of the County have included: George Ross, a signer of the Declaration of Independence; General Edward Hand, who settled in the County and practiced medicine after the Revolutionary War; Thaddeus Stevens, whose opposition to slavery influenced Congress; Robert Fulton and President James Buchanan. Artisans here developed the important Pennsylvania rifle. William ("Baron") Stiegel produced his Stiegel glass in Manheim. Canon and ammunition were produced for the Revolution at Windsor Forge and Martic Forge. At Lititz, pretzels became a distinctive major product, and throughout the County, silk production was an important industry during the eighteenth century.

Over the past decade, much has been done to preserve the historic beauty of the County. With the help of the Historic Preservation Trust of Lancaster County, a large part of the City of Lancaster, the County seat of Lancaster County, has been restored to its original colonial setting. Many of the County's oldest buildings and homes are on the National Register of Historic Places and are featured in the "Lancaster Candlelight Walking Tours."

Demographic Characteristics

The County's population increased by 23,605 residents, or 4.5%, between 2010 and 2020, according to the final 2020 Census figures.

The following tables provide population trends, age, wealth and housing indices for Lancaster County and the Commonwealth of Pennsylvania.

Population and Density

	<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
Lancaster County	543,050	519,445	470,658	422,822	362,346
Pennsylvania	12,794,885	12,702,379	12,281,054	11,881,643	11,863,895

Source: U.S. Census Bureau

Age Composition (2020)

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>	<u>Persons Per Household</u>
Lancaster County	23.5%	58.5%	18.0%	2.61
Pennsylvania	20.7	61.0	18.3	2.42

Source: U.S. Census Bureau, Census 2020.

Housing

The table below describes the housing characteristics of the County as of year-end 2020.

	<u>Lancaster County</u>	<u>Pennsylvania</u>
Total Housing Units	212,160	5,713,345
Percent Vacant	3.8%	10.6%
Percent Occupied	96.2%	89.4%
Percent Owner Occupied	69.4%	69.0%
Percent Renter Occupied	30.6%	31.0%

Source: U.S. Census Bureau, Census 2020.

Major Employers

The following is a list of the top employers in the County as of December 31, 2020.

<u>Name</u>	<u>Product or Service</u>	<u>Number of Employees</u>
Lancaster General Health	Health Care	7,970
Giant Food Stores	Supermarkets	not available
County of Lancaster	Government	1,815
Dart Container Corporation	Manufacturing	not available
School District of Lancaster	Education	1,672
Eurofin Lancaster Laboratories Inc.	Laboratory Services	not available
Masonic Villages	Retirement Living	1,815
Fulton Bank NA	Banking	1,320
Nordstrom Inc.	Manufacturing & Retail Trade	1,645
LSC Communications	Publishing	not available

Source: 2020 CAFR / Individual Employers

Recent Trends in Employment and Unemployment*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Lancaster County						
Civilian Labor Force	278,300	283,600	288,700	278,400	284,900	284,200
Employment	268,200	274,300	277,800	236,000	270,900	273,900
Unemployment	10,100	9,200	10,900	42,500	14,000	10,300
Unemployment Rate	3.6%	3.3%	3.8%	15.3%	4.9%	3.6%
Pennsylvania						
Civilian Labor Force	6,405,000	6,454,000	6,538,000	6,447,000	6,406,000	6,381,000
Employment	6,109,000	6,189,000	6,235,000	5,410,000	5,999,000	6,113,000
Unemployment	297,000	265,000	303,000	1,037,000	407,000	268,000
Unemployment Rate	4.6%	4.1%	4.6%	16.1%	6.3%	4.2%

** Figures are as of December of each year, except 2022 which are as of April. Totals may not add due to rounding.*

Source: Pennsylvania Department of Labor & Industry.

Distribution of Employment

The industry employment distribution for the County in 2022 is detailed below:

LANCASTER METROPOLITAN STATISTICAL AREA						
(Lancaster County)						
March 2022						
NONFARM JOBS – NOT SEASONALLY ADJUSTED						
ESTABLISHMENT DATA	Industry Employment				Net Change Form	
	Mar 2022	Feb 2022	Mar 2021	Mar 2020	Feb 2022	Mar 2021
TOTAL NONFARM	252,500	251,400	246,300	258,800	1,100	6,200
TOTAL PRIVATE	232,900	231,900	227,000	238,000	1,000	5,900
GOODS-PRODUCING	55,900	55,300	53,900	55,400	600	2,000
Mining, Logging, and Construction	18,000	17,700	17,800	18,300	300	200
Manufacturing	37,900	37,600	36,100	37,100	300	1,800
Durable Goods	20,000	19,900	19,200	19,700	100	800
Non-Durable Goods	17,900	17,700	16,900	17,400	200	1,000
Food mfg.	8,800	8,700	7,900	7,700	100	900
SERVICE-PROVIDING	196,600	196,100	192,400	203,400	500	4,200
PRIVATE SERVICE-PROVIDING	177,000	176,600	173,100	182,600	400	3,900
Trade, Transportation, and Utilities	60,200	60,300	57,300	59,900	-100	2,900
Wholesale Trade	13,600	13,400	12,700	15,200	200	900
Retail Trade	29,400	29,600	28,800	29,400	-200	600
General merchandise stores	3,200	3,300	3,200	3,300	-100	0
Transportation, Warehousing, and Utilities	17,200	17,300	15,800	15,300	-100	1,400
Information	2,600	2,600	2,500	2,600	0	100
Financial Activities	9,900	9,900	9,700	9,700	0	200
Professional and Business Services	26,300	26,300	26,000	25,500	0	300
Education and Health Services	45,400	45,100	47,200	48,700	300	-1,800
Health care and social assistance	39,500	39,400	40,600	41,100	100	-1,100
Hospitals	8,800	8,800	9,100	8,900	0	-300
Leisure and Hospitality	20,200	20,100	18,600	23,400	100	1,600
Accommodation and food services	16,900	17,100	15,800	19,600	-200	1,100
Food services and drinking places	14,600	14,900	13,500	16,300	-300	1,100
Other Services	12,400	12,300	11,800	12,800	100	600
Government	19,600	19,500	19,300	20,800	100	300
Federal Government	1,200	1,200	1,200	1,300	0	0
State Government	2,900	2,900	2,800	3,500	0	100
Local Government	15,500	15,400	15,300	16,000	100	200
Data benchmarked to March 2021	***Data changes of 100 may be due to rounding***					

Source: PA Department of Labor & Industry

Agriculture

One of the best agricultural areas in the nation, the County ranks first among Pennsylvania counties, first among counties east of the Mississippi River, and first among non-irrigated counties in the country in production. Many factors account for the County's agricultural leadership: some of the richest soils in the nation; relatively little slope; moderate climate; and evenly distributed rainfall. The Swiss-German farmers who originally settled in the County had great farming ability and their successors have continued to keep the County as one of the most productive counties in the nation.

From the beginning, the County demonstrated its agricultural strength with the many diverse products grown in its fertile soil. Among the leading agricultural products today are milk, eggs, poultry, corn, hay, tobacco, wheat, barley, oats and potatoes. The newest cash crop being grown in Lancaster County soil is grapes. The balance between farming and industry has been a major factor in maintaining the stable economy which has marked the County's history for over two and one-half centuries.

Tourism

Approximately 10 million visitors come to Lancaster annually, spending \$1.8 billion on a wide variety of goods and services. These dollars translate into about \$818 million in direct economic impact and nearly \$460 million in indirect economic impact. Additionally, travel and tourism generates approximately \$330 million in tax revenues.

Travel and tourism is among the Commonwealth's and the County's leading industries employing, both directly and indirectly, nearly 40,000 people in Lancaster County (22,000 directly).

Source: Discover Lancaster

Medical Facilities

There are three (3) general acute care hospitals, one rehabilitation hospital, and one psychiatric hospital that serve Lancaster County. These hospitals, their licensed bed capacities and number of employees (full-time and part-time) are as follows:

<u>Institution</u>	<u>Location</u>	<u>Licensed Beds</u>	<u>Staff</u>	
			<u>Full-Time</u>	<u>Part-Time</u>
UPMC Pinnacle Lititz	Lititz	148	465	154
Penn Medicine Lancaster General Health	Lancaster	620	5,707	1,713
Lancaster Rehabilitation Hospital	Lancaster	59	148	81
Lancaster Behavioral Health Hospital	Lancaster	126	239	68
WellSpan Ephrata Community Hospital	Ephrata	141	710	269

Source: Pennsylvania Department of Health, 2020 Reporting Period

Higher Education

Lancaster County has a number of institutions of higher learning. Elizabethtown College, a privately owned institution in Elizabethtown, which offers an undergraduate liberal arts education, had an approximate enrollment of 1,800 undergraduates for 2019-20. Franklin and Marshall College, a coeducational liberal arts college in Lancaster, had an approximate enrollment of 2,300 undergraduates for 2019-20. Millersville University, a State-owned institution in Millersville, had an approximate enrollment of 7,000 undergraduates and 1,000 graduate students for 2019-20. The Lancaster campus of Harrisburg Area Community College enrolled approximately 5,000 students for 2019-20. The Pennsylvania College of Art and Design, a member of the National Association of Schools of Art & Design, enrolled approximately 250 students for 2019-20. The Lancaster Bible College, a four-year Christian career college unaffiliated with any denomination, enrolled approximately 1,100 students for

2019-20. Thaddeus Stevens College of Technology enrolled approximately 900 students for 2019-20. The Lancaster General College of Nursing and Health Sciences enrolled approximately 1,100 students for 2019-20.

In addition, the Lancaster Theological Seminary and three vocational-technical schools are located within the County.

Source: Individual Admissions Offices.

Transportation

All of the County's major highways converge on the City of Lancaster with the exception of the Pennsylvania Turnpike which traverses the County in an east-west direction, 15 miles to the north. U.S. Route 30 crosses the Susquehanna River at Columbia, Pennsylvania, and meets Interstate Route 83 at York, Pennsylvania, 23 miles west of Lancaster. Interstate Route 83 provides a route to Washington and Baltimore. U.S. Route 222 runs in a north-south direction and connects with Reading, Allentown and Easton, and intersects the Pennsylvania Turnpike approximately 15 miles north of the City of Lancaster. Other major highways include U.S. Route 283 connecting Lancaster to Harrisburg and State Route 501 which intersects the area providing access to Allentown, Bethlehem and Easton via the northeast extension of the Pennsylvania Turnpike to the east, and Wilkes-Barre, Scranton and Binghamton, New York, via U.S. Route 81 to the north.

Utilities and Communications

The County has been furnished with electric energy and related services by Pennsylvania Power and Light Company since 1930. PP&L, the second largest electric utility in the state, services approximately 900,000 customers throughout 10,000 square miles of central eastern Pennsylvania. PP&L and eleven neighboring electric utilities have formed the Pennsylvania-New Jersey-Maryland interconnection which serves as a high capacity power pool fully integrating the generation and transmission systems of the participating utilities.

Natural gas is delivered to the County by UGI Corporation. UGI has been in operation for more than eighty years and has over 356 miles of distribution in the County.

Residents of the County have access to several local newspapers. LNP is published daily and has the largest circulation in the County. Lancaster radio stations which serve the area include WLPA, WROZ, WLAN, WIOV and WSBA. Local television stations which serve the area are: WGAL-TV, Channel 8 out of Lancaster; WLYH-TV, Channel 15 out of Lebanon; WHP-TV, Channel 21, WHTM-TV, Channel 27 and public broadcasting WITF-TV, Channel 33, each out of Harrisburg, Pennsylvania. Cable TV is provided to the area by Comcast, Verizon and Blue Ridge. Telephone service is provided to the area by Verizon and Windstream.

APPENDIX C - SUBSTANTIAL FORM OF TRUST INDENTURE

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TRUST INDENTURE

by and between

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,

as Trustee

Dated as of December 1, 2022

Relating to the Issuance of

\$ _____
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS,
SERIES A OF 2022 (FEDERALLY TAXABLE)

AND

\$ _____
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS,
SERIES B OF 2022

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TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

Section 1.01	Defined Terms	3
Section 1.02	Rules of Construction	11

ARTICLE II

THE BONDS

Section 2.01	Authorized Amount of Bonds	12
Section 2.02	Issuance of Bonds	12
Section 2.03	Designation, Denominations, Interest Rates and Maturity	13
Section 2.04	Execution; Source of Payment of Bonds	14
Section 2.05	Certificate of Authentication.....	15
Section 2.06	Form of Bonds	15
Section 2.07	Delivery of Bonds	15
Section 2.08	Disposition of the Proceeds of the Bonds	16
Section 2.09	Mutilated, Lost, Stolen or Destroyed Bonds.....	17
Section 2.10	Exchangeability and Transfer of Bonds; Persons Treated as Owners	17
Section 2.11	Cancellation	18
Section 2.12	Ratably Secured	18
Section 2.13	Redemption of Bonds; Partial Redemption of Bonds.....	18
Section 2.14	Notice of Redemption	20
Section 2.15	Book Entry System	21

ARTICLE III

SECURITY; COVENANTS OF ISSUER

Section 3.01	Security	22
Section 3.02	Payment of Bonds and Performance of Covenants.....	23
Section 3.03	Authority	23
Section 3.04	No Litigation	23
Section 3.05	Further Assurances.....	23
Section 3.06	No Other Encumbrances; Limitations on Creation of Liens	24
Section 3.07	Parity Indebtedness	24
Section 3.08	Security for Parity Indebtedness	25
Section 3.09	No Personal Liability	25
Section 3.10	Corporate Existence; Compliance with Laws.....	26
Section 3.11	Indemnification	26

ARTICLE IV

DISCHARGE OF LIEN

Section 4.01	Discharge of Lien and Security Interest.....	26
Section 4.02	Provision for Payment of Bonds	27

ARTICLE V

FUNDS

Section 5.01	Hotel Tax Revenue Fund and Bond Fund.....	28
Section 5.02	Investment of Funds.....	31
Section 5.03	Bond Fund Moneys to be Held in Trust.....	33
Section 5.04	Nonpresentment of Bonds.....	33
Section 5.05	Debt Service Reserve Fund.....	33
Section 5.06	Surplus Fund	35
Section 5.07	Non-presentment of Bonds	37
Section 5.08	Records	37

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES

Section 6.01	Events of Default	37
Section 6.02	Remedies; Rights of Holders	38
Section 6.03	Right of Holders to Direct Proceedings.....	38
Section 6.04	Discontinuance of Default Proceedings.....	39
Section 6.05	Waiver.....	39
Section 6.06	Application of Monies	39
Section 6.07	Notification to County Treasurer	40

ARTICLE VII

THE TRUSTEE

Section 7.01	Appointment of Trustee	41
Section 7.02	Compensation and Indemnification of Trustee; Trustee's Prior Claim.....	45
Section 7.03	Intervention in Litigation	45
Section 7.04	Resignation; Successor Trustees.....	46
Section 7.05	Removal of Trustee.....	46
Section 7.06	Paying Agent.....	46
Section 7.07	Qualifications of Paying Agent.....	47
Section 7.08	Resignation of Paying Agent; Removal; Successors.....	47
Section 7.09	Instruments of Holders.....	48
Section 7.10	Power to Appoint Co-Trustees.....	48
Section 7.11	Filing of Financing Statements	50

ARTICLE VIII

AMENDMENTS, SUPPLEMENTAL INDENTURES

Section 8.01	Supplemental Indentures.....	50
Section 8.02	Amendments to Indenture; Consent of Holders.....	51
Section 8.03	Amendments to the Security Documents Not Requiring Consent of Holders.....	52
Section 8.04	Other Amendment Provisions.....	52
Section 8.05	Notice to and Consent of Holders	52
Section 8.06	Approving Opinion Required	53

ARTICLE IX

MISCELLANEOUS

Section 9.01	Limitation of Rights; No Personal Recourse	53
Section 9.02	Severability	53
Section 9.03	Notices	53
Section 9.04	Payments Due on Non-Business Days.....	54
Section 9.05	Binding Effect.....	54
Section 9.06	Captions	54
Section 9.07	Governing Law	55
Section 9.08	Waiver of Trial by Jury.....	55
Section 9.09	Notices to Rating Agency	55
Section 9.10	Execution in Counterparts.....	55
Section 9.11	Patriot Act Compliance.....	55
Section 9.12	Electronic Signatures	55
Section 9.13	Entire Agreement.....	56

EXHIBIT A	Form of Series A Bond	A-1
EXHIBIT B	Form of Series B Bond	B-1

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TRUST INDENTURE

THIS TRUST INDENTURE (the “Indenture”), dated as of December 1, 2022, is made and entered into by and between LANCASTER COUNTY CONVENTION CENTER AUTHORITY, a body public and corporate and a public instrumentality of the Commonwealth of Pennsylvania (the “Issuer”), and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association with trust powers, as trustee, and its successors and assignees in trust (the “Trustee”).

W I T N E S S E T H:

WHEREAS, the Issuer is a body politic and corporate and a public instrumentality of the Commonwealth, organized and existing under the Act; and

WHEREAS, in furtherance of the public purpose for which the Issuer was created, the Issuer previously issued its \$62,595,000 principal amount Hotel Room Rental Tax Revenue Bonds, Series of 2014 (the “Prior Bonds”) pursuant to a Trust Indenture dated as of August 1, 2014, as amended and supplemented (the “Prior Indenture”), by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Prior Trustee”), to finance a project of the Issuer, which consisted of, the refunding of certain indebtedness of the Issuer originally issued to finance, among other things, the design, acquisition, construction, furnishing and equipping of the Convention Center; and

WHEREAS, the Issuer, by resolution duly adopted, has determined to undertake a project consisting of (i) the current refunding of the Prior Bonds; (ii) the payment of the cost of terminating certain interest rate swaps (the “Existing Swaps”); (iii) the funding of a debt service reserve fund; and (iv) the payment of the costs of issuance of the Bonds (hereinafter defined); and

WHEREAS, concurrently with the execution and delivery of this Indenture, the Issuer will execute and deliver its (i) Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the “Series A of 2022 Bonds”); and (ii) Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “Series B of 2022 Bonds” and together with the Series A of 2022 Bonds, the “Bonds”); and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, have been done and performed, and the creation, execution and delivery of this Indenture, and the issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, the parties hereto hereby agree that to secure the payment of principal of, redemption premium, if any, and interest on the Bonds and any other cost or pecuniary liability of the Issuer relating to the Bonds or any proceeding, document or certification incidental to the issuance of the Bonds according to their true intent and meaning, and all other amounts due from time to time under this Indenture, including those due to the Trustee, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained in the Bonds and in this Indenture,

and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and as collateral trustee for each payee and obligee thereunder to secure the payment of all amounts due from time to time by the Issuer under any other Bond Document, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Holders and for other good and valuable consideration, the receipt of which is acknowledged, the Issuer has executed and delivered this Indenture and absolutely and irrevocably pledges and assigns, without recourse, to the Trustee and to its successors in trust forever, and grants a Security Interest in, on the basis set forth herein, and its and their assigns, all right, title and interest of the Issuer in and to the Trust Estate as defined in Section 1.01;

TO HAVE AND TO HOLD unto the Trustee and its successors in trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions hereof,

(a) for the equal and proportionate benefit, security and protection of the Holders of any and all of the Bonds,

(b) for the enforcement of the payment of the principal of, redemption premium, if any, and interest on the Bonds, and all other amounts due from time to time under this Indenture, including those due to the Trustee, when payable, according to the true intent and meaning thereof and of this Indenture, and

(c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture and the other Bond Documents;

provided, however, that payments required to be made in each case, without preference, priority or distinction, as to lien or otherwise except as provided herein, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under this Indenture and shall be secured equally and proportionately by this Indenture, it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value; provided, however, that, upon satisfaction of and in accordance with the provisions of Article IV, the rights assigned hereby shall cease, determine and be void to the extent described therein; otherwise, such rights shall be and remain in full force and effect;

IT IS DECLARED that all Bonds issued under and secured by this Indenture are to be issued, authenticated and delivered, and that all moneys assigned or pledged hereby are to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture; and the Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Holders, as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Defined Terms. In addition to terms defined elsewhere in this Indenture, the following words and terms as used in this Indenture and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

“Act” means the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented.

“Annual Trustee Fee” shall have the meaning given such term in Section 5.01(b)(i)(4) hereof.

“Approving Opinion” shall mean, with respect to any action relating to the Series B of 2022 Bonds, the occurrence of which requires an Opinion of Counsel, delivered by Bond Counsel, to the effect that such action (a) is permitted by this Indenture and the Act and (b) will not adversely affect the exclusion of interest on the Series B of 2022 Bonds from gross income of the Holders for purposes of federal income taxation.

“Authorized Denomination” means \$5,000 and integral multiples thereof.

“Beneficial Owner” means the Person in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository or a Participant or an Indirect Participant on the records of such Securities Depository, Participant or Indirect Participant, as the case may be, or such Person’s subrogee.

“Bond” or *“Bonds”* has the meaning assigned to such term in the recitals hereto.

“Bond Counsel” means an attorney, or firm of attorneys, nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds.

“Bond Documents” means collectively (without limitation) this Indenture, the Bonds, the Security Documents and the Tax Certificate, and any and all extensions, renewals, modifications, amendments, supplements and substitutions thereof.

“Bond Fund” means the fund of that name created pursuant to Section 5.01.

“Bond Proceeds” means the principal of the Bonds and any investment earnings thereon.

“Book Entry System” means a book entry system established and operated for the recordation of Beneficial Owners of the Bonds pursuant to Section 2.15.

“Business Day” means any day on which (a) the office of the Trustee is open for business, (b) the Federal Reserve System is operational, (c) the New York Stock Exchange is not closed and (d) banks in the city in which the principal office of the Trustee are open for business.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

“*Commonwealth*” means the Commonwealth of Pennsylvania.

“*Convention Center*” shall mean the land, improvements, structures, buildings, or part thereof, or property interests therein, owned by the Issuer and used for large public assemblies, the holding of conventions, conferences, trade exhibitions, sporting events and other business, social, cultural, scientific and public interest events, and all facilities, furniture, fixtures and equipment necessary or incident thereto, including meeting rooms, dining rooms, kitchens, ballrooms, reception areas, registration and pre-function areas, truck loading areas, including access thereto, access ways, common areas, lobbies, offices and areas appurtenant to any of the preceding, and also including other buildings, structures or facilities for use in conjunction with the foregoing, including, but not limited to, provision for off-street parking, retail areas and other improvements related to the center owned by the Issuer.

“*Counsel*” means an attorney, or firm of attorneys, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, including any Bond Counsel.

“*County*” means the County of Lancaster, Pennsylvania.

“*County Treasurer*” means the duly appointed and acting treasurer of the County.

“*Debt Service Reserve Fund*” shall mean the fund of that name created pursuant to Section 5.05 hereof.

“*Debt Service Requirements*”, with reference to a specified period, and with respect to the Bonds or other Parity Indebtedness under consideration, shall mean:

- (i) interest payable on Bonds or other Parity Indebtedness during the period, subject to reduction for funded interest;
- (ii) amounts required to pay the principal of Bonds or other Parity Indebtedness maturing during the period and not to be redeemed prior to or at maturity through any sinking fund account; and
- (iii) amounts required to pay the principal of Bonds or other Parity Indebtedness subject to mandatory sinking fund redemption.

“*Discover Lancaster*” means the Pennsylvania Dutch Tourist Bureau (d/b/a Discover Lancaster), and its successors and assigns.

“Eligible Investments” means any one or more of the following which at the time of investment are legal investments under the applicable laws of the Commonwealth for the monies proposed to be invested therein:

(i) Direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(ii) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself);

(iii) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself);

(iv) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AA-Am-G; AAA-m; or AA-m or if rated by Moody’s rated Aaa-mf, Aa-mf or A-mf;

(v) Certificates of deposit secured at all times by collateral described in (i) and/or (ii) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(vi) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC;

(vii) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P;

(viii) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies;

(ix) Bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P;

(x) Repurchase Agreements with primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and “A2” or better by Moody’s, or banks rated “A” or above by S&P and “A2” or above by Moody’s. Purchased securities will be limited to those in paragraph (i), (ii) or (iii) above at a margin percentage of 102%. Purchased securities must be held in a separate, segregated account by either the Trustee or tri-party custodian for the benefit of the Issuer, and the Issuer or Trustee must have a first perfected security interest in all purchased securities;

(xi) Investment Agreements with providers initially rated at least “AA-” and “Aa3” by S&P and Moody’s, with the provision that (i) if the provider is downgraded below “AA-” or

“Aa3” by S&P or Moody’s, the provider must deliver collateral of the type described in paragraph (i) above at a margin percentage of 103%, or that described in paragraph (ii) or (iii) above at a margin percentage of 104%, and (ii) if the provider is further downgraded below “A-” or “A3” by S&P or Moody’s, the Issuer will have the right to terminate the agreement and receive all invested amounts plus accrued but unpaid interest without penalty; and

(xii) any other investments to the extent at the time permitted by then applicable law for the investment of public funds, including without limitation, one or more money market mutual fund portfolios of the Wells Fargo Advantage Funds or any other mutual fund for which the Trustee or any of its affiliates serve as an investment manager, administrator, servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates.

“Event of Default” means any of the events specified in Section 6.01.

“Financing Statements” means any and all financing statements (including continuation statements) or other instruments filed or recorded to perfect the Security Interest created in this Indenture and in the Security Documents (or any of them).

“Fitch” means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with notice to the Trustee.

“Government Obligations” means (i) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity.

“Guaranty Agreement” shall mean the Guaranty Agreement dated as of December 1, 2022, between the County, as guarantor, and the Issuer and the Trustee, whereunder, among other things, the County guarantees, unconditionally, the payment of the Issuer’s obligations under the Replenishment Note, all as more fully provided for therein, and any amendments, restatements, supplements or other modifications thereto permitted pursuant to the terms thereof and hereof.

“Historic Hotel Tax Revenues” means the Hotel Tax Revenues deposited to the Hotel Tax Revenue Fund under Section 5.01 hereof as shown in the audited financial report of the Issuer for the Fiscal Year immediately preceding the Fiscal Year in which the relevant

calculation is being made which are available for the payment of debt service on the Bonds and any Parity Indebtedness incurred under Section 3.07 hereof.

“Holder” or “Owner” or “Registered Owner” means the Person who shall be the registered owner of any Bond, provided that, if any Bond is held pursuant to the Book Entry System, Holder shall mean, with respect to such Bond, the Beneficial Owner thereof.

“Hotel Room Rental Tax” means the Hotel Room Rental Tax imposed by the County pursuant to the provisions of Section 3 of the Act and the Hotel Tax Ordinance.

“Hotel Tax Ordinance” means Ordinance No. 45 Lancaster County Hotel Room Rental Tax enacted by the Lancaster County Board of County Commissioners on September 15, 1999 with an effective date of January 1, 2000.

“Hotel Tax Revenues” means all monies transferred by the County Treasurer to the Issuer pursuant to Section C of the Hotel Tax Ordinance and derived from the revenues received by the County Treasurer from the Hotel Room Rental Tax.

“Hotel Tax Revenue Fund” shall mean the fund of that name created pursuant to Section 5.01(a) hereof.

“Indebtedness” shall mean Long Term Indebtedness and Short Term Indebtedness.

“Indenture” means this Trust Indenture, as the same may be amended or supplemented from time to time as permitted hereby.

“Indirect Participant” means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant.

“Interest Payment Date” means each May 1 and November 1 of each year commencing _____, 20__.

“Issue Date” means the date on which the Bonds are delivered to the purchaser or purchasers thereof upon original issuance.

“Issuer” means Lancaster County Convention Center Authority, a body public and corporate and a public instrumentality of the Commonwealth duly organized and existing under the Constitution and laws of the Commonwealth, including the Act, or any successor to its rights and obligations under this Indenture.

“Issuer Representative” means any one of the persons at the time designated to act on behalf of the Issuer by written certificate furnished to the Trustee containing the specimen signatures of such persons and signed on behalf of the Issuer by its Chairman, Vice Chairman, Secretary, Assistant Secretary or Executive Director.

“Lien” means any mortgage, deed of trust or pledge of, security interest in or encumbrance on the Convention Center or the Hotel Tax Revenues which secures any obligation of the Issuer or which secures any obligation of any Person.

“Long Term Indebtedness” shall mean the amount of all obligations for the payment of money incurred, assumed or guaranteed by the Issuer, including but not limited to its obligations with respect to all Bonds issued under this Indenture, whether due and payable in all events, or upon the performance of work, possession of property as lessee or rendering of services by others except:

- (i) Short Term Indebtedness;
- (ii) Current obligations payable out of current revenues, including current payments for the funding of pension plans;
- (iii) Obligations under contracts for supplies, services and pensions, allocable to current operating expenses of future years in which the supplies are to be furnished, the services rendered or the pension benefits paid; and
- (iv) Amounts payable in future years under Issuer leases, other than such leases properly capitalized under Generally Accepted Accounting Principles.

“Maximum Annual Debt Service Requirements” means the largest Debt Service Requirement to be paid by the Issuer with respect to the Bonds issued under this Indenture and any Parity Indebtedness incurred pursuant to Section 3.07 hereof.

“Memo of Understanding” means the Memo of Understanding dated as of July 28, 2022, between the Issuer and Discover Lancaster.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *“Moody’s”* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with notice to the Trustee.

“Opinion of Counsel” means any opinion of Counsel delivered pursuant to this Indenture. Each such opinion shall be addressed to the Trustee, the Issuer and the Paying Agent.

“Outstanding” means, when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, all Bonds that have been authenticated and delivered by the Trustee hereunder, except:

- (i) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
- (ii) Bonds deemed to be paid in accordance with Section 4.02;
- (iii) Bonds in lieu of which others have been authenticated under Sections 2.09 and 2.10; and
- (iv) For purposes of any consent, request, demand, authorization, direction, notice, waiver or other action to be taken by the Holders of a specified percentage of Outstanding Bonds

hereunder, all Bonds held by or for the account of the Issuer or any affiliate of the Issuer; provided, however, that for purposes of any such consent, request, demand, authorization, direction, notice, waiver or action the Trustee shall be obligated to consider as not being Outstanding only Bonds known by the Trustee by actual notice thereof to be so held.

“Parity Indebtedness” shall mean any Indebtedness incurred, assumed or guaranteed by the Issuer, other than the Bonds, which the Issuer is permitted to incur and which shall be equally and ratably secured with the Bonds to the extent provided in Section 3.07(a), 3.07(b) or 3.07(c) of this Indenture.

“Parity Indebtedness Agreement” shall mean any agreement of any sort entered into by the Issuer for the purpose of incurring, securing or guaranteeing Parity Indebtedness.

“Parity Lender” shall mean the financial institution providing any Parity Indebtedness to the Issuer pursuant to Section 3.07 hereof.

“Participant” means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

“Paying Agent” means Wilmington Trust, National Association, and its successors appointed and serving under this Indenture.

“Person” means any natural person, firm, partnership, association, corporation, limited liability company or public body.

“Project” has the meaning ascribed to such term in the recitals hereto.

“Rating Agency” means Moody’s (if Moody’s assigns a rating to the long-term unenhanced general obligation debt of the County) or S&P (if S&P assigns a rating to the long-term unenhanced general obligation debt of the County).

“Record Date” means with respect to each Interest Payment Date, the Trustee’s close of business on April 15 or October 15 immediately preceding the applicable Interest Payment Date, regardless of whether such day is a Business Day.

“Register” means the register of the record owners of Bonds maintained by the Trustee.

“Replenishment Note” means the Guaranteed Debt Service Reserve Fund Replenishment Note of the Issuer delivered pursuant to Section 5.05 hereof.

“Reserve Fund Credit Facility” means (i) an irrevocable letter of credit, naming the Trustee as beneficiary, issued by any domestic or foreign bank, or any branch or agency thereof, whose long-term debt obligations are rated in one of the two highest rating categories by Moody’s and S&P or (ii) a policy of reserve fund insurance naming the Trustee as beneficiary, issued by an insurance company whose claims paying ability is rated in one of the two highest rating categories by Moody’s and S&P, in either case (A) in an amount not less than the Series A Bonds Required Reserve Amount or the Series B Bonds Required Reserve Amount, as

applicable, and (B) the terms of which allow the Trustee to make the draws required by Section 5.05.

“Revenues” means (a) the Hotel Tax Revenues, (b) any proceeds of Bonds originally deposited with the Trustee for the payment of interest accrued on the Bonds or otherwise paid to the Trustee by or on behalf of the Issuer for deposit in the Bond Fund, (c) investment income with respect to any moneys held by the Trustee under this Indenture, and (d) any moneys paid to the Trustee under the Guaranty Agreement.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with notice to the Trustee.

“Securities Depository” means The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book Entry System with respect to the Bonds.

“Securities Depository Nominee” means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Register the Bonds to be delivered to such Securities Depository during the continuation with such Securities Depository of participation in its Book Entry System.

“Security Documents” means, as applicable, the Guaranty Agreement and the Replenishment Note.

“Security Interest” or *“Security Interests”* means the security interests created herein and in the Security Documents (or any of them) and has the meanings set forth in the U.C.C.

“Series A Bonds Required Reserve Amount” means \$_____.

“Series B Bonds Required Reserve Amount” means \$_____.

“Settlement Fund” shall mean the special fund created under Section 2.08.

“Short Term Indebtedness” shall mean indebtedness of the Issuer payable on demand or otherwise maturing not more than 365 days after it is incurred, but not including accounts payable and accrued expenses.

“Surplus Fund” shall mean the fund of that name created pursuant to Section 5.06 hereof.

“Tax Certificate” means the Nonarbitrage Certificate and Compliance Agreement of the Issuer dated the Issue Date.

“*Trustee*” means Wilmington Trust, National Association, as trustee hereunder, and any successor trustee appointed under this Indenture.

“*Trust Estate*” means all of the Trustee’s right, title and interest in, to and under the Security Documents and all collateral pledged or hypothecated thereunder, all products and proceeds thereof, and all cash, funds and other property (real and personal) realized, collected or obtained upon the exercise of the Trustee’s rights and remedies hereunder and thereunder, and all right, title and interest of the Issuer in and to:

- (i) the Revenues;
- (ii) all moneys in the Hotel Tax Revenue Fund, the Bond Fund, the Surplus Fund and the Debt Service Reserve Fund, including proceeds of the Bonds pending disbursement thereof;
- (iii) payments received from the County pursuant to the Guaranty Agreement;
- (iv) all of the Issuer’s rights, title and interest in the Security Documents;
- (v) all of the proceeds of the foregoing, including without limitation investments thereof; and
- (vi) all other property of every name and nature from time to time hereafter by delivery or by writing mortgaged, pledged, delivered or hypothecated as and for additional security under this Indenture by the Issuer or by anyone on its behalf or with its written consent in favor of the Trustee.

“*U.C.C.*” means the Uniform Commercial Code of the Commonwealth as now in effect or hereafter amended.

“*Unsecured Indebtedness*” means any Indebtedness not secured by any Lien.

Section 1.02 Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The table of contents, captions, and headings herein are for convenience of reference only and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.
- (c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.
- (d) All references in this Indenture to particular Articles, Exhibits or Sections are references to Articles or Sections of this Indenture, unless otherwise indicated.

ARTICLE II

THE BONDS

Section 2.01 Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total aggregate principal amount of Bonds that may be issued and Outstanding hereunder is expressly limited to \$_____. The Bonds shall be issued as two series of Bonds and shall be designated “\$_____ Lancaster County Convention Center Authority Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)” and “\$_____ Lancaster County Convention Center Authority Hotel Room Rental Tax Revenue Bonds, Series B of 2022”.

Section 2.02 Issuance of Bonds. The Bonds shall bear interest from the Issue Date, until paid, at the rates set forth in Section 2.03. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall mature, unless sooner paid, on the dates set forth in Section 2.03.

The Bonds shall be issued initially in definitive form, shall be dated December __, 2022, shall be in fully registered form, without coupons, and shall be issuable in denominations of \$5,000 principal amount and any integral multiple thereof.

The Bonds shall be dated the Issue Date. Each of the Bonds shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date; or (b) such Bond is registered and authenticated after a Record Date and before the next succeeding Interest Payment Date, in which event the Bond shall bear interest from such Interest Payment Date; or (c) such Bond is registered and authenticated on or prior to the Record Date preceding _____, 20__, in which event such Bond shall bear interest from December __, 2022; or (d) as shown by the records of the Trustee, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date on which interest was last paid on such Bond, payable semiannually on May 1 and November 1 of each year, beginning _____, 20__, until the principal sum thereof is paid. Except as to distinguishing numbers, series designation, denominations, maturity dates and interest rates, the Bonds and the Trustee’s certificates of authentication shall be substantially in the forms and shall be of the tenor and purport hereinbefore set forth, with such insertions and variations (including CUSIP numbers) approved by the Trustee, as may be appropriate for different series designations, denominations and maturity dates.

The principal of, premium, if any, and interest on all Bonds shall be payable in lawful money of the United States, and such principal, premium, if any, and interest shall be payable at the places set forth in the Bonds. Payment of interest on any Bond on any Interest Payment Date shall be made to the Person appearing on the registration books of the Issuer, maintained by the Trustee in behalf of the Issuer, as the Registered Owner thereof on the Record Date and shall be paid by check mailed to the Registered Owner at his address as it appears on such registration books, unless the Issuer shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the Persons in whose names the Bonds are registered at the close of business on a special record date for the

payment of such defaulted interest established by notice mailed by the Trustee in behalf of the Issuer to the Registered Owners of Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the Persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. Payment of the principal of all Bonds shall be made upon presentation and surrender of such Bonds as the same shall become due and payable.

If the date for payment of the principal of, premium, if any, or interest on the Bonds shall not be a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the stated date of payment.

The Issuer in issuing its Bonds may use “CUSIP” numbers (if then generally in use), and the Trustee shall use such “CUSIP” numbers in notices of redemption as a convenience to Registered Owners, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers prefixed “R” printed on the Bonds.

Section 2.03 Designation, Denominations, Interest Rates and Maturity.

(a) Series A of 2022 Bonds shall be numbered consecutively as issued, without regard to denomination or maturity, and shall bear interest (for the period specified) at the rates per annum and shall mature on the dates and in the aggregate principal amounts, all as follows:

Series A of 2022 Bonds

<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity Date</u> ()	<u>Principal</u> <u>Amount</u>
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(b) Series B of 2022 Bonds shall be numbered consecutively as issued, without regard to denomination or maturity, and shall bear interest (for the period specified) at the rates per annum and shall mature on the dates and in the aggregate principal amounts, all as follows:

Series B of 2022 Bonds

<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity Date</u> <u>()</u>	<u>Principal</u> <u>Amount</u>
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Section 2.04 Execution; Source of Payment of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chair or Vice Chair of the Issuer and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Issuer and shall have impressed or imprinted thereon the seal (or a facsimile thereof), if any, of the Issuer.

In case any officer whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such manual or facsimile signatures shall nevertheless be valid and sufficient for all purposes.

TO THE EXTENT PROVIDED IN AND EXCEPT AS OTHERWISE PERMITTED BY THIS INDENTURE, (I) THE BONDS SHALL BE LIMITED OBLIGATIONS OF THE ISSUER AND THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON AND INTEREST ON THE BONDS SHALL BE PAYABLE EQUALLY AND RATABLY SOLELY FROM THE REVENUES AND (II) THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON AND INTEREST ON THE BONDS SHALL BE SECURED BY THE TRUST ESTATE PURSUANT TO THE GRANTING CLAUSES OF THIS INDENTURE. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT, NEITHER THE GENERAL CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS, AND THE BONDS SHALL NOT BE OR BE DEEMED OBLIGATIONS OF THE COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

The Issuer covenants and agrees that the only moneys it shall deposit into or transfer to the various funds and accounts hereunder, shall be (i) Hotel Tax Revenues; (ii) the proceeds of the Bonds issued hereunder; and (iii) any other Revenues, as defined herein. The Issuer is prohibited from making payments into any Fund established and created under this Indenture hereto for the Bonds issued hereunder other than from the sources described in the immediately preceding sentence without first obtaining and delivering to the Trustee an opinion of Bond Counsel to the effect that the same is permitted under applicable law and the Indenture and that the same will not adversely affect the tax-exempt status of the interest payment on the Bonds.

Section 2.05 Certificate of Authentication. No Bonds shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon a certificate of authentication, substantially in the form as set forth in the form of Bond referred to in Section 2.06, executed by an authorized representative of the Trustee; and such certificate on any Bond issued by the Issuer shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

Section 2.06 Form of Bonds.

(a) The Bonds, the Trustee's certificate of authentication and the form of assignment shall be in substantially the forms set forth as Exhibit A and Exhibit B hereto, with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or are required by law and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations.

(b) The Bonds shall be in either typewritten or printed form, as the Issuer shall direct, with approval of the Trustee; provided that any expenses, including but not limited to expenses of printing, incurred in connection therewith shall be paid by the Issuer.

Section 2.07 Delivery of Bonds. Upon the execution and delivery hereof, the Issuer shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to such purchaser or purchasers as shall be directed in writing by the Issuer as hereinafter provided in this Section.

Prior to the authentication of and initial delivery by the Trustee of any of the Bonds, there shall be filed with the Trustee:

(a) A certified copy of all resolutions adopted and proceedings had by the Issuer authorizing execution of the Indenture and the issuance of the Bonds;

(b) An original executed counterpart of this Indenture and each of the Bond Documents;

(c) Copies of any Financing Statements filed to perfect the Security Interests;

(d) An original executed counterpart of the Tax Certificate;

(e) An Opinion of Bond Counsel to the effect that the Bonds have been duly authorized and validly issued, are legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms and that interest on the Series B of 2022 Bonds will not be included in gross income of the Holders thereof for federal tax purposes;

(f) An Opinion of Counsel for the Issuer to the effect that the Indenture, the Security Documents and the other Bond Documents to which the Issuer is a party have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their terms and that the Indenture creates a valid lien on the Trust Estate; and

(g) An Opinion of Counsel for the County to the effect that the Guaranty Agreement has been duly authorized, executed and delivered by the County and is the legal, valid and binding agreement of the County and is enforceable against the County in accordance with its terms; and

(h) A request and authorization to the Trustee on behalf of the Issuer and signed by a duly authorized officer of the Issuer directing the Trustee to authenticate and deliver the Bonds in such specified denominations as permitted herein to the initial purchaser or purchasers upon payment to the Trustee, but for the account of the Issuer, of a specified sum of money.

Upon receipt of the foregoing, the Trustee shall authenticate and deliver the Bonds as provided above.

Section 2.08 Disposition of the Proceeds of the Bonds. The net proceeds of the Bonds and any other funds received on the date of delivery of the Bonds as described in this Section 2.08 shall be deposited by the Trustee in the Settlement Fund, which is hereby created, and paid or transferred therefrom in accordance with written instructions of the Issuer delivered to the Trustee on the Issue Date. The Trustee shall establish within the Settlement Fund a “Series A Bonds Account” and a “Series B Bonds Account”.

The net proceeds of the Series A of 2022 Bonds in the amount of \$_____, which is equal to the principal amount thereof less the Underwriter’s discount of \$_____, shall be deposited into the Series A Bonds Account of the Settlement Fund. The Trustee is hereby directed to apply the monies deposited to the Series A Bonds Account of the Settlement Fund as follows:

(a) the sum of \$_____ shall be applied to pay a portion of the costs of terminating the Existing Swaps;

(b) the sum of \$_____ shall be transferred to the Series A Bonds Account of the Debt Service Reserve Fund; and

(c) the sum of \$_____ shall be applied to pay the costs of issuance of the Series A of 2022 Bonds pursuant to the written direction of the Issuer.

The net proceeds of the Series B of 2022 Bonds in the amount of \$_____, which is equal to the principal amount thereof plus original issue premium of \$_____, and less the Underwriter’s discount of \$_____, shall be deposited into the Series B Bonds Account of the Settlement Fund. The Trustee is hereby directed to apply the monies deposited to the Series B Bonds Account of the Settlement Fund as follows:

(a) the sum of \$_____ shall be applied to pay the cost of refunding the Prior Bonds;

(b) the sum of \$_____ shall be applied to pay a portion of the costs of terminating the Existing Swaps;

(c) the sum of \$_____ shall be transferred to the Series B Bonds Account of the Debt Service Reserve Fund; and

(d) the sum of \$ _____ shall be applied to pay the costs of issuance of the Series B of 2022 Bonds pursuant to the written direction of the Issuer.

In the event any balance of money reserved in the Settlement Fund shall remain in the Settlement Fund after all payments and transfers authorized in this Section 2.08 shall have been made, the Trustee shall transfer such balance to the Bond Fund.

Section 2.09 Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond of the same maturity, interest rate, principal amount and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided, that there shall be first furnished to the Trustee evidence satisfactory to it and the Issuer of the ownership of such Bond and of such loss, theft or destruction (or, in the case of a mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee), together with indemnity satisfactory to the Trustee and the Issuer and compliance with such other reasonable regulations as the Issuer and the Trustee may prescribe. If any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond the Issuer may pay the same without surrender thereof, upon receipt of such evidence, indemnification and payment of fees and expenses as described herein. The Issuer and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in connection with this Section.

Section 2.10 Exchangeability and Transfer of Bonds; Persons Treated as Owners. Books for the registration of the Bonds and for the registration of transfer of the Bonds as provided herein shall be kept by the Trustee.

Any Holder of a Bond, in person or by such Holder's duly authorized attorney, may transfer title to such Holder's Bond on the Register upon surrender thereof at the designated office of the Trustee, and by providing the Trustee with a written instrument of transfer (in substantially the form of assignment attached to the Bond) executed by the Holder or such Holder's duly authorized attorney, and thereupon, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same aggregate principal amount tenor as the Bond surrendered (or for which transfer of registration has been effected) and of any Authorized Denomination or Authorized Denominations.

Bonds may be exchanged upon surrender thereof at the designated office of the Trustee with a written instrument of transfer satisfactory to the Trustee executed by the Holder or such Holder's attorney duly authorized in writing, for an equal aggregate principal amount of Bonds of the same tenor as the Bonds being exchanged and of any Authorized Denomination or Authorized Denominations. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds that the Holder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

Such registrations of transfer or exchanges of Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service

charge made by the Trustee for any such registration of transfer or exchange and all reasonable expenses of the Trustee shall be paid by the Issuer.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal or interest shall be made only to or upon the order of the registered owner thereof or such Holder's duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

All Bonds issued upon any registration of transfer or exchange of Bonds shall be legal, valid and binding limited obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such registration of transfer or exchange.

Notwithstanding the foregoing, for so long as the Bonds are held under the Book Entry System, transfers of beneficial ownership will be effected pursuant to rules and procedures established by the Securities Depository.

Section 2.11 Cancellation. All Bonds that have been surrendered to the Trustee pursuant to Sections 2.09 or 2.10 of this Indenture or for payment upon maturity or redemption prior to maturity, shall be cancelled and destroyed by the Trustee and a certificate of destruction shall be delivered to the Issuer.

Section 2.12 Ratably Secured. All Bonds issued hereunder are and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication, delivery or maturity of the Bonds so that subject as aforesaid, all Bonds at any time Outstanding shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date.

Section 2.13 Redemption of Bonds; Partial Redemption of Bonds.

(a) **Optional Redemption.** The Series A of 2022 Bonds maturing on and after _____, 20__ are subject to redemption prior to maturity, at the option of the Issuer, in whole or in part (and, if in part, as selected by the Issuer, in authorized denominations), on _____, 20__, or on any date thereafter, upon payment of the principal amount of the Series A of 2022 Bonds to be redeemed, together with accrued interest to the date fixed for redemption. In the event less than all of the Series A of 2022 Bonds of any particular maturity are to be redeemed, the Series A of 2022 Bonds to be redeemed shall be drawn by lot by the Trustee.

The Series B of 2022 Bonds maturing on and after _____, 20__ are subject to redemption prior to maturity, at the option of the Issuer, in whole or in part (and, if in part, as selected by the Issuer, in authorized denominations), on _____, 20__, or on any date

thereafter, upon payment of the principal amount of the Series B of 2022 Bonds to be redeemed, together with accrued interest to the date fixed for redemption. In the event less than all of the Series B of 2022 Bonds of any particular maturity are to be redeemed, the Series B of 2022 Bonds to be redeemed shall be drawn by lot by the Trustee.

(b) ***Mandatory Sinking Fund Redemption.*** The Series A of 2022 Bonds stated to mature on _____, 20__ are subject to mandatory redemption prior to maturity in the amounts and on _____ of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
----------------	-------------

* Final maturity

The Series B of 2022 Bonds stated to mature on _____, 20__ are subject to mandatory redemption prior to maturity in the amounts and on _____ of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
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* Final maturity

(c) ***Selection of Bonds to be Redeemed.*** Except as otherwise provided herein or in the Bonds, if less than all the Bonds are to be redeemed, the particular Bonds to be called for redemption shall be selected from the maturities designated in writing by the Issuer and within a maturity by any method determined by the Trustee to be fair and reasonable. The Trustee shall treat any Bond of a denomination greater than the minimum authorized denomination as representing that number of separate Bonds each of that minimum authorized denomination as can be obtained by dividing the actual principal amount of such Bond by that minimum authorized denomination; provided that no Bond shall be redeemed in part if it results in the unredeemed portion of the Bond being in a principal amount other than an authorized denomination.

(d) ***Bonds Redeemed in Part.*** Any Bond which is to be redeemed only in part shall be surrendered at a place stated for the surrender of Bonds called for redemption in the notice provided for in Section 2.14 (with due endorsement by, or a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Owner thereof or his attorney duly

authorized in writing) and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond without service charge, a new Bond or Bonds, of any authorized denomination as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 2.14 Notice of Redemption.

(a) The Issuer shall exercise its option to prepay the Bonds pursuant to Section 2.13(a) hereof by giving written notice to the Trustee and the Paying Agent, not less than forty-five (45) days prior to the date selected for redemption.

The notice of the call for redemption of Bonds shall identify (i) the complete official name of the issue, (ii) the Bonds or portions thereof to be redeemed by designation, letters, CUSIP numbers, numbers or other distinguishing marks, interest rate, maturity date and principal amount, (iii) the redemption price to be paid, (iv) the date fixed for redemption, (v) the place or places, by name and address, where the amounts due upon redemption are payable and (vi) the name and telephone number of the person to whom inquiries regarding the redemption may be directed; provided, however, that the failure to identify a CUSIP number for said Bonds in the redemption notice, or the inclusion of an incorrect CUSIP number, shall not affect the validity of such redemption notice. The notice shall be given by the Trustee on behalf of the Issuer by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days, but no more than 60 days, prior to the date fixed for redemption, to the Owner of each Bond subject to redemption in whole or in part at the Owner's address shown on the Register. Failure to mail notice pursuant to this Section, or any defect in that notice, as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond.

(b) The Trustee shall take the following additional actions with respect to such redemption notice, but no defect in the following actions or any failure to take the same shall defeat the effectiveness of the foregoing redemption notice:

(i) At least 30 days prior to the date fixed for redemption, such redemption notice shall be given by (i) registered or certified mail, postage prepaid, (ii) legible facsimile transmission, (iii) electronic mail, or (iv) overnight delivery service to:

The Depository Trust Company
55 Water Street
New York, New York 10041
Facsimile transmission: (212) 855-7232
(212) 855-7234
E-mail: redemptionnotification@dtcc.com

(ii) At least 30 days before the date fixed for redemption, such redemption notice shall be given to the Municipal Securities Rulemaking Board ("MSRB") through its the Electronic Municipal Market Access system ("EMMA") as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to or as may be prescribed by the MSRB (or, if such system is no longer in existence, to such other information service of

national recognition that disseminates redemption information as is specified in writing by the Issuer to the Trustee).

(iii) In undertaking the requirements of this subsection (b), the Trustee does so as a courtesy to the Owners and to the institutions listed herein and the Trustee shall not incur any liability as a result of the failure to provide such notice to any Owner or to any such institution or as a result of any defect therein.

(c) If at the time of mailing of notice of any optional redemption, the Issuer shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional in that it is subject to the deposit of the sufficient moneys with the Trustee not later than 2:00 PM eastern time on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 2.15 Book Entry System.

(a) The Bonds of each series shall initially be issued in the form of one typewritten fully registered Bond for the aggregate principal amount of the Bonds of each maturity, which Bond shall be registered in the name of the Securities Depository or its nominee provided that if the Securities Depository shall request that the Bond be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the Bond for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of the Securities Depository. No Person other than the Securities Depository or its nominee shall be entitled to receive from the Issuer or the Trustee either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless the Securities Depository or its nominee shall transfer record ownership of all or any portion of the Bonds, in connection with discontinuing the Book Entry System as provided in this Section 2.15.

(b) So long as the Book Entry System is in effect, the Trustee shall comply with the terms of any agreement with the Securities Depository, and notwithstanding anything in this Indenture to the contrary, such agreement shall govern with respect to notices, voting, payment, and delivery of Bonds.

(c) The Book Entry System may be terminated upon the happening of any of the following:

(i) The Securities Depository or the Issuer, based upon advice from the Securities Depository, advises the Trustee in writing that the Securities Depository is no longer willing or able to properly discharge its responsibilities under any agreement(s) with the Issuer and the Trustee, and the Issuer is unable to locate a qualified successor Securities Depository satisfactory to the Trustee;

(ii) The Issuer may elect to terminate the Book Entry System by written notice to the Securities Depository and the Trustee; or

(iii) After the occurrence of an Event of Default, the Beneficial Owners of a majority in aggregate Outstanding principal amount of the Bonds, through the Participants and the

Securities Depository, may elect to discontinue the Book Entry System and so advise the Trustee, the Issuer and the Securities Depository in writing.

Upon the occurrence of any event hereinabove described, the Trustee shall notify the Securities Depository of the occurrence of such event and of the availability of definitive or temporary certificated Bonds to Beneficial Owners, in an aggregate Outstanding principal amount representing the ownership interest of each such Beneficial Owner, making such adjustments and allowances as it may find necessary or appropriate as to accrued interest and previous payments of principal or redemption price. Definitive certificated Bonds shall be issued only upon surrender to the Trustee of the Bond held by the Securities Depository, accompanied by registration instructions for the definitive certificated Bonds. Neither the Issuer nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon issuance of definitive certificated Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such definitive certificated Bonds.

(d) Except for payment of principal at maturity, any provision of this Indenture permitting or requiring the delivery of Bonds shall, while the Book Entry System is in effect, be satisfied by the notation on the books of the Securities Depository or a Participant, if applicable, of the transfer of the Beneficial Owner's interest in such Bond.

(e) Neither the Issuer nor the Trustee will have any responsibility or obligation to Participants, to indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by the Securities Depository, any Participant, or any indirect Participant; (ii) the payment by the Securities Depository, any Participant or indirect Participant of any amount with respect to the principal of, or premium, if any, or interest on the Bonds; (iii) any notice which is permitted or required to be given by Beneficial Owners under this Indenture; (iv) the selection by the Securities Depository or any direct or indirect Participant of any Person to receive payment in the event of a partial redemption of the Bonds, or (v) any consent given or other action taken by the Securities Depository as Bondholder.

(f) Payments by the Participants or indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant or indirect Participant and not of the Securities Depository, the Trustee or the Issuer, subject to any statutory and regulatory requirements as may be in effect from time to time.

ARTICLE III

SECURITY; COVENANTS OF ISSUER

Section 3.01 Security. The Bonds and the interest and any premium thereon shall be a limited obligation of the Issuer as provided in Section 2.04, and shall be secured by and payable from the Trust Estate.

Section 3.02 Payment of Bonds and Performance of Covenants. The Issuer shall pay or cause to be paid solely from the sources and to the extent provided herein the principal of and interest on every Bond on the date and at the places and in the manner mentioned in such Bonds according to the true intent and meaning thereof, but shall make such payment on the Bonds only out of Revenues and the amounts on deposit in the funds established hereunder representing proceeds of the Bonds, Revenues and the earnings thereon. The Issuer shall conduct its affairs in such a manner as to meet its obligations in full under this Indenture.

Except as provided in Section 5.01(a) hereof, the Issuer covenants and agrees that the only moneys it shall deposit into or transfer to the various funds and accounts hereunder, shall be (i) Hotel Tax Revenues; (ii) the proceeds of the Bonds issued hereunder; and (iii) any other Revenues, as defined herein. The Issuer is prohibited from making payments into any Fund established and created under this Indenture hereto for the Bonds issued hereunder other than from the sources described in the immediately preceding sentence without first obtaining and delivering to the Trustee an opinion of Bond Counsel to the effect that the same is permitted under applicable law and the Indenture and that the same will not adversely affect the tax-exempt status of the interest payment on the Bonds.

Section 3.03 Authority. The Issuer represents and warrants that (i) it is duly authorized under the Constitution and laws of the Commonwealth to issue the Bonds, and to execute, deliver and perform the terms of this Indenture; (ii) all action on its part for the issuance of the Bonds and execution and delivery of this Indenture has been duly taken; (iii) the Bonds, upon issuance and authentication, and this Indenture upon delivery, assuming that they are the respective legal, valid, binding and enforceable obligations of the other parties thereto, shall be valid and enforceable obligations of the Issuer in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and general equitable principles; (iv) it has not heretofore conveyed, assigned, pledged, granted a Security Interest in or otherwise disposed of the Trust Estate; and (v) the execution, delivery and performance of this Indenture and issuance of the Bonds are not in contravention of law or any agreement, instrument, indenture or other undertaking to which it is a party or by which it is bound and no other approval, consent or notice from any governmental agency is required on the part of the Issuer.

Section 3.04 No Litigation. The Issuer represents and warrants that there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds or this Indenture or (ii) the tax-exempt status of interest on the Series B of 2022 Bonds.

Section 3.05 Further Assurances. The Issuer covenants that it will cooperate to the extent necessary with the Trustee in its defenses of the Trust Estate against the claims and demands of all Persons and, upon payment or provision for payment of the fees and expenses to be incurred by the Issuer in connection therewith, will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging of the Trust Estate.

Section 3.06 No Other Encumbrances; Limitations on Creation of Liens.

(a) The Issuer covenants that, except as otherwise provided herein, it will not sell, convey, mortgage, encumber or otherwise dispose of any portion of the Trust Estate.

(b) The Bonds and any Parity Indebtedness incurred pursuant to Section 3.07 shall be equally and ratably secured by a first lien on the Revenues. The Issuer agrees that it will not create or suffer to be created or permit the existence of any security interest, lien or encumbrance upon the Revenues, except the liens created by this Indenture and as otherwise permitted by this Section 3.06.

Section 3.07 Parity Indebtedness. The Issuer hereby agrees that after the date hereof it may not create, incur, assume or suffer to exist any Long Term Indebtedness or Short Term Indebtedness, except the following:

(a) Long Term Indebtedness may be incurred or assumed by the Issuer if at the time of such incurring or assumption thereof:

(i) a certificate of an Issuer Representative is first delivered to the Trustee concluding that to the best of such person's knowledge, no Event of Default under this Indenture, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing;

(ii) the Issuer shall have delivered to the Trustee a certified resolution of the Issuer, (1) approving the incurring of such additional Long Term Indebtedness, (2) specifying in reasonable detail the purpose for which such Long Term Indebtedness is to be incurred or assumed, and (3) authorizing the execution of any required financing documents;

(iii) the Issuer shall have delivered to the Trustee an Opinion or Opinions of Counsel that (1) the purpose of the Long Term Indebtedness, as stated in the certified resolution, is one for which Long Term Indebtedness may be incurred under law, (2) all conditions prescribed herein as precedent to such incurrence have been fulfilled, and (3) the additional Long Term Indebtedness has been validly authorized; and

(iv) the Issuer shall have delivered to the Trustee a certificate of an Issuer Representative demonstrating and concluding that for the immediately preceding Fiscal Year, the Historic Hotel Tax Revenues was not less than 125% of the Maximum Annual Debt Service Requirements with respect to the Bonds Outstanding under this Indenture, including any Parity Indebtedness previously incurred under this Section 3.07 and the proposed Parity Indebtedness proposed to be incurred as if it had been issued on the first day of such Fiscal Year, for such Fiscal Year.

(b) Short Term Indebtedness may be incurred or assumed by the Issuer if at the time thereof the aggregate principal amount of all Short Term Indebtedness of the Issuer then outstanding, including such Indebtedness to be incurred or assumed (other than Short Term Indebtedness to be paid from sources other than the Issuer's Hotel Tax Revenues), does not exceed 25% of the annual arithmetic average of the Issuer's Hotel Tax Revenues for the three immediately preceding Fiscal Years.

(c) The certificates referred to in clauses (i) and (iv) of Section 3.07(a) shall not be required if the Indebtedness referred to in said clauses is to be incurred or assumed to refund Long Term Indebtedness in whole or in part.

(d) Unsecured Indebtedness may be incurred without limit.

Section 3.08 Security for Parity Indebtedness. Any Parity Indebtedness incurred pursuant to clauses (a), (b) or (c) of Section 3.07 may be secured by a lien on and security interest in the Revenues of equal rank and priority with the lien and security interest granted to the Owners of the Bonds hereunder; provided however, that (i) funds on deposit in the Debt Service Reserve Fund, including any funds advanced by the County under the Guaranty Agreement, may only be used to pay the principal of or the interest due on the Bonds and are not available to pay debt service on Parity Indebtedness; and (ii) any Parity Indebtedness Agreement for the repayment of such Parity Indebtedness and instruments evidencing or securing the same shall provide that, if any event of default shall have occurred in respect of such Parity Indebtedness, the holder or holders thereof shall not be entitled to exercise any rights or remedies with respect to the Revenues and that all such rights or remedies are, except as otherwise provided herein, to be exercised solely by the Trustee as long as any of the Bonds remain outstanding under this Indenture, all for the equal and ratable benefit of the Owners of the Bonds and all holders of Parity Indebtedness having a security interest in the Revenues of equal rank and priority.

In the event that any funds hereunder shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting any such funds, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the parties hereto or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Section 3.09 No Personal Liability. No recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the Bonds or the other Bond Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, member, officer, agent, attorney or employee, as such, in his or her individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any director, member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such director, member, officer, agent, attorney and employee is, by the execution of this

Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

Section 3.10 Corporate Existence; Compliance with Laws. The Issuer shall maintain its corporate existence; shall use its best efforts to maintain and renew all its rights, powers, privileges and franchises; and shall comply with all valid and applicable laws, rules, regulations, orders, requirements and directions of any legislative, executive, administrative or judicial body relating to the issuance of the Bonds.

Section 3.11 Indemnification. The Issuer will indemnify and hold the Trustee and its directors, officers, agents and employees harmless from and against any and all claims, liabilities, losses, damages, fines, penalties and expenses (including out-of-pocket, incidental expenses, legal fees and expenses, and the allocated costs and expenses of in-house counsel and legal staff) that may be imposed on, incurred by, or asserted against, the Trustee and its directors, officers, agents and employees or any of them for following any instruction or other direction upon which the Trustee is authorized to rely pursuant to the terms of this Indenture and the Bonds. In addition to and not in limitation of the immediately preceding sentence, the Issuer will indemnify and hold the Trustee and its directors, officers, agents and employees and each of them harmless from and against any and all claims, liabilities, losses, damages, fines, penalties and expenses (including out-of-pocket, incidental expenses, legal fees and expenses, and the allocated costs and expenses of in-house counsel and legal staff) that may be imposed on, incurred by, or asserted against the Trustee and its directors, officers, agents and employees or any of them in connection with or arising out of the Trustee's performance under this Indenture and the Bonds; provided the Trustee has not acted with gross negligence or engaged in willful misconduct. The provisions of this paragraph shall survive the termination of this Indenture and the resignation or removal of the Trustee for any reason. In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The indemnification set forth above is intended to and shall (i) include the indemnification of all affected directors, officers, agents and employees of the Trustee, and (ii) be enforceable by the Trustee to the full extent permitted by law.

ARTICLE IV

DISCHARGE OF LIEN

Section 4.01 Discharge of Lien and Security Interest. Upon the payment in full of the principal of and interest on the Bonds and all Parity Indebtedness these presents and the Security Interests shall cease, determine and be discharged, and thereupon the Trustee, upon receipt by the Trustee of an Opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with shall (a) cancel and discharge this Indenture, the lien upon the Trust Estate and the Security Interests; and (b) execute and deliver to the Issuer, at the Issuer's expense, such instruments in writing, prepared by the Issuer, as shall be required to cancel and discharge this Indenture and the Security Interests and

reconvey to the Issuer the Trust Estate, and assign and deliver to the Issuer so much of the Trust Estate as may be in its possession or subject to its control, except for moneys and Government Obligations held in the Bond Fund for the purpose of paying Bonds; provided, however, that the cancellation and discharge of this Indenture pursuant to this Section 4.01, (i) shall not terminate the powers and rights granted to the Trustee with respect to the payment, registration of transfer and exchange of the Bonds and (ii) shall not impair or limit the rights of the Issuer and the Trustee to indemnity, non-liability and payment of all reasonable fees and expenses, which rights shall survive the cancellation and discharge of this Indenture pursuant to this Section or Section 4.02. If the Bonds are rated by a Rating Agency, notice of payment in full of the Bonds shall be furnished by the Trustee to such Rating Agency.

Section 4.02 Provision for Payment of Bonds. Bonds shall be deemed to have been paid within the meaning of Section 4.01 if:

(a) there shall have been irrevocably deposited in the Bond Fund, either (1) sufficient cash, or (2) Government Obligations of such maturities and interest payment dates and bearing such interest as will, in the opinion of an independent certified public accountant or a nationally recognized firm with experience in preparing verification reports, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings also to be held in trust), be sufficient together with any cash deposit, for the payment at their respective maturities or redemption and the redemption premium, if any, and interest to accrue thereon at such maturity or redemption, as the case may be;

(b) there shall have been paid or provision duly made for the payment of all fees and expenses of the Issuer and the Trustee due or to become due; and

(c) if any Bonds are to be redeemed on any date prior to their maturity, the Trustee shall have received in form satisfactory to it irrevocable instructions from an Issuer Representative to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices has been granted to the Trustee.

Limitations set forth elsewhere herein regarding the investment of moneys held by the Trustee in the Bond Fund shall not be construed to prevent the depositing and holding in the Bond Fund of the obligations described in paragraph (a) of this Section for the purpose of defeasing the lien of this Indenture as to Bonds which have not yet become due and payable. Notwithstanding any other provision of this Indenture to the contrary, all cash deposited with the Trustee as provided in this Section may be invested and reinvested, at the direction of the Issuer, in Government Obligations (or, in the case of a deposit under paragraph (a) of this Section, in a money market fund that invests solely in Government Obligations and is rated in the highest category by one of Fitch, Moody's or S&P and, if more than one of such rating agencies then rates such money market fund, is rated no less than the highest rating category by each of such rating agencies then rating such money market fund) maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations (or money market fund) in the hands of the Trustee pursuant to this Section which is not required for the payment of the Bonds and interest and redemption premium, if any, thereon with respect to which such moneys

shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund.

ARTICLE V

FUNDS

Section 5.01 Hotel Tax Revenue Fund and Bond Fund.

(a) Hotel Tax Revenue Fund. There is hereby established with the Trustee a trust fund designated as the “Hotel Tax Revenue Fund.” The Issuer covenants to cause the County Treasurer to transfer into the Hotel Tax Revenue Fund, within thirty (30) days of receipt, all Hotel Tax Revenues received by the County Treasurer and initially deposited in the Convention Center Authority Fund established pursuant to Section C(1) of the Hotel Tax Ordinance. Money in the Hotel Tax Revenue Fund, from time to time, including, without limitation, all Hotel Tax Revenues received by the County Treasurer, shall be and is irrevocably pledged by the Issuer to the Trustee for prompt and full satisfaction of all obligations of the Issuer under this Indenture, the Bonds and any Parity Indebtedness incurred pursuant to Section 3.07 hereof, and shall be transferred, from time to time, by the Trustee to satisfy such obligations, as more fully provided in this Section 5.01.

In addition to the Hotel Tax Revenues, the Issuer is authorized to deposit into the Hotel Tax Revenue Fund at its discretion any monies for which the Trustee has received an opinion of Bond Counsel to the effect that the deposit of such monies into the Hotel Tax Revenue Fund and application of such monies to pay the principal of and interest on the Bonds will not adversely affect any applicable exemption from federal income taxation of the interest on any Outstanding Bonds. For the avoidance of doubt, any such additional monies deposited into the Hotel Tax Revenue Fund shall be subject to the pledge and security interest created by this Section 5.01(a) and shall be transferred from the Hotel Tax Revenue Fund in accordance with Section 5.01(b) hereof.

As security for its obligations hereunder and any Parity Indebtedness, the Issuer hereby pledges, assigns, transfers and sets over to the Trustee as a first priority security interest in all of the Issuer’s right, title and interest in and to the Hotel Tax Revenues and the Hotel Tax Revenue Fund, as such fund may be evidenced from time to time as accounts, deposits and/or deposit accounts, and hereby grants a security interest to the Trustee in any and all renewals, substitutions and proceeds of the foregoing (collectively, the “Deposits”). The foregoing pledge constitutes a security agreement under the terms of the Pennsylvania Uniform Commercial Code, and the Trustee shall have all of the rights and remedies available to secured parties under the Uniform Commercial Code. The Issuer agrees that at any time or times, promptly upon request by the Trustee, the Issuer will execute and deliver such further documents (including, without limitation, control agreements and financing statements) and do such further acts as may, in the reasonable opinion of the Trustee, be necessary to assure that all Deposits are subject to the valid and subsisting first priority security interest of the Trustee, and will, at the Issuer’s expense cause all such documents to be filed and recorded in the manner required by law to insure their effectiveness and the continuation of all such security interests.

(b) Transfers from Hotel Tax Revenue Fund. On the last Business Day of each month, the Trustee shall transfer money from the Hotel Tax Revenue Fund in the amounts and in the order of priority as follows:

(i) *First*, to the Bond Fund established under Section 5.01(c) hereof, the following amounts:

(1) *Interest:* Commencing _____, 20__, and continuing on the last Business Day of each month thereafter, an amount equal to one sixth ($1/6^{\text{th}}$) of the amount necessary to pay interest to become due on the Bonds on the next succeeding Interest Payment Date.

(2) *Principal on Bonds:* Commencing _____, 20__, and continuing on the last Business Day of each month thereafter, one twelfth ($1/12^{\text{th}}$) of the amount necessary to pay principal due on the Bonds (whether upon maturity or upon a scheduled mandatory sinking fund redemption date) on the next succeeding _____, after applying any applicable credits from the Debt Service Reserve Fund pursuant to the following paragraphs.

On _____, 20__, and on _____, 20__, the Trustee is hereby authorized to transfer funds on deposit in the Series A Bonds Account of the Debt Service Reserve Fund, in an amount equal to one half ($1/2$) of the amount then on deposit in the Series A Bonds Account of the Debt Service Reserve Fund, to the Bond Fund, to pay principal on the Series A of 2022 Bonds due on _____, 20__.

On _____, 20__, and on _____, 20__, the Trustee is hereby authorized to transfer funds on deposit in the Series B Bonds Account of the Debt Service Reserve Fund, in an amount equal to one half ($1/2$) of the amount then on deposit in the Series B Bonds Account of the Debt Service Reserve Fund, to the Bond Fund, to pay principal on the Series B of 2022 Bonds due on _____, 20__.

(3) *Redemption:* The amount required to redeem the Bonds then Outstanding if the Issuer exercises its right to redeem Bonds under any provision of this Indenture or if any Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of this Indenture.

(4) *Trustee Fee.* Commencing _____, 20__, and continuing the last Business Day of each month thereafter, one twelfth ($1/12^{\text{th}}$) of the amount necessary to pay the annual fees and expenses of the Trustee (the "Annual Trustee Fee") in its capacity as trustee for the holders of the Bonds.

(5) *Parity Indebtedness.* An amount sufficient to make the scheduled payment of principal of and interest on any Parity Indebtedness, as certified to the Trustee by the Parity Lender.

(ii) *Second*, after the transfers required by Section 5.01(b)(i) hereof have been made, the amount necessary to replenish a deficiency in any account within the Debt Service Reserve Fund in the amounts required pursuant to Section 5.05 hereof;

(iii) *Third*, after the transfers required by Section 5.01(b)(i) through (ii) hereof have been made, the amount necessary to reimburse the County for any advances made under the Guaranty Agreement; and

(iv) *Fourth*, after the transfers required by Section 5.01(b)(i) through (iii) hereof have been made, any funds remaining in the Hotel Tax Revenue Fund, shall be transferred to the Operating and Administrative Expense Account of the Surplus Fund established under Section 5.06 hereof.

If, on any date that monies are required to be withdrawn from the Hotel Tax Revenue Fund as specified in Section 5.01(b)(i) above, there are insufficient monies to make all transfers or disbursements, the Trustee shall be authorized, without any direction from the Issuer, to transfer money first from monies on deposit in the Excess Funds Account of the Surplus Fund, if any, and second from monies on deposit in the Operating and Administrative Expense Account of the Surplus Fund, if any, to the Hotel Tax Revenue Fund to make up such deficiencies. Any monies transferred to the Hotel Tax Revenue Fund pursuant to this paragraph shall be applied by the Trustee to make the transfers and disbursements required by Section 5.01(b)(i) on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer on such date to the Bond Fund on account of each particular purpose falling within such level of priority.

If, on any date that monies are required to be withdrawn from the Hotel Tax Revenue Fund as specified above, (i) no transfer or disbursement is required to be made to a particular Fund or for a particular purpose specified above, the Trustee shall nevertheless make any other transfers or disbursements as may be required on such date as specified above next in order of priority; or (ii) there are insufficient monies to make all transfers or disbursements falling within a particular level of priority and then required to be made by the Trustee, and the transfers required by the preceding paragraph have been made, the Trustee shall allocate the available monies to such transfers or disbursements within such level of priority on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer or disburse on such date to each particular Person or on account of each particular purpose falling within such level of priority.

(c) Creation of Bond Fund. There is hereby established with the Trustee a trust fund designated as the "Bond Fund". Moneys held by the Trustee in the Bond Fund shall be applied in accordance with Section 5.01(d) and the other provisions of this Indenture.

(d) Application of Bond Fund. Except as otherwise provided in Section 6.06, moneys in the Bond Fund shall be applied, on a pro rata basis, as follows:

(i) to the payment when due of principal of, premium, if any, on and interest on the Bonds;

(ii) to the payment when due of the Annual Trustee fee; and

(iii) to the payment when due of principal of, premium, if any, on and interest on any other Parity Indebtedness.

In applying moneys pursuant to this Section 5.01(d), the Trustee shall transfer such moneys by wire transfer of immediately available funds, if adequate wire instructions have been provided to the Trustee for Holders of a minimum of \$1,000,000.00 in Bonds.

If, on any date that monies are required to be withdrawn from the Bond Fund as specified above, there are insufficient monies to make all transfers or disbursements then required to be made by the Trustee, the Trustee shall allocate the available monies to such transfers or disbursements on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer or disburse on such date to each particular Person or on account of each particular purpose specified above.

(e) If, on any date that monies are required to be withdrawn from the Bond Fund as specified in Section 5.01(d) above, there are insufficient monies to make all transfers or disbursements, the Trustee shall be authorized, without any direction from the Issuer, to transfer money first from monies on deposit in the Excess Funds Account of the Surplus Fund, if any, and second from monies on deposit in the Operating and Administrative Expense Account of the Surplus Fund, if any, to the Bond Fund to make up such deficiencies. Any monies transferred to the Bond Fund pursuant to this Section 5.01(e) shall be applied by the Trustee to make the transfers and disbursements required by Section 5.01(d) on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer or disburse on such date to each particular Person or on account of each particular purpose falling within such level of priority.

If, after the transfers required by this Section 5.01(e) have been made, there are still insufficient monies in the Bond Fund to make the transfers or disbursements required by Section 5.01(d)(i) with respect to the Series A of 2022 Bonds, the Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series A Bonds Account of the Debt Service Reserve Fund created hereunder to the Bond Fund to make up such deficiency.

If, after the transfers required by this Section 5.01(e) have been made, there are still insufficient monies in the Bond Fund to make the transfers or disbursements required by Section 5.01(d)(i) with respect to the Series B of 2022 Bonds, the Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series B Bonds Account of the Debt Service Reserve Fund created hereunder to the Bond Fund to make up such deficiency.

(f) Payment in Full. Whenever the amount in the Bond Fund available for the payment of principal or redemption price and interest in accordance with Subsection 5.01(d) is sufficient to redeem all of the outstanding Bonds and to pay interest accrued to the redemption date, the Issuer will cause the Trustee to redeem all such Bonds on the redemption date specified by the Issuer pursuant to the Bonds and this Indenture. Any amounts remaining in any fund or account hereunder after payment in full of the principal of and premium, if any, and interest on the Bonds (or provision for payment thereof) and the fees, charges and expenses of the Issuer and the Trustee shall be paid to the Person entitled thereto in accordance with Article IV hereof.

Section 5.02 Investment of Funds. All moneys received by the Trustee under this Indenture shall be deposited with the Trustee, until or unless invested or deposited as provided in this Section. All deposits with the Trustee (whether original deposits or deposits or redeposits in

time accounts) shall be secured as required by applicable law for such trust deposits. The Issuer acknowledges that the Trustee is not providing investment supervision, recommendations or advice.

Moneys in the Bond Fund (except moneys held to pay principal of, or premium, if any, or interest on, any Bonds which are deemed paid under Article IV), the Hotel Tax Revenue Fund, the Surplus Fund and the Debt Service Reserve Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of an Authorized Representative of the Issuer. Moneys in the Bond Fund held to pay principal of, or premium, if any, or interest on, any Bonds which are deemed paid under Article IV shall be invested only if and as provided in Article IV.

Investments pursuant to this Section of moneys in the Bond Fund shall mature or be redeemable at the written direction of the Issuer at the times and in the amounts necessary to provide moneys to make payments of the principal of, premium, if any, on and interest on the Bonds as they become due on Interest Payment Dates, at stated maturity or by redemption. The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient moneys available hereunder at the times required for the purpose of paying the principal of, premium, if any, on and interest on the Bonds when due as aforesaid, and shall do so without necessity for any order by or on behalf of the Issuer and without restriction by reason of any order. Subject to any written directions from an Authorized Representative of the Issuer with respect thereto, the Trustee may, from time to time, sell investments in the Bond Fund made pursuant to this Section and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable as aforesaid. In the event the Trustee is required to sell investments from any Fund which holds multiple investments, the Trustee may request direction from the Issuer as to which investment(s) to sell. The Trustee shall not be deemed to have investment discretion related to any of the Funds created herein.

Any investment of moneys in any Fund established under this Indenture may be purchased from or through, or sold to, the Trustee or any affiliate of the Trustee; and any such investment made through the purchase of shares in a fund described in clause (i), (ii) or (v) of the definition of Eligible Investments may be in a fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates.

An investment made from moneys credited to the Bond Fund, the Hotel Tax Revenue Fund, the Surplus Fund or the Debt Service Reserve Fund shall constitute part of that respective Fund, and each respective Fund shall be credited with all proceeds of sale and income from investment of moneys credited thereto. Unless otherwise provided in this Indenture, those investments shall be valued at face amount or market value, whichever is less.

If the Issuer shall not give directions as to investments of moneys held by the Trustee in the Bond Fund, the Hotel Tax Revenue Fund, the Surplus Fund or the Debt Service Reserve

Fund, or if an Event of Default has occurred and is continuing hereunder, the Trustee shall make such investments in the Federated Government Obligations Fund #395 (CUSIP #60934N807).

The Trustee shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Indenture.

Section 5.03 Bond Fund Moneys to be Held in Trust. Revenues and investments thereof in the Bond Fund shall, until applied as provided in this Indenture, be held by the Trustee for the benefit of the Holders of all outstanding Bonds in the order of priority set forth in the granting clauses of this Indenture, except that any portion of the Revenues representing principal of, and premium, if any, and interest on, any Bonds which have matured or been called for redemption in accordance with Article II or which are otherwise deemed paid under Article IV, shall be held for the benefit of the Holders of such Bonds only.

Section 5.04 Nonpresentment of Bonds. In the event that any Bond shall not be presented for payment when the principal thereof becomes due in whole or in part, either at stated maturity or by redemption or a check for interest is uncashed, all liability of the Issuer to that Holder for such Bond or such check thereupon shall cease and be discharged completely; provided that moneys sufficient to pay the principal and accrued interest then due of that Bond or such check shall have been delivered to the Trustee for the benefit of its Holder. Thereupon, it shall be the duty of the Trustee to hold those moneys subject to the provisions of Article IV without requirement for interest.

Section 5.05 Debt Service Reserve Fund. There is hereby created, solely for the benefit and security of the Bonds, a special fund to be known as the “Debt Service Reserve Fund” which shall be held in trust by the Trustee until applied as hereinafter provided, within which there shall be established a “Series A Bonds Account” and a “Series B Bonds Account”. The Series A Bonds Account of the Debt Service Reserve Fund shall be funded in an amount not less than the Series A Bonds Required Reserve Amount. The Series B Bonds Account of the Debt Service Reserve Fund shall be funded in an amount not less than the Series B Bonds Required Reserve Amount. The Debt Service Reserve Fund may consist of cash or Eligible Investments of the type described in paragraphs (i), (ii), (iii), (iv) and (xiii) of the definition of “Eligible Investments”. Eligible Investments in the Debt Service Reserve Fund shall be valued in the manner provided in this Section.

The Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series A Bonds Account of the Debt Service Reserve Fund to the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to pay the principal of or the interest due on the Series A of 2022 Bonds, as the same shall become due and payable.

The Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series B Bonds Account of the Debt Service Reserve Fund to the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to pay the principal of or the interest due on the Series B of 2022 Bonds, as the same shall become due and payable.

Each account within the Debt Service Reserve Fund shall be valued initially upon issuance of the Bonds and thereafter quarterly on each January 1, April 1, July 1 and October 1,

beginning on _____, 20___. Eligible Investments then constituting part of the Debt Service Reserve Fund shall be valued at the then fair market value thereof. If on any valuation date (i) the amount in the Series A Bonds Account of the Debt Service Reserve Fund, as so valued, is less than the Series A Bonds Required Reserve Amount or (ii) the amount in the Series B Bonds Account of the Debt Service Reserve Fund, as so valued, is less than the Series B Bonds Required Reserve Amount, the Trustee shall give notice of such deficiency to the Issuer and the County; provided, however, that failure to give such notice or any defect therein shall not affect the obligations of the Issuer to make good a deficiency in any account within the Debt Service Reserve Fund as herein provided.

On the last Business Day of each month following (1) any withdrawal of money from the Series A Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series A Bonds Account of the Debt Service Reserve Fund is less than the Series A Bonds Required Reserve Amount, the Issuer shall cause to be transferred to the Series A Bonds Account of the Debt Service Reserve Fund an amount in three equal monthly payments until the value of the Series A Bonds Account of the Debt Service Reserve Fund is not less than the Series A Bonds Required Reserve Amount.

On the last Business Day of each month following (1) any withdrawal of money from the Series B Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series B Bonds Account of the Debt Service Reserve Fund is less than the Series B Bonds Required Reserve Amount, the Issuer shall cause to be transferred to the Series B Bonds Account of the Debt Service Reserve Fund an amount in three equal monthly payments until the value of the Series B Bonds Account of the Debt Service Reserve Fund is not less than the Series B Bonds Required Reserve Amount.

To evidence its obligation to replenish each account within the Debt Service Reserve Fund pursuant to this Section 5.05, the Issuer has executed and delivered to the Trustee its Replenishment Note. In the event that the Issuer fails to make any monthly installment required to restore the value of each account within the Debt Service Reserve Fund as required by this Section 5.05 and the Replenishment Note, the Trustee shall promptly notify the County in writing of such failure, and the County, under the provisions of the Guaranty Agreement, shall promptly pay to the Trustee an amount which will satisfy such deficiency.

On December 1, 2022, and on December 1 of each Fiscal Year thereafter, the Trustee shall give written notice to the County of any deficiency which shall exist in either account within the Debt Service Reserve Fund, and, unless the Issuer shall satisfy such deficiency on or before December 15 of such Fiscal Year, the Trustee shall again provide written notice to the County of such deficiency. In the event that the County has advanced funds pursuant to the Guaranty Agreement to cure a deficiency in either account within the Debt Service Reserve Fund, in whole or in part, such action shall not operate to relieve the Issuer from its obligations under this Section 5.05 to replenish the Debt Service Reserve Fund.

If on any valuation date the amount on deposit in the Series A Bonds Account of the Debt Service Reserve Fund exceeds the Series A Bonds Required Reserve Amount, the Trustee, upon the written request of the Issuer, shall transfer such excess to the Bond Fund.

If on any valuation date the amount on deposit in the Series B Bonds Account of the Debt Service Reserve Fund exceeds the Series B Bonds Required Reserve Amount, the Trustee, upon the written request of the Issuer, shall transfer such excess to the Bond Fund.

The Issuer may deliver to the Trustee a Reserve Fund Credit Facility. If any Reserve Fund Credit Facility is issued to replace moneys then on deposit in an account within the Debt Service Reserve Fund, such moneys shall be applied in such a manner as may be directed in writing to the Trustee, by an Authorized Representative of the Issuer, which direction shall be accompanied by an opinion of nationally recognized bond counsel to the effect that such application will not adversely affect any applicable exemption from federal income taxation of the interest on any Outstanding Bonds.

Section 5.06 Surplus Fund. There is hereby established with the Trustee a special fund designated as the “Surplus Fund” and within which there shall be established an “Operating and Administrative Expense Account”, an “Excess Funds Account” and a “Bond Redemption Account”.

(a) Operating and Administrative Expense Account. The Operating and Administrative Expense Account of the Surplus Fund shall consist of monies transferred to the Operating and Administrative Expense Account by the Trustee pursuant to Section 5.01(b)(iv) hereof.

Funds on deposit in the Operating and Administrative Expense Account may be used by the Issuer at its discretion to pay any lawful expenditures of the Issuer including, but not limited to, (a) operating expenses of the Issuer and the Convention Center; (b) the management fees of the Person contracted by the Issuer to manage the Convention Center; (c) working capital expenses of the Issuer; (d) capital expenditures or reserves related to the Convention Center including the acquisitions of furniture, fixtures and equipment; (e) to pay the marketing and sales expenses of the Issuer under the Memo of Understanding; or (f) any expenditures for non-routine repairs, alterations, maintenance and refurbishment to the Convention Center, upon delivery to the Trustee of a written order of an Authorized Representative of the Issuer detailing the amount and payment instructions of the requested payment.

The Trustee shall also be authorized, without any direction from the Issuer, to transfer money from the Operating and Administrative Expense Account, if any, to (a) the Hotel Tax Revenue Fund to the extent that the money in the Hotel Tax Revenue Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(b)(i) hereof and (b) the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(d) hereof, as the same shall become due and payable.

Funds on deposit in the Operating and Administrative Expense Account may consist of cash or Eligible Investments with maturities not longer than six (6) months.

The Trustee shall value the amount on deposit in the Operating and Administrative Expense Account at face amount or market value, whichever is less, on the last Business Day of December each year commencing December 30, 2022. On each valuation date through and including December 31, 2046, in the event that the amount on deposit in the Operating and

Administrative Expense Account exceeds \$1,750,000, the Trustee is hereby directed to transfer such excess, without any direction from the Issuer, to the Excess Funds Account of the Surplus Fund. On each valuation date commencing the last Business Day of December, 2047, and thereafter, in the event that the amount on deposit in the Operating and Administrative Expense Account exceeds \$6,000,000, the Trustee is hereby directed to transfer such excess, first, in an amount not to exceed \$500,000 to the Bond Redemption Account of the Surplus Fund and second, any remaining amounts in excess of \$6,000,000 to the Excess Funds Account of the Surplus Fund.

(b) Excess Funds Account. The Excess Funds Account of the Surplus Fund shall consist of monies transferred to the Excess Funds Account by the Trustee pursuant to Section 5.06(a) hereof.

The Trustee is hereby authorized, without any direction from the Issuer, to transfer money from the Excess Funds Account, if any, to (a) the Hotel Tax Revenue Fund to the extent that the money in the Hotel Tax Revenue Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(b)(i) hereof and (b) the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(d) hereof, as the same shall become due and payable.

In the event that on any valuation date performed pursuant to subparagraph (a) above, the amount on deposit in the Operating and Administrative Expense Account (i) on or prior to December 31, 2046, falls below \$1,750,000, the Trustee shall also be authorized, without any direction from the Issuer, to transfer any amounts on deposit in the Excess Funds Account to restore the balance in the Operating and Administrative Expense Account to \$1,750,000 and (ii) on or after January 31, 2047, falls below \$6,000,000, the Trustee shall also be authorized, without any direction from the Issuer, to transfer any amounts on deposit in the Excess Funds Account to restore the balance in the Operating and Administrative Expense Account to \$6,000,000.

Funds on deposit in the Excess Funds Account may also be used at the Issuer's discretion to pay the obligations of the Issuer to Discover Lancaster under the Memo of Understanding and for any other lawful purpose of the Authority, upon delivery to the Trustee of a written order of an Authorized Representative of the Issuer detailing the amount and payment instructions of the requested payment.

Funds on deposit in the Excess Funds Account may consist of cash or Eligible Investments with maturities not longer than six (6) months.

(c) Bond Redemption Account. The Bond Redemption Account of the Surplus Fund shall consist of monies transferred to the Bond Redemption Account by the Trustee pursuant to Section 5.06(a) hereof.

As of March 1 of each year commencing March 1, 2048, the Trustee is hereby directed, without any direction from the Issuer, to apply any monies in the Bond Redemption Account of the Surplus Fund in denominations of \$5,000 and any integral multiple thereof to the optional

redemption of outstanding Series B of 2022 Bonds on May 1 of such year in compliance with the provisions of Section 2.13(a) hereof. Such optional redemption shall be completed upon delivery of all required notices in compliance with the provisions of Section 2.14 hereof. Each such redemption of the Series B of 2022 Bonds shall be in inverse order of maturity.

Funds on deposit in the Bond Redemption Account may consist of cash or Eligible Investments with maturities not longer than three (3) months.

Section 5.07 Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay the principal of, premium (if any) and interest on such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, payment of such Bond or portion thereof as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee, subject to any applicable escheat laws, to hold such fund or funds uninvested in the Bond Fund, without liability to the Holder of such Bond for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on such Holder's part on, or with respect to, said Bond, or portion thereof, or premium, if any.

Section 5.08 Records. The Trustee shall cause to be kept and maintained records pertaining to the Hotel Tax Revenue Fund, the Bond Fund, the Surplus Fund and the Debt Service Reserve Fund and all disbursements therefrom and shall deliver to the Issuer each month statements of activity and statements indicating the investments, if applicable, made with moneys in all such funds during the applicable period. Upon written request and at the expense of the Issuer, the Trustee shall provide the Issuer, within a reasonable period of time, with a report stating the principal amount of Bonds Outstanding and a list of the registered owners of the Bonds as of the date specified by the Issuer in its request.

The Trustee shall provide the Issuer with a written report, on a monthly basis through the calendar month in which the last obligation of the Bonds is retired, identifying the Eligible Investments in which the moneys held as part of the Bond Fund were invested during the preceding period and the dates of such investments, together with such other information as the Trustee ordinarily provides to Persons such as the Issuer in its regular monthly investment reports.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES

Section 6.01 Events of Default. Any one of the following shall constitute an Event of Default hereunder:

- (a) Failure to pay interest on any Bond when and as the same shall have become due;
- (b) Failure to pay the principal of or any premium on any Bond when and as the same shall become due, whether at the stated maturity or redemption date thereof; or
- (c) The County shall default in performance of the Guaranty Agreement.

Section 6.02 Remedies; Rights of Holders. Upon the occurrence and continuance of an Event of Default hereunder the Trustee may (1) if the Issuer is not collecting 100% of the Hotel Tax Revenues, notify the County Treasurer that an Event of Default has occurred and is continuing under this Indenture and direct the County Treasurer to transfer 100% of the Hotel Tax Revenues to the Issuer; and (2) pursue any available remedy to enforce the performance of or compliance with any other obligation or requirement of this Indenture or any of the Security Documents.

Subject to the provisions of Section 6.03, upon the happening and continuance of an Event of Default, and if requested to do so by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if the Trustee is indemnified as provided in Section 7.01(i), the Trustee shall exercise such of the rights and powers conferred by this Section as the Trustee, being advised by Counsel, shall deem most effective to enforce and protect the interests of the Holders and any Parity Lender and, except to the extent inconsistent with the interests of the Holders.

Upon the occurrence and continuance of an Event of Default under Section 6.01(c) hereof, the Trustee may, and if requested to do so by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if the Trustee is indemnified as provided in Section 7.01(i), the Trustee shall, exercise such of the rights and remedies conferred by the provision of the Act of the General Assembly of the Commonwealth, known as the Local Government Unit Debt Act, 53 Pa. C.S. § 8001 et. seq., as amended and supplemented, from time to time.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Holders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Holders hereunder or now or hereafter existing.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 6.03 Right of Holders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture and the Security Documents, or any other proceedings hereunder or thereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law, this Indenture and the Security Documents, and provided that the Trustee shall be indemnified to

its satisfaction and the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

No Holder shall have the right to institute any proceeding for the enforcement of this Indenture unless such Holder has given the Trustee and the Issuer written notice of an Event of Default, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have requested the Trustee in writing to institute such proceeding, the Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, there shall have been offered to the Trustee indemnity satisfactory to it against the cost, expense and liability to be incurred in connection with such request and the Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within sixty (60) days after receipt of notice with no inconsistent direction given during such sixty (60) days by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding. Nothing in this Indenture shall affect or impair any right of enforcement conferred on any Holder by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on Bonds at and after the maturity thereof, or (ii) the obligation of the Issuer to pay the principal of, premium, if any, and interest on Bonds to such Holder at the time, place, from the sources and in the manner as provided in this Indenture.

Section 6.04 Discontinuance of Default Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Issuer and the Trustee shall continue as if no such proceedings had been taken subject to the limits of any adverse determination.

Section 6.05 Waiver. The Trustee may waive any default or Event of Default hereunder and its consequences; provided, however, that the Trustee shall not cause such a waiver unless and until all principal, premium, if any, and interest on the Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate of interest borne by the Bonds and all fees and expenses of the Trustee and the Issuer shall have been paid or provided for.

Section 6.06 Application of Monies. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Indenture, or under any of the other Bond Documents including any proceeding at law or in equity to enforce the provisions of and foreclose, realize, levy or execute upon all items of collateral thereunder, shall be deposited in the Bond Fund and, after payment (out of moneys derived from a source other than moneys held for the redemption of Bonds) of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, including reasonable attorneys' fees, and all other outstanding fees and expenses of the Trustee, such moneys shall be applied in the order set forth below:

(a) Unless the principal of all Bonds shall have become or been declared due and payable, all such moneys shall be applied:

First: To the ratable payment of (i) all installments of interest then due on the Bonds, and (ii) all installments of interest then due on any Parity Indebtedness, and, if the amount available shall not be sufficient to pay in full all such amounts described in clauses (i) and (ii) of this paragraph, then to the ratable payment of all such amounts so due and the portion thereof allocable to the installments of interest shall be applied in order of priority first to installments past due for the greatest period; and

Second: To the ratable payment of (i) the unpaid principal of and premium, if any, which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds from the respective dates upon which they became due (at the rate borne by the Bonds, to the extent permitted by law), and (ii) the unpaid principal of and premium, if any, on any Parity Indebtedness, and, if the amount available shall not be sufficient to pay in full all such amounts described in clauses (i) and (ii) of this paragraph due on any particular date, then to the ratable payment of the amounts due on such date.

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds and any Parity Indebtedness, without preference or priority as between principal, premium, interest, installments of interest or Bonds, ratably according to the amounts due to the persons entitled thereto.

(c) If the principal on all Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded under this Article then, subject to paragraph (b) of this Section in the event that the principal of all the Bonds shall again become or be declared due and payable, the moneys shall be applied in accordance with paragraph (a) of this Section.

Section 6.07 Notification to County Treasurer. As provided in Section 6.02 hereof, upon the happening and continuance of an Event of Default hereunder, if the Issuer is not collecting 100% of the Hotel Tax Revenues, the Trustee may notify the County Treasurer that an Event of Default has occurred and is continuing under this Indenture and direct the County Treasurer to transfer 100% of the Hotel Tax Revenues to the Issuer.

If, after an Event of Default has occurred, all arrears of principal of and interest on the Bonds outstanding, if any, are paid, and the Issuer also performs all other things in respect of which it may have been in default hereunder and pays the reasonable charges of the Trustee, the Holders and any trustee appointed under the Act, including reasonable attorney's fees and expenses, then, and in every such case, the Trustee shall notify the County Treasurer that such Event of Default has been cured and direct the County Treasurer to reinstitute payment of twenty percent (20%) of the Hotel Tax Revenues to Discover Lancaster.

ARTICLE VII

THE TRUSTEE

Section 7.01 Appointment of Trustee. The Trustee is hereby appointed and does hereby agree to act in such capacity, and to perform the duties of the Trustee under this Indenture, but only upon and subject to the following express terms and conditions (and no implied covenants or other obligations shall be read into this Indenture against the Trustee):

(a) The Trustee may execute any of its trusts or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be held liable for their actions if such agents are selected with reasonable care. The Trustee shall be entitled to advice of Counsel concerning all matters hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees. The Trustee may act upon the opinion or advice of Counsel, accountants, engineers or surveyors selected by it in the exercise of reasonable care or, if the same are selected by the Issuer, approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein or in the Bonds, or for the recording, re-recording, filing or re-filing of this Indenture or the Security Documents or Financing Statements or for insuring the Trust Estate or the Convention Center or collecting any insurance moneys, or for the validity of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Convention Center or otherwise as to the maintenance of the Trust Estate. The Trustee shall not be liable to any Holder, any Beneficial Owner or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with Section 5.02. The Trustee shall not be liable to the Issuer for any loss suffered as a result of or in connection with any investment of funds made by the Trustee in good faith as instructed by or approved by an Issuer Representative. The Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted to or delivered to any Holder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer or for the use by the Issuer of the proceeds of the Bonds or for the use or application of any moneys received by the Paying Agent. The Trustee may become the owner of Bonds secured hereby with the same rights as any other Holder.

(d) The Trustee shall be protected in acting upon Opinions of Counsel and upon any resolution, statement, instrument, report, direction, notice, request, consent, certificate, order, affidavit, letter, telegram, bond debenture, note, or other evidence of indebtedness or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. Any action taken by the Trustee pursuant to

this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) The Trustee shall be entitled to request and receive written instructions from the Issuer and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of the Issuer. The Trustee may, at the expense of the Issuer, request, rely on and act in accordance with officer's certificates and/or opinions of counsel, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such officer's certificates and opinions of counsel.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as duties. The Trustee shall be responsible only for the performance of the duties expressly set forth herein and shall not be answerable for other than its gross negligence or willful misconduct in the performance of those express duties.

(g) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Project.

(h) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trust and powers or otherwise in respect of this Indenture.

(i) Before taking any action requested hereunder by the Holders (except with respect to the payment of principal, interest, and premium, if any, to Holders), the Trustee may require satisfactory security or indemnity for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own gross negligence or willful misconduct by reason of any action so taken.

(j) All moneys received by the Trustee or the Paying Agent, until used or applied or invested as herein provided, shall be held as special trust funds for the purposes specified in this Indenture and for the benefit and security of the Holders of the Bonds as herein provided. Such moneys need not be segregated from other funds except to the extent required by law or herein provided, and neither the Trustee nor the Paying Agent shall otherwise be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(k) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Issuer under this Indenture, and shall not be deemed to have, or be required to take, notice of default under this Indenture (unless notice thereof has been received from the Paying Agent), except (i) in the event of an insufficient amount in the Bond Fund (or any account therein) to make a principal or interest or premium, if any, payment on the Bonds, or (ii) written notification of such default by any Holder is received by a responsible officer of the Trustee, and in the absence of such notice the Trustee may conclusively presume no default except as aforesaid. The Trustee may nevertheless require the Issuer to furnish information regarding performance of its obligations under this Indenture, but is not obligated to do so.

(l) The Trustee shall, prior to any Event of Default and after the curing of all Events of Default which may have occurred, perform such duties and only such duties of the Trustee as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured, exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

(m) In addition to the Trustee's other duties hereunder, the Trustee shall authenticate and cancel Bonds as provided herein, keep such books and records relating to such duties as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer at all reasonable times. All Bonds shall be made available for authentication, exchange and registration of transfer at the designated office of the Trustee.

(n) Without limiting the duties of the Trustee expressly set forth herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bonds or the interest thereon; (ii) the consequences of the investment or non-investment of any funds or accounts relating to the Series B of 2022 Bonds under Section 148 of the Code, or (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code.

(o) No provision of this Indenture or the Bonds shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(p) Whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of gross negligence or willful misconduct on its part, rely upon a written certificate of an Issuer Representative. The Trustee shall have no liability for any action taken, or errors in judgement made, in good faith by it or any of its officers, employees, agents, unless it shall have been negligent in ascertaining the pertinent facts.

(q) Except as provided in Section 7.09, in the event that the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, then the Trustee, in its sole discretion, may determine what action or actions, if any, shall be taken or not taken.

(r) The Trustee's immunities and protections from liability and its rights to indemnification in connection with the performance of its duties under this Indenture shall likewise extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's rights to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Bonds.

(s) The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold or deal in any of the Bonds and may join in any action that any Holder may be entitled to take with like effect as if it were not the Trustee. The Trustee, in its commercial

banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Issuer, and may act as depository, trustee or agent for any committee of Holders secured hereby or other obligations of the Issuer, as freely as if it were not the Trustee hereunder. The provisions of this paragraph shall extend to the affiliates of the Trustee.

(t) The Trustee shall have no responsibility or obligation to Participants, to Indirect Participants, or to the Persons for whom they act as nominees with respect to the Bonds, or to any Beneficial Owner of Bonds in respect of the accuracy of any records maintained by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant, the payment by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant of any amount in respect of the principal of or interest on the Bonds, any notice which is permitted or required to be given under this Indenture, the selection by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant of any Person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by the Securities Depository or the Securities Depository Nominee as Holder.

(u) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Issuer, or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such Persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person.

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; pandemics, riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

(w) Notwithstanding anything to the contrary herein, the Trustee shall have no duty to prepare or file any Federal or state tax report or return with respect to any funds held pursuant to this Indenture or any income earned thereon, except for the delivery and filing of tax information reporting forms required to be delivered and filed with the Internal Revenue Service. The Issuer agrees that, for tax reporting purposes, the Funds shall be deemed to be the property of Issuer and all interest and other income from investment of the Funds shall, as of the end of each calendar year and to the extent required by the Internal Revenue Service, be reported as having been earned by Issuer, whether or not such income was disbursed during such calendar year. With respect to the preparation, delivery and filing of such required tax information reporting forms and all matters pertaining to the reporting of earnings on funds held under this Indenture, the Trustee shall be entitled to request and receive written instructions from the Issuer, and the Trustee shall be entitled to rely conclusively and without further inquiry on such written

instructions. With respect to any other payments made under this Indenture, the Trustee shall not be deemed the payer and shall have no responsibility for performing tax reporting. The Trustee's function of making such payments is solely ministerial and upon express direction of the Issuer.

(x) The Trustee shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Indenture and the Guaranty Agreement, whether or not an original or a copy of such agreement has been provided to the Trustee. The Trustee shall have no duty to know or inquire as to the performance or nonperformance of any provision of any other agreement, instrument or document other than this Indenture and the Guaranty Agreement.

(y) Whether or not expressly so provided, each and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section 7.01.

Section 7.02 Compensation and Indemnification of Trustee; Trustee's Prior Claim.

The Issuer will pay the reasonable fees and expenses of the Trustee under this Indenture and all other amounts which may be payable to the Trustee under this Section and in accordance with any fee proposal executed by the Issuer and the Trustee, such fees and expenses to be paid when due and payable by the Issuer directly to the Trustee for its own account.

The Issuer shall (a) pay the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), (b) pay or reimburse the Trustee upon request for all reasonable expenses, disbursements and advances incurred or made, in accordance with any of the provisions of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its Counsel and of all agents and other persons not regularly in its employ), except to the extent that any such expense, disbursement or advance is due to its own gross negligence or willful misconduct, and (c) indemnify each of the Trustee for, and to hold it harmless against, any loss, liability or expense incurred by it, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder or the performance of its duties hereunder, including the reasonable costs and expenses of defending itself against or investigating any claim of liability in the premises, except to the extent that any such loss, liability or expense was due to its own gross negligence or willful misconduct. The obligations of the Issuer referred to in this Section shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. Such additional indebtedness shall be a senior claim to that of the Bonds upon all property and funds held or collected by the Trustee as such, except funds held with respect to unredeemed Bonds for which notice of redemption has been given, and except for any arbitrage rebate fund or account established pursuant to any arbitrage regulatory agreement. "Trustee", for purposes of this Section shall include any predecessor Trustee but the gross negligence or willful misconduct of any Trustee shall not affect the indemnification of any other Person. The obligations of the Issuer under this Section shall survive the termination of this Indenture and the resignation or removal of the Trustee.

Section 7.03 Intervention in Litigation. In any judicial proceedings to which the Issuer is a party, the Trustee may intervene on behalf of Holders, and shall intervene if requested

in writing by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and indemnified as provided in Section 7.01(i).

Section 7.04 Resignation; Successor Trustees. The Trustee and any successor Trustee may resign only upon giving thirty (30) days prior written notice to the Issuer and each Holder of Bonds then Outstanding as shown on the Register. Such resignation shall take effect only upon the appointment of a successor Trustee by the Issuer and the acceptance of such appointment by the successor Trustee. If no successor is appointed within thirty (30) days after the notice of resignation, the resigning party may appoint a successor or petition any court of competent jurisdiction to appoint a successor. Upon appointment of a successor Trustee, the resigning Trustee shall assign all of its right, title and interest in this Indenture and the Trust Estate to the successor Trustee. The successor Trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States, or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000. Any successor Trustee shall accept in writing its duties and responsibilities hereunder and such writing shall be filed with the Issuer and the resigning trustee.

Any corporation or association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or any material part of the corporate trust business of the Trustee that includes this Indenture, shall be the successor of the Trustee hereunder, without the execution or filing of any instrument or any further act on the part of any Person, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible to serve as Trustee under the provisions of this Indenture. If the Trustee is not the successor corporation or association in any such merger or consolidation, the Trustee shall give notice of such event to the Issuer and shall take such action as may be required to effect a transfer of the trust included in this Indenture to such successor corporation or association.

Section 7.05 Removal of Trustee. The Trustee may be removed at any time, upon at least 30 days' notice, by an instrument or concurrent instruments in writing delivered to the Trustee and the Issuer and signed by the Holders of a majority in aggregate principal amount of Bonds then Outstanding. During such time that no Event of Default has occurred and is continuing under this Indenture, the Trustee may also be removed by an instrument in writing delivered to the Trustee, upon at least 30 days' notice, and signed by an Issuer Representative. Such removal shall take effect only upon the appointment of a successor Trustee by the Issuer and the acceptance of such appointment by the successor Trustee. Upon such removal, the Trustee shall assign to the successor Trustee all of its right, title and interest in this Indenture and the Trust Estate in the same manner as provided in Section 7.04.

Section 7.06 Paying Agent. Wilmington Trust, National Association is hereby appointed by the Issuer as the initial Paying Agent. The Issuer shall appoint any successor Paying Agent for the Bonds, subject to the conditions set forth in Section 7.07. The Paying Agent shall designate to the Issuer and the Trustee its designated office for all purposes hereof and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which the Paying Agent shall agree, particularly:

(i) to hold all sums held by it for the payment of the principal of, premium, if any, or interest on the Bonds in trust for the benefit of the Holders of the Bonds until such sums shall be paid to such Holders of the Bonds or otherwise disposed of as herein provided;

(ii) to perform its obligations under this Indenture; and

(iii) to keep such books and records relating to its duties as Paying Agent as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer and the Trustee at all reasonable times.

The Issuer shall cooperate with the Trustee and the Paying Agent to cause the necessary arrangements to be made and to be thereafter continued whereby:

(a) funds derived from the sources specified in this Indenture will be made available at the designated office of the Paying Agent for the timely payment of principal of, premium, if any, and interest on the Bonds; and

(b) the Paying Agent shall be furnished such records and other information, at such times, as shall be required to enable the Paying Agent to perform the duties and obligations imposed upon it hereunder.

In carrying out its responsibilities hereunder the Paying Agent will act for the benefit of the Holders.

No purchase of Bonds by the Paying Agent shall constitute a redemption of Bonds or any extinguishment of the debt represented thereby or constitute the Paying Agent the owner of such Bonds for any purpose whatsoever. No delivery of Bonds to the Trustee shall constitute a redemption of Bonds or any extinguishment of the debt represented thereby or constitute the Trustee the owner of such Bonds for any purpose whatsoever unless the Trustee has purchased such Bonds for its own account.

Section 7.07 Qualifications of Paying Agent. The Paying Agent shall be a bank or trust company with trust powers duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The designated office of the Paying Agent for all purposes hereof shall be the office of the Paying Agent at which all deliveries to it hereunder shall be made and any and all notices and other communications in connection herewith shall be delivered. The Paying Agent may at any time resign and be discharged of its duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Issuer and the Trustee. The Paying Agent may be removed at any time, by an instrument, signed by the Issuer, upon at least 30 days' notice, filed with such Paying Agent and with the Trustee.

Section 7.08 Resignation of Paying Agent; Removal; Successors.

(a) In the event of the resignation or removal of the Paying Agent, the Paying Agent shall deliver any moneys and any related books and records held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(b) In the event that the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed a successor Paying Agent, the Trustee shall ipso facto be deemed to be the Paying Agent for all purposes of this Indenture until the appointment by the Issuer and acceptance of a successor Paying Agent.

Section 7.09 Instruments of Holders. Any instrument required by this Indenture to be executed by Holders may be in any number of writings of similar tenor and may be executed by Holders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds given in any of the following forms shall be sufficient for any of the purposes of this Indenture:

(i) A certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him/her the execution thereof;

(ii) A certificate executed by any trust company or bank stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank, as the property of such party, the Bonds therein mentioned.

The Trustee may rely on such an instrument of Holders unless and until the Trustee receives notice in the form specified in (i) or (ii) above that the original such instrument is no longer reliable. In the event that the Trustee shall receive conflicting directions from two or more groups of Holders, each with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, the directions given by the group of Holders which holds the largest percentage of Bonds shall be controlling and the Trustee shall follow such directions to the extent required herein.

Section 7.10 Power to Appoint Co-Trustees. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Convention Center may at the time be located, the Issuer and the Trustee shall have power to appoint and, upon the request of the Trustee or of the Holders of a majority of the aggregate principal amount of the Bonds then Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more persons approved by the Trustee either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the Convention Center, or to act as separate trustee or separate co-trustees of all or any part of the Convention Center, and to vest in such person or persons, in such capacity, such title to the Convention Center or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Any co-trustee or separate trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000.

The Trustee and co-trustee, if any, may by written instrument between them designate and assign either the Trustee or the co-trustee or both of them to perform all or any part of the responsibilities and duties of the Trustee under this Indenture.

If the Issuer shall not have joined in such appointment within thirty (30) days after the receipt by it of a written request to do so, or in case an Event of Default shall have occurred and be continuing, the Trustee shall have the power to make such appointment.

The Issuer shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee appointed pursuant to this Section, to the extent permitted by law or any applicable contract, shall be subject to the following terms, namely:

(a) This Indenture shall become effective at the time the Bonds shall be authenticated and delivered, and thereupon such co-trustee or separate trustee shall have all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees, or separate trustee or separate trustees, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee, to the extent permitted by law, may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Trustee at any time, by an instrument in writing, with the concurrence of the Issuer evidenced by a resolution, may accept the resignation of any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(f) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(g) Any moneys, paper, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with the Security Interest in the Trust Estate and with such rights, powers, duties, trusts or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as applicable law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the Security Interest in the Trust Estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the same manner as provided for with respect to the appointment of a successor Trustee pursuant to Section 7.04 hereof.

Section 7.11 Filing of Financing Statements. The Issuer shall file or record or cause to be filed or recorded all Financing Statements that are required, in order to fully protect and preserve the Security Interests and the priority thereof and the rights and powers of the Trustee in connection therewith. The Issuer, at the expense of the Issuer, shall file or record or cause to be filed or recorded all continuation statements for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the U.C.C., and (ii) any previously filed continuation statements that shall have been filed as required herein. The Issuer and the Trustee shall sign, if necessary, all such Financing Statements as may be required for the purposes specified in the preceding sentence. Upon the filing of any such Financing Statement, the Issuer shall immediately notify the Trustee that the same has been accomplished.

ARTICLE VIII

AMENDMENTS, SUPPLEMENTAL INDENTURES

Section 8.01 Supplemental Indentures. The Issuer and the Trustee, without the consent of or notice to any Holders may enter into an indenture or indentures supplemental to this Indenture that do not materially adversely affect the interest of the Holders for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(b) to grant or pledge to the Trustee for the benefit of Holders any additional security other than that granted or pledged under this Indenture;

(c) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute then in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;

(d) to appoint a successor Trustee, separate trustees or co-trustees in the manner provided in Article VII hereof;

(e) to modify, amend or supplement this Indenture for the purpose of obtaining or retaining a rating on the Bonds from a Rating Agency;

(f) to modify, amend or supplement this Indenture to permit a transfer of Bonds from one Securities Depository to another or the discontinuance of the Book Entry System and issuance of replacement Bonds to the Beneficial Owners;

(g) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not materially adversely affect the interest of the Holders; and

(h) to make any change herein necessary, in the opinion of Bond Counsel, to maintain the exclusion of the interest on any Outstanding Series B of 2022 Bonds from gross income of the Holders thereof for federal income tax purposes.

When requested by the Issuer, and if all conditions precedent under this Indenture have been met, the Trustee shall join the Issuer in the execution of any such supplemental indenture unless it imposes additional obligations on the Trustee or adversely affects the Trustee's rights and immunities under this Indenture or otherwise.

Section 8.02 Amendments to Indenture; Consent of Holders. Exclusive of supplemental indentures covered by Section 8.01 and subject to the terms and provisions contained in this Section, and not otherwise, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding and affected by such indenture or indentures supplemental hereto, shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and direct the execution by the Trustee of such other indenture or indentures supplemental hereto as shall be consented to by the Issuer in its sole discretion for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing contained in this Section shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Bonds, (a) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Bond, (b) a reduction in the principal amount of, or the premium or the rate of interest on, any Bond, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (d) the creation of a lien on the Trust Estate prior to or on parity with the lien of this Indenture, or (e) a reduction in the aggregate principal amount of the Bonds required for any consent to any supplemental indenture; provided further, however, that without the written consent of the Trustee, the Trustee

shall not be required to join in the execution of any supplemental indenture that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee. The giving of notice to and consent of the Holders to any such proposed supplemental indenture shall be obtained pursuant to Section 8.05.

Notwithstanding anything herein contained, no supplement or amendment shall be made to Section 8.05 of this Indenture without the prior written consent of the County.

Section 8.03 Amendments to the Security Documents Not Requiring Consent of Holders. The Issuer and the Trustee, as the case may be, may, without the consent of the Holders, enter into or permit (and the Trustee shall consent to) any amendment of any of the Security Documents as may be required (i) for the purpose of curing any ambiguity or formal defect or omission that shall not adversely affect the interest of the Holders (ii) to grant or pledge to the Trustee, for the benefit of the Holders any additional security, (iii) to modify, amend or supplement any of the Security Documents for the purpose of obtaining or retaining a rating on the Bonds from a Rating Agency, (iv) to make any change therein necessary, in the opinion of Bond Counsel, to maintain the exclusion of interest on any Outstanding Series B of 2022 Bonds from gross income of the Holders thereof for federal income tax purposes or (v) in connection with any other change therein which, in the judgment of the Trustee acting in reliance upon an Opinion of Counsel, is not materially prejudicial to the interests of the Trustee and the Holders of the Bonds; provided, however, that without the written consent of the Trustee, the Trustee shall not be required to join in the execution of any such amendment that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee.

Section 8.04 Other Amendment Provisions. Except as provided in this paragraph, the Issuer shall not enter into, and the Trustee shall not consent to, any modification or amendment of this Indenture or the Security Documents, nor shall any such modification or amendment become effective, without the consent of any Parity Lender, if such modification or amendment affects (a) the timing or amount of any payment or payments under any Parity Indebtedness, (b) a preference or priority of any payment with respect to any Bonds or Parity Indebtedness over any Parity Indebtedness, or (c) the creation of a lien on the Trust Estate prior to or on a parity with the lien of this Indenture.

Section 8.05 Notice to and Consent of Holders. If consent of the Holders is required under the terms of this Indenture for the amendment of this Indenture or any of the Bond Documents or the Security Documents or for any other similar purpose, the Trustee shall cause notice of the proposed execution of the amendment or supplemental indenture to be given by first-class mail, postage prepaid, to the Holders of the Outstanding Bonds then shown on the Register. Such notice shall briefly set forth the nature of the proposed amendment, supplemental indenture or other action and shall state that copies of any such amendment, supplemental indenture or other document are on file at the office of the Trustee administering this Indenture for inspection by all Holders. If, within sixty (60) days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Holders of a majority or all, as the case may be, of the principal amount of the Bonds Outstanding by instruments filed with the Trustee shall have consented to the amendment, supplemental indenture or other proposed action, then the Trustee may execute such amendment, supplemental indenture or other

document or take such proposed action and the consent of the Holders shall thereby be conclusively presumed.

Section 8.06 Approving Opinion Required. No supplemental indenture or amendment to this Indenture shall become effective without the delivery of an Approving Opinion.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Limitation of Rights; No Personal Recourse. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Holders, any Parity Lender and the Paying Agent any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders, any Parity Lender and the Paying Agent as herein provided.

This Indenture does not pledge the general credit nor the taxing power of the County (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision thereof. The liability of the Issuer hereunder and under the Bonds shall be limited to its interest in the Trust Estate.

No covenant or agreement contained in this Indenture or the Bonds shall be deemed to be the covenant or agreement of any member, director, officer, attorney, agent or employee of the Issuer in an individual capacity. No recourse shall be had for the payment of any claim based thereon against any member, director, officer, agent, attorney or employee of the Issuer past, present or future, or its successors or assigns, as such, either directly or through the Issuer, or any such successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

Section 9.02 Severability. If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

The invalidity of any one or more phrases, sentences, clauses or sections of this Indenture, shall not affect the remaining portions of this Indenture or any part thereof.

Section 9.03 Notices. Except as otherwise provided herein, all notices, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or facsimile transmitter (with confirmed receipt) to the address or facsimile number set forth below and shall be deemed to have been given on the date deposited in the mail, if mailed, by first-class, registered or certified mail, postage prepaid, addressed as set forth

below. Where required herein, notice shall be given by telephone, and promptly confirmed in writing, and shall be deemed given when given by telephone to the telephone numbers set forth below. The Issuer, the County, the Trustee and the Paying Agent may, by written notice given hereunder, designate any different addresses, phone numbers and facsimile numbers to which subsequent notices, certificates, approvals, consents, requests or other communications shall be sent.

To the Issuer:	LANCASTER COUNTY CONVENTION CENTER AUTHORITY 25 South Queen Street Lancaster, PA 17603 Attention: Executive Director Telephone: (717) 207-4100 Facsimile: (717) 207-4101
To the Trustee:	WILMINGTON TRUST, NATIONAL ASSOCIATION 213 Market Street, PA1-HM22 Harrisburg, Pennsylvania 17101 Attention: Corporate Trust Telephone: (717) 255-2264 Facsimile: (717) 231-2615
To the County:	COUNTY OF LANCASTER 150 North Queen Street Lancaster, Pennsylvania 17603 Attention: Chief Clerk Telephone: (717) 299-8300 Facsimile: (717) 293-7208

Section 9.04 Payments Due on Non-Business Days. In any case where the date of maturity of interest on or premium, if any, or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Section 9.05 Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this Indenture.

Section 9.06 Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

Section 9.07 Governing Law. This Indenture shall be governed by and interpreted in accordance with the laws of the Commonwealth. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Harrisburg, PA, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 9.08 Waiver of Trial by Jury. Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Indenture.

Section 9.09 Notices to Rating Agency. If the Bonds are rated by a Rating Agency, the Trustee shall provide written notice to such Rating Agency with respect to (i) the appointment of any successor Trustee or Paying Agent, (ii) the appointment of any agent by the Trustee to perform any material duties of the Trustee under this Indenture, (iii) any amendment or supplement to this Indenture, and (iv) the payment in full of all of the Bonds (whether at stated maturity or upon redemption or defeasance). Failure of the Trustee to provide any such notice shall not have any effect on the occurrence of such event.

Section 9.10 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.11 Patriot Act Compliance. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity the Trustee will ask for documentation to verify its formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification, and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Section 9.12 Electronic Signatures. The parties agree that the electronic signature of a party to this Indenture shall be as valid as an original signature of such party and shall be effective to bind such party to this Indenture. The parties agree that any electronically signed document (including this Indenture) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 9.13 Entire Agreement. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed, sealed and delivered in their names and on their behalf by their respective duly authorized representatives, all as of the day and year first above written.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____

Name

Title Chairman

(SEAL)

ATTEST:

Name:

Title: Secretary

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____

Name:

Title:

[Signature Page to Indenture]

EXHIBIT A

FORM OF SERIES A BOND

No. R-____

\$_____

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”) to the Trustee for registration of transfer, exchange, or payment, with respect to any Bond issued that is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered Holder hereof, CEDE & Co., has an interest herein.

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BOND
SERIES A OF 2022 (FEDERALLY TAXABLE)

Interest Rate

Maturity Date

Issue Date

CUSIP

December __, 2022

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLAR AMOUNT (\$_____)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the “Issuer”), a public body corporate and politic, duly created under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”), for value received, hereby promises to pay to the order of the Registered Owner hereof, or registered assigns, on the maturity date stated hereon, upon surrender hereof, the Principal Amount stated above, unless this Hotel Room Rental Tax Revenue Bond, Series A of 2022 (Federally Taxable) (this “Bond”) duly shall have been called for earlier redemption and payment of the redemption price shall have been made or provided for, and to pay semiannually on _____ and _____ of each year, beginning _____, 2022 (each an “Interest Payment Date”), to the Registered Owner hereof, interest on said principal sum, at the rate per annum stated hereon, from the interest payment date next preceding the date of registration and authentication of this Bond, unless: (a) this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date; or (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding

interest payment date, in which event this Bond shall bear interest from such interest payment date; or (c) this Bond is registered and authenticated on or prior to the Record Date preceding _____, 2022, in which event this Bond shall bear interest from _____, 2022; or (d) as shown by the records of the Trustee (hereinafter defined), interest on this Bond shall be in default, in which event this Bond shall bear interest from the date on which interest was last paid on this Bond, until said principal sum is paid.

Payment of the principal and redemption premium, if any, and interest on this Bond shall be made in lawful money of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts. Unless other arrangements are made pursuant to the Indenture (hereinafter defined), interest is payable by check drawn upon Wilmington Trust, National Association, as Paying Agent (the "Paying Agent"), mailed on the Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) to the Registered Owner hereof at the close of business on the Record Date immediately preceding each Interest Payment Date at the address of such Registered Owner as it appears on the Register. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve months of thirty day months. In any case where the date of maturity of interest on or premium, if any, or principal of this Bond or the date fixed for redemption of this Bond shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Payment of the interest hereon shall be made to the Registered Owner hereof whose name and address shall appear, at the close of business on April 15 or October 15 immediately preceding the applicable Interest Payment Date regardless of whether such day is a Business Day (the "Record Date"), on the registration books maintained by the Trustee in behalf of the Issuer, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee in behalf of the Issuer to the Registered Owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

This Bond shall be a limited obligation of the Issuer, the principal, interest and premium (if any) of which are payable solely from and secured by the Trust Estate described in the Indenture, for the equal and ratable benefit of the Registered Owners, from time to time of this Bond. This Bond and the interest thereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision or agency thereof within the meaning of any state constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any such political subdivision or agency.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. THE BONDS ARE PAYABLE SOLELY FROM HOTEL TAX REVENUES AND OTHER SOURCES AVAILABLE THEREFOR AS DESCRIBED IN THE INDENTURE. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS EXCEPT FROM SAID HOTEL TAX REVENUES AND OTHER SOURCES. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND, AND THIS BOND SHALL NOT BE OR BE DEEMED AN OBLIGATION OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR THE INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

No recourse shall be had for the payment of the principal of or interest or any premium on this Bond, or for any claim based hereon or on the Indenture, against any member, director, officer or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

This Bond is one of an authorized issue of Bonds issued in an aggregate principal amount of \$_____. The Bonds are being issued under and secured by a Trust Indenture, dated as of December 1, 2022, between the Issuer and Wilmington Trust, National Association as Trustee (the "Trustee") (as amended and supplemented from time to time in accordance with the terms thereof, collectively, the "Indenture"). Concurrently with the issuance of the Bonds, the Issuer is also issuing its Hotel Room Rental Tax Revenue Bond, Series B of 2022 in the aggregate principal amount of \$_____. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and redemption premium, if any, and interest on the Bonds, the nature and extent of the security for the Bonds, the terms and conditions under which the Bonds are or may be issued, the rights, duties and obligations of the Issuer and of the Trustee and the rights of the Registered Owners of the Bonds, and, by the acceptance of this Bond, the Registered Owner hereof assents to all of the provisions of the Indenture. Capitalized terms used herein and not defined shall have the meaning ascribed to them in the Indenture.

The Bonds are issuable as fully registered Bonds in the principal amount of \$5,000 and multiples of \$5,000 in excess thereof (each an "Authorized Denomination"). This Bond may be transferred or exchanged by the registered owner hereof upon surrender of this Bond to the Trustee, at its principal corporate trust office, accompanied by a written instrument or

instruments in form, with instructions, and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Trustee shall enter any transfer of ownership or exchange of this Bond in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity for the aggregate principal amount that the registered owner is entitled to receive at the earliest practicable time. The Issuer and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Indenture), is being issued and required to be deposited with the Securities Depository (as defined in the Indenture) and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Indenture and the Securities Depository.

The Bonds maturing on and after _____, 20__ are subject to redemption prior to maturity, at the option of the Issuer, in whole or in part (and, if in part, as selected by the Issuer, in authorized denominations), on _____, 20__, or on any date thereafter, upon payment of the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption. In the event less than all of the Bonds of any particular maturity are to be redeemed, the Bonds to be redeemed shall be drawn by lot by the Trustee.

The Bonds stated to mature on _____, 20__ are subject to mandatory redemption prior to maturity in the amounts and on _____ of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

Amounts

Year

* Final maturity

The Bonds stated to mature on _____, 20__ are subject to mandatory redemption prior to maturity in the amounts and on _____ of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

Amounts

Year

* Final maturity

Any such redemption shall be upon application of money available for such purpose in the Bond Fund established under the Indenture and shall be upon payment of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

If this Bond is of a denomination larger than \$5,000, a portion of this Bond may be redeemed. For the purpose of redemption, this Bond shall be treated as representing that number of Bonds that is obtained by dividing the principal amount hereof by \$5,000, each \$5,000 portion of this Bond being subject to redemption. In the case of partial redemption of this Bond, payment of the redemption price shall be made only upon surrender of this Bond in exchange for Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount hereof.

Notice of any redemption, as hereinbefore authorized, shall be given by the Trustee by first class mail to the Registered Owners of Bonds to be redeemed in whole or in part not more than 60 days and not less than 30 days prior to the date fixed for redemption at the addresses shown on the registration books, in accordance with requirements of the Indenture. Failure to mail any notice of redemption or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption. Any such redemption shall be in the manner and upon terms and with the effect provided in the Indenture or after waiver of such notice shall have been filed in accordance with provisions of the Indenture.

Certain modifications and alterations of the Indenture not adversely affecting rights of Registered Owners of Bonds Outstanding thereunder may be made without consent of Registered Owners of such Bonds in the manner and upon terms and conditions provided in the Indenture. Any other modification or alteration of the Indenture or of rights and obligations of the Issuer or of Registered Owners of Bonds outstanding thereunder may be made in the manner and upon terms and conditions provided in the Indenture. Any consent by the Registered Owners of this Bond, when required by the Indenture (unless revoked as provided in the Indenture), shall be conclusive and binding upon such Registered Owners and all future Registered Owners and owners of this Bond, irrespective of whether any notation of such consent is made upon this Bond.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond and in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Issuer, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Issuer.

This Bond shall not be entitled to any benefit under the Indenture and shall not be valid or obligatory for any purpose until this Bond shall have been authenticated by the Certificate of Authentication endorsed hereon duly signed by the Trustee or its successor in trust under the Indenture.

The Registered Owner of this Bond, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Indenture.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to a default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided under certain limited circumstances described in the Indenture; provided, however, that nothing contained in the Indenture shall affect or impair any right of enforcement conferred on the Registered Owner hereof by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on this Bond at and after the maturity hereof, or (ii) the obligation of the Issuer to pay the principal of and premium, if any, and interest on this Bond to the Registered Owner hereof at the time, place, from the source and in the manner as provided in the Indenture.

STATEMENT OF INSURANCE

[To Be Supplied]

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed in its name and in its behalf by its Chair or Vice Chair, and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, as of the ____ day of _____, 2022.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____

Name:

Title: (Vice) Chairman

Attest:

By: _____

Name:

Title: (Assistant) Secretary

(SEAL)

* * * * *

AUTHENTICATION CERTIFICATE

This Bond is one of the Bonds described in the within-mentioned Indenture and is hereby authenticated.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____

Authorized Representative

Date of Authentication: _____, 2022

* * * * *

FORM FOR TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company or pursuant to a recognized signature medallion program.

[End of Form of Series A Bond]

EXHIBIT B

FORM OF SERIES B BOND

No. R-____

\$_____

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”) to the Trustee for registration of transfer, exchange, or payment, with respect to any Bond issued that is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered Holder hereof, CEDE & Co., has an interest herein.

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BOND
SERIES B OF 2022

Interest Rate

Maturity Date

Issue Date

CUSIP

_____, 2022

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [DOLLAR AMOUNT (\$_____)]

LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the “Issuer”), a public body corporate and politic, duly created under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”), for value received, hereby promises to pay to the order of the Registered Owner hereof, or registered assigns, on the maturity date stated hereon, upon surrender hereof, the Principal Amount stated above, unless this Hotel Room Rental Tax Revenue Bond, Series B of 2022 (this “Bond”) duly shall have been called for earlier redemption and payment of the redemption price shall have been made or provided for, and to pay semiannually on _____ and _____ of each year, beginning _____, 2022 (each an “Interest Payment Date”), to the Registered Owner hereof, interest on said principal sum, at the rate per annum stated hereon, from the interest payment date next preceding the date of registration and authentication of this Bond, unless: (a) this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date; or (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which

event this Bond shall bear interest from such interest payment date; or (c) this Bond is registered and authenticated on or prior to the Record Date preceding _____, 2022, in which event this Bond shall bear interest from _____, 2022; or (d) as shown by the records of the Trustee (hereinafter defined), interest on this Bond shall be in default, in which event this Bond shall bear interest from the date on which interest was last paid on this Bond, until said principal sum is paid.

Payment of the principal and redemption premium, if any, and interest on this Bond shall be made in lawful money of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts. Unless other arrangements are made pursuant to the Indenture (hereinafter defined), interest is payable by check drawn upon Wilmington Trust, National Association, as Paying Agent (the "Paying Agent"), mailed on the Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) to the Registered Owner hereof at the close of business on the Record Date immediately preceding each Interest Payment Date at the address of such Registered Owner as it appears on the Register. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve months of thirty day months. In any case where the date of maturity of interest on or premium, if any, or principal of this Bond or the date fixed for redemption of this Bond shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Payment of the interest hereon shall be made to the Registered Owner hereof whose name and address shall appear, at the close of business on April 15 or October 15 immediately preceding the applicable Interest Payment Date regardless of whether such day is a Business Day (the "Record Date"), on the registration books maintained by the Trustee in behalf of the Issuer, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee in behalf of the Issuer to the Registered Owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

This Bond shall be a limited obligation of the Issuer, the principal, interest and premium (if any) of which are payable solely from and secured by the Trust Estate described in the Indenture, for the equal and ratable benefit of the Registered Owners, from time to time of this Bond. This Bond and the interest thereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision or agency thereof within the meaning of any state constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any such political subdivision or agency.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. THE BONDS ARE PAYABLE SOLELY FROM HOTEL TAX REVENUES AND OTHER SOURCES AVAILABLE THEREFOR AS DESCRIBED IN THE INDENTURE. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS EXCEPT FROM SAID HOTEL TAX REVENUES AND OTHER SOURCES. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND, AND THIS BOND SHALL NOT BE OR BE DEEMED AN OBLIGATION OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR THE INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

No recourse shall be had for the payment of the principal of or interest or any premium on this Bond, or for any claim based hereon or on the Indenture, against any member, director, officer or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

This Bond is one of an authorized issue of Bonds issued in an aggregate principal amount of \$_____. The Bonds are being issued under and secured by a Trust Indenture, dated as of December 1, 2022, between the Issuer and Wilmington Trust, National Association as Trustee (the "Trustee") (as amended and supplemented from time to time in accordance with the terms thereof, collectively, the "Indenture"). Concurrently with the issuance of the Bonds, the Issuer is also issuing its Hotel Room Rental Tax Revenue Bond, Series A of 2022 (Federally Taxable) in the aggregate principal amount of \$_____. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and redemption premium, if any, and interest on the Bonds, the nature and extent of the security for the Bonds, the terms and conditions under which the Bonds are or may be issued, the rights, duties and obligations of the Issuer and of the Trustee and the rights of the Registered Owners of the Bonds, and, by the acceptance of this Bond, the Registered Owner hereof assents to all of the provisions of the Indenture. Capitalized terms used herein and not defined shall have the meaning ascribed to them in the Indenture.

The Bonds are issuable as fully registered Bonds in the principal amount of \$5,000 and multiples of \$5,000 in excess thereof (each an "Authorized Denomination"). This Bond may be transferred or exchanged by the registered owner hereof upon surrender of this Bond to the

Trustee, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Trustee shall enter any transfer of ownership or exchange of this Bond in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity for the aggregate principal amount that the registered owner is entitled to receive at the earliest practicable time. The Issuer and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Indenture), is being issued and required to be deposited with the Securities Depository (as defined in the Indenture) and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Indenture and the Securities Depository.

The Bonds maturing on and after _____, 20__ are subject to redemption prior to maturity, at the option of the Issuer, in whole or in part (and, if in part, as selected by the Issuer, in authorized denominations), on _____, 20__, or on any date thereafter, upon payment of the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption. In the event less than all of the Bonds of any particular maturity are to be redeemed, the Bonds to be redeemed shall be drawn by lot by the Trustee.

The Bonds stated to mature on _____, 20__ are subject to mandatory redemption prior to maturity in the amounts and on _____ of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

Amounts

Year

* Final maturity

The Bonds stated to mature on _____, 20__ are subject to mandatory redemption prior to maturity in the amounts and on _____ of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

Amounts

Year

* Final maturity

Any such redemption shall be upon application of money available for such purpose in the Bond Fund established under the Indenture and shall be upon payment of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

If this Bond is of a denomination larger than \$5,000, a portion of this Bond may be redeemed. For the purpose of redemption, this Bond shall be treated as representing that number of Bonds that is obtained by dividing the principal amount hereof by \$5,000, each \$5,000 portion of this Bond being subject to redemption. In the case of partial redemption of this Bond, payment of the redemption price shall be made only upon surrender of this Bond in exchange for Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount hereof.

Notice of any redemption, as hereinbefore authorized, shall be given by the Trustee by first class mail to the Registered Owners of Bonds to be redeemed in whole or in part not more than 60 days and not less than 30 days prior to the date fixed for redemption at the addresses shown on the registration books, in accordance with requirements of the Indenture. Failure to mail any notice of redemption or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption. Any such redemption shall be in the manner and upon terms and with the effect provided in the Indenture or after waiver of such notice shall have been filed in accordance with provisions of the Indenture.

Certain modifications and alterations of the Indenture not adversely affecting rights of Registered Owners of Bonds Outstanding thereunder may be made without consent of Registered Owners of such Bonds in the manner and upon terms and conditions provided in the Indenture. Any other modification or alteration of the Indenture or of rights and obligations of the Issuer or of Registered Owners of Bonds outstanding thereunder may be made in the manner and upon terms and conditions provided in the Indenture. Any consent by the Registered Owners of this Bond, when required by the Indenture (unless revoked as provided in the Indenture), shall be conclusive and binding upon such Registered Owners and all future Registered Owners and owners of this Bond, irrespective of whether any notation of such consent is made upon this Bond.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond and in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Issuer, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Issuer.

This Bond shall not be entitled to any benefit under the Indenture and shall not be valid or obligatory for any purpose until this Bond shall have been authenticated by the Certificate of Authentication endorsed hereon duly signed by the Trustee or its successor in trust under the Indenture.

The Registered Owner of this Bond, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Indenture.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to a default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided under certain limited circumstances described in the Indenture; provided, however, that nothing contained in the Indenture shall affect or impair any right of enforcement conferred on the Registered Owner hereof by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on this Bond at and after the maturity hereof, or (ii) the obligation of the Issuer to pay the principal of and premium, if any, and interest on this Bond to the Registered Owner hereof at the time, place, from the source and in the manner as provided in the Indenture.

STATEMENT OF INSURANCE

[To Be Supplied]

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IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed in its name and in its behalf by its Chair or Vice Chair, and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, as of the ____ day of October, 2022.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____

Name:

Title: (Vice) Chairman

Attest:

By: _____

Name:

Title: (Assistant) Secretary

(SEAL)

* * * * *

AUTHENTICATION CERTIFICATE

This Bond is one of the Bonds described in the within-mentioned Indenture and is hereby authenticated.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____

Authorized Representative

Date of Authentication: October __, 2022

* * * * *

FORM FOR TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company or pursuant to a recognized signature medallion program.

[End of Form of Series B Bond]

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**APPENDIX D - AUTHORITY AUDITED FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2021**

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**Lancaster County Convention
Center Authority**

Financial Statements with
Supplementary Information

Years Ended December 31, 2021 and 2020
with Independent Auditor's Report

MaherDuessel

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

YEARS ENDED DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Balance Sheets	1
Statements of Revenues, Expenses, and Change in Net Position	3
Statements of Cash Flows	4
Notes to Financial Statements	6

Supplementary Information:

Combining Balance Sheet	29
Combining Schedule of Revenues, Expenses, and Changes in Net Position	31
Schedule of Expenses	32



Independent Auditor's Report

**Board of Directors
Lancaster County Convention
Center Authority**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Lancaster County Convention Center Authority (Authority), a component unit of the County of Lancaster, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2021 and 2020, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maher Duessel

Harrisburg, Pennsylvania
March 24, 2022

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LANCASTER COUNTY CONVENTION CENTER AUTHORITY

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

Assets	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 2,759,436	\$ 4,082,167
Receivables:		
Taxes	1,215,821	554,321
Other	74,666	53,654
Inventory	10,417	5,770
Prepaid expenses	151,569	268,838
Other asset	<u>13,650</u>	<u>13,650</u>
Total current assets	<u>4,225,559</u>	<u>4,978,400</u>
Restricted assets:		
Cash and investments	12,822,583	10,500,506
Current portion of accounts receivable - Redevelopment Authority of the City of Lancaster	<u>-</u>	<u>50,000</u>
Total restricted assets	<u>12,822,583</u>	<u>10,550,506</u>
Capital assets:		
Land	1,607,517	1,607,517
Building	76,293,976	75,651,101
Furniture, fixtures, and equipment:		
Convention Center	5,814,495	5,683,384
Penn Square Condominium Association	515,292	515,292
Office	<u>8,451</u>	<u>8,451</u>
	84,239,731	83,465,745
Less: accumulated depreciation	<u>29,858,107</u>	<u>27,466,091</u>
Net capital assets	<u>54,381,624</u>	<u>55,999,654</u>
Total Assets	<u><u>\$ 71,429,766</u></u>	<u><u>\$ 71,528,560</u></u>

(Continued)

	2021	2020
Liabilities and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 71,357	\$ 66,572
Accrued payroll and payroll expense	4,233	2,974
Other accrued expenses	230,486	206,713
Due to Interstate Hotels & Resorts	23,445	43,246
Current portion of bonds payable	670,000	655,000
Unearned revenue	127,577	130,210
Contingency fee payable	50,000	50,000
Total current liabilities	1,177,098	1,154,715
Current liabilities (payable from restricted assets):		
Accrued interest payable	248,154	248,769
Due to Discover Lancaster	1,412,861	-
Total current liabilities (payable from restricted assets)	1,661,015	248,769
Long-term liabilities:		
Reimbursement for contingency payable	300,000	300,000
Bonds payable	58,320,000	58,990,000
Interest rate swap liability	9,172,186	13,789,710
Swap borrowing, net of accumulated amortization of \$6,781,676 and \$6,120,049	15,021,347	15,682,974
Total long-term liabilities	82,813,533	88,762,684
Total Liabilities	85,651,646	90,166,168
Net Position:		
Net investment in capital assets	(520,002)	442,136
Restricted	6,971,348	6,113,024
Unrestricted	(20,673,226)	(25,192,768)
Total Net Position	(14,221,880)	(18,637,608)
Total Liabilities and Net Position	\$ 71,429,766	\$ 71,528,560
		(Concluded)

The accompanying notes are an integral part of these financial statements.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Operating Revenues:		
Conference services	\$ 1,030,026	\$ 405,050
Concession	99,160	16,059
Other	21,695	5,605
Total operating revenues	1,150,881	426,714
Operating Expenses:		
Departmental expenses	553,464	242,760
Undistributed operating expenses	1,481,175	1,201,928
Management fees	226,559	178,744
Fixed charges	72,138	263,232
Capital/development costs	14,043	13,587
Repairs and maintenance	-	551
Total operating expenses	2,347,379	1,900,802
Other Operating Expenses:		
Administrative expenses	370,003	343,760
Collaboration Agreement - Marketing Consortium	251,770	202,928
Depreciation	2,392,016	2,198,717
Total other operating expenses	3,013,789	2,745,405
Operating Loss	(4,210,287)	(4,219,493)
Non-Operating Revenues (Expenses):		
Hotel room rental tax income, net of \$1,421,861 and \$0 as required by the Collaboration Agreement	6,312,944	3,801,239
Investment income	4,498	33,371
Amounts received from the County of Lancaster	-	3,324,000
Other income	4,287	5,393
Interest expense, net of amortization of swap borrowings of \$661,627 and \$661,627	(2,313,238)	(2,336,388)
Change in fair value of interest rate swap	4,617,524	(6,886,455)
Total non-operating revenues (expenses)	8,626,015	(2,058,840)
Change in Net Position	4,415,728	(6,278,333)
Net Position:		
Beginning of period	(18,637,608)	(12,359,275)
End of period	\$(14,221,880)	\$(18,637,608)

The accompanying notes are an integral part of these financial statements.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Operating receipts	\$ 1,127,236	\$ 287,065
Payments to suppliers for operating expenses	(2,840,720)	(2,694,421)
Payments to suppliers for project development costs	(14,043)	(13,587)
Payments to employees	(186,124)	(179,771)
Net cash used in operating activities	(1,913,651)	(2,600,714)
Cash Flows From Noncapital Financing Activities:		
Marketing Consortium contribution	50,000	100,000
Cash Flows From Capital and Related Financing Activities:		
Purchase of capital assets	(579,613)	(604,841)
Principal payments on bonds payable	(655,000)	(630,000)
Receipts from hotel room rental tax	7,064,305	4,383,942
Payment to Discover Lancaster	-	(1,347,849)
Amounts received from the County of Lancaster	-	3,324,000
Other receipts	4,287	5,393
Interest expense paid	(2,975,480)	(2,999,564)
Net withdrawals from accounts restricted for capital replacement	(677,052)	(14,692)
Net cash provided by capital and related financing activities	2,181,447	2,116,389
Cash Flows From Investing Activities:		
Proceeds from the sale of investments	12,055,074	16,987,315
Purchase of investments	(13,700,099)	(15,155,258)
Interest income received	4,498	33,371
Net cash provided by (used in) investing activities	(1,640,527)	1,865,428
Net Increase (Decrease) in Cash and Cash Equivalents	(1,322,731)	1,481,103
Cash and Cash Equivalents		
Beginning of period	4,082,167	2,601,064
End of period	\$ 2,759,436	\$ 4,082,167

(Continued)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(Continued)

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	\$ (4,210,287)	\$ (4,219,493)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,392,016	2,198,717
(Increase) decrease in:		
Other receivables	(21,012)	93,253
Inventory	(4,647)	12,273
Other prepaid expenses	(77,104)	(192,094)
Other asset	-	(13,650)
Increase (decrease) in:		
Accounts payable	4,785	33,832
Accrued payroll and payroll expenses	1,259	(4,869)
Contingency fee payable	-	(100,000)
Other accrued expenses	23,773	(171,448)
Due to Interstate Hotels & Resorts	(19,801)	(104,333)
Unearned revenue	(2,633)	(132,902)
Total adjustments	<u>2,296,636</u>	<u>1,618,779</u>
Net cash used in operating activities	<u>\$ (1,913,651)</u>	<u>\$ (2,600,714)</u>
		(Concluded)

The accompanying notes are an integral part of these financial statements.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Significant Accounting Policies

Reporting Entity

The Lancaster County Convention Center Authority (Authority), a component unit of the County of Lancaster (County), was formed on September 15, 1999, under the Municipality Authorities Act of 1945 and the Third-Class County Convention Center Authority Act. The purpose of the Authority is to provide financing and arrange for the development, construction, and operation of convention center facilities for the public purpose of promoting, attracting, stimulating, developing, and expanding business, industry, commerce, and tourism in the Commonwealth of Pennsylvania.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Authority and any component units. Component units are separate legal entities that (1) governing officials of a primary government are financially accountable for or (2) the nature and significance of the relationship between the entity and a primary government are such that to exclude the separate legal entity from the financial reporting entity would render the financial statements misleading or incomplete.

The Authority is part of the County's reporting entity based on the above criteria. These are the separate component unit financial statements of the Authority. No other entities are required to be included based on the above criteria.

A business plan was developed, which allowed the construction of the Lancaster County Convention Center (Center) and the Lancaster Marriott at Penn Square. The plan was the result of a complex and cooperative effort among government and community leaders and public and private partners. Throughout 2007 – 2009, the Authority incurred construction costs associated with the project.

The Lancaster County Convention Center and the Lancaster Marriott at Penn Square opened for operations on June 19, 2009.

The Center began operations on June 19, 2009 under the Qualified Convention Center Management Agreement, dated January 23, 2002, between the Authority and Interstate Hotels & Resorts (IHR). The Qualified Convention Center Management Agreement is for the period commencing with the opening of the convention center and expiring on June 19,

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

2019. On June 9, 2019, the Authority and IHR entered into the Amended and Restated Qualified Convention Center Management Agreement. The term of the Amended and Restated Qualified Convention Center Management Agreement is June 9, 2019 through June 19, 2029. Thereafter, the Amended and Restated Qualified Convention Center Management Agreement may be renewed for one renewal period of five years if mutually agreed to, in writing, by both parties.

Penn Square Partners (PSP) and the Authority agreed to an amended and restated declaration of Condominium in April 2017, in which the Authority agreed to permit the new Marriott Tower to be included into the Penn Square Condominium Association. Construction on the new Marriott Tower began in 2017 and was completed in August 2019.

Basis of Accounting

The Authority's financial statements are presented using the accrual basis of accounting, under which revenues are recorded in the period that they are earned, and expenses are recorded when the liability is incurred.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The Authority measures and reports all assets, liabilities, revenues, expense, gains, and losses using the economic resources measurement focus and accrual basis of accounting.

The Authority is a member of the Penn Square Condominium Association, which is comprised of two ownership groups. The other ownership group is PSP, a private entity. Each ownership group has their own business operation with revenues and expenses, as described in the development agreements. Where tracking actual expenses would become too costly, approved allocation methodologies have been incorporated. These allocations are described in the IHR Operational Expense Guidelines (Guidelines). The Guidelines only interpret the governing documents and do not rewrite them.

Cash and Cash Equivalents

The Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Investments

The Authority accounts for investments at fair value. The fair value of the Authority's investments is based upon values provided by external investment managers and quoted market prices.

The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, Collaboration Agreement funds, and Marketing Consortium funds are classified as restricted assets on the balance sheet, because the use of the funds is limited by applicable trust indentures or other agreements.

Capital Assets

Capital assets are carried at cost, if purchased or constructed. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Building, furniture, fixtures, and equipment are depreciated over the estimated useful lives using the straight-line method.

The useful lives for purposes of computing depreciation are as follows:

Buildings	40 years
Furniture, fixtures, and equipment	3-10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. A portion of the interest incurred during the construction phase of capital assets is included as part of the capitalized value of the asset constructed.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Unearned Revenue

Unearned revenue represents deposits received by the Authority for future events. These deposits will be recognized as revenue in the period in which the event occurs.

Net Position

Net position comprises the various net earnings from operating and non-operating revenues and expenses and contributions of capital. Net position is classified in the following three components: Net investment in capital assets; restricted for various purposes; and unrestricted net position.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at the end of the reporting period, the portion of the debt attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent amount.

The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, upon settlement, actual results may differ from estimated amounts.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from non-operating items. Revenues and expenses from operations include departmental operating revenues, departmental operating expenses, undistributed operating expenses, management and incentive fees, Collaboration Agreement – Marketing Consortium, fixed charges, administrative expenses, and depreciation. The principal operating revenues of the Authority is conference services revenue. The principal operating expenses include energy, repairs and maintenance, conference services, administration and general, and sales and marketing expenses. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, if available, and then unrestricted resources as they are needed.

2. Hotel Room Rental Tax

The County receives a 3.9% hotel room rental tax and a 1.1% excise tax from the operators of each hotel within the County. Of the total 3.9% tax, 20% was originally allocated to Discover Lancaster (formerly known as the Pennsylvania Dutch Convention and Visitors Bureau) to be used to promote tourism in the County, and 80% was received by the Authority to be used for construction and operation of the convention center facility. If the Authority encountered an event of default on the Hotel Room Rental Tax Revenue Bonds, Series of 2003 or the Hotel Room Rental Tax Revenue Bonds, Series of 2007 (collectively, the Bonds), the 20% allocated to Discover Lancaster would be diverted to the trustee of the Authority's Bonds. Revenue is recognized in the period to which the County attributed collection.

As discussed in Note 14, Discover Lancaster, the County, the City of Lancaster (City), the Redevelopment Authority of the City of Lancaster (RACL), the Lancaster City Revitalization and Improvement Zone Authority (Lancaster CRIZ Authority), and the Authority entered into a Collaboration Agreement. Under the Collaboration Agreement, Discover Lancaster agreed to direct 100% of the hotel room rental tax revenue to the Authority for the period

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

July 2014 through June 2019. As of December 31, 2016, and each December 31 thereafter, if the Authority's funds on deposit with the trustee under the terms of the indenture exceed \$5,750,000 after all obligations have been paid, the Authority shall remit the lesser of any funds in excess of \$5,750,000 or 20% of the year's hotel room rental tax revenue by January 15 of the following year to Discover Lancaster.

In October 2018, the Authority and Discover Lancaster entered into a memorandum of understanding which extended Discover Lancaster's commitment to directing its 20% of the hotel room rental tax revenues to the Authority through December 31, 2023. Beginning in January 2024, the terms of the Lancaster County Ordinance No. 45 shall again govern the distribution of the hotel room rental tax revenue.

At December 31, 2021, the Authority's funds on deposit exceeded the established thresholds, and \$1,412,861 of the hotel room rental tax revenue was payable to Discover Lancaster under the terms of the Collaboration Agreement. At December 31, 2020, the Authority's funds on deposit did not exceed the established thresholds, and no hotel room rental tax revenue was payable to Discover Lancaster under the terms of the Collaboration Agreement.

3. Lease Agreement – LancasterHistory.Org

In December 2010, the Authority entered into a lease agreement with LancasterHistory.Org (LHO) for the lease of the Thaddeus Stevens House, Kleiss Saloon, Underground Historic Area, and other areas immediately outside the Stevens House, the Kleiss Saloon, and associated with the Underground Historic Area. LHO intends to develop a national historic exhibition on a portion of these properties. The remaining portion of the properties will be renovated and utilized by LHO. The lease commenced on December 21, 2010, for a period of twenty years. LHO is responsible for insurance and real property taxes. The basic rent for the leased properties is one dollar. Until LHO commences construction of the improvements, LHO shall pay monthly the sum of two hundred fifty dollars (\$250.00) for common area charges. After construction begins, these fees will be adjusted every three years based on actual charges.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

4. Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. government obligations, short term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow the pooling of governmental funds for investment purposes.

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk.

As of December 31, 2021, the book balance of the Authority was \$8,355,858 and the bank balance was \$8,205,742. At December 31, 2021, the book balance included \$5,596,422 and the bank balance included \$5,209,959 of cash held with a trustee or others that is presented as restricted cash and investments on the balance sheet. As of December 31, 2020, the book balance of the Authority was \$9,001,537 and the bank balance was \$7,549,421. At December 31, 2020, the book balance included \$4,919,370 and the bank balance included \$4,994,209 of cash held with a trustee or others that is presented as restricted cash and investments on the balance sheet. Of the bank balances, \$500,000 was covered by federal depository insurance at December 31, 2021 and 2020. At December 31, 2021 and 2020, the remainder of the bank balance was collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

Investments

The Authority's investments are considered Level 1 based on quoted market prices. Restricted investments of the Authority at December 31 were as follows:

	2021	2020
Money market funds	<u>\$ 7,226,161</u>	<u>\$ 5,581,136</u>

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Custodial Credit Risk – Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the Authority will not recover the value of the investment or collateral securities that are in possession of an outside party. The Authority does not have a formal policy for custodial credit risk. The Authority's investments in money market funds are not exposed to custodial credit risk because they are not evidenced by securities in book entry or paper form.

Concentration of Credit Risk - The Authority places no limit on the amount the Authority may invest in any one issuer. At December 31, 2021 and 2020, there were no investments held by the Authority that were subject to concentration of credit risk.

Credit Risk – With the exception of investments held in the debt service reserve fund, the Authority has no investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2021 and 2020, the Authority's investments in money market funds were rated AAAm by Standard & Poor's.

Interest Rate Risk – The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2021 and 2020, all of the Authority's investments had an average maturity of less than one year.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

5. Capital Assets

A summary of changes in capital assets for the year ending December 31 is as follows:

	Beginning Balance 1/1/2021	Additions/ Adjustments	Disposals/ Adjustments	Ending Balance 12/31/2021
Capital assets not being depreciated:				
Land	\$ 1,607,517	\$ -	\$ -	\$ 1,607,517
Total capital assets not being depreciated	<u>1,607,517</u>	<u>-</u>	<u>-</u>	<u>1,607,517</u>
Capital assets being depreciated:				
Building	75,651,101	642,875	-	76,293,976
Furniture, fixtures, and equipment:				
Convention Center	5,683,384	131,111	-	5,814,495
Penn Square Condominium Association	515,292	-	-	515,292
Office	<u>8,451</u>	<u>-</u>	<u>-</u>	<u>8,451</u>
Total capital assets, being depreciated	<u>81,858,228</u>	<u>773,986</u>	<u>-</u>	<u>82,632,214</u>
Less accumulated depreciation for:				
Building	22,608,964	2,000,362	-	24,609,326
Furniture, fixtures, and equipment	<u>4,857,127</u>	<u>391,654</u>	<u>-</u>	<u>5,248,781</u>
Total accumulated depreciation	<u>27,466,091</u>	<u>2,392,016</u>	<u>-</u>	<u>29,858,107</u>
Total capital assets being depreciated, net	<u>54,392,137</u>	<u>(1,618,030)</u>	<u>-</u>	<u>52,774,107</u>
Total capital assets, net	<u>\$ 55,999,654</u>	<u>\$ (1,618,030)</u>	<u>\$ -</u>	<u>\$ 54,381,624</u>

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	Beginning Balance 1/1/2020	Additions	Disposals	Ending Balance 12/31/2020
Capital assets not being depreciated:				
Land	\$ 1,607,517	\$ -	\$ -	\$ 1,607,517
Total capital assets not being depreciated	1,607,517	-	-	1,607,517
Capital assets being depreciated:				
Building	75,390,396	260,705	-	75,651,101
Furniture, fixtures, and equipment:				
Convention Center	5,338,516	344,868	-	5,683,384
Penn Square Condominium Association	516,024	(732)	-	515,292
Office	36,865	-	28,414	8,451
Total capital assets, being depreciated	81,281,801	604,841	28,414	81,858,228
Less accumulated depreciation for:				
Building	20,730,698	1,878,266	-	22,608,964
Furniture, fixtures, and equipment	4,565,090	320,451	28,414	4,857,127
Total accumulated depreciation	25,295,788	2,198,717	28,414	27,466,091
Total capital assets being depreciated, net	55,986,013	(1,593,876)	-	54,392,137
Total capital assets, net	\$ 57,593,530	\$ (1,593,876)	\$ -	\$ 55,999,654

6. Contingency Fee Payable

Per the second amendment to the Joint Development Agreement among the Authority, the RACL, and PSP, the Authority is to pay \$700,000 to PSP to reimburse the RACL/PSP contingency provided under the agreement. RACL/PSP agrees to use the funds received to either complete the project or to be deposited into the Furniture, Fixtures and Equipment (FF&E) Reserve Fund for the hotel. The agreement requires fourteen annual payments of \$50,000 beginning in March 2015. The Authority paid PSP \$0 and \$100,000 during the years ending December 31, 2021 and 2020, respectively.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

7. Bonds Payable

On August 1, 2014, the Authority's Hotel Room Rental Tax Bonds, Series 2003 (\$40,000,000) (Series of 2003 Bonds) and Hotel Room and Rental Tax Bonds, Series of 2007 (\$23,920,000) (Series of 2007 Bonds), (collectively the Bonds) were refunded through the issuance of the Hotel Room Rental Tax Revenue Bonds, Series of 2014 (2014 Bonds) in the amount of \$62,595,000.

The 2014 Bonds initially bear interest, through the mandatory tender date, at a rate equal to the sum of the index rate, SIFMA or 70% of LIBOR, plus the Applicable Spread, initially 75 basis points, fixed for five years. The 2014 Bonds debt service payments are guaranteed by the County.

A provision of the terms and conditions of the issuance of the 2014 Bonds allowed for a change in the index rate should the United States corporate tax rate change. Effective January 1, 2018, a decrease in the United States corporate tax rate resulted in an increase in index rate.

On December 3, 2018, the Authority and the Trustee entered into the First Supplemental Trust Indenture related to the 2014 Bonds. Under the First Supplemental Trust Indenture, the Index for the period December 3, 2018 through and including November 30, 2023 is 80% of LIBOR, and during any other Index Interest Rate period, 80% of LIBOR or such other percentage as may be designated by the Bank. In addition, under the First Supplemental Trust Indenture, the mandatory tender date was modified to December 1, 2023. At December 31, 2021 and 2020, the index rate was 80% of LIBOR plus Applicable Spread, 88 basis points through the mandatory tender date of December 1, 2023 provided that the County's bond ratings remain above certain thresholds.

The amount of outstanding 2014 Bonds at December 31, 2021 and 2020 is \$58,990,000 and \$59,645,000, respectively.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Long-term liability activity for the year ended was as follows:

<u>Direct Placement</u>					
<u>December 31, 2021</u>	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Current Portion</u>
Bonds payable:					
Series of 2014	<u>\$ 59,645,000</u>	<u>\$ -</u>	<u>\$ (655,000)</u>	<u>\$ 58,990,000</u>	<u>\$ 670,000</u>
<u>December 31, 2020</u>	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Current Portion</u>
Bonds payable:					
Series of 2014	<u>\$ 60,275,000</u>	<u>\$ -</u>	<u>\$ (630,000)</u>	<u>\$ 59,645,000</u>	<u>\$ 655,000</u>

In accordance with Section 7.02 of the Continuing Covenant Agreement, if an event of default, such as failure to pay principal and interest on bonds when due, and other events defined by Section 7.01 of the Continuing Covenant Agreement, occurs and is continuing, the Bank may 1) by written notice to the Trustee and the Authority, declare the outstanding amount of the bonds to be immediately due and payable; 2) deliver a written notice to the Trustee and Authority that an event of default has occurred and is continuing and direct the Trustee and the Authority to cause a mandatory tender or acceleration of the bonds; 3) by written notice to the Trustee, direct the Trustee to notify the Treasurer of the County (Treasurer) that an event of default has occurred and is continuing and direct the Treasurer to transfer 100% of the hotel tax revenues to the Authority for such period as is necessary to cure the event of default or take such other remedial actions as is provided for in the Indenture; 4) take whatever action at law or in equity may appear necessary to collect the amounts due and payable and to enforce performance or observation of any obligation, agreement, or covenant of the Authority; 5) cure any default, event of default, or even to nonperformance provided however that the bank will have no obligation to effect such a cure; 6) exercise or cause to be exercised any and all remedies available at law and at equity.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

The debt service requirements, through the mandatory tender date using the rate in effect as of December 31, 2021, adjusted for the change in the index rate noted above, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 670,000	\$ 574,767	\$ 1,244,767
2023	<u>58,320,000</u>	<u>9,573,016</u>	<u>67,893,016</u>
	<u>\$ 58,990,000</u>	<u>\$ 10,147,783</u>	<u>\$ 69,137,783</u>

Interest expense consisted of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest - bondholders	\$ 579,230	\$ 839,520
Interest - interest rate swap counterparty	2,395,635	2,158,495
Amortization of swap borrowing	<u>(661,627)</u>	<u>(661,627)</u>
	<u>\$ 2,313,238</u>	<u>\$ 2,336,388</u>

As further described in Note 8, the Authority entered into a pay fixed, receive variable interest rate swap on the applicable notional amounts of the Series of 2003 Bonds and Series of 2007 Bonds.

8. Derivatives – Interest Rate Swap

Objective - As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in March 2007, the Authority entered into an interest-rate swap (Swap) in connection with Hotel Room Rental Tax Revenue Bonds, Series 2003 (\$40,000,000) (Series 2003 Bonds), and Hotel Room Rental Tax Revenue Bonds, Series of 2007 (\$23,920,000) (Series of 2007 Bonds), (collectively, the Series 2003 and 2007 Bonds). The intention of the Swap was effectively to change the Authority's variable interest rate on the Series of 2003 and 2007 Bonds to a synthetic fixed rate of 3.65%. Pursuant to an amended and restated confirmation between the Authority and the Counterparty, Wells Fargo Bank, dated September 28, 2011, the amortization, maturity dates, and fixed payment rates on the Swap related to the Bonds were amended.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Terms - The Swap agreements mature on December 1, 2042 (Series of 2003 Bonds) and December 1, 2047 (Series of 2007 Bonds), and the Swap's notional amount of \$40,000,000 and \$23,920,000, respectively, was 100% of the total issue amount of the underlying bonds. The notional amount of the Swap agreement decreases as the outstanding principal amount of the corresponding Series of 2003 Bonds and Series of 2007 Bonds were scheduled to decrease through maturing principal. The Swap agreements were entered into in March 2007 and amended in September 2011. The Authority pays the counterparty a fixed payment related to the applicable notional amounts of the bonds and receives a computed variable payment.

Pursuant to an amended and restated confirmation between the Authority and the Bank, dated November 27, 2018, the fixed payment rates and the floating rates on the Swap related to the Series of 2003 and 2007 Bonds were amended. Effective December 1, 2018 and through the mandatory tender date of December 1, 2023, in conjunction with the Agreement and First Supplemental Trust Indenture disclosed in Note 7, the synthetic fixed rate on the Swap applicable to the notional amount of the Series 2003 Bonds is 4.07%, the synthetic fixed rate on the Swap applicable to the notional amount of the Series of 2007 Bonds is 3.97%, and the floating rate for both the Series of 2003 and Series of 2007 Bonds is 80% of the one-month LIBOR. All other terms of the Swap remained the same.

Pursuant to the Swap agreements, the Authority pays or receives to/from the counterparty a monthly net swap payment. For the year ended December 31, 2021, the Authority paid \$1,494,504 and \$949,624 fixed and received \$32,398 and \$21,105 variable with respect to the Swap on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds, respectively. For the year ended December 31, 2020, the Authority paid \$1,520,148 and \$949,624 fixed and received \$228,483 and \$146,306 variable with respect to the Swap on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds, respectively.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Authority's financial statements. The Swap is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the Swap's fair value.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Fair Value Risk - Fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received. The fair value is based upon mid-market quotations for the transactions. Mid-market quotations are based on bid/ask quotations shown on reliable electronic information screens as of close of business on the date specified. Such amount represents the present value difference between the floating rate receipt and fixed rate payment as of December 31, 2021 and the termination value fluctuates as the interest rates fluctuate.

Due to a 2011 amendment and restatement changed the critical terms of the Swap agreements, the original Swap was effectively terminated upon amendment. At the date of amendment, the swap liability was reclassified to a swap borrowing on the balance sheet. Governmental accounting standards require that the swap borrowing be amortized to offset interest expense, straight-line, over the life of the bonds.

The change in fair value for the interest rate swap is as follows:

Notional Amount	January 1, 2021 - Fair Value	Amortization of Swap Borrowing	Change in Fair Value	December 31, 2021 - Fair Value
\$ 36,030,000	\$ (14,736,785)	\$ 403,105	\$ 2,565,091	\$ (11,768,589)
23,920,000	(14,735,899)	258,522	2,052,433	(12,424,944)
Total	<u>\$ (29,472,684)</u>	<u>\$ 661,627</u>	<u>\$ 4,617,524</u>	<u>\$ (24,193,533)</u>

Notional Amount	January 1, 2020 - Fair Value	Amortization of Swap Borrowing	Change in Fair Value	December 31, 2020 - Fair Value
\$ 36,720,000	\$ (11,808,686)	\$ 403,105	\$ (3,331,204)	\$ (14,736,785)
23,920,000	(11,439,171)	258,522	(3,555,250)	(14,735,899)
Total	<u>\$ (23,247,857)</u>	<u>\$ 661,627</u>	<u>\$ (6,886,454)</u>	<u>\$ (29,472,684)</u>

Accounting and Risk Disclosures - As previously noted, the effect of the termination of the original Swap resulted in a swap borrowing. At December 31, 2021 and 2020, current period changes in fair value for the Swap are accounted for as an investment and are

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

recorded on the statements of revenues, expenses, and change in net position as change in fair value of interest rate swap. The fair value of the outstanding Swap as of December 31, 2021 and 2020 is reported on the statements of net position as a combination of interest rate swap liability and swap borrowing.

Credit Risk - As of December 31, 2021, the Authority's Swap agreements were not exposed to credit risk, because the Swaps had a negative fair value. However, should interest rates change and the fair value of the Swap become positive, the Authority would be exposed to credit risk in the amount of the Swap agreement's fair value. At December 31, 2021, the Bank was rated Aa2 by Moody's, A+ by Standard & Poor's, and AA- by Fitch.

Swap Payments and Associated Debt – Using rates as of December 31, 2021, net Swap payments on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds, assuming current interest rates and floating rates under the Swap agreement remain the same for their term, were as follows.

As these rates vary, net Swap payments on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds will vary:

Fiscal Year Ending December 31,	Series of 2007, Hotel Room Rental Tax Revenue Bonds	
	Notional Amount	Swap Agreement Payments, Net
2022	\$ 755,000	\$ 1,437,267
2023	830,000	1,407,120
2024	900,000	1,240,703
2025	980,000	1,208,291
2026	1,065,000	1,172,991
2027-2031	6,735,000	5,224,336
2032-2036	9,635,000	3,813,791
2037-2041	12,630,000	1,823,331
2042	2,500,000	90,050
	<u>\$ 36,030,000</u>	<u>\$ 17,417,880</u>

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Fiscal Year Ending December 31,	Series of 2007, Hotel Room Rental Tax Revenue Bonds	
	Notional Amount	Swap Agreement Payments, Net
2022	\$ -	\$ 930,249
2023	-	930,249
2024	-	837,675
2025	-	837,678
2026	-	837,678
2027-2031	-	4,188,388
2032-2036	-	4,188,384
2037-2041	370,000	4,188,388
2042-2046	17,475,000	2,929,246
2047	6,075,000	212,747
	<u>\$ 23,920,000</u>	<u>\$ 20,080,682</u>

Subsequent Event - As of February 28, 2022, the fair value of the Authority's interest rate swap was (\$21,509,778).

9. Retirement Plans

Effective September 30, 2016, the Authority sponsors a Savings Incentive Match Plan for Eligible Individual Retirement Account (SIMPLE IRA) plan covering all eligible employees. Contributions are matched by the Authority, dollar for dollar up to 3% of the employee's compensation. Amounts charged to retirement expense totaled \$5,504 and \$5,384 for the years ended December 31, 2021 and 2020, respectively.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

10. Restricted Assets

The restricted assets represent funds derived from the proceeds of the bonds and other agreements. The funds are restricted for payment of construction costs, debt service payments, settlement costs, and operating and administrative expenses. Restricted assets at December 31 are as follows:

	2021	2020
Cash and investments with trustee:		
Debt service reserve fund	\$ 3,936,142	\$ 3,935,250
Bond fund	500,000	500,000
Operating expense fund	2,340,019	695,886
Rate stabilization fund	450,000	450,000
Total cash and investments with trustee	7,226,161	5,581,136
Cash held by Authority:		
HRRT depository	2,130	2,130
Construction fund	102	102
Capital replacement fund	1,869,788	1,449,662
Lancaster CRIZ Authority - FF&E reserve	2,601,006	2,559,830
Marketing Consortium funds	1,123,396	907,646
Total cash and investments held by Authority	5,596,422	4,919,370
Other restricted assets:		
Accounts receivable - Redevelopment Authority of the City of Lancaster	-	50,000
	\$ 12,822,583	\$ 10,550,506

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

11. Net Investment in Capital Assets

Net investment in capital assets at December 31 is comprised of the following:

	2021	2020
Net capital assets	\$ 54,381,624	\$ 55,999,654
Debt service reserve fund	3,936,142	3,935,250
Bond fund	500,000	500,000
HRRT depository	2,130	2,130
Construction fund	102	102
Bonds payable	(58,990,000)	(59,645,000)
Contingency fee payable	(350,000)	(350,000)
Total net investment in capital assets	<u>\$ (520,002)</u>	<u>\$ 442,136</u>

12. Restricted Net Position

Net position is restricted at December 31 as follows:

	2021	2020
Rate stabilization fund	\$ 450,000	\$ 450,000
Operating expense fund	2,340,019	695,866
Capital replacement fund	1,869,788	1,449,662
Marketing Consortium funds	1,123,396	957,646
Lancaster CRIZ Authority - FF&E reserve	2,601,006	2,559,830
Due to Discover Lancaster	(1,412,861)	-
Total restricted net position	<u>\$ 6,971,348</u>	<u>\$ 6,113,004</u>

13. Risk Management

The Authority maintains insurance contracts to mitigate the risk of loss arising from the following events: torts; theft of, damage to, or destruction of certain assets; wrongful acts by directors and officers; job-related illness or injuries to employees; acts of God; and losses

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

resulting from providing medical benefits to employees and their dependents. Contracts are limited liability and limited to specific properties. Settled claims have not exceeded the commercial coverage insurance in any of the past three fiscal years.

14. Commitments, Contingencies, and Other Restricted Assets

Continuing Covenant Agreement

Under the continuing covenant agreement, as amended, the Authority is required to maintain certain minimum balances in the funds held at the Trustee Bank. Failure to meet this liquidity covenant for any quarterly period represents an event of default.

Collaboration Agreement

As part of the 2014 bond refinancing, the Authority executed a Collaboration Agreement effective July 2014 with other stakeholders in the community.

The participants in the agreement are the County, City, RACL, Lancaster CRIZ Authority, and Discover Lancaster. The Authority achieved a number of objectives as part of the agreement. The primary objectives were refinancing the bonds under more favorable terms, which required a full County guarantee, achieving a reliable source of funds for targeted marketing activities to attract Priority 1 and Priority 2 events, achieving a reliable source of funding for FF&E replacement costs, replenishing the required reserve accounts, and establishing a more reliable flow of funds, especially in the first half of each year due to the seasonal nature of the collection of the hotel room rental tax.

The 2014 Bonds were scheduled for mandatory tender on July 31, 2019. The agreement with Discover Lancaster, which has allowed the Authority to replenish bond and operating reserves as well as expand marketing efforts as discussed below, was also to expire in July 2019. As discussed in Note 2, in October 2018, the agreement with Discover Lancaster was amended to extend the term through December 2023, the modified mandatory tender date.

The City's participation in the Collaboration Agreement encouraged the participation of RACL and the Lancaster CRIZ Authority to make the commitments discussed in the Marketing Consortium (Consortium) and FF&E funding plans.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Marketing Funding

The Collaboration agreement called for the creation of a Consortium to perform the target marketing for Priority 1 and Priority 2 events, as defined in the Collaboration Agreement. The term of the Consortium under the agreement was through June 30, 2021.

Of the \$3,025,520 deposited in the Consortium accounts through December 31, 2021, \$1,900,124 had been expended, leaving a balance of \$1,123,396 of funds as of December 31, 2021, which is included in the restricted cash and investments of the Authority.

Additional funding to perform the target marketing for Priority 1 and Priority 2 events is required per the October 2018 memorandum of understanding with Discover Lancaster. During the year ended December 31, 2021, the Authority provided funding of \$417,250 as required by the memorandum of understanding. Additional Authority funding per the memorandum of understanding is as follows:

	Authority Administrative Budget	Authority 2014 Bond Funds	Total
2022	\$ 35,000	\$ 440,170	\$ 475,170
2023	35,000	448,974	483,974
Total	<u>\$ 70,000</u>	<u>\$ 889,144</u>	<u>\$ 959,144</u>

In addition to the funds provided by the Consortium and memorandum of understanding, the Authority continues to annually budget \$97,000 for the marketing of priority 1 and priority 2 events.

FF&E Funding

The Collaboration Agreement also required the Authority and the Lancaster CRIZ Authority to provide funding for capital reserves to replace FF&E. The Lancaster CRIZ Authority made payments to the Authority from 2014 through 2020 totaling \$5 million in accordance with the agreement.

Since 2012, the contributions to the capital replacement fund as required by the agreement were made by the Authority and/or the Lancaster CRIZ Authority. For 2021, the Authority made contributions of \$1,000,000 to the capital replacement fund from the bonds fund.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

The balance in the restricted capital replacement fund is \$1,869,788 and \$1,449,662 as of December 31, 2021 and 2020, respectively.

Additional Authority capital replacement fund contributions required under the October 2018 memorandum of understanding with Discover Lancaster as of December 31, 2021 are as follows:

2022	\$	1,000,000
2023		<u>1,000,000</u>
Total	\$	<u><u>2,000,000</u></u>

During the years ended December 31, 2021 and 2020, the Authority expended \$388,777 and \$424,136, respectively, of the Lancaster CRIZ Authority funds (CRIZ account). These expenses are initially paid from the Capital Replacement Fund and are subsequently reimbursed from the Lancaster CRIZ Authority account. At December 31, 2021 and 2020, the balance of the restricted Lancaster CRIZ Authority account is \$2,601,006 and \$2,559,830, respectively. At December 31, 2021, \$388,777 remained to be reimbursed to the Authority's Capital Replacement Fund. At December 31, 2020, \$39,557 in excess of eligible expenses was reimbursed from the CRIZ account. This excess was due to a change in allocation of certain expenses subsequent to reimbursement being made from the CRIZ account. The excess was paid back to the CRIZ account in November 2021.

The Lancaster CRIZ Authority FF&E reserve fund and the capital replacement fund have separate restrictions regarding what capital items can be purchased with the reserves.

Incentives

The Center offers incentives for certain future events in the form of discounts. The discounts are recognized in the period in which the event is held. At December 31, 2021 and 2020, the Center's commitment to provide incentives was \$95,000 and \$80,000, respectively.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

15. Negative Unrestricted Net Position

The Authority's negative unrestricted net position, as shown on the balance sheets as of December 31, 2021 and 2020, is due to a GASB requirement for governmental entities to terminate hedge accounting when a termination event has occurred on a derivative instrument (interest rate swap). A termination event occurs when a significant change in a critical term of an interest rate swap is made.

On October 3, 2011, the Authority, as a part of its bond restructuring, modified terms to its existing interest rate swap agreement. These changes were deemed significant and, according to GASB standards, the interest rate swap agreement was terminated, and a new interest rate swap agreement was put in place. The mark-to-market value at the time of termination was \$21,803,023, which was included in the statement of revenues, expenses, and change in net position as a special item during the year ended December 31, 2011 and is presented on the statements of net position as a swap borrowing, net of accumulated amortization. The \$21,803,023 liability is being amortized over the original life of the 2003/2007 bonds and will reduce interest expense for financial reporting purposes in future years. Additionally, the new interest rate swap agreement has been deemed to be ineffective and any changes in the mark-to-market value flow through non-operating revenue/expense.

Since the 2008 national financial crises, the Authority has had a significant interest rate swap liability and understood that liability would be realized if, or when, the Authority refinanced its bonds, or the hedge became ineffective. The October 2011 restructuring caused the Authority to account for the termination of hedge accounting as a liability on the balance sheet and recognize the swap loss during the year ended December 31, 2011 on the statement of revenues, expenses, and change in net position. The financial disclosures in prior audited financial statements and all public disclosure have always properly noted the existence of the swap liability and the impact that liability may have on the Authority's ability to refinance the bonds.

The December 31, 2021 fair value of the Authority's interest rate swap was (\$24,193,533), when compared to the December 31, 2020 fair value of (\$29,472,684) for a positive change in valuation of \$5,279,151. All changes (including this \$5,279,151) in the fair value of the Authority's interest rate swap are a reflection of market conditions and payments made under the swap agreement.

SUPPLEMENTARY INFORMATION

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

COMBINING BALANCE SHEET

DECEMBER 31, 2021

Assets	<u>Authority</u>	<u>Operations</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 1,440,852	\$ 1,318,584	\$ 2,759,436
Receivables:			
Taxes	1,215,821	-	1,215,821
Other	25,250	49,416	74,666
Due from Operations/Due to Authority	1,123,396	(1,123,396)	-
Inventory	-	10,417	10,417
Prepaid expenses	30,550	121,019	151,569
Other asset	-	13,650	13,650
Total current assets	<u>3,835,869</u>	<u>389,690</u>	<u>4,225,559</u>
Restricted assets:			
Cash and investments	<u>11,699,187</u>	<u>1,123,396</u>	<u>12,822,583</u>
Total restricted assets	<u>11,699,187</u>	<u>1,123,396</u>	<u>12,822,583</u>
Capital assets:			
Land	1,607,517	-	1,607,517
Building	76,293,976	-	76,293,976
Furniture, fixtures, and equipment:			
Convention Center	5,814,495	-	5,814,495
Penn Square Condominium Association	515,292	-	515,292
Office	8,451	-	8,451
	<u>84,239,731</u>	<u>-</u>	<u>84,239,731</u>
Less: accumulated depreciation	<u>29,858,107</u>	<u>-</u>	<u>29,858,107</u>
Net capital assets	<u>54,381,624</u>	<u>-</u>	<u>54,381,624</u>
Total Assets	<u><u>\$69,916,680</u></u>	<u><u>\$ 1,513,086</u></u>	<u><u>\$71,429,766</u></u>

(Continued)

Liabilities and Net Position	Authority	Operations	Total
Liabilities:			
Current liabilities:			
Accounts payable	\$ 66,389	\$ 4,968	\$ 71,357
Accrued payroll and payroll expense	4,233	-	4,233
Other accrued expenses	-	230,486	230,486
Due to Interstate Hotels & Resorts	-	23,445	23,445
Current portion of bonds payable	670,000	-	670,000
Unearned revenue	-	127,577	127,577
Contingency fee payable	50,000	-	50,000
Total current liabilities	790,622	386,476	1,177,098
Current liabilities (payable from restricted assets):			
Accrued interest payable	248,154	-	248,154
Due to Discover Lancaster	1,412,861	-	1,412,861
Total current liabilities (payable from restricted assets)	1,661,015	-	1,661,015
Long-term liabilities:			
Reimbursement for contingency payable	300,000	-	300,000
Bonds payable	58,320,000	-	58,320,000
Interest rate swap liability	9,172,186	-	9,172,186
Swap borrowing, net of accumulated amortization of \$6,120,049	15,021,347	-	15,021,347
Total long-term liabilities	82,813,533	-	82,813,533
Total Liabilities	85,265,170	386,476	85,651,646
Net Position:			
Net investment in capital assets	(520,002)	-	(520,002)
Restricted	6,971,348	-	6,971,348
Unrestricted	(21,799,836)	1,126,610	(20,673,226)
Total Net Position	(15,348,490)	1,126,610	(14,221,880)
Total Liabilities and Net Position	\$ 69,916,680	\$ 1,513,086	\$ 71,429,766
			(Concluded)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED DECEMBER 31, 2021

	Authority	Operations	Total
Operating Revenues:			
Conference services	\$ -	\$ 1,030,026	\$ 1,030,026
Concession	-	99,160	99,160
Other	-	21,695	21,695
Total operating revenues	-	1,150,881	1,150,881
Operating Expenses:			
Departmental expenses	-	553,464	553,464
Undistributed operating expenses	-	1,481,175	1,481,175
Management fees	-	226,559	226,559
Fixed charges	-	72,138	72,138
Capital/development costs	14,043	-	14,043
Total operating expenses	14,043	2,333,336	2,347,379
Other Operating Expenses:			
Administrative expenses	370,003	-	370,003
Collaboration Agreement - Marketing Consortium	251,770	-	251,770
Depreciation	2,392,016	-	2,392,016
Total other operating expenses	3,013,789	-	3,013,789
Operating Loss	(3,027,832)	(1,182,455)	(4,210,287)
Non-Operating Revenues (Expenses):			
Hotel room rental tax income, net of \$1,421,861 as required by the Collaboration Agreement	6,312,944	-	6,312,944
Investment income	4,498	-	4,498
Other income	4,287	-	4,287
Interest expense, net of amortization of swap borrowing of \$661,627	(2,313,238)	-	(2,313,238)
Change in fair value of interest rate swap	4,617,524	-	4,617,524
Total non-operating revenues (expenses)	8,626,015	-	8,626,015
Transfers	(400,000)	400,000	-
Change in Net Position	5,198,183	(782,455)	4,415,728
Net Position:			
Beginning of period	(20,546,673)	1,909,065	(18,637,608)
End of period	\$ (15,348,490)	\$ 1,126,610	\$ (14,221,880)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

SCHEDULE OF EXPENSES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Operating Expenses:		
Departmental expenses:		
Conference service	\$ 400,238	\$ 144,026
Concession	-	16,193
Event management	56,856	23,238
Public space	96,370	59,303
Total departmental expenses	553,464	242,760
Undistributed operating expenses:		
Administrative and general	293,853	254,382
Sales and marketing	244,078	208,967
Repairs and maintenance	441,216	363,164
Energy	361,363	257,708
Information technology	90,689	80,847
Miscellaneous	49,976	36,860
Total undistributed operating expenses	1,481,175	1,201,928
Management fees	226,559	178,744
Collaboration Agreement - Marketing Consortium	251,770	202,928
Fixed charges:		
Insurance	72,138	61,835
Operating supplies and equipment	-	6,419
PPE non-capitalizable expenses	-	194,978
Total fixed charges	72,138	263,232
Administrative expenses:		
Solicitor fees and expense	11,534	9,474
Historic properties repairs	6,831	2,726
Renovation and minor equipment	5,158	8,999
Employee compensation	187,383	174,902
Executive director expenses, employee mileage and travel	1,469	619
Payroll taxes	13,858	12,383
Employee benefits	37,279	38,114
Office supplies and expense	1,845	1,099
Internet and computer service	10,726	11,044
Accounting fees	42,801	35,654
Business advisory fees	9,611	17,225
Insurance	17,605	18,106
Telephone expense	2,168	2,296
Advertising notices	417	-
Miscellaneous expense	21,318	11,119
Total administrative expenses	370,003	343,760

(Continued)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

SCHEDULE OF EXPENSES

YEARS ENDED DECEMBER 31, 2021 AND 2020

(Continued)

	<u>2021</u>	<u>2020</u>
Depreciation	2,392,016	2,198,717
Capital/development costs:		
Accounting	8,043	7,587
Trustee fees	6,000	6,000
Total capital/development costs	<u>14,043</u>	<u>13,587</u>
Repairs and maintenance	-	551
Total operating expenses	<u><u>\$ 5,361,168</u></u>	<u><u>\$ 4,646,207</u></u>

(Concluded)

**APPENDIX E - COUNTY AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2021**

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County of Lancaster PENNSYLVANIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended December 31, 2021

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COUNTY OF LANCASTER, PENNSYLVANIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended December 31, 2021

PREPARED BY THE CONTROLLER'S OFFICE

Lisa K. Colón, Controller
Kathryn B. Kunkel, Chief Deputy Controller
Matthew J. Luciani, CPA, 2nd Deputy Controller
Rebecca M. Dittenhafer, Systems Administrator

CONTROLLER'S SOLICITOR
George D. Alspach

COVER PHOTOGRAPH
Susquehanna River, Columbia Borough
Photo by Kathleen A. Harrison Photography

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COUNTY OF LANCASTER, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2021

TABLE OF CONTENTS

Page No.

INTRODUCTORY SECTION

Letter of Transmittal	1
GFOA Certificate of Achievement	7
Organizational Chart	8
List of Principal Officials	9

FINANCIAL SECTION

Report of Independent Public Accountants	11
Management's Discussion and Analysis	15

BASIC FINANCIAL STATEMENTS

Statement of Net Position.....	31
Statement of Activities.....	32
Balance Sheet – Governmental Funds.....	33
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Fiduciary Net Position – Fiduciary Funds.....	36
Statement of Changes in Fiduciary Net Position	37
Notes to Financial Statements	39

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the County's Net Other Post-Employment Benefits Liability and Related Ratios	121
Schedule of Changes in the County's Net Pension Liability and Related Ratios.....	122
Schedule of County Contributions	123
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – General Fund.....	124
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Children and Youth Services Fund	125
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Behavioral Health and Developmental Services Fund	126
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Domestic Relations Special Revenue Fund	127
Notes to Required Supplementary Information	128

COUNTY OF LANCASTER, PENNSYLVANIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the year ended December 31, 2021

TABLE OF CONTENTS
(continued)

	<u>Page No.</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Combining Balance Sheet – Nonmajor Governmental Funds	130
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	131
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Office of Aging Special Revenue Fund	132
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Drug and Alcohol Special Revenue Fund	133
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Liquid Fuels Special Revenue Fund	134
 <u>STATISTICAL SECTION</u>	
Net Position by Component – Table 1	137
Changes in Net Position – Table 2	138
Fund Balances of Governmental Funds – Table 3	139
Changes in Fund Balances of Governmental Funds – Table 4	140
Assessed and Estimated Actual Value of Taxable Property – Table 5	141
Property Tax Rates, Direct and Overlapping Governments – Table 6	142
Principal Property Taxpayers – Table 7	144
Property Tax Levies and Collections – Table 8	145
Ratio of Outstanding Debt by Type – Table 9	146
Ratios of General Debt Outstanding – Table 10	147
Direct and Overlapping Governmental Activities Debt – Table 11	148
Legal Debt Margin Information – Table 12	150
Demographic and Economic Statistics – Table 13	152
Principal Employers – Table 14	153
Full-time County Government Employees by Function – Table 15	154
Operating Indicators by Function – Table 16	155
Capital Asset by Function – Table 17	158
Salaries and Surety Bonds of Principal Officials – Table 18	159
Schedule of Insurance In-Force – Table 19	160



Lisa K. Colón

Controller

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Controller

Lisa Colón

June 29, 2022

To the Citizens of the County of Lancaster, Pennsylvania:

The Annual Comprehensive Financial Report of the County of Lancaster, Pennsylvania (the County), for the year ended December 31, 2021, is hereby submitted.

The County's management assumes full responsibility for the completeness and reliability of all the information presented in this report. Management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is accurate and complete in all material respects. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities are included.

State statutes require that an annual audit be performed by independent certified public accountants. The Lancaster County Commissioners selected SB & Company, LLC. The independent public accountants report on the basic financial statements and give an "in relation to" opinion on the combining and individual fund statements and schedules included in the financial section of this report. The independent public accountants have issued an unmodified report and disclaim an opinion on the introductory and statistical sections of the report.

In addition to meeting the requirements set forth in state statutes, this audit was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits". The single audit for 2021 will be completed by September 30, 2022. Information related to this single audit, including the supplementary schedule of expenditures of federal awards, findings, and recommendations; independent public accountants' reports on internal control and compliance with applicable laws and regulations; and major program requirements, will be included in a separately issued single audit report.

Management's Discussion and Analysis (MD&A) immediately follows the independent public accountants' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is a complement to this letter of transmittal and should be read in conjunction with it.

This report includes all funds and activities of the County and reflects the extensive range of countywide services including, but not limited to, emergency services; health care and social services; construction and maintenance of highways, streets, and infrastructure; recreational activities; and cultural events. The report includes the Lancaster County Convention Center Authority as a component unit.

Profile of the Government

Lancaster County was formed on May 10, 1729, becoming the fourth County in the Commonwealth of Pennsylvania. It was originally a part of Chester County and was named for Lancashire in England. Located in the south-central part of the state approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh, the County occupies a land area of 946 square miles. Lancaster consists of 60 municipal divisions including the City of Lancaster, 18 boroughs, and 41 townships and has been a third-class county since 1962. With approximately 553,652 people making it their home, Lancaster County is the sixth most populous in the state behind only Philadelphia, Allegheny, Montgomery, Bucks, and Delaware counties.

The County acts as an agent of the Commonwealth for those functions which are specified by state law. To carry out those functions, three county commissioners are elected every four years and may be re-elected. The County Code stipulates that each party may put up no more than two candidates and that each voter may cast a ballot for only two commissioner candidates. The three receiving the highest number of votes are elected. This ensures that the commissioners are not all from the same political party. In addition to having limited legislative powers, the commissioners serve as the managers and administrators of the county government; name residents to boards, commissions, and authorities; and award contracts. Assisting them are a number of officials elected for four-year terms, who fill the so-called row offices, and numerous appointed deputies and directors. To assist the commissioners with their administrative duties, they appoint a chief clerk who keeps the books and accounts of the Board of County Commissioners, records and files their proceedings and papers, attests all orders and voucher checks issued by them, and performs all other duties pertaining to the office of the chief clerk. Additionally, the chief clerk is responsible for the preparation and monitoring of the annual county budget, contract negotiations, and monitoring the departments under the scope of the county commissioners.

The annual budget serves as the foundation for the County's financial planning and control. The County Commissioners must adopt an annual budget for the County by December 31 of each year for the subsequent year. The annual budget estimates revenues and expenditures for all governmental funds except the Community Development Block Grant, the Human Services Block Grant, the Agricultural Land Preservation special revenue funds, and the Capital Projects fund. Project-length financial plans are adopted for all capital projects. The legal level of budgetary control is established by fund. It is the prerogative of management to also maintain an enhanced level of control

at the function and object level. Supplemental appropriations, which alter the total expenditures of any fund, require resolution by the county commissioners. Appropriations lapse at the end of each year and must be reappropriated.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy

Lancaster County's economy remains strong due to a heritage of innovation and entrepreneurial spirit along with a strong work ethic. Historically, the economy has always been very resilient and does not rely on one main sector or company. The County has a large base of manufacturing businesses, but farms, tourist attractions, downtown Lancaster, and many other industries have all helped to keep the economy growing over the years. New businesses continue to come to the county due to the steady growth in population over the decades which supply plenty of workers. The County's unemployment rate of 3.3% remains consistently lower than both the state and national averages of 5.5% and 3.9% respectively. Along with its diverse economy, the County is within 500 miles of half the buying power in the nation. Lancaster County's proximity to major metropolitan markets and the ports of Baltimore, Philadelphia, and Wilmington makes it an ideal location for business growth and success. In addition to these factors, Lancaster County's tradition of successful businesses built on strong values help the private sector continue to adapt to the ever-changing markets.

There is a strong awareness that agriculture has a major local economic impact well beyond the rural landscapes. From one perspective, Lancaster County is the land that time left behind. Carefully tilled farms are worked by horse-drawn equipment with animals cared for in cozy barns in much the same way as they have been for generations. But Lancaster County is also on the cutting edge with cows milked by robots and bio-digesters collecting methane gas from manure to produce electricity. It is a land where the productive soil is farmed with the latest precision technologies, using GPS and other tools to help put seed and fertilizer where it can most efficiently be utilized. With an increase in egg and poultry production, organic vegetables, meat goats, and industrial hemp, farmers have had to learn to diversify. They also use many conservation methods that include stream-bank fencing, riparian buffers, cover crops, and no-till planting to ensure that the land will be here for future generations. In addition to the rich soil, temperate climate, and adequate rainfall that help our farms to be successful, the County is home to many agribusinesses that help support the thriving farming community. From on-farm production to equipment repair, veterinarians, law firms, bankers, and accountants, all the way to food processing, the economic impact of agriculture spans a large spectrum.

After a year of serious economic struggles due to the pandemic, the tourism industry in Lancaster County exceeded pre-pandemic levels in terms of visitors and dollars spent and generated, setting a record. Lancaster County had 91.3 million visitors who spent \$2.3 billion. That's a record according to the study conducted by Tourism Economics. Visitation in the County was 32.1% higher than 2020 and 2.2% above 2019. Visitor spending

improved 53.9% over 2020 and 3.2% above 2019. Total business sales supported by tourism increased to \$3.25 billion, a rise of 33.1% over 2020 and 11% above 2019 levels. Leisure travel made up the bulk of travel in Lancaster County as business travel remained below pre-pandemic levels. Hopes are that group travel, particularly meetings and conventions, will return to normal levels in 2022. This is welcome news for the County's tourism sector which has been a mainstay of the community's ongoing economic success.

Major Initiatives

For the Year

- Lancaster County Office of Aging Senior Centers were impacted by COVID related closings during 2020 and 2021. Several strategies were implemented to engage isolated seniors. The most successful was the online activities for seniors. What started as 2 to 5 programs a week in the summer/fall of 2020 expanded rapidly in the winter/spring of 2021. Activities included painting, yoga and exercises, technology classes, ukulele and drumming sessions, nutrition education, and various games. By June, over 400 seniors participated in over 40 activities monthly. Despite the reopening of the senior centers in July, online classes continued to grow. Given the success of this new programming option, the Lancaster County Office of Aging virtual senior center became a permanent addition to the senior center program. In August, separate funds were allocated and a new full-time center manager was hired to handle the day-to-day operations. By December, over 800 unduplicated seniors were actively participating in this virtual program.
- The Lancaster County Sheriff's Department purchased 20 body cameras for use by some of its deputies. The cameras will increase evidence collection as well as provide accountability, transparency, and confirm the professionalism of the deputies. A de-escalation training course was developed by the training officers of the department. The training complies with their policy and provides deputies with an ongoing reminder of their priority when encountering emotionally charged situations.
- Work was completed on an approximately \$19 million dollar renovation project to the County's four-decade-old courthouse. Renovations of the 6th and 7th floors were completed in 2020 and occupied by the District Attorney. They house offices, a computer forensic lab, file storage, and conference and training rooms. The 5th floor was completed this year and is occupied by the Courts. It houses three judge's chambers, new courtrooms, and administrative offices.

For the Future

- Lancaster County received half of the approximately \$106 million in federal funding they were expecting under the American Rescue Plan Act (ARPA) and will receive the remaining half in 2022. The Lancaster County Board of Commissioners will come up with guidelines for proposals from both county agencies as well as the public on how the County should spend a portion of the money. Eligible proposals

for ARPA funds will need to focus on water, sewer, broadband, clean water, public safety projects, as well as technology modernization, workforce training, affordable housing, and public health improvements at hospitals or nursing homes. The County intends to use some of the funds for hiring and staff retention, as well as infrastructure projects, as stated in the approved guidelines. Proposals will be reviewed by county staff and recommendations will be made to the County Commissioners on which projects meet funding criteria. At this point, the board will hold public meetings for comment and final determination. The County must approve proposals and allocate its full ARPA budget by the end of 2024, but payments can continue until the end of 2026.

- The County Commissioners closed on the purchase of a 78-acre tract of land along the Conestoga River in February 2022. The land was purchased from the Kreider family for \$3 million and will be used to build a new prison to replace the existing facility, portions of which were built in the 19th century. The two parties are working on finalizing a deal that will allow the County to temporarily lease back the property to the Kreider family. The agreement would allow them to continue farming and using their residence on the property until the construction of the new prison begins. The Commissioners next step is to form a committee to lead the design process of the new prison. The design committee will pursue modern best practices for prisons, including an emphasis on reentry programs and recidivism prevention. Construction is not expected to begin until late 2023 or early 2024.
- Lancaster County Commissioners approved elevating the County's class status under Pennsylvania's local government code in February 2022. The decision, which was 10 years in the making, moves Lancaster County to "second class A", the same class that includes the three Philadelphia adjacent counties of Bucks, Montgomery, and Delaware. The change, which will have few effects on residents, simply denotes that the County's population falls in the 500,000 to 999,999 range. Among the few practical effects of the class change is a requirement to create an investment board, the option to create an airport authority, and the need to add citizen input to its Youth Intervention Center Advisory Board.

Financial Policies

The Lancaster County Commissioners have not formally adopted an investment policy governing County investments; however, the County follows the Pennsylvania County Code and Act 72 of the Commonwealth of Pennsylvania for the County's investments.

The Lancaster Retirement Board has formally adopted an investment policy governing the Pension Trust Fund investments.

The Lancaster County Commissioners have formally adopted purchasing policies encompassing legal compliance and encouraging competitive and economical procurement of goods and services.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Lancaster for its annual comprehensive financial report for the year ended December 31, 2020. To be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized annual comprehensive financial report, which conformed to program standards. This report satisfied both GAAP and applicable legal requirements. This is the 32nd consecutive year that the County has been awarded the Certificate of Achievement for Excellence in Financial Reporting.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated services of the Controller's office staff, the cooperation of all County departments, various elected and appointed officials, and the assistance of our independent public accountants, SB & Company, LLC. We appreciate the contributions made in the preparation of this report.

Lisa K. Colón

Lisa K. Colón
Controller

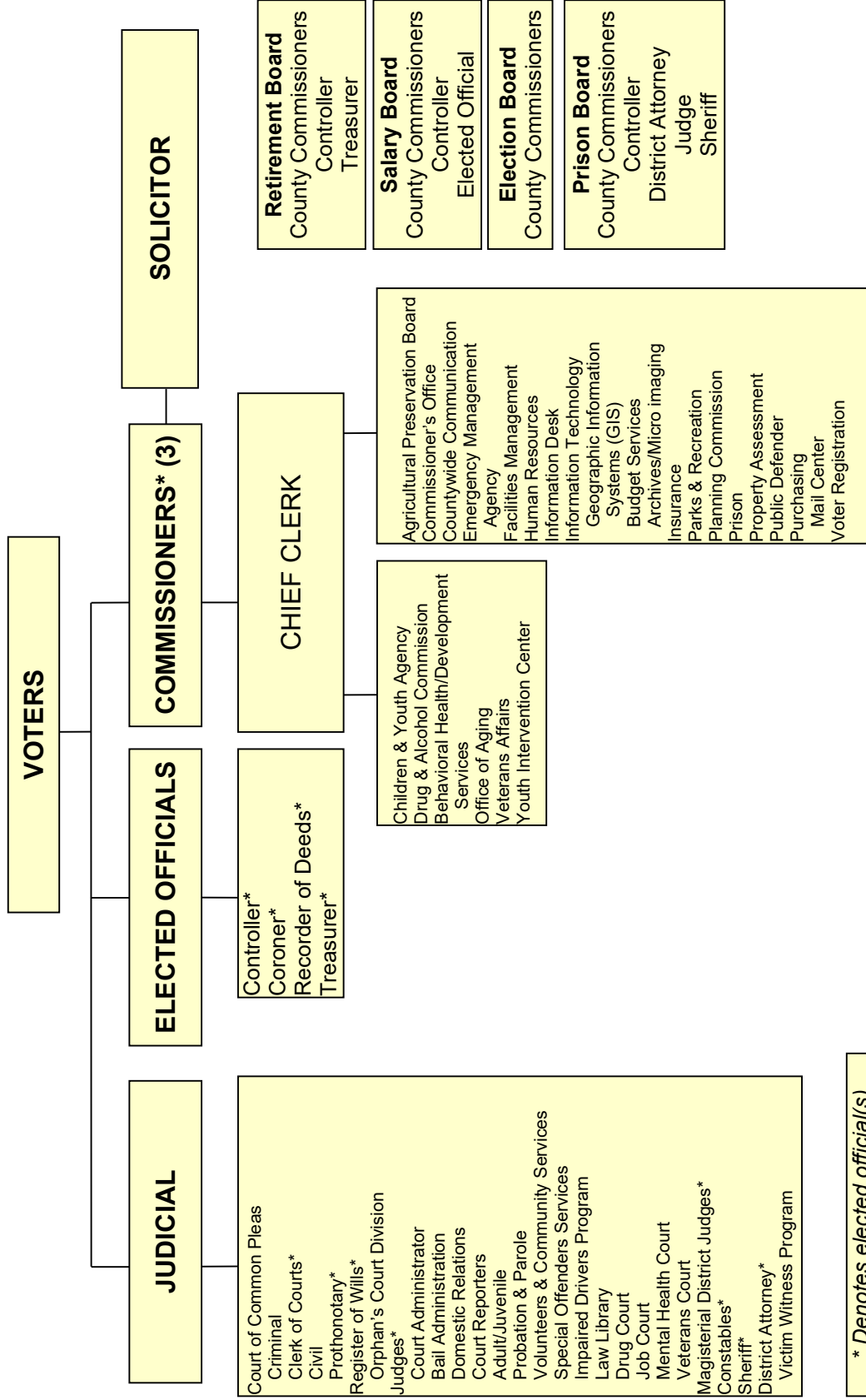
United Fruit Company
A Subsidiary of
American
Fruit Canners
and Processors
Company

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and Processors
Company

For United Fruit Company
Export Sales
Department
New York City

December 2, 1951

LANCASTER COUNTY ORGANIZATIONAL CHART – THIRD-CLASS COUNTY



* Denotes elected official(s)

**2021
County of Lancaster
List of Principal Officials**

Elected Officials

COMMISSIONERS

Joshua G. Parsons, Chairman
Ray D'Agostino, Vice Chairman
Craig E. Lehman

CLERK OF COURTS OF COMMON PLEAS

Rhonda F. Allen, Acting

CONTROLLER

Brian K. Hurter

CORONER

Stephen G. Diamantoni

JUDGES OF COURT OF COMMON PLEAS

David L. Ashworth, President Judge
Leonard G. Brown, III
Jeffrey A. Conrad
Christopher A. Hackman
Howard F. Knisely
Margaret C. Miller
Jeffrey J. Reich
Dennis E. Reinaker
Merrill M. Spahn, Jr.
Thomas B. Sponaugle
Craig W. Stedman
Donald R. Totaro
David R. Workman
Jeffery D. Wright

DISTRICT ATTORNEY

Heather L. Adams

PROTHONOTARY

Andrew E. Spade

RECORDER OF DEEDS

Ann M. Hess

REGISTER OF WILLS

Anne L. Cooper

SHERIFF

Christopher R. Leppler

TREASURER

Amber L. Martin

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Management and County Commissioners County
of Lancaster

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Lancaster, Pennsylvania (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.


Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the County's net pension liability and related ratios, schedule of County contributions and schedule of investment returns for the County of Lancaster, Pennsylvania, Employee Retirement Plan, the schedule of changes in the County's net other post-employment benefits liability and related ratios, and the required supplementary schedules of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis for the General Fund, Children and Youth Services Fund, Behavioral Health and Developmental Services Fund and Domestic Relations Special Revenue Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, statistical section, and combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and are derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information Included in the ACFR

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Owings Mills, Maryland June 29, 2022

*SB * Company, LLC*

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This section of the County of Lancaster's (the County) Annual Comprehensive Financial Report presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2021. It is recommended that it be read in conjunction with the accompanying basic financial statements and notes to financial statements to obtain a thorough understanding of the County's financial condition as of December 31, 2021.

FINANCIAL HIGHLIGHTS

- ✓ The County's 2021 real estate property tax millage rate remained unchanged at 2.911.
- ✓ The County's adopted budget for 2021 was a balanced budget for the ninth consecutive year.
- ✓ The County maintained a bond rating of Aa2 during 2021.
- ✓ The County's net position increased \$60.7 million in 2021 to \$77.0 million.
- ✓ The County's unrestricted deficit was \$93.8 million as of December 31, 2021, compared to an unrestricted deficit of \$146.8 million as of December 31, 2020.
- ✓ The County's total General Fund balance increased \$10.9 million during 2021 to \$61.2 million.
- ✓ The County's total General Fund balance on December 31, 2021, included an unassigned fund balance of \$49.6 million. The unassigned fund balance increased \$11.3 million during 2021.
- ✓ The County's General Fund operating cash balance increased \$75.6 million during 2021 to \$139.0 million. Part of this balance is unspent ARPA and Emergency Rental Assistance Program (ERAP) funds that the County received to assist with the impact of the coronavirus pandemic.
- ✓ As of December 31, 2021, the County had \$161.8 million of total debt service commitments outstanding. This represents a decrease of \$14.4 million, or 8.2%, from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of four parts: management's discussion and analysis, the basic financial statements (including notes to the financial statements), other required supplementary information, and a section that presents combining and individual fund statements and schedules. The basic financial statements present two different views of the County using government-wide statements and fund financial statements. The diagram on the following page shows how the required components of the financial section of this Comprehensive Annual Financial Report are arranged and relate to one another.

The first two basic financial statements are *government-wide financial statements* that provide information about the County's overall financial status, as well as the financial status of the County's component unit. The remaining basic financial statements are *fund financial statements* that focus on major funds of County government, reporting the County's operations in more detail than the government-wide statements. The fund financial statements include:

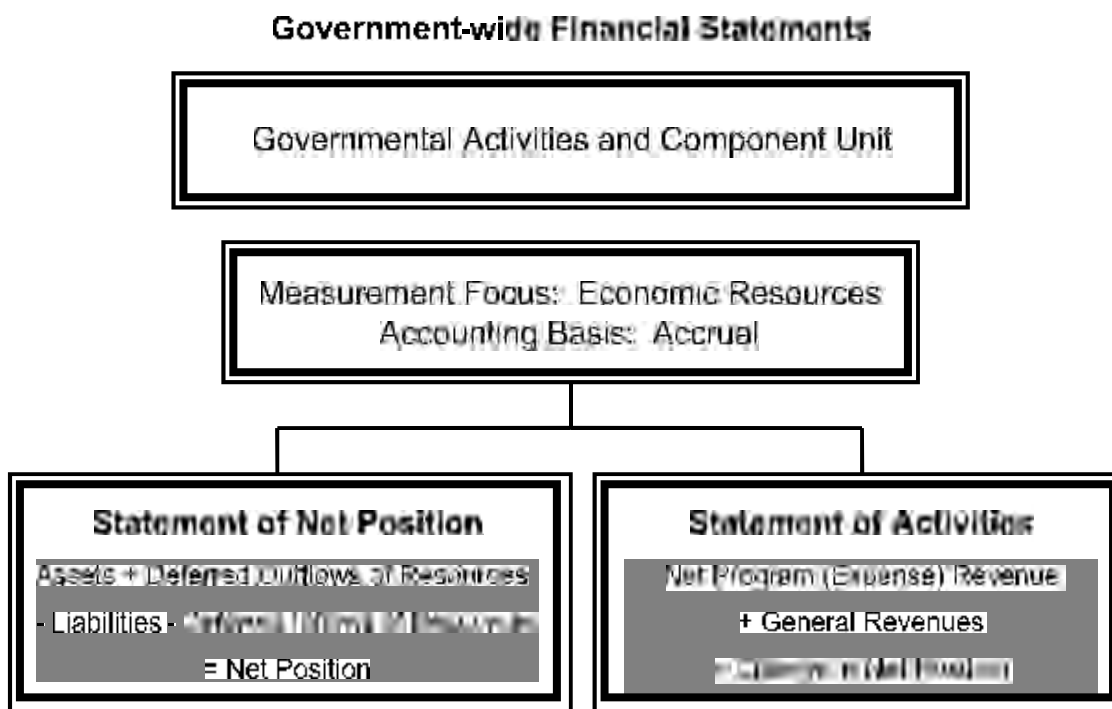
- ◆ *Governmental funds financial statements* which explain how services such as public safety were financed in the short term, as well as what remains for future spending.
- ◆ *Fiduciary funds financial statements* that reflect activities involving resources that are held by the County as a trustee or agent for parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the County's programs.

The basic financial statements also include notes to the financial statements that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. In addition to the basic financial statements and notes, the required supplementary information includes: the schedule of contributions to other post-employment benefits and other post-employment benefit funding progress; the schedule of contributions to the County pension plan, schedule of changes in the pension liability and related ratios, and investment returns; the County's budget for the General Fund; and the County's budget for each major budgeted special revenue fund. In addition to these required elements, a section is included with combining and individual fund statements that provide particulars about nonmajor governmental funds.

The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the County as a whole and its component unit using accounting methods similar to those used by private-sector companies. The primary features are reflected in the following diagram.



The statement of net position includes all the County's assets, liabilities, and deferred outflows and inflows of resources, except fiduciary funds, with the difference reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. The statement of activities focuses on how the County's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid. Net position is one way to measure the County's financial health, or position. Over time, increases or decreases in the County's net position are one indicator of whether the County's financial position is improving or deteriorating. However, other non-financial factors such as changes in the County's real property tax base and general economic conditions must be considered to assess the overall position of the County.

The government-wide financial statements of the County are divided into two categories:

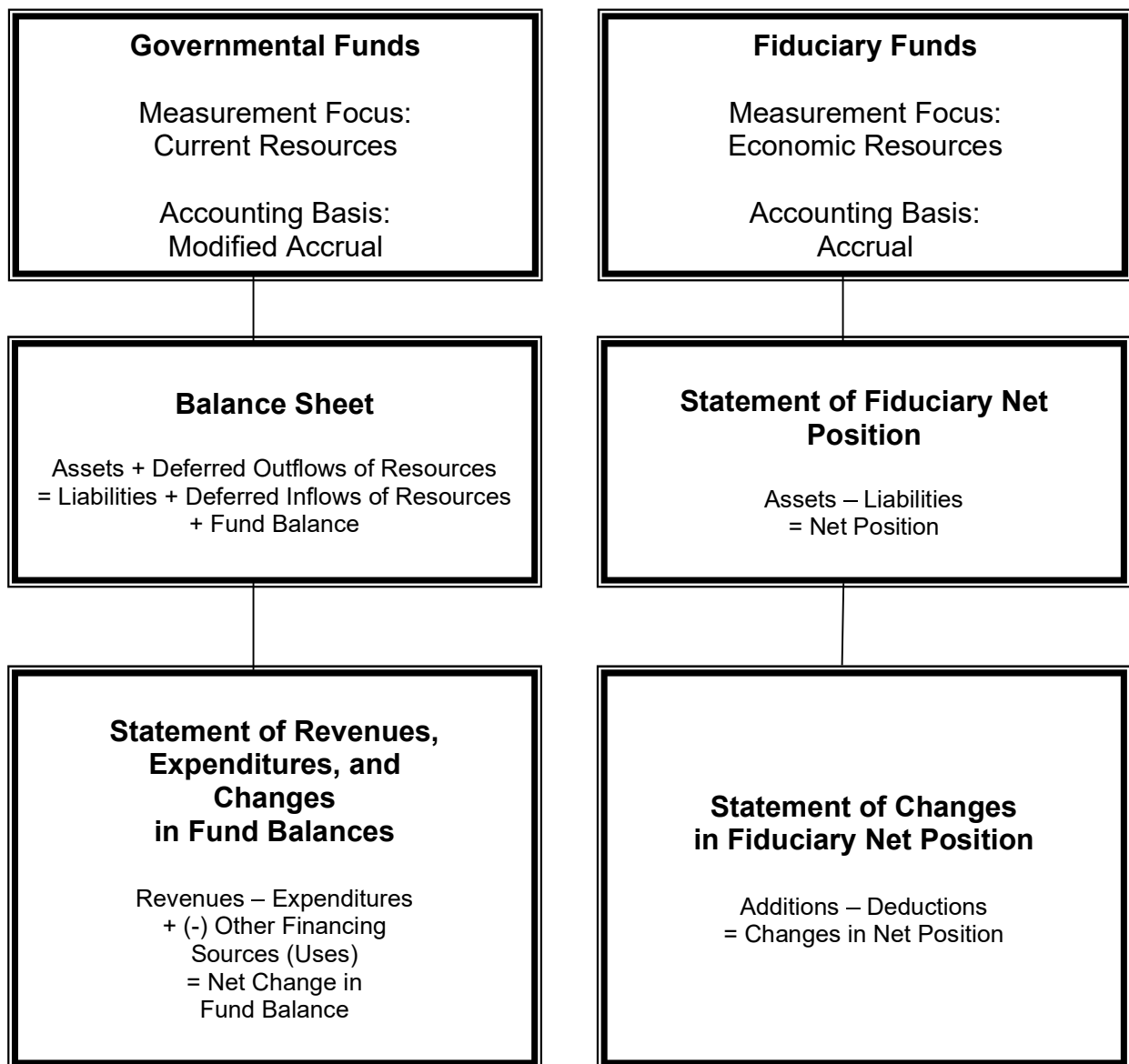
- ◆ *Governmental activities* – All the County’s basic services are included here, such as public safety, roads and bridges, health and welfare, and general government administration. Property and other such taxes, state and federal grants, and charges for services are the primary funding source of these activities.
- ◆ *Component Unit* – The County includes one other entity – the Lancaster County Convention Center Authority. *

*See separate report as mentioned in the notes to the financial statements.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the County's funds with an emphasis on major funds, not the County as a whole. Funds are accounting groups that the County uses to keep track of specific sources of funding and spending for particular purposes. State law requires some funds, while other funds are established to control and manage resources designated for specific purposes. The following diagram presents the major features of the fund financial statements, including the types of information contained therein.

Fund Financial Statements



The County has two types of funds:

- *Governmental funds* – Most of the County's basic services are included in governmental funds, which focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the County's programs. The County maintains the following major governmental funds: the General Fund, Behavioral Health and Developmental Services special revenue fund, Children and Youth Services special revenue fund, the Domestic Relations special revenue fund, the Capital Projects special revenue fund, and the Human Services Block Grant special revenue fund. The County also maintains five nonmajor special revenue funds that are combined into a single aggregated presentation. Because this information does not encompass the additional long-term focus of the government-wide statements, a detailed reconciliation provides additional information that explains the relationship (or differences) between the fund and government-wide financial statements.
- *Fiduciary funds* – The County is the trustee, or fiduciary, for its employees' pension plan. In addition, the County is also responsible for a custodial fund, which represents clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The County is responsible for ensuring that the assets reported in the fund are used for their intended purpose. All of the County's fiduciary asset and liability balances are reported in the statement of fiduciary net position. A statement of changes in fiduciary net position is also presented. All fiduciary activities are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County presents its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The statement of net position and the statement of activities report information about the County as a whole and about its activities to measure the results of the year's activities.

NET POSITION:

The County's net position as of December 31, 2021, and 2020 is presented below:

<p>Table A-1 County Net Position as of December 31, 2021, and 2020 (amounts in millions)</p>

	2021	2020
Capital assets, net	\$ 303.0	\$ 301.3
Other assets	235.3	125.5
Total assets	538.3	426.8
Deferred outflows of resources	27.2	33.6
Total deferred outflows of resources	27.2	33.6
Other liabilities	103.8	37.5
Long-term liabilities	269.6	331.6
Total liabilities	373.4	369.1
Deferred inflows of resources	115.1	75.0
Total deferred inflows of resources	115.1	75.0
Net position (deficit):		
Net investment in capital assets	138.6	125.4
Restricted	32.2	37.7
Unrestricted (deficit)	(93.8)	(146.8)
Total net position	\$ 77.0	\$ 16.3

Net position of the County's governmental activities increased \$60.7 million to \$77.0 million. This increase was primarily the result of a decrease in the County's net other postemployment benefits (OPEB) liability as well as having a net pension asset.

Of the \$77.0 million, \$138.6 million represents the balance of net investments in capital assets, while \$32.2 million is restricted for various purposes. The County has an unrestricted deficit balance of \$93.8 million at the end of the year. Lancaster County's total assets stand at \$538.3 million and deferred outflows of resources stand at \$27.2 million as of December 31, 2021. Of the total assets, \$303.0 million is accounted for by capital assets, which includes some infrastructure.

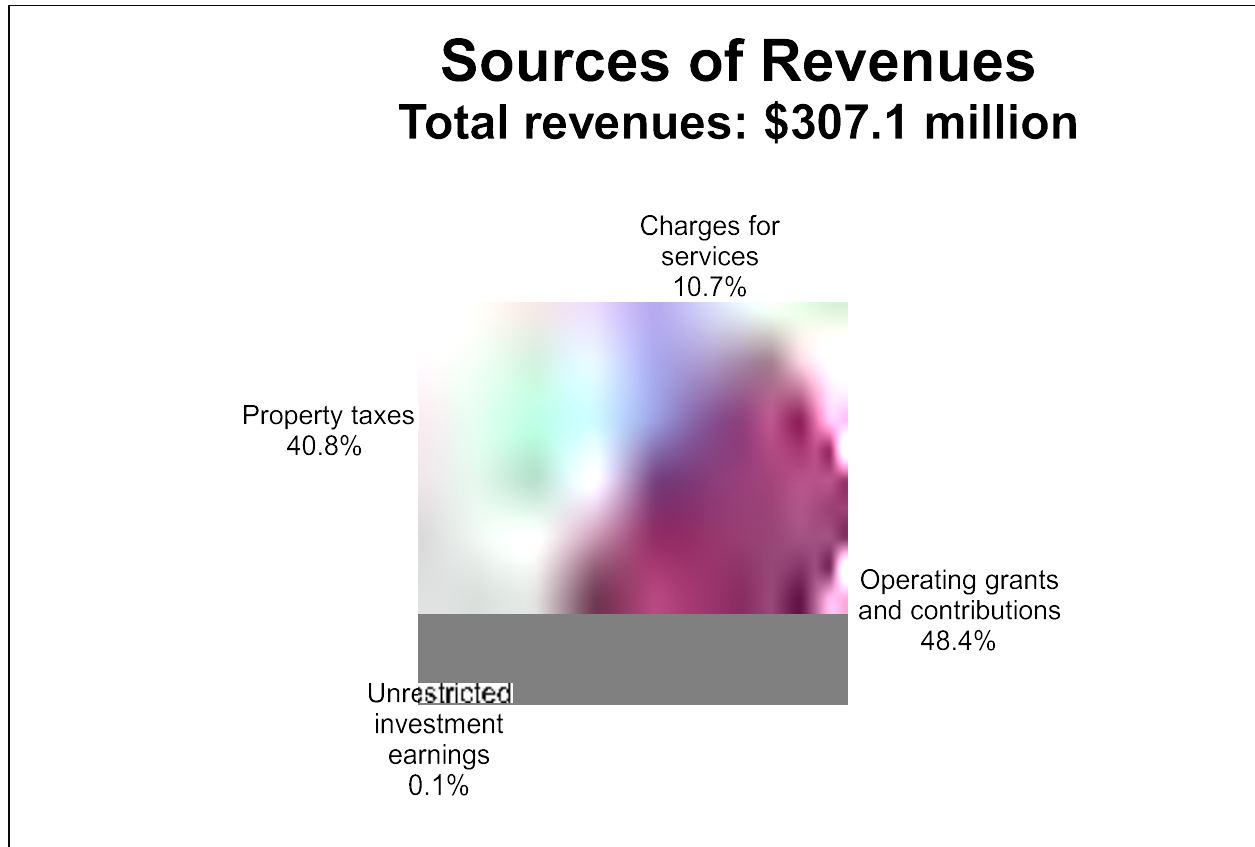
The following table presents the County's changes in net position for the fiscal years ending December 31, 2021, and 2020:

Table A-2 County's Changes in Net Position for the years ending December 31, 2021, and 2020 (amounts in millions)		
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 32.7	\$ 30.7
Operating grants and contributions	148.6	174.5
General revenues:		
Property taxes	125.5	123.7
Unrestricted investment earnings	0.3	0.5
Total revenues	307.1	329.4
Expenses:		
General government	62.5	121.7
Public safety	12.4	13.2
Roads and bridges	1.1	1.0
Health, education, and welfare	73.4	72.9
Judicial	50.3	50.5
Corrections	30.8	27.1
Cultural and recreation	2.7	2.6
Community development	6.2	3.2
Interest on long-term debt	7.0	7.2
Total expenses	246.4	299.4
Change in net position	60.7	30.0
Net position – beginning	16.3	(13.7)
Net position – ending	\$ 77.0	\$ 16.3

See pages 22 through 27 for details of these amounts and explanations of changes.

GOVERNMENTAL ACTIVITIES:

The following chart graphically depicts the sources of revenues for the year ended December 31, 2021:

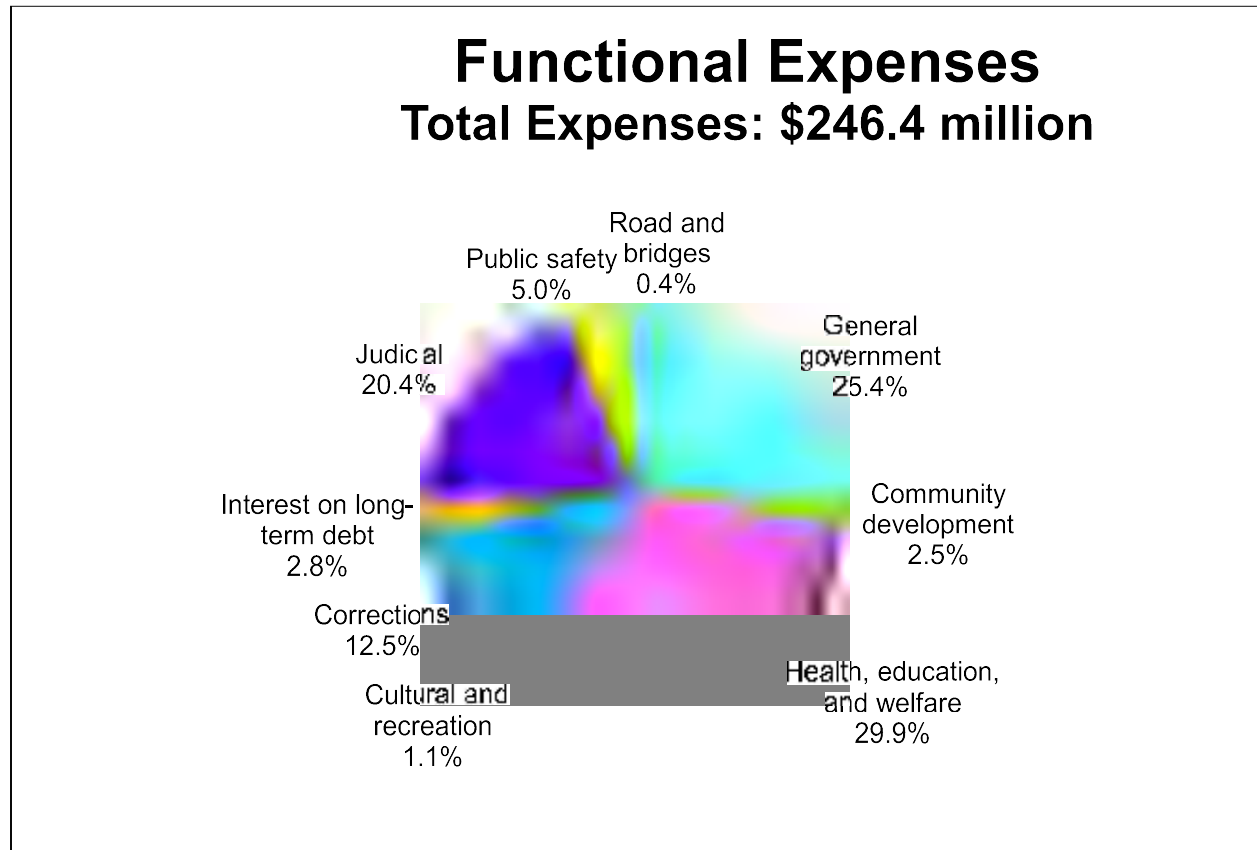


Total government-wide revenues of \$307.1 million were derived primarily from operating grants and contributions, representing 48.4% of the total. Property taxes made up the second largest source of revenue at 40.8%, followed by charges for services at 10.7%, and unrestricted investment earnings at 0.1%.

See pages 25 through 28 for details of these amounts and explanations of changes to revenues.

GOVERNMENTAL ACTIVITIES:

The following chart graphically depicts the functional expenses for the year ended December 31, 2021:



Total expenses for all programs in 2021 were \$246.4 million. The expenses cover a wide range of services, with the largest being health, education, and welfare at 29.9%. The second largest program area was general government at 25.4%, followed by judicial at 20.4%, corrections at 12.5%, public safety at 5.0%, interest on long term debt at 2.8%, community development at 2.5%, cultural and recreation at 1.1%, and road and bridges at 0.4%.

See pages 25 through 28 for details of these amounts and explanations of changes to expenses.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS:

The General Fund, the Children and Youth Services special revenue fund, the Behavioral Health and Developmental Services special revenue fund, the Domestic Relations special revenue fund, the Capital Projects special revenue fund, and the Human Services Block Grant special revenue fund make up the County's major governmental funds. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, spendable (both restricted and unrestricted) fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2021, the General Fund reported a fund balance of \$61.2 million, which was a \$10.9 million or 21.7% increase over the previous year's balance of \$50.3 million. This increase was the result of 66.5% of budgeted revenues being collected while only 53.5% of budgeted expenditures were spent. Revenues decreased from \$244.1 million to \$217.3 million, a \$26.8 million or 11.0% decrease. This decrease was the result of a reduction in CARES funds recognized as revenue. Expenditures decreased from \$224.1 million to \$180.2 million, which was a \$43.9 million or 19.6% decrease. This decrease was the result of a reduction in CARES funds spent as well as a reduction in debt service and capital outlay due to a decrease in Act 13 spending on bridges.

The fund balance in the Children and Youth Services special revenue fund decreased to \$2.0 million as of December 31, 2021, from \$2.3 million, a \$0.3 million or 13.0% decrease. This decrease was the result of Children and Youth Agency collecting 86.9% of their budgeted revenues while spending 90.8% of their budgeted expenses. Revenues decreased from \$33.6 million to \$33.2 million, a \$0.4 million or 1.2% decrease. Expenditures decreased from \$43.2 million to \$42.5 million, a decrease of \$0.7 million or 1.6%. The decreases are the result of less children being placed in out-of-home settings.

The Behavioral Health and Developmental Services special revenue fund has no fund balance to report. Revenues in this fund increased to \$29.2 million from \$27.6 million, an increase of \$1.6 million or 5.8%. Expenditures increased from \$28.6 million to \$30.1 million, a \$1.5 million or 5.2% increase. The increase in both the revenues and expenditures is due to increased activity in both federal and state grants.

As of December 31, 2021, the Domestic Relations special revenue fund balance was \$15.6 million, as compared to \$14.6 million last year, an increase of \$1.0 million or 6.8%. This increase was the result of Domestic Relations receiving 108.2% of their budgeted revenue while only spending 89.0% of their budgeted expenses. The revenues and expenses remained basically unchanged compared to the prior year.

The fund balance in the Capital Projects special revenue fund increased to \$18.6 million as of December 31, 2021, from \$10.3 million, an \$8.3 million or 80.6% increase. This increase was the result of the creation of the Capital Improvement Reserve Fund. Revenues decreased from \$0.1 million to \$0.0 million, a \$0.1 million or 100.0% decrease. This decrease was due to a decrease in interest earned for the year. Expenditures decreased from \$13.6 million to \$5.0 million, a decrease of \$8.6 million or 63.2%. This decrease was due to the completion of the courthouse renovation project.

The Human Services Block Grant special revenue fund has no fund balance to report. The revenues increased from \$0.05 million on December 31, 2020, to \$0.4 million on December 31, 2021, an increase of \$0.35 million or 700.0%. This increase was the result of transfers from the block grant exceeding transfers into the block grant, intergovernmental revenue, and interest earned. Expenditures were unchanged at \$0.0 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of County Commissioners revised the County budget several times. These budget amendments fall into two categories: amendments to appropriations approved shortly after the beginning of the year to reflect budget carryovers from the prior year and increases in appropriations based on supplemental funding sources.

The County's original revenue budget increased from \$165.9 million to \$333.8 million, an increase of \$167.9 million or 101.2%. This was the result of the County receiving \$53.0 million in ARPA funds, \$57.0 million in ERAP funds, and \$6.2 million in Hospitality Recovery funds. Actual revenues received totaled \$221.9 million or 66.5% of the final budget. Intergovernmental revenues were \$113.1 million lower than the final budgeted amounts due to not all the ARPA and ERAP funds being spent during the year. Fines and costs were \$0.9 million lower than the final budgeted amounts due to a reduction in fines and costs assessed and collected because of the pandemic.

The County's original operating expenditure budget, excluding transfers, increased from \$156.9 million to \$340.2 million, an increase of \$183.3 million or 116.8%. This was the result of the County receiving \$53.0 million in ARPA funds, \$55.0 million in ERAP funds, and \$6.2 million in Hospitality Recovery funds. Actual expenditures were \$182.0 million or 53.5% of the final budget due to not all the ARPA and ERAP funds being spent during the year, as well as cost saving measures implemented during 2021.

Other differences between the original General Fund budget and the final amended budget were primarily the result of budget resolutions for various grants that the County received.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS:

The County's investment in capital assets as of December 31, 2021, net of accumulated depreciation, amounted to \$303.0 million. Capital assets consist primarily of land and improvements, buildings and improvements, furniture and equipment, infrastructure, and easements. The following is a summary of capital assets as of December 31, 2021, and 2020:

Summary of Capital Assets		
	2021	2020
Land	\$ 5,375,585	\$ 5,275,585
Buildings and improvements	232,716,851	227,203,010
Improvements other than buildings	1,849,019	1,849,019
Furniture and equipment	59,210,513	57,297,766
Infrastructure	37,253,962	34,368,967
Easements	110,711,133	109,637,739
Less accumulated depreciation	(144,124,572)	(134,352,052)
Total	<u>\$ 302,992,491</u>	<u>\$ 301,280,034</u>

Total capital assets increased from \$301.3 million to \$303.0 million, an overall increase of \$1.7 million or 0.6%. The significant elements of this increase include a \$5.5 million increase in buildings and improvements due to renovations to the 6th and 7th floors of the courthouse, as well as roof replacement and security upgrades at the prison and a \$2.9 million increase in infrastructure due to the replacement of the Pequea #6 bridge and Mill #1 bridge. These increases were offset by regularly scheduled depreciation.

As of December 31, 2021, the County had \$4,013,681 in commitments outstanding related to contracts for the acquisition, construction, and renovation of various facilities.

More detailed information about the County's capital assets can be found in Note 7 of the notes to financial statements.

LONG-TERM DEBT:

As of December 31, 2021, the County had \$161.8 million of general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements outstanding. This was a decrease of \$14.4 million or 8.2% from the previous year. The following details activity related to general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements during 2021:

Summary of General Obligation Bond, General Obligation Note and Direct Borrowing, and Installment Purchase Agreement Activity
--

Beginning balance at 1/1/2021	\$ 176,152,600
Debt issued	-
Less principal refunded	-
Less principal payments	<u>(14,391,600)</u>
Ending balance at 12/31/2021	<u>\$ 161,761,000</u>

BOND RATING:

The County maintained a bond rating of Aa2 during 2021.

The County continues to aggressively reduce long-term debt.

More detailed information about the County's long-term debt can be found in Note 9 of the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key economic factors affecting the County include the following:

- The County's population has grown consistently over the past decade and most of the County's residents succeed in finding employment.
- The County's unemployment rate stands at 3.3%, which is a 36.5% decrease over the previous year's rate of 5.2%. This rate compares favorably with the state rate of 5.5% and the national rate of 3.9%. The decrease over the prior year is a result of people returning to work after the coronavirus pandemic.

These factors were considered in preparing the County's 2022 budget. Amounts available for appropriation in the General Fund budget are \$168.8 million, an increase of 1.7% over the final 2020 budget of \$165.9 million. Real estate tax receipts were budgeted to increase by \$1.7 million due to natural growth. Fees and fines were budgeted to increase by \$0.8 million due to an increase in Register of Wills and Recorder of Deeds fees.

Budgeted operating expenditures, excluding transfers, were increased 2.2% for 2022, to \$160.7 million, from \$157.2 million in 2021. This is due primarily to the increase in operating expenses, capital expenses, and affiliated agency/capital project grants.

For the 2022 budget year the Board of County Commissioners approved a balanced budget for the tenth consecutive year.

The County expects to receive approximately \$53 million additional ARPA funds in the summer of 2022 to assist the County in dealing with the continuing impacts of the coronavirus pandemic.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning this report or requests for additional information should be directed to:

Lancaster County Controller's Office
County of Lancaster, Pennsylvania
150 North Queen Street, Suite 710
Lancaster, PA 17603

Basic Financial Statements

County of Lancaster, Pennsylvania

Statement of Net Position

December 31, 2021

	Primary Government	Component Unit
		Lancaster County Convention Center Authority
	Governmental Activities	
ASSETS		
Cash and investments:		
Operating	\$ 181,410,769	\$ 2,759,436
Other	500,326	-
Cash with fiscal agents	136	-
Restricted cash and investments	-	12,822,583
Receivables:		
Room rental tax	-	1,215,821
Taxes, net of allowance for uncollectibles of \$53,205	1,720,305	-
Fines and costs, net of allowance for uncollectibles of \$36,585,745	4,454,542	-
Accounts	2,922,960	-
Due from other governments	17,524,300	-
Restricted	-	-
Other	2,354,693	88,316
Prepaid items	-	161,986
Net pension asset	24,396,495	-
Capital assets not being depreciated/amortized:		
Land	5,375,585	1,607,517
Easements	110,711,133	-
Capital assets being depreciated/amortized:		
Buildings and improvements	232,716,851	76,293,976
Improvements other than buildings	1,849,019	-
Furniture and equipment	59,210,513	6,338,238
Infrastructure	37,253,962	-
Less accumulated depreciation/amortization	(144,124,572)	(29,858,107)
Total assets	<u>538,277,017</u>	<u>71,429,766</u>
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in the fair value of hedging derivatives	1,300,943	-
Deferred charge on refunding	3,397,209	-
Deferred outflows related to pensions	16,635,782	-
Deferred outflows related to OPEB	5,913,656	-
Total deferred outflows of resources	<u>27,247,590</u>	<u>-</u>
LIABILITIES		
Accounts payable	14,938,748	1,788,149
Contracts payable	170,415	-
Retainage payable	247,950	-
Accrued interest payable	1,026,048	248,154
Unearned revenue	82,907,370	127,577
Payroll related accruals	4,463,320	4,233
Long-term liabilities:		
Due within one year	20,264,778	670,000
Due in more than one year	245,719,069	58,620,000
Derivative instruments - interest rate swap liability	2,716,783	9,172,186
Borrowing payable	921,738	15,021,347
Total liabilities	<u>373,376,219</u>	<u>85,651,646</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	37,910,758	-
Deferred inflows related to OPEB	77,199,946	-
Total deferred inflows of resources	<u>115,110,704</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	138,618,561	(520,002)
Restricted for:		
Federal and state grant programs	23,894,084	-
Capital projects	5,302,635	-
Public safety	1,962,353	-
Community development	1,036,562	-
Other	-	6,971,348
Unrestricted (deficit)	(93,776,511)	(20,673,226)
Total net position	<u>\$ 77,037,684</u>	<u>\$ (14,221,880)</u>

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Statement of Activities

For the Year Ended December 31, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	Component Unit
<u>Functions/Programs</u>					
Primary Government:					
Governmental activities:					
General government	\$ 62,541,277	\$ 10,656,561	\$ 58,874,886	\$ 6,990,170	\$ -
Public safety	12,353,393	10,541,822	283,015	(1,528,556)	-
Roads and bridges	1,073,484	-	3,062,132	1,988,648	-
Health, education, and welfare:					
Drug and alcohol	4,750,726	270,009	4,564,999	84,282	-
Behavioral health and developmental services	28,887,734	2,238,575	26,918,174	269,015	-
Office of aging	7,911,113	36,641	8,496,887	622,415	-
Children and youth	31,804,434	377,600	32,780,782	1,353,948	-
Other	2,000	354,873	3,301	356,174	-
Judicial	50,334,968	6,284,040	7,531,473	(36,519,455)	-
Corrections	30,764,447	1,732,120	16,325	(29,016,002)	-
Cultural and recreation	2,718,435	248,279	-	(2,470,156)	-
Community development	6,184,668	-	6,110,290	(74,378)	-
Interest on long-term debt	7,044,609	-	-	(7,044,609)	-
Total government activities	\$ 246,371,288	\$ 32,740,520	\$ 148,642,264	\$ (64,988,504)	\$ -
Component Unit:					
Convention center	\$ 7,674,406	\$ 1,155,168	\$ -		(6,519,238)
Total component unit	\$ 7,674,406	\$ 1,155,168	\$ -		(6,519,238)
General Revenues:					
Property taxes				125,470,686	-
Unrestricted investment earnings (loss)				292,285	4,622,022
Room rental tax				-	6,312,944
Total general revenues				125,762,971	10,934,966
Change in net position				60,774,467	4,415,728
Net position - beginning				16,263,217	(18,637,608)
Net position - ending				\$ 77,037,684	\$ (14,221,880)

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Balance Sheet - Governmental Funds

December 31, 2021

	General	Children and Youth Services	Behavioral Health and Developmental Services	Domestic Relations	Capital Projects	Human Services Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments:								
Operating	\$ 139,021,634	\$ 613,984	\$ -	\$ 14,661,252	\$ 19,038,755	\$ 4,348,686	\$ 3,726,458	\$ 181,410,769
Other	-	125,256	191,251	-	-	-	183,819	500,326
Cash with fiscal agents	136	-	-	-	-	-	-	136
Receivables:								
Taxes	1,773,510	-	-	-	-	-	-	1,773,510
Less allowance for uncollectible taxes	(53,205)	-	-	-	-	-	-	(53,205)
Fines and costs	41,040,287	-	-	-	-	-	-	41,040,287
Less allowance for uncollectible fines and costs	(36,585,745)	-	-	-	-	-	-	(36,585,745)
Accounts	2,922,960	-	-	-	-	-	-	2,922,960
Due from other funds	1,605,045	-	-	-	-	-	-	1,605,045
Due from other governments	4,671,831	4,894,278	4,704,755	1,140,597	-	-	2,112,839	17,524,300
Other	-	-	264,114	-	-	-	14,784	278,898
Total assets	\$ 154,396,453	\$ 5,633,518	\$ 5,160,120	\$ 15,801,849	\$ 19,038,755	\$ 4,348,686	\$ 6,037,900	\$ 210,417,281
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 7,574,900	\$ 3,182,902	\$ 3,214,125	\$ 7,749	\$ -	\$ -	\$ 959,072	\$ 14,938,748
Contracts payable	-	-	-	-	170,415	-	-	170,415
Retainage payable	-	-	-	-	247,950	-	-	247,950
Due to other funds	-	-	1,605,045	-	-	-	-	1,605,045
Unearned revenue - intergovernmental	77,298,830	-	-	-	-	4,348,686	1,259,854	82,907,370
Payroll related accruals	3,404,668	414,253	340,950	163,853	-	-	139,596	4,463,320
Total liabilities	88,278,398	3,597,155	5,160,120	171,602	418,365	4,348,686	2,358,522	104,332,848
Deferred inflows of resources:								
Unavailable revenue-property taxes and fines & costs	4,883,695	-	-	-	-	-	-	4,883,695
Total deferred inflows of resources	4,883,695	-	-	-	-	-	-	4,883,695
Fund Balances:								
Restricted:								
Health, education, and welfare	-	2,036,363	-	-	-	-	2,559,465	4,595,828
Capital projects	-	-	-	-	5,302,635	-	-	5,302,635
Roads and bridges	1,188,605	-	-	-	-	-	83,351	1,271,956
General government	1,210,463	-	-	-	-	-	-	1,210,463
Public safety	1,962,353	-	-	-	-	-	-	1,962,353
Judicial	1,185,590	-	-	15,630,247	-	-	-	16,815,837
Community development	-	-	-	-	-	-	1,036,562	1,036,562
Committed:								
Capital projects	-	-	-	-	13,317,755	-	-	13,317,755
Assigned:								
Future benefits	1,070,183	-	-	-	-	-	-	1,070,183
Healthcare benefits	2,102,636	-	-	-	-	-	-	2,102,636
Corrections	2,482,794	-	-	-	-	-	-	2,482,794
Judicial	381,862	-	-	-	-	-	-	381,862
Unassigned	49,649,874	-	-	-	-	-	-	49,649,874
Total fund balances	61,234,360	2,036,363	-	15,630,247	18,620,390	-	3,679,378	101,200,738
Total liabilities, deferred inflows of resources, and fund balances	\$ 154,396,453	\$ 5,633,518	\$ 5,160,120	\$ 15,801,849	\$ 19,038,755	\$ 4,348,686	\$ 6,037,900	\$ 210,417,281
Total fund balances								\$ 101,200,738
Amounts reported for governmental activities in the statement of net assets are different because:								
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. (Note 7)								302,992,491
Certain receivables are not available to pay for current-period expenditures and, therefore, are not recognized or unearned in the funds.								4,883,695
Long-term liabilities, including general obligation bonds, notes payable, net pension liabilities, net OPEB liabilities, and related deferred inflows and outflows, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. (Note 3)								(358,511,530)
Other long-term note receivable								2,075,795
Net pension asset								24,396,495
Total net position of governmental activities								\$ 77,037,684

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended December 31, 2021

	General	Children and Youth Services	Behavioral Health and Developmental Services	Domestic Relations	Capital Projects	Human Services Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Real estate taxes	\$ 125,593,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,593,195
Intergovernmental	58,753,179	32,780,782	26,918,174	5,170,586	-	3,301	22,234,308	145,860,330
Departmental	28,440,341	377,600	350,864	31,195	-	-	36,641	29,236,641
Fines and costs	2,950,879	-	-	-	-	-	-	2,950,879
Investment earnings	254,842	-	-	18,184	8,511	8,606	2,142	292,285
Other	1,314,006	-	-	-	-	354,873	270,009	1,938,888
Health Choices revenues	-	-	1,887,711	-	-	-	-	1,887,711
Total revenues	217,306,442	33,158,382	29,156,749	5,219,965	8,511	366,780	22,543,100	307,759,929
EXPENDITURES								
Current:								
General government	66,721,272	-	-	-	-	-	-	66,721,272
Public safety	11,166,686	-	-	-	-	-	-	11,166,686
Roads and bridges	-	-	-	-	-	-	189,086	189,086
Health, education, and welfare:								
Drug and alcohol	-	-	-	-	-	-	5,052,524	5,052,524
Behavioral Health and Developmental Services	-	-	29,695,783	-	-	-	-	29,695,783
Office of aging	-	-	-	-	-	-	9,147,159	9,147,159
Children and youth	-	42,513,360	-	-	-	-	-	42,513,360
Judicial	45,945,763	-	-	6,511,232	-	-	-	52,456,995
Corrections	29,325,948	-	-	-	-	-	-	29,325,948
Cultural and recreation	2,427,147	-	-	-	-	-	-	2,427,147
Community development	-	-	-	-	-	-	6,270,476	6,270,476
Capital outlay	3,087,804	12,774	360,388	-	4,960,047	-	2,812,185	11,233,198
Debt Service:								
Principal retirement	14,391,600	-	-	-	-	-	-	14,391,600
Interest and fiscal charges	7,126,362	-	-	-	-	-	-	7,126,362
Total expenditures	180,192,582	42,526,134	30,056,171	6,511,232	4,960,047	-	23,471,430	287,717,596
Excess (deficiency) of revenues over (under) expenditures	37,113,860	(9,367,752)	(899,422)	(1,291,267)	(4,951,536)	366,780	(928,330)	20,042,333
OTHER FINANCING SOURCES (USES)								
Transfers in	-	9,068,242	899,422	2,370,666	13,317,755	267,000	920,939	26,844,024
Transfers out	(26,210,244)	-	-	-	-	(633,780)	-	(26,844,024)
Face amount of refunding bonds issued	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	-
Face amount of bonds issued	-	-	-	-	-	-	-	-
Premium on bond issued	-	-	-	-	-	-	-	-
Issuance of capital leases	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(26,210,244)	9,068,242	899,422	2,370,666	13,317,755	(366,780)	920,939	-
Net change in fund balances	10,903,616	(299,510)	-	1,079,399	8,366,219	-	(7,391)	20,042,333
Fund balances, January 1	50,330,744	2,335,873	-	14,550,848	10,254,171	-	3,686,769	81,158,405
Fund balances, December 31	\$ 61,234,360	\$ 2,036,363	\$ -	\$ 15,630,247	\$ 18,620,390	\$ -	\$ 3,679,378	\$ 101,200,738

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds	\$ 20,042,333
The change in net assets reported for <i>governmental activities</i> in the statement of activities is different because:	
Governmental funds report capital outlays (including easements) as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which depreciation/amortization expense exceeded capital outlays in the current period. (Note 3)	
	1,712,457
Unearned revenues that do not provide current financial resources and activities which are not recognized as available in the governmental funds but are earned in the statement of activities.	(614,174)
The issuance of long-term debt (i.e., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (Note 3)	16,808,954
Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	1,291,223
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 3)	21,657,879
The repayment of a long-term note receivable provides current financial resources to governmental funds. This transaction, however, does not have any effect on net position. (Note 3)	<u>(124,205)</u>
Change in net position of governmental activities	<u>\$ 60,774,467</u>

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2021

	Pension Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 2,123,573	\$ 17,300,754
Investments, at fair value:		
U.S. Government securities	15,803,079	-
Domestic corporate bonds	14,330,422	-
International corporate bonds	2,993,092	-
Collateralized mortgage obligations	4,160,679	-
Real estate	25,129,323	-
Equity mutual funds	128,147,200	-
Global mutual funds	101,587,329	-
International equity mutual funds	38,485,592	-
Fixed income mutual funds	38,851,474	-
Exchange traded index funds	16,885,655	-
Brokered CDs	1,179,946	-
Total investments	387,553,791	-
Receivables	291,308	
Total assets	389,968,672	17,300,754
LIABILITIES		
Deposits and advances	-	3,367,044
Escrow liability	-	4,481,445
Other	-	2,891,469
Due to other governments	-	6,560,796
Total liabilities	-	17,300,754
NET POSITION		
Restricted for:		
Pensions	389,968,672	-
Total net position	\$ 389,968,672	\$ -

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2021

	Pension Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 5,142,723	\$ —
Plan members	6,270,764	—
Taxes	—	213,013,671
Fees, fines, and costs	—	36,453,030
Bail and advanced costs	—	1,655,475
Inmate funds	—	2,326,035
Child support	—	909,433
Miscellaneous	—	2,920,741
Total contributions	11,413,487	257,278,385
Investment income:		
Net appreciation in fair value of investments	42,720,617	—
Interest and dividends	8,159,350	—
Less investment expenses	(367,348)	—
Net investment income	50,512,619	—
Total additions	61,926,106	257,278,385
DEDUCTIONS		
Benefit payments, including refunds of member contributions	20,641,081	—
Administrative expenses	43,928	—
Taxes	—	213,013,671
Fees, fines, and costs	—	36,453,030
Bail and advanced costs	—	1,655,475
Inmate funds	—	2,326,035
Child support	—	909,433
Miscellaneous	53,076	2,920,741
Total deductions	20,738,085	257,278,385
Net increase in net position	41,188,021	—
NET POSITION		
Beginning of year	348,780,651	—
End of year	<u>\$ 389,968,672</u>	<u>\$ —</u>

The notes to the financial statements are an integral part of this statement.

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County of Lancaster, Pennsylvania

Notes to Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies

The financial statements of the County of Lancaster (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below:

Reporting Entity

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. GAAP defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. The primary government may also be financially accountable if a potential component unit is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Conditions that would indicate the ability to impose will by the primary government include, but are not limited to: the primary government's ability to remove appointed members of the organization's governing board at will; the ability to modify or approve the budget of the organization; the ability to modify or approve rate or fee changes affecting revenues; the ability to veto, overrule, or modify the decisions of the organization's governing body; and the ability to appoint, hire, reassign, or dismiss management of the organization. Conditions that would indicate the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government include, but are not limited to, the legal entitlement or access by the primary government to the organization's resources, legal obligation by the primary government to finance the deficits of or provide financial support to the organization, and the obligation by the primary government for the debt of the organization. Based upon the application of these criteria, one entity met the requirements to be included in the County's reporting entity.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Reporting Entity (continued)

Component Unit

The Lancaster County Convention Center Authority (the Convention Center Authority) was formed on September 15, 1999, under the Municipal Authority Act of 1945 and the Third-Class County Convention Center Authority Act. The purpose of the Convention Center Authority is to provide financing and arrange for the development, construction, and operation of the convention center facilities for the public purpose of promoting, attracting, stimulating, developing, and expanding business, industry, commerce, and tourism in the Commonwealth of Pennsylvania.

The Convention Center Authority is a legally separate organization administered by a seven-member Board, of which three Board Members are appointed by the County Commissioners, three Board Members are appointed by the City of Lancaster, and the remaining Board Member is appointed on an alternating basis between the aforementioned appointing entities.

The County is financially accountable for the Convention Center Authority because the Convention Center Authority is fiscally dependent on the County, based upon GAAP. The County has established a hotel room rental tax, applied to all hotel room rentals throughout the County; the Convention Center Authority relies on the County to levy these taxes or set rates or charges, as it does not have the power to do so on its own. The revenues derived from this hotel room rental tax provide substantially all operating revenues of the Convention Center Authority. The Convention Center Authority imposes an additional financial burden on the County by virtue of the County's guarantee to replenish the required reserve amounts associated with the Convention Center Authority's Hotel Room Tax Revenue Bonds.

As a result of the above criteria, the Convention Center Authority is considered to be a discretely presented component unit of the County. Complete financial statements of this component unit can be requested from the County Controller's Office of Lancaster County, 150 North Queen Street, Suite 710, Lancaster, Pennsylvania 17603.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Reporting Entity (continued)

Related Organizations

The County's Board of Commissioners is responsible for appointing some of the members of the boards of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments. These organizations include:

- Lancaster County Redevelopment Authority
- Lancaster Airport Authority
- Lancaster County Hospital Authority
- Lancaster County Housing Authority
- Lancaster County Solid Waste Management Authority
- Lancaster County Solid Waste Management Authority
Citizen Advisory
- Library System of Lancaster County
- Lancaster County Planning Commission
- Red Rose Transit Authority
- Lancaster County Conservation District
- Lancaster County Transportation Authority
- Lancaster County Vacant Property Reinvestment Board
- Lancaster County Workforce Development Board
- Lancaster County Land Bank Authority
- Lancaster County Agricultural Preservation Board
- Lancaster County Board of Assessment
- Speedwell Forge Advisory Council
- Lancaster County Behavioral Health and Developmental
Services Advisory Board
- Lancaster County Children and Youth Advisory Board
- Lancaster County Drug and Alcohol Advisory Board
- Lancaster County Office of Aging Advisory Board
- Lancaster County Public Safety Training Center Authority
- South Central Transit Authority
- Lancaster County Health Advisory Council
- Youth Intervention Center Board of Managers

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Reporting Entity (continued)

Other Organization

Capital Area Behavioral Health Collaborative, Inc. is a private, not-for-profit company formed out of the collaboration among Cumberland, Dauphin, Lancaster, Lebanon, and Perry Counties' programs of Mental Health and Drug and Alcohol. The County participates in Pennsylvania's innovative mandatory managed care program for Medical Assistance consumers, the Health Choices Behavioral Health Program. The program is designed to improve access and quality of care for Medical Assistance consumers throughout Pennsylvania.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements include both government-wide financial statements, which are based on the County as a whole, and fund financial statements.

Government-wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. The focus of the government-wide financial statements is more on sustainability of the County as an entity and the change in aggregate financial position resulting from activities of the fiscal period. As a general rule, the effect of interfund activity has been eliminated from these statements. The County's policy is to eliminate internal activity by distinguishing overhead costs through its cost allocation plan, which are eliminated during consolidation, from interfund services provided and used between functions, which are not eliminated. The County does not allocate indirect costs on the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Also, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis and is presented using the economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets, as well as long-term debt and obligations. Interfund balances between governmental funds are not included in the government-wide statement of net position.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Government-wide Financial Statements (continued)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category (public safety, general government, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Expenses reported for functional activities do not include allocated indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Taxes and other items that are not included among program revenues are reported instead as general revenues.

Fund Financial Statements

In accordance with GAAP, the financial transactions of the County are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Emphasis under the GAAP reporting model is on major funds in the governmental categories. GAAP sets forth minimum criteria for the determination of major funds. The nonmajor funds in each category are combined in a column in the fund financial statements and detailed in the combining and individual fund statements and schedules section.

The governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes as available if collected within 60 days after year-end.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

Property taxes, fines, and costs due but not collected within 60 days after year-end are reflected as a deferred inflow of resources. Licenses and permits are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure, or the amounts are deferred and recognized as an inflow of resources in the period that amounts become available. Interest earnings are recorded when earned. Real estate tax, intergovernmental, departmental, fines and costs, interest, Health Choices, and telephone subscriber revenues are all considered susceptible to accrual and, as a result, have been recognized as revenue in the current year.

Expenditures are generally recognized under the modified accrual basis of accounting when they are paid from current expendable financial resources. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized as fund liabilities when due and payable. As the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliations are presented which briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide financial statements.

Net position is restricted when constraints placed on it is either externally imposed or is imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The County's fiduciary funds are presented in the fund financial statements by type (Pension Trust Fund and Custodial Fund). Since by definition, the assets of these funds are held for the benefit of a third-party (third-parties, pension participants, etc.) and cannot be used to satisfy obligations of the County, these funds are not incorporated into the government-wide financial statements. The County's fiduciary funds are presented on the accrual basis of accounting and economic resources measurement focus, except for the Custodial Fund, which does not measure operations and does not have a measurement focus.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

The following major funds are used by the County:

Governmental Funds

The focus of governmental fund measurement in the fund financial statements is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the County:

- General Fund – The General Fund accounts for numerous County primary services (public safety, judicial, corrections, general government, cultural and recreation, debt service, etc.) and is the primary operating unit of the County. It accounts for all financial resources of the general government, except those required to be accounted for by another fund.
- Children and Youth Services Fund – This special revenue fund is used to account for amounts received from various federal, state, and local sources. Local sources include dependent support and revenues received from other counties for detention services. These funds are restricted to provide support services to underprivileged juveniles.
- Behavioral Health and Developmental Services Fund – This special revenue fund is used to account for amounts received from various federal, state, and local sources. Local sources include payments from third parties which include payments for rent. These funds are restricted to provide assistance and medical care to those individuals with mental health and developmental disabilities.
- Domestic Relations Fund – This special revenue fund is used to account for amounts received from various federal and local sources. Local sources include blood test fees and EFT support fees. These funds are restricted to enforce the support obligations owed by absent parents, locate absent parents, and establish paternity to obtain child and spousal support.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

Governmental Funds (continued)

- Capital Projects Fund – The Capital Projects Fund is used to account for the resources and expenditures related to construction within the County.
- Human Services Block Grant Fund – This special revenue fund is used to account for amounts received from various federal and state sources. These funds are restricted to provide assistance and care to individuals with mental health and developmental disabilities, individuals experiencing drug and alcohol addiction, individuals experiencing homelessness, and other programs within the Human Services Development Fund.

Other Funds

In addition to the major funds discussed above, the County reports the following fiduciary fund types:

- Pension Trust Fund – This fund is used to account for the accumulation of resources for pension payments to qualified County employees under a single-employer contributory defined benefit pension plan covering substantially all County employees.
- Custodial Fund – This fund is used to account for assets held by the County as an agent for individuals, private organizations, and other governmental units. The following County agencies collect fees, fines, and taxes for distribution to other governmental units and citizens for whom it was collected, and are collectively reported as a custodial fund:
 - Prothonotary
 - Recorder of Deeds
 - Treasurer
 - Register of Wills
 - Domestic Relations Office (Support Account)
 - Sheriff
 - Clerk of Courts
 - Magisterial District Judges

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting

Discretely Presented Component Unit

The Convention Center Authority utilizes the accrual basis of accounting, under which revenues are recorded in the period that they are earned, and expenses are recorded when the liability is incurred.

Hotel Room Rental Tax

Discretely Presented Component Unit

The County receives a 3.9% hotel room rental tax and a 1.1% excise tax from the operators of each hotel within the County. Of the 3.9% tax, 20% was originally allocated to Discover Lancaster to be used to promote tourism in Lancaster County, and 80% was received by the Convention Center Authority (Authority) to be used for the construction and operation of the convention center facility. If the Authority encountered an event of default on the Hotel Room Rental Tax Revenue Bonds, Series of 2003 or the Hotel Room Rental Tax Revenue Bonds, Series of 2007, the 20% allocated to Discover Lancaster would be diverted to the trustee of the Authority's Bonds. Revenue was recognized in the period to which the County attributed collection.

On July 31, 2014, the Convention Center Authority entered into a collaboration agreement with the County, Discover Lancaster, the City of Lancaster (City), the Redevelopment Authority of the City of Lancaster (RCAL), and the Lancaster City Revitalization and Improvement Zone Authority (Lancaster CRIZ Authority). Under the collaboration agreement, Discover Lancaster agreed to direct 100% of the hotel room rental tax revenue to the Convention Center Authority for the period July 2014 through June 2019. As of December 31, 2016, and each December 31 thereafter, if the funds on deposit with the trustee under the terms of the indenture exceed \$5,750,000 after all obligations have been paid, the Convention Center Authority shall remit the lesser of any funds in excess of \$5,750,000 or 20% of the hotel room rental tax revenue by January 15 of the following year to Discover Lancaster.

In October 2018, the Convention Center Authority and Discover Lancaster entered into a memorandum of understanding which extended Discover Lancaster's commitment to directing its 20% of the hotel room tax revenues, under the existing terms, to the Convention Center Authority through December 31, 2023. Beginning in January 2024, the terms of the Lancaster County Ordinance No. 45 shall again govern the distribution of the hotel room rental tax revenue.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Hotel Room Rental Tax (continued)

Discretely Presented Component Unit (continued)

For the year ended December 31, 2021, the Authority's funds on deposit with the trustee under the terms of the trust indenture exceed the established thresholds, and \$1,412,861 of the hotel room rental tax revenue was payable to Discover Lancaster under the terms of the Collaboration Agreement.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, "Leases". The primary objective of this Statement is to provide guidance by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and were recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The new pronouncement establishes a single model for lease accounting. Under this statement a lessee is required to recognize a lease liability and an intangible asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. This requirement includes an exception for short term leases, contracts that transfer ownership, leases of assets that are investments, and certain regulated leases. This statement excludes supply contracts and leases of inventory. The requirements of this statement will be effective for reporting periods beginning after June 15, 2021. The County is still evaluating the impact of this statement; however, it is expected to have a material impact to the County's financial statements.

In January of 2020, the GASB issued Statement No. 92, "Omnibus 2020". The objectives of this statement are to address a variety of topics and includes specific provisions about the following: the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits; the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments. The requirements of this statement related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of this statement will be effective for reporting periods beginning after June 15, 2021. This statement is not expected to have a material effect on the County's financial statements.

In March of 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates (IBOR)." The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate will be effective for reporting periods ending after December 31, 2021. All other requirements of this statement will be effective for reporting periods beginning after June 15, 2020. The County has yet to determine the impact of this statement.

In March of 2020, the GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this statement will be effective for reporting periods beginning after June 15, 2022. This statement is not expected to have a material effect on the County's financial statements.

In May 2020, the GASB issued Statement No. 96 "Subscription-Based Information Technology Arrangements." This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement will be effective for reporting periods beginning after June 15, 2022. The County has yet to determine the impact of this statement.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

In June 2020, the GASB issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB 97 requires that, for purposes of determining whether a primary government is financially accountable for a potential component unit (except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or other employee benefit plan), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically performs. Also, the financial burden criterion in GASB 84, Fiduciary Activities, applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in GASB 67, Financial Reporting for Pension Plans, para 3, or GASB 74, para 3, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. It also (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The component unit determination provisions of GASB 97 are effective immediately. All other requirements of this statement will be effective for reporting periods beginning after June 15, 2021. The County has yet to determine the impact of this statement.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

In April 2022, the GASB issued Statement No. 99, "Omnibus 2022". The issues addressed by this statement are as follows: Classification and reporting of derivative instruments within the scope of Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; Clarification of provisions in Statement No. 87, "Leases", as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; Clarification of provisions in Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; Clarification of provisions in Statement No. 96, "Subscription-Based Information Technology Arrangements", related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); Disclosures related to nonmonetary transactions; Pledges of future revenues when resources are not received by the pledging government; Clarification of provisions in Statement No. 34, "Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments", as amended, related to the focus of the government-wide financial statements; Terminology updates related to certain provisions of Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"; Terminology used in Statement 53 to refer to resource flows statements. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. This statement is not expected to have a material effect on the County's financial statements.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Pooled Cash and Temporary Investments

The majority of cash balances and temporary investments of most governmental funds and the Custodial Fund are pooled by the County. Balances are segregated by fund but accounted for centrally for receipt and disbursement purposes. Interest income is reported in the General Fund, except for amounts allocated to those funds where there is a statutory requirement to do so, as dictated in program and/or grant requirements. Individual fund pooled cash and temporary investment deficits are subsidized through transfers by the General Fund at year end.

Temporary investments are defined as short term with original maturities of three months or less that are readily convertible to known amounts of cash, which include money market investments.

Cash and Cash Equivalents

Discretely Presented Component Unit

The Convention Center Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

In accordance with authorized investment laws, the County invests in various fixed income securities, mutual funds, money market funds, brokered CDs, and equity securities. These securities are reported at fair value on the balance sheet. Unrealized appreciation or depreciation on investments due to changes in fair value is recognized in individual fund operations each year. Fair values are based on published market prices, quotations from national securities exchanges and securities pricing services, or by the respective fund managers for securities which are not actively traded.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Investments (continued)

Investments are reported at fair value in accordance with GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that are reasonably available.

Discretely Presented Component Unit

The Convention Center Authority accounts for investments at fair value. The fair value of the Convention Center Authority's investments is based upon values provided by external investment managers and quoted market prices.

The Convention Center Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The receivables and payables resulting from these transactions are classified as "due from other funds" or "due to other funds" on the fund balance sheet.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Restricted Assets

Discretely Presented Component Unit

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position, because their use is limited by applicable trust indentures or other agreements. As of December 31, 2021, restricted assets included cash and investments in the amount of \$12,822,583 and accounts receivable in the amount of \$0.

Capital Assets

The cost of capital assets acquired for general government purposes is recorded as an expenditure in the governmental funds and as an asset in the government-wide financial statements to the extent the County's capitalization threshold has been met. The County capitalizes assets valued over \$5,000 with a useful life longer than one year.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at acquisition value at the date of donation.

Maintenance, repairs, and minor renovations are charged to operations when incurred. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement, the cost and related accumulated depreciation is eliminated from the respective accounts, and any resulting gain or loss is included in the determination of net income for the period.

Capital assets of the County are depreciated using the straight-line method over the estimated useful lives of purchased and donated assets as follows:

Infrastructure	40 Years
Buildings and Improvements	40 Years
Furniture and Equipment	5-20 Years
Improvements other than buildings	20-30 Years

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Capital Assets (continued)

The County has an art collection that is not capitalized because the collection meets the criteria for non-capitalization in accordance with GAAP. Specifically, the collection is held for reasons other than financial gain. The collection is protected, kept unencumbered, cared for, and preserved; it is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

In order to preserve farmland and open space, the County purchases agricultural easements. An agricultural easement restricts the use of land from commercial development in perpetuity and encourages the continued agricultural use of land. An easement is thus considered an intangible asset of the County.

Discretely Presented Component Unit

Capital assets are carried at cost, if purchased or constructed. Capital assets are defined by the Convention Center Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Building, furniture, fixtures, and equipment are depreciated over the estimated useful lives using the straight-line method.

The useful lives for purposes of computing depreciation are as follows:

Buildings	40 Years
Furniture, Fixtures, and Equipment	3-10 Years

Major outlays for capital assets and improvements are capitalized as projects are constructed. A portion of the interest incurred during the construction phase of capital assets is included as part of the capitalized value of the asset constructed.

Unearned Revenue

Unearned revenue arises when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Unearned Revenue (continued)

Discretely Presented Component Unit

Unearned revenue represents deposits received by the Convention Center Authority for future events. These deposits will be recognized as revenue in the period in which the event occurs.

Deferred Outflows/Inflows of Resources

In accordance with GAAP, the County reports a deferred outflow of resources in the statement of net position resulting from the accumulated increase in the fair value of hedging derivatives and the deferred charge on debt refunding resulting from the difference between the carrying value of the refunded debt and its reacquisition price and amortized over the shorter of the life of the refunded or refunding debt.

The County recognizes deferred outflows and inflows of resources in the statement of net position resulting from differences in experience, changes of assumptions, and differences between actual and expected earnings relating to the County's pension plan.

The County reports a deferred inflow of resources in its governmental funds. A deferred inflow of resources arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period, such as property taxes, fines, and costs due but not collected within 60 days after year-end, or intergovernmental revenue not meeting the available criteria to be recognized as revenue in the funds.

Accrued Vacation and Sick Pay

In governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for all governmental fund-type vested accrued vacation and sick pay benefits is recorded as a liability in the government-wide statement of net position.

Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters, as well as from the self-insured employees' workers compensation program. The General Fund is used to account for the risks for all other risk financing activities.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Risk Management (continued)

The County purchases commercial insurance for risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. There have been no significant changes in insurance coverage in the past three years and settled claims have not exceeded the commercial coverage in those years.

The County is self-insured for workers' compensation in accordance with Article III of the Pennsylvania Workman's Compensation Act of 1915 as Reenacted and Amended. The exposure of risk is financed mostly through retention of all liability exposure, with limited purchase of commercial excess insurance.

The liability is recorded as estimated by the County's actuary. Claims are paid from the General Fund. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR).

Fund Balance

The County applies GAAP for governmental funds. The County's governmental fund financial statements reflect GAAP fund balance classifications that comprise a hierarchy based primarily on the extent of constraints imposed upon the use of net resources reported in governmental funds.

The County is limited to spending restricted fund balance on the activities allowed by the terms of a grant contract, bond covenants, or by applicable legislation.

With the exception of self-imposed constraints, consisting of (1) formal action taken by the County Commissioners to enact fund balance commitments, in the form of a formal Commissioner approved resolution to establish, modify, or rescind a fund balance commitment, or (2) fund balance assignments by the Commissioners, unrestricted fund balance may be spent on a wide variety of County activities.

The County considers the most restrictive governmental resources, including any committed or assigned fund balances, to have been spent first, unless applicable legislation, grant, or a formal action by the Commissioners mandates an exception.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Fund Balance (continued)

Nonspendable Fund Balance

Nonspendable fund balance is the component of fund balance that is not available for expenditure and typically represents prepaid items; however, no such amounts existed as of December 31, 2021.

Restricted Fund Balance

Restricted fund balance represents amounts that can be spent only for the specific purposes allowed by the resource providers, i.e., grantors, bond proceeds, or applicable legislation. The County's restrictions are as follows:

Health, education, and welfare – These funds are received from federal and state grants and are restricted to be used for the provision of human services and education activities for County residents.

Capital projects – These are the County's bond proceeds and are restricted to be used to pay for future capital-related projects of the County.

Roads and bridges – These funds are received and restricted due to state legislation including Act 13. These amounts are restricted for the purpose of maintaining and replacing County owned bridges and roads.

General government – These funds are collected per state statute, Act 8, and are restricted for records management and record improvements for certain row offices of the County (e.g., recorder of deeds, clerk of courts, prothonotary, register of wills).

Public safety – These funds are received from federal and state grants and are restricted to be used for capital projects for emergency services and to coordinate essential public safety activity among federal, state, regional, county, municipal agencies, and volunteer organizations to provide quick, reasoned responses to the needs of County citizens in times of emergency.

Judicial – These funds are collected per state statute and are restricted to be used for the provision of County judicial services. This amount includes Act 122 funds which are restricted to be used for training and equipment for the Coroner's Office. The amount also includes funds restricted for the use of the County's Drug Task Force.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Fund Balance (continued)

Restricted Fund Balance (continued)

Community Development – These funds are received from federal and state grants, as well as other sources, and are restricted to purchase easements from farmers within the County in an effort to preserve agricultural land.

Committed Fund Balance

Committed fund balance represents amounts that can be spent only for the specific purposes allowed by the formal action taken by the County Commissioners in the form of a Resolution.

Fund Balance Assigned

Assigned fund balance represents the County's plans for future use of the County's net financial resources which are not otherwise restricted or committed. All assigned fund balances must be authorized by the Board of County Commissioners. Assignments have been established in the General Fund as follows:

Future Benefits – this assignment is established to pay future payroll costs.

Healthcare Benefits – this assignment is established to pay future healthcare benefits.

Corrections – this assignment is established to pay future prison capital project and inmate general welfare expenditures.

Judicial – this assignment is established for the use of the County's Drug Task Force.

Unassigned Fund Balance

Unassigned fund balance represents the residual amount for the general fund that is not contained in other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Leases

For capital leases in the governmental fund types, acquisition costs are recorded as expenditures with an offsetting entry to other financing sources.

Intergovernmental Revenues

Intergovernmental revenues represent revenues received from the Commonwealth and federal agencies generally to fund specific programs. Awards made on the basis of entitlement periods are recorded as intergovernmental revenues when entitlement occurs, and the revenues are measurable and available. Reimbursement type grants are recorded as revenues in governmental funds when the related expenditures or expenses are incurred, and the related revenues are available. The amounts reported as due from other governments consist primarily of amounts due from the Commonwealth.

Departmental Revenues

Departmental revenues shown in the governmental funds represent revenues that are considered payment for services and are collected by departments that charge for services. Departmental revenues include licenses, fees, and other charges.

Investment Earnings

Investment earnings include interest, dividends, realized gains and losses, and the change in the fair value of investments, if any, during the fiscal year.

Derivatives – Interest Rate Swap/Swaptions

In accordance with GAAP, derivatives are stated at fair value on the statement of net position. The change in fair value of the derivative is recorded as deferred inflows or deferred outflows or as adjustments to investment earnings.

Also, in accordance with GAAP, up-front premiums received by the County related to swap or swaption agreements are considered borrowings for financial reporting purposes and are reported as a liability in the government-wide financial statements. The borrowing related to the swap, or hedging derivative instrument, is amortized over the life of the swap agreement. The interest related to the borrowing for the swaptions, or investment derivatives, is accreted to the balance of the liability from inception through the swaptions' exercise date (if applicable) or maturity.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

3. Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences between the Total Fund Balance – Governmental Fund Balance Sheet and the Total Net Position – Governmental Activities, Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *total fund balance – total governmental funds* and *total net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including general obligation bonds, notes payable, etc. are not due and payable in the current period and, therefore, are not reported as liabilities in the funds”. The detail of this \$358,511,530 difference is as follows:

General obligation bonds and notes payable	\$ 143,685,000
Plus: Issuance premium (amortized as income)	11,759,898
General obligation notes and direct borrowings payable	17,640,000
Installment purchase agreements payable	436,000
Accrued vacation and sick pay	6,655,229
Net OPEB liability	73,044,011
Accrued interest payable	1,026,048
Deferred outflow from refundings	(3,397,209)
Deferred outflow from interest rate swap	(1,300,943)
Net deferred inflows related to pensions	21,274,976
Net deferred inflows related to OPEB	71,286,290
Derivative instrument – interest rate swap/swaption liability	2,716,783
Borrowing payable	921,738
Capital leases	11,866,852
Contracts payable	31,113
Workers' compensation	415,744
Stadium loan payable	450,000
Net adjustment to <i>total fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 358,511,530</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

3. Reconciliation of Government-wide and Fund Financial Statements (continued)

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, Changes in Fund Balances, and the Change in Net Position – Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over its estimated useful lives and reported as depreciation expense.” The detail of this \$1,712,457 difference is as follows:

Capital outlay	\$ 12,149,392
Depreciation/amortization expense	(10,220,362)
Loss on disposal	<u>(216,573)</u>
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u><u>\$ 1,712,457</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, notes, capital leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The detail of this \$16,808,954 difference is as follows:

Principal repayments:	
Capital lease payment	\$ 2,417,354
General obligation debt	<u>14,391,600</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u><u>\$ 16,808,954</u></u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

3. Reconciliation of Government-wide and Fund Financial Statements (continued)

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, Changes in Fund Balances, and the Change in Net Position – Government-wide Statement of Activities (continued)

Another element of that reconciliation states that, “governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.” The detail of this \$1,291,223 difference is as follows:

Amortization of net bond premiums	\$ 1,291,223
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ 1,291,223</u>

Another element of that reconciliation states that, “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The detail of this \$21,657,879 difference is as follows:

Accrued vacation and sick pay	\$ 478,580
Contracts payable	85,808
Net pension asset	28,979,461
Net OPEB liability	37,102,174
Deferred outflows related to pensions	(5,191,767)
Deferred inflows related to pensions	(13,745,239)
Deferred outflows related to OPEB	447,687
Deferred inflows related to OPEB	(26,323,816)
Accrued interest payable	81,753
Amortization of loss on refunding	(382,654)
Workers’ compensation	(99,108)
Stadium loan payable	<u>225,000</u>
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ 21,657,879</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

3. Reconciliation of Government-wide and Fund Financial Statements (continued)

The repayment of a long-term note receivable provides current financial resources to governmental funds. This transaction, however, does not have any effect on net position. The detail of this \$(124,205) difference is as follows:

Stadium loan receivable	\$(124,205)
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4. Budgets and Budgetary Accounting

The County adopts budgets for the General Fund and all special revenue funds, except the Community Development Block Grant Fund, the Human Services Block Grant Fund, and the Agricultural Land Preservation Fund. Project-length financial plans are adopted for the Capital Projects Fund.

The legal level of budgetary control is established by fund. It is the prerogative of management to also maintain an enhanced level of control at the function and object level. Appropriations lapse at the end of each year and must be reappropriated. The Chief Clerk is authorized to transfer budget amounts between departments within any fund; however, any supplemental appropriations which alter the total expenditures of any fund require resolution of the County Commissioners. Budgeted amounts are as originally adopted or as amended by the Commissioners at various times. During the year, several supplemental appropriations were necessary for the General and special revenue funds as a result of additional revenues made available from state grants and other sources.

The budgetary schedules for the General Fund, Behavioral Health and Developmental Services, Children and Youth Services, and Domestic Relations special revenue funds are located in the required supplementary information. The budgetary schedules for Office of Aging, Drug and Alcohol, and Liquid Fuels nonmajor special revenue funds are located in the combining and individual fund statements and schedules.

5. Deposits and Investments

Deposits

As of December 31, 2021, the County's book balance was \$181,911,231 and the bank balances totaled \$190,998,301. Of the bank balances, \$1,800,042 was covered by federal depository insurance and the remainder was categorized as uninsured and collateralized with securities held by the pledging financial institution's agent but not in the County's name under Act 72 of the Commonwealth of Pennsylvania. Although the County follows the Pennsylvania County Code, the County does not have a formal policy relative to managing custodial credit risk.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Non-Pension Investments

The County utilizes various investment sources in an effort to maximize interest earnings on its non-pension cash balances. Commonwealth of Pennsylvania statutes limit the County to the types of investments it may make. Allowable investments include repurchase agreements, U.S. government and related custodial obligations, Commonwealth of Pennsylvania and related custodial obligations, and prime commercial paper. As of December 31, 2021, the County's non-pension investments included \$16,326,208 invested in U.S. Treasury Strips, U.S. Treasury Mutual Funds, and Certificates of Deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2021, the County's non-pension investments included \$16,326,208 invested in U.S. Treasury Strips, U.S. Treasury Mutual Funds, and Certificates of Deposit. The County's non-pension investments are categorized as uninsured and collateralized with securities held by the pledging financial institution's agent but not in the County's name under Act 72 of the Commonwealth of Pennsylvania. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk associated with changes in interest rates adversely affecting the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

As of December 31, 2021, the County's non-pension investments included \$16,326,208 invested in U.S. Treasury Strips, U.S. Treasury Mutual Funds, and Certificates of Deposit. The County manages its exposure to interest rate risk for non-pension investments by investing in fixed rate obligations. The non-pension investments with longer terms to maturity are inherently more sensitive to changes in interest rates as investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair value as a result of future changes in interest rates. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing interest rate risk.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Non-Pension Investments (continued)

Interest Rate Risk (continued)

As of December 31, 2021, the County's non-pension investments were subject to interest rate risk as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1 – 5	6 – 10	More Than 10 Years
Non-Pension Investments					
U.S. Treasury Strips	\$ 432,529	\$ 209,465	\$ 223,064	\$ -	\$ -
U.S. Treasury Mutual Funds	116,018	116,018	-	-	-
Certificates of Deposit	15,777,661	15,777,661	-	-	-
Total Non-Pension Investments	<u>\$ 16,326,208</u>	<u>\$ 16,103,144</u>	<u>\$ 223,064</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2021, the County's non-pension investments had the following fair value measurements:

Investments by Fair Value Level	Fair Value as of December 31, 2021	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Non-Pension Investments				
U.S. Treasury Strips	\$ 432,529	\$ 432,529	\$ -	\$ -
U.S. Treasury Mutual Funds	116,018	116,018	-	-
Certificates of Deposit	15,777,661	15,777,661	-	-
Total Non-Pension Investments	<u>\$ 16,326,208</u>	<u>\$ 16,326,208</u>	<u>\$ -</u>	<u>\$ -</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Non-Pension Investments (continued)

Interest Rate Risk (continued)

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Securities classified as Level 1 are valued using prices quoted in active markets for those securities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that are reasonably available.

Credit Risk

Credit risk is the risk associated with the counterparty failing to meet their obligations. The County follows the Pennsylvania County Code and Act 72 of the Commonwealth of Pennsylvania but does not have a formal policy relative to managing credit risk.

As of December 31, 2021, the County's non-pension investments include U.S. Treasury Strips with a fair value of \$432,529; U.S. Treasury Mutual Funds with a fair value of \$116,018; and Certificates of Deposit with a fair value of \$15,777,661, which are not rated.

Pension Investments

The County utilizes various investment options for the County's Pension Plan. As of December 31, 2021, the County's pension investments had a fair value of \$387,553,791. In addition to the pension investments, the County maintains Money Market Funds with a fair value of \$2,123,573, for the County's Pension Plan, which are reported as cash and cash equivalents and investments in the Statement of Fiduciary Net Position.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Pension Investments (continued)

Custodial Credit Risk

As of December 31, 2021, the County's pension investments were subject to custodial credit risk except for \$2,123,573 invested in Money Market Funds, which do not expose the County to custodial credit risk. All pension investments are held by the counterparty in the counterparty's name and not the name of the County and are recorded by the counterparty in book entry form only in the name of the County. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing custodial credit risk.

Interest Rate Risk

As of December 31, 2021, the County's pension investments were subject to interest rate risk as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1 – 5	6 – 10	More Than 10 Years
Pension Investments					
U.S. Government Securities	\$ 15,803,079	\$ -	\$ 8,774,992	\$ 4,738,303	\$ 2,289,784
Domestic Corporate Bonds	14,330,422	-	8,006,102	5,925,373	398,947
International Corporate Bonds	2,993,092	-	1,640,865	965,846	386,381
Collateralized Mortgage Obligations	4,160,679	-	2,572,524	99,776	1,488,379
Brokered CDs	1,179,946	-	1,179,946	-	-
Fixed Income Mutual Funds	38,851,474	38,851,474	-	-	-
Total Pension Investments	<u>\$ 77,318,692</u>	<u>\$ 38,851,474</u>	<u>\$ 22,174,429</u>	<u>\$ 11,729,298</u>	<u>\$ 4,563,491</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Pension Investments (continued)

Interest Rate Risk (continued)

As of December 31, 2021, the County's pension investments had the following fair value measurements:

Investments by Fair Value Level	Fair Value as of December 31, 2021	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Pension Investments				
U.S. Government Securities	\$ 15,803,079	\$ 9,817,833	\$ 5,985,246	\$ -
Domestic Corporate Bonds	14,330,422	14,330,422	-	-
International Corporate Bonds	2,993,092	2,606,711	386,381	-
Collateralized Mortgage Obligations	4,160,679	150,238	4,010,441	-
Brokered CDs	1,179,946	1,179,946	-	-
Fixed Income Mutual Funds	38,851,474	38,851,474	-	-
Equity Mutual Funds	128,147,200	128,147,200	-	-
Real Estate Funds	25,129,323	25,129,323	-	-
Global Mutual Funds	101,587,329	101,587,329	-	-
International Equity Mutual Funds	38,485,592	38,485,592	-	-
Exchange Traded Index Funds	16,885,655	16,885,655	-	-
Total Pension Investments	<u>\$ 387,553,791</u>	<u>\$ 377,171,723</u>	<u>\$ 10,382,068</u>	<u>\$ -</u>

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Securities classified as Level 1 are valued using prices quoted in active markets for those securities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Securities classified as Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund; and real estate securities are valued based on the appraised value of the holdings for each fund. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that are reasonably available.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Pension Investments (continued)

Interest Rate Risk (continued)

In addition to the pension investments, the County maintains Money Market Funds with a fair value of \$2,123,573. These investments are measured at Net Asset Value (NAV), have maturities of less than one year, and are reported as cash and temporary investments-operating in the Statement of Fiduciary Net Position.

The County manages its exposure to interest rate risk for pension investments by investing primarily in debt security instruments with fixed interest rates. The County's pension investment policy includes a desired annualized 7.00% real rate of return, though investment objectives are long-term in nature. The County does not have a formal investment policy relative to managing interest rate risk.

Pension investments with longer terms to maturity are inherently more sensitive to changes in interest rates as investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair value as a result of future changes in interest rates.

Pension investments in collateralized mortgage obligations and mortgage-backed securities are more sensitive to changes in interest rates. Declining interest rates may give rise to potential increases in prepayments of the underlying mortgages.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Pension Investments (continued)

Credit Risk

The following schedule details the County's exposure to credit risk with respect to pension investments as of December 31, 2021:

Investment Type	Fair Value	Credit Rating*
Pension Investments		
U.S. Government Securities	\$ 15,803,079	Aaa
Total U.S. Government Securities	15,803,079	
Domestic Corporate Bonds	1,003,456	Aa
Domestic Corporate Bonds	7,824,644	A
Domestic Corporate Bonds	5,502,322	Baa
Total Domestic Corporate Bonds	14,330,422	
International Corporate Bonds	943,159	Aa
International Corporate Bonds	1,349,462	A
International Corporate Bonds	700,471	Baa
Total International Corporate Bonds	2,993,092	
Collateralized Mortgage Obligations	2,740,675	Aaa
Collateralized Mortgage Obligations	25,439	Aa
Collateralized Mortgage Obligations	55,596	A
Collateralized Mortgage Obligations	1,338,969	NR
Total Collateralized Mortgage Obligations	4,160,679	
Brokered CDs	1,179,946	Aaa
Total Brokered CDs	1,179,946	
Fixed Income Mutual Funds	38,851,474	N/A
Equity Mutual Funds	128,147,200	N/A
Real Estate Funds	25,129,323	N/A
Global Mutual Funds	101,587,329	N/A
International Equity Mutual Funds	38,485,592	N/A
Exchange Traded Index Funds	16,885,655	N/A
Total Pension Investments	\$ 387,553,791	

*expressed as Moody's quality ratings

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Pension Investments (continued)

Credit Risk (continued)

Additionally, for the pension plan the County maintains Money Market Funds with a fair value of \$2,123,573, which are rated Aaa by Moody's. All of these investments are reported as cash and temporary investments-operating in the Statement of Fiduciary Net Position.

Per County policy, the County manages its exposure to credit risk relative to pension investments by restricting the average quality of fixed income securities to meet or exceed a rating of A2 as determined by Moody's, and by the insistence of the minimum quality investments below Baa, as determined by Moody's, may not constitute more than twenty percent of the fixed income portfolio.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of December 31, 2021, \$38,485,592 of the County's pension investments were held in international equity mutual funds, \$101,587,329 of the County's pension investments were held in global mutual funds, and \$2,993,092 of the County's pension investments were held in international corporate bonds. The holdings within these investments are of those companies located outside of the United States, denominated in other than U.S. dollars. The County's pension investment policy limits the County's exposure to foreign currency risk by ensuring that no more than 26% of total pension investments are invested in international equity securities.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Deposits

Discretely Presented Component Unit

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Convention Center Authority does not have a deposit policy for custodial credit risk. As of December 31, 2021, the Convention Center Authority's book balance was \$8,355,858 and the bank balance was \$8,205,742. Of the bank balance, \$500,000 was covered by federal depository insurance as of December 31, 2021. As of December 31, 2021, the remainder was exposed to custodial credit risk and categorized as collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

Investments

Discretely Presented Component Unit

Investments of the Convention Center Authority are subject to the same Pennsylvania statutes and limits as the County's non-pension investments. The Convention Center Authority's investments are considered Level 1 based on quoted market prices. As of December 31, 2021, the Convention Center Authority's investments included \$7,226,161 invested in money market funds.

Custodial Credit Risk

Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the Convention Center Authority will not recover the value of the investment or collateral securities that are in possession of an outside party. The Convention Center Authority does not have a formal policy for custodial credit risk. The Convention Center Authority's investments in money market funds are not exposed to custodial credit risk because they are not evidenced by securities in book entry or paper form.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Investments (continued)

Discretely Presented Component Unit (continued)

Interest Rate Risk

The Convention Center Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2021, all of the Convention Center Authority's investments had an average maturity of less than one year.

Credit Risk

With the exception of investments held in the Convention Center Authority's debt service reserve fund, the Convention Center Authority does not have a formal investment policy relative to managing credit risk. As of December 31, 2021, the Convention Center Authority's investment in money market funds were rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The Convention Center Authority places no limit on the amount it may invest in any one issuer. As of December 31, 2021, there were no investments held by the Convention Center Authority that were subject to concentration of credit risk.

6. Property Taxes

Property taxes attach an enforceable lien on property as of January 1 and are levied on or before March 1. Taxes are collected at a 2% discount until April 30, at their face amount from May 1 until June 30, and include a 10% penalty from July 1 until January 15 of the subsequent year. After January 15 of the subsequent year, the levies are sent to the Lancaster County Tax Claim Bureau for collection. The County bills and collects its own taxes relating to property within the City of Lancaster and certain other municipalities that do not have elected tax collectors. Taxes relating to all other municipalities in the County are collected by elected tax collectors. The Lancaster County Tax Claim Bureau collects delinquent taxes on behalf of the County and other taxing authorities. Delinquent tax collections and remittances are accounted for through the County's Custodial Fund.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

6. Property Taxes (continued)

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy property taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on funded debt. The property tax rate for 2021 was 2.911 mills.

County property tax revenues were reduced by \$302,815 because of legislation enacted by the Commonwealth of Pennsylvania under the following programs:

Local Economic Revitalization Tax Assistance (LERTA) Program

The LERTA Program authorizes local taxing authorities within the County to exempt property taxes of new construction in deteriorated areas of economically depressed communities and improvements to certain deteriorated properties. The LERTA tax exemptions are authorized under Act 76 of 1977 (72 P.S. section 4722 et seq.) which was passed by the General Assembly of Pennsylvania. A local taxing authority by ordinance or resolution may exempt from real property taxation, the assessed valuation of improvements to deteriorated properties and the assessed valuation of new construction within designated deteriorated areas. The County recognizes, supports, and approves any LERTA of any municipality located within the boundaries of the County that has established a standard LERTA from property tax for certain properties. Application to each local taxing authority for a tax exemption under a LERTA ordinance is to be made at the same time a building permit is secured or other official notification is made. A copy of the exemption request shall be forwarded to the Board of Assessment. The assessment agency shall assess separately the new construction or improvement and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the local taxing authorities and notify the taxpayer and the local taxing authorities of the reassessment and amounts of the assessment eligible for exemption. The LERTA properties have different abatement periods and terms for different improvements. The abatement periods range from 5 to 10 years. At the end of the abatement period the exemption shall terminate.

The exempted portion of the assessable improvement is not included on the property owner's tax bill. The exemption from taxes is upon the eligible property and does not terminate upon the sale or exchange of the property.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

6. Property Taxes (continued)

Local Economic Revitalization Tax Assistance (LERTA) Program (continued)

The exemption from real estate taxes provided for herein shall be forfeited by the applicant and/or any subsequent owner of the real estate upon the occurrence of failure to pay any non-exempt real estate taxes by the last day of the time period to pay such taxes in the penalty period.

The following local taxing authorities within the County have enacted LERTA ordinances or resolutions:

- Columbia Borough
- East Cocalico Township
- Lancaster City
- Millersville Borough
- Mount Joy Borough
- West Donegal Township

County forgone real estate tax revenue as a result of LERTA tax abatement agreements entered into by the Commonwealth of Pennsylvania was \$302,815 for the year ended December 31, 2021.

Keystone Opportunity Zone (KOZ) Program

The KOZ Program requires the County to exempt property taxes of revitalized properties that were once abandoned, unused, or underutilized once it has been approved by the Department of Community and Economic Development (DCED). The KOZ tax exemptions are authorized under Act 16 of 2012 (P.L. 705, No. 92) which were passed by the General Assembly of Pennsylvania. Applicants must apply online annually with DCED no later than December 31st of the year for which they are applying for benefits. Once DCED approves their application the local Economic Development Corporation (EDC) and the owner of the property receive an approval letter. The local EDC office then forwards the approval letter to the County. The Lancaster County Property Assessment office issues an Exoneration Notice to all the taxing bodies in the County.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

6. Property Taxes (continued)

Keystone Opportunity Zone (KOZ) Program (continued)

The exoneration is just for one year and applicants must re-apply annually. In order to qualify each year, a business shall own or lease real property in a KOZ and be in full compliance with all state and local tax laws and building and housing code provisions. Any existing qualified Pennsylvania business relocating into a KOZ must demonstrate a significant economic impact that will result from the relocation. Any qualified business that has received KOZ benefits and moves out of the KOZ within the first 5 years may be subject to penalties. In order for a resident to qualify, they must maintain compliance with all state and local tax laws and must reside 184 consecutive days at the property located in the KOZ during each tax year.

There was no county forgone real estate tax revenue as a result of KOZ tax abatement agreements entered into by the Commonwealth of Pennsylvania for the year ended December 31, 2021.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

7. Capital Assets

A summary of capital asset activity for the year ended December 31, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,275,585	\$ 100,000	\$ —	\$ 5,375,585
Easements	109,637,739	1,073,394	—	110,711,133
Total capital assets, not being depreciated	114,913,324	1,173,394	—	116,086,718
Capital assets, being depreciated:				
Buildings and improvements	227,203,010	5,513,841	—	232,716,851
Improvements other than buildings	1,849,019	—	—	1,849,019
Furniture and equipment	57,297,766	2,577,162	(664,415)	59,210,513
Infrastructure	34,368,967	2,884,995	—	37,253,962
Total capital assets being depreciated	320,718,762	10,975,998	(664,415)	331,030,345
Less accumulated depreciation for:				
Buildings and improvements	98,148,623	5,225,565	—	103,374,188
Improvements other than buildings	966,795	60,641	—	1,027,436
Furniture and equipment	27,691,760	4,006,905	(447,842)	31,250,823
Infrastructure	7,544,874	927,251	—	8,472,125
Total accumulated depreciation	134,352,052	10,220,362	(447,842)	144,124,572
Total capital assets, being depreciated, net	186,366,710	755,636	(216,573)	186,905,773
Governmental activities capital assets, net	\$ 301,280,034	\$ 1,929,030	\$ (216,573)	\$ 302,992,491

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

7. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:	
General government	\$ 3,517,988
Public safety	2,663,353
Roads and bridges	901,799
Health, education, and welfare	200,013
Judicial	1,022,287
Corrections	1,648,677
Cultural and recreation	266,245
Total depreciation expense – governmental activities	<u>\$ 10,220,362</u>

Commitment amounts of \$4,013,681 for the acquisition, construction, and renovation of various capital assets were encumbered at year end.

Discretely Presented Component Unit

A summary of capital asset activity for the year ended December 31, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,607,517	\$ -	\$ -	\$ 1,607,517
Total capital assets, not being depreciated	1,607,517	-	-	1,607,517
Capital assets, being depreciated:				
Building	75,651,101	642,875	-	76,293,976
Furniture and equipment	6,207,127	131,111	-	6,338,238
Total capital assets, being depreciated	81,858,228	773,986	-	82,632,214
Less accumulated depreciation for:				
Building	22,608,964	2,000,362	-	24,609,326
Furniture and equipment	4,857,127	391,654	-	5,248,781
Total accumulated depreciation	27,466,091	2,392,016	-	29,858,107
Total capital assets, being depreciated, net	54,392,137	(1,618,030)	-	52,774,107
Capital assets, net	<u>\$ 55,999,654</u>	<u>\$ (1,618,030)</u>	<u>\$ -</u>	<u>\$ 54,381,624</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

8. Lease Obligations

Capital Leases

In 2012, the County entered into a lease agreement as lessee for financing the acquisition of a new communications system. The County has acquired equipment towards that system valued at \$25,205,375. The equipment has a twenty-year estimated useful life. This year, \$1,260,269 was included in depreciation expense and \$9,700,064 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 2,226,973
2023	2,226,973
2024	2,226,973
2025	2,226,973
2026	2,033,609
Total minimum lease payments	10,941,501
Less: amount representing interest at 3.159%	881,155
Present value of minimum lease payments	<u>\$ 10,060,346</u>

In 2019, the County entered into a lease agreement as lessee for financing the acquisition of a new body scanner for the prison. The County has acquired equipment towards that system valued at \$121,163. The equipment has a seven-year estimated useful life. This year, \$17,309 was included in depreciation expense and \$51,927 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at inception date.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

8. Lease Obligations (continued)

Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 20,098
2023	20,098
2024	20,098
2025	20,098
2026	20,098
Total minimum lease payments	100,490
Less: amount representing interest at 3.889%	10,738
Present value of minimum lease payments	<u>\$ 89,752</u>

In 2019, the County entered into a lease agreement as lessee for financing the acquisition of new voting equipment. The County has acquired equipment towards that system valued at \$2,710,994. The equipment has a five-year estimated useful life. This year, \$542,199 was included in depreciation expense and \$1,626,597 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 595,258
2023	595,258
2024	595,258
Total minimum lease payments	1,785,774
Less: amount representing interest at 3.195%	108,314
Present value of minimum lease payments	<u>\$ 1,677,460</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

8. Lease Obligations (continued)

Capital Leases (continued)

In 2020, the County entered into a lease agreement as lessee for financing the acquisition of new hand-held radios. The County has acquired equipment towards that system valued at \$60,295. The equipment has a five-year estimated useful life. This year, \$12,059 was included in depreciation expense and \$24,118 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 13,062
2023	13,062
2024	13,062
2025	2,177
Total minimum lease payments	41,363
Less: amount representing interest at 3.19%	2,070
Present value of minimum lease payments	<u>\$ 39,293</u>

Operating Leases

The County is committed under various leases for building and office space and data processing and other equipment. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended December 31, 2021, amounted to \$3,689,368. Future minimum lease payments for these leases are as follows:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 3,473,505
2023	2,465,463
2024	2,215,284
2025	1,938,558
2026	1,712,382
2027-2031	6,623,562
2032-2036	5,101,890
2037-2041	3,462,639
2042-2046	1,205,385
2047-2051	1,079,480
Total	<u>\$ 29,278,150</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities

General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements

The County issues general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements for the purposes of providing funds for and toward the cost of capital projects, asset acquisition, and easements, of and in the County or to refinance existing debt. General obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements are direct obligations and pledge the full faith and credit of the government.

The County is subject to federal arbitrage laws governing the use of proceeds of tax-exempt debt.

As determined under the Commonwealth of Pennsylvania Local Government Unit Debt Act of 1972, the total legal debt limit of the County as of December 31, 2021, was \$478,807,142. The total amount of debt applicable to the debt limit, which does not include lease rental debt, is \$161,325,000. The remaining legal debt margin of the County as of December 31, 2021, was \$317,482,142. Refer to Statistical Table 12 for a detailed calculation.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)

General obligation bonds consisted of the following as of December 31, 2021:

3.375% General Obligation Bonds, Series A of 2013 in the principal amount of \$1,595,000 to finance certain capital projects dated August 7, 2013, principal payable annually, final principal amount of \$135,000 due November 1, 2022.	\$ 135,000
4.007% - 5.556% General Obligation Bonds, Series B of 2013 in the principal amount of \$5,200,000 to finance certain capital projects dated August 7, 2013, principal payable annually, varying in amounts from \$160,000 to \$630,000 from November 1, 2022, to November 1, 2033.	5,200,000
3.00% - 5.00% General Obligation Bonds, Series of 2015 in the principal amount of \$16,060,000 to advance refund the outstanding General Obligation Bonds, Series A of 2006 of the County dated March 12, 2015, principal payable annually, varying in amounts from \$1,570,000 to \$1,875,000 from May 1, 2022, to May 1, 2026.	8,610,000
2.50% - 4.625% General Obligation Bonds, Series A of 2015 in the principal amount of \$12,840,000 to refund the outstanding General Obligation Bonds, Series A of 2010 of the County dated September 2, 2015, principal payable annually, final principal amount of \$1,785,000 due November 1, 2022.	1,785,000
4.00% - 5.00% General Obligation Bonds, Series A of 2016 in the principal amount of \$17,130,000 to advance refund the outstanding General Obligation Bonds, Series of 2006 (Remarketing) of the County dated August 10, 2016, principal payable annually, varying in amounts from \$1,120,000 to \$1,640,000 from May 1, 2022, to May 1, 2031.	13,790,000
3.00% General Obligation Bonds, Series B of 2016 in the principal amount of \$9,365,000 to refund the outstanding General Obligation Bonds, Series of 2011 of the County dated August 10, 2016, principal payable annually, varying in amounts from \$1,410,000 to \$1,635,000 from November 1, 2022, to November 1, 2027.	9,135,000
3.10% - 5.00% General Obligation Bonds, Series A of 2017 in the principal amount of \$21,620,000 to advance refund a portion of the outstanding General Obligation Bonds, Series A of 2009 of the County dated April 10, 2017, principal payable annually, varying in amounts from \$475,000 to \$1,990,000 from November 1, 2022, to November 1, 2033.	15,820,000
2.00% - 3.65% General Obligation Bonds, Series B of 2017 in the principal amount of \$6,255,000 to finance certain capital projects dated April 10, 2017, principal payable annually, varying in amounts from \$295,000 to \$470,000 from November 1, 2022, to November 1, 2037.	5,950,000
2.00% - 5.00% General Obligation Bonds, Series C of 2017 in the principal amount of \$19,000,000 to advance refund the outstanding General Obligation Bonds, Series A of 2012 of the County dated December 13, 2017, principal payable annually, varying in amounts from \$1,190,000 to \$1,755,000 from November 1, 2022, to November 1, 2032.	16,015,000
2.00% - 5.00% General Obligation Bonds, Series of 2018 in the principal amount of \$13,320,000 to refund the outstanding General Obligation Bonds, Series C of 2013 of the County dated March 21, 2018, principal payable annually, varying in amounts from \$990,000 to \$1,370,000 from March 1, 2022, to March 1, 2030.	10,520,000

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)

2.00% - 4.00% General Obligation Bonds, Series of 2019 in the principal amount of \$20,255,000 to refund the outstanding General Obligation Bonds, Series A of 2009, to refund the outstanding General Obligation Bonds, Series of 2014, and to finance certain capital projects dated March 12, 2019, principal payable annually varying in amounts from \$500,000 to \$2,835,000 from November 1, 2022, to November 1, 2044.	19,235,000
1.05% - 4.00% General Obligation Bonds, Series A of 2020 in the principal amount of \$14,920,000 to refund the outstanding General Obligation Bonds, Series B of 2010 and to refund the outstanding General Series C of 2010, principal payable annually, varying in amounts from \$5,000 to \$2,115,000 from November 1, 2022, to November 1, 2030.	14,915,000
1.10% - 4.00% General Obligation Bonds, Series B of 2020 in the principal amount of \$10,560,000 to be used to finance certain capital projects of the County, principal payable annually, varying in the amounts from \$5,000 to \$1,360,000 from November 1, 2022, to November 1, 2035.	10,555,000
1.00% - 4.00% General Obligation Bonds, Series C of 2020 in the principal amount of \$13,630,000 to refund the outstanding General Obligation Bonds, Series E of 2012, principal payable annually, varying in amounts from \$530,000 to \$1,405,000 from November 1, 2022, to November 1, 2032.	12,020,000

General obligation notes and direct borrowings consisted of the following as of December 31, 2021:

Variable rate interest bearing General Obligation Note, Series A of 2002 in the principal amount of \$25,050,000 to current refund Series of 2000, dated September 13, 2002, principal payable annually, varying in amounts from \$1,545,000 to \$2,439,000 from October 25, 2022, to October 25, 2030. Interest is payable monthly, based upon monthly calculations remitted by the trustee that include amounts sufficient to pay payments and receipts under any interest rate swap agreements, payments due to holders of the note, and monthly finance charges. The interest on the note will never exceed 15%.	17,640,000
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Installment purchase agreements consisted of the following as of December 31, 2021:

5.50% Interest bearing installment purchase agreement in the amount of \$210,000, dated December 30, 2002, to finance the lease and subsequent purchase of an agricultural easement, principal payable in full on November 15, 2022.	210,000
5.85% Interest bearing installment purchase agreement in the amount of \$226,000, dated September 3, 2003, to finance the purchase of an agricultural easement, principal payable in full on November 15, 2023.	226,000

Total general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements as of December 31, 2021	<u>\$ 161,761,000</u>
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County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)

A summary of the County's general obligation bonds is as follows:

<u>Years</u>	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2022	\$	13,395,000	\$	5,584,534	\$ 18,979,534
2023		13,700,000		5,058,128	18,758,128
2024		12,510,000		4,508,352	17,018,352
2025		13,030,000		4,004,288	17,034,288
2026		13,545,000		3,476,390	17,021,390
2027-2031		56,470,000		9,921,282	66,391,282
2032-2036		15,405,000		2,388,207	17,793,207
2037-2041		3,515,000		746,305	4,261,305
2042-2044		2,115,000		155,150	2,270,150
	\$	143,685,000	\$	35,842,636	\$ 179,527,636

A summary of the County's total general obligation notes and direct borrowings is as follows:

<u>Years</u>	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2022	\$	1,545,000	\$	183,933	\$ 1,728,933
2023		1,635,000		167,378	1,802,378
2024		1,730,000		149,860	1,879,860
2025		1,830,000		131,324	1,961,324
2026		1,934,000		111,721	2,045,721
2027-2030		8,966,000		226,730	9,192,730
	\$	17,640,000	\$	970,946	\$ 18,610,946

A summary of the County's installment purchase agreements is as follows:

<u>Years</u>	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2022	\$	210,000	\$	24,771	\$ 234,771
2023		226,000		13,221	239,221
	\$	436,000	\$	37,992	\$ 473,992

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)

A summary of the County's total debt service commitments is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 15,150,000	\$ 5,793,238	\$ 20,943,238
2023	15,561,000	5,238,727	20,799,727
2024	14,240,000	4,658,212	18,898,212
2025	14,860,000	4,135,612	18,995,612
2026	15,479,000	3,588,111	19,067,111
2027-2031	65,436,000	10,148,012	75,584,012
2032-2036	15,405,000	2,388,207	17,793,207
2037-2041	3,515,000	746,305	4,261,305
2042-2044	2,115,000	155,150	2,270,150
	<u>\$ 161,761,000</u>	<u>\$ 36,851,574</u>	<u>\$ 198,612,574</u>

General Obligation Notes and Direct Borrowings

In accordance with the Loan Agreement for the General Obligation Note, Series A of 2002, if an event of default shall have occurred and is continuing the Bank may (1) declare all repayments to be immediately due and payable, and (2) pursue any and all remedies now and hereafter existing under the debt act or otherwise at law or in equity to collect all amounts then due and thereafter to become due under the Loan Agreement or to enforce the performance and observance of any other obligation or agreement of the County under the Loan Agreement.

In accordance with the General Obligation Note, Series of 2007, the County shall have the right to prepay any amount at any time and from time to time, in whole or in part; subject, however, to payment of any break funding indemnification amounts owing pursuant to the following. The County agrees to indemnify the Bank against any liabilities, losses, or expenses which the Bank sustains or incurs as a consequence of either (1) the County's failure to make a payment on the due date thereof, (2) the County's revocation in whole or in part of any notice given to Bank to request, convert, renew, or prepay any amounts bearing interest, or (3) the County's payment or prepayment or conversion of any amounts bearing interest on a day other than the regularly scheduled due date therefore. A notice as to any amounts payable pursuant to this paragraph given the County by the Bank shall, in the absence of manifest error, be conclusive and shall be payable upon demand. The County's indemnification obligations hereunder shall survive the payment in full of all amounts payable hereunder.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

During the year ended December 31, 2021, the following changes occurred in long-term liabilities:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Governmental Activities:					
General obligation bonds payable	\$ 154,680,000	\$ —	\$ 10,995,000	\$ 143,685,000	\$ 13,395,000
Net premium (discount) on bonds payable	13,051,121	—	1,291,223	11,759,898	1,291,223
General obligation notes and direct borrowings payable	21,036,600	—	3,396,600	17,640,000	1,545,000
Installment purchase agreements payable	436,000	—	—	436,000	210,000
Accrued vacation and sick pay	7,133,809	277,892	756,472	6,655,229	756,472
Capital leases	14,284,206	—	2,417,354	11,866,852	2,494,498
Net pension liability	4,582,966	—	4,582,966	—	—
Net OPEB liability	110,146,185	7,047,185	44,149,359	73,044,011	—
Contracts payable	116,921	29,018	114,826	31,113	29,018
Workers' compensation	316,636	607,088	507,980	415,744	93,567
Stadium loan payable	900,000	—	450,000	450,000	450,000
Governmental activities long-term liabilities	<u>\$ 326,684,444</u>	<u>\$ 7,961,183</u>	<u>\$ 68,661,780</u>	<u>\$ 265,983,847</u>	<u>\$ 20,264,778</u>

All long-term liabilities are expected to be repaid primarily from General Fund tax revenues.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

Discretely Presented Component Unit

During the year ended March 31, 2007, the Convention Center Authority remarketed the Hotel Room Rental Tax Revenue Bonds, Series of 2003 (\$40,000,000), and issued the Hotel Room Rental Tax Revenue Bonds, Series of 2007 (\$23,920,000) for the purpose of paying, together with other available funds, the costs of (i) funding the design, acquisition, construction, furnishing, and equipping of that certain Lancaster County Convention Center, as defined in the indenture; (ii) funding necessary reserves for the project and the bonds; (iii) the establishment of necessary reserves and other funds under the indenture; (iv) payment of the costs and expenses of issuance of the bonds; and (v) refunding certain outstanding indebtedness of the issuer. The bonds were secured by a pledge of all current and future revenue derived by the Convention Center Authority from its share of hotel room rental tax and all monies and investments held by the Trustee Bank under the related indenture and are initially secured by an irrevocable, direct pay letter of credit issued by Wachovia Bank, National Association.

The bonds initially bore interest at a weekly rate. During the weekly mode, interest on the bonds was to be paid on the first business day of each calendar month, commencing on May 1, 2007. The weekly rate for the bonds was computed by Wachovia Bank, National Association for each weekly rate period. The weekly rate was not to exceed 12% per annum. At times specified in the indenture, the issuer had the ability to cause the bonds to be converted to a term mode. The bonds, if converted, were subject to mandatory purchase on the date of such conversion. The floating interest rate under the weekly mode was 67% of USD-LIBOR-BBA on the agreed-upon payment dates.

On October 3, 2011, the bonds were restructured, and the Convention Center Authority entered into a continuing covenant agreement with Wells Fargo Bank. Under the agreement, the bank paid the purchase price of \$63,590,000 to the bank for the bonds. The bonds were to be held by the bank until the mandatory purchase date of March 1, 2013, at which time the bonds were subject to mandatory tender for purchase at an amount equal to 100% of the principal amount of the bonds, plus accrued interest. On this date, the Convention Center Authority was to cause the bonds to be remarketed to the bank or to new investors at any of the interest rate options provided in the agreement.

The bank extended the mandatory purchase date related to the bonds to August 1, 2014. All other provisions of the agreement remain in effect through the mandatory purchase date.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

Discretely Presented Component Unit (continued)

Under the agreement, the interest rate was converted from the weekly rate to the index interest rate. The bonds were to bear interest at a per annum rate of interest equal to the sum of (i) the index, defined as 67% of LIBOR, and (ii) the applicable spread, commencing October 3, 2011. The applicable spread effective from October 3, 2011, through February 28, 2012, was defined as 95 basis points on the Series of 2003 bonds and 125 basis points on the Series of 2007 bonds. Effective March 1, 2012, the applicable spread increased to 175 basis points on the Series of 2003 bonds and 190 basis points on the Series of 2007 bonds. The applicable spread could be reduced if the Convention Center Authority was able to accomplish certain milestones as set forth in the agreement. At the option of the Convention Center Authority, the bonds could have been optionally redeemed or converted to another interest rate mode to be effective on the interest payment date prior to the mandatory purchase date upon 60 days written notice to the bank.

On August 1, 2014, the bonds were refunded through the issuance of the Hotel Room Rental Tax Revenue Bonds, Series of 2014 in the amount of \$62,595,000. The fee received from the termination of the guaranteed investment contracts, including accrued interest, along with funds realized from a reduction in the debt service reserve fund requirements associated with the 2014 bonds totaling \$995,000, was used to pay a portion of the principal due on the bonds. In addition, the debt service reserve requirement for the 2014 bonds was reduced from \$4.1 million to \$3.9 million. The 2014 bonds are subject to mandatory tender on July 31, 2019.

The 2014 bonds initially bear interest, through the mandatory tender date, at a rate equal to the sum of the index rate, SIFMA or 70% of LIBOR, plus the applicable spread, initially 75 basis points, fixed for five years. The bonds will bear interest at the index rate during the index rate period provided no event of default has occurred. At the option of the Convention Center 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 written notice to the bank and compliance with the applicable provisions of the related documents.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

Discretely Presented Component Unit (continued)

On December 3, 2018, the Convention Center Authority and the trustee entered into the First Supplemental Trust Indenture related to the 2014 bonds. Under the indenture the index for the period December 3, 2018, through and including November 30, 2023, is 80% of LIBOR, and during any other interest rate period, 80% of LIBOR or such other percentage as may be designated by the bank. In addition, the applicable spread for the period December 3, 2018, through and including November 30, 2023, is 88 basis points provided that the County's bond ratings remain above certain thresholds. Finally, under the indenture, the mandatory tender date was modified to December 1, 2023.

In accordance with the Continuing Covenant Agreement, if an event of default, such as failure to pay principal and interest on the bonds when due, and other events defined by the Continuing Covenant Agreement, occurs and is continuing, the Bank may (1) by written notice to the trustee and the Convention Center Authority, declare the outstanding amount of the bonds to be immediately due and payable; (2) deliver a written notice to the trustee and Convention Center Authority that an event of default has occurred and is continuing and direct the trustee and the Convention Center Authority to cause a mandatory tender of acceleration of the bonds; (3) by written notice to the trustee, direct the trustee to notify the Treasurer of the County of Lancaster that an event of default has occurred and is continuing and direct the Treasurer of the County to transfer 100% of the hotel tax revenues to the Convention Center Authority for such period as necessary to cure the event of default or take such other remedial actions as is provided for in the indenture; (4) take whatever action at law or in equity may appear necessary to collect the amounts due and payable and to enforce performance or observation of any obligation, agreement, or covenant of the Convention Center Authority; (5) cure any default, event of default, or even to nonperformance provided however that the bank will have no obligation to effect such a cure; (6) exercise or cause to be exercised any and all remedies available at law and at equity.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

Discretely Presented Component Unit (continued)

Debt service requirements are as follows:

	Principal	Interest	Total
2022	\$ 670,000	\$ 574,767	\$ 1,244,767
2023	58,320,000	9,573,016	67,893,016
	<u>\$ 58,990,000</u>	<u>\$ 10,147,783</u>	<u>\$ 69,137,783</u>

During the year ended December 31, 2021, the following changes occurred with the Convention Center Authority's revenue bonds payable:

	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021	Due Within One Year
Revenue bonds payable	<u>\$ 59,645,000</u>	<u>\$ —</u>	<u>\$ 655,000</u>	<u>\$ 58,990,000</u>	<u>\$ 670,000</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

10. Self-Insurance Claims Liability

The County is self-insured for workers' compensation in accordance with Article III of the Pennsylvania Workers' Compensation Act of 1915 as reenacted and amended. The liability is recorded as estimated by the County's actuary; such claims are discounted at 4% for workers' compensation. The Bureau of Workers' Compensation issued an exemption permit renewing the County's self-insurance status on December 16, 2020.

The County is also self-insured for unemployment compensation; however, payments are made quarterly to the Commonwealth of Pennsylvania and any resulting liability is considered short term and included within accounts payable.

Changes in the County's self-insurance claims reserves for the years ending December 31, 2021, and 2020 were as follows:

	Reserve Balance as of January 1, 2021	Current Year Claims	Claim Payments	Reserve Balance as of December 31, 2021
Workers' Compensation	\$ 316,636	\$ 607,088	\$ 507,980	\$ 415,744

	Reserve Balance as of January 1, 2020	Current Year Claims	Claim Payments	Reserve Balance as of December 31, 2020
Workers' Compensation	\$ 320,659	\$ 442,904	\$ 446,927	\$ 316,636

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

11. Interfund Balances

Individual fund receivable and payable balances as of December 31, 2021, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,605,045	\$ —
Behavioral Health and Developmental Services Fund	—	1,605,045
Total	<u>\$ 1,605,045</u>	<u>\$ 1,605,045</u>

The balance due to the General Fund resulted from a cash deficit position in the Behavioral Health and Developmental Services Fund.

12. Interfund Transfers

Interfund transfers for the year ended December 31, 2021, consisted of the following:

	<u>Interfund Transfers-In</u>	<u>Interfund Transfers-Out</u>
General Fund	\$ —	\$ 26,210,244
Children and Youth Services Fund	9,068,242	—
Behavioral Health and Developmental Services Fund	899,422	—
Capital Projects Fund	13,317,755	—
Domestic Relations Fund	2,370,666	—
Human Services Block Grant	267,000	633,780
Nonmajor Governmental Funds	920,939	—
Total	<u>\$ 26,844,024</u>	<u>\$ 26,844,024</u>

Transfers are utilized to use unrestricted revenues collected in the General Fund and deferred inflows of resources in the Human Services Block Grant Fund. This is to finance various grant programs accounted for in other funds in accordance with budgetary and legal authorizations.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

13. Commitments and Contingent Liabilities

The County receives funds from the Commonwealth of Pennsylvania and various federal agencies to fund specific programs. Final determination of various amounts is subject to audit by the responsible agencies. County officials believe that any audit adjustments resulting from final settlements will be immaterial in relation to the County's financial resources.

The County is involved as either plaintiff or defendant in several lawsuits and claims. However, it is the opinion of County solicitors that there are no probable or estimateable claims against the County that would materially affect the financial position of the County.

On December 3, 2018, the Convention Center Authority entered into the First Supplemental Trust Indenture related to the issuance of the Hotel Room Rental Tax Revenue Bonds, Series of 2014. The 2014 bonds debt service payments are guaranteed by the County. As of December 31, 2021, \$58,990,000 of the bonds remained outstanding. The County does not expect to make a payment on the guarantee; therefore, the County has not recognized a liability.

On May 15, 2004, the County guaranteed revenue bonds issued by the Redevelopment Authority in the amount of \$13,505,000 to fund the site acquisition, design, construction, and operation of a multi-purpose stadium and related improvements. The bonds of the Redevelopment Authority are payable solely and exclusively from, and secured by, (1) the use of the multi-purpose stadium facilities, (2) restricted funds established under the indenture, and (3) to the extent necessary, sums the County is obligated to pay pursuant to the guaranty agreement. On January 15, 2013, the bonds were refunded through the issuance of the Redevelopment Authority of the County of Lancaster Taxable Guaranteed Stadium Bonds, Series of 2013, in the amount of \$10,950,000. As of December 31, 2021, \$4,015,000 of the bonds remained outstanding. The County guaranteed lease rental debt of the Redevelopment Authority for the stadium. As of December 31, 2021, the County's guarantee equaled a maximum annual debt service amount of \$1,097,590.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

13. Commitments and Contingent Liabilities (continued)

On December 21, 2016, the County approved a resolution where the Lancaster Baseball Club, LLC (the Club) requested assistance from the County for a portion of the debt service for a limited period of time on the Redevelopment Authority of the County of Lancaster Taxable Guaranteed Stadium Bonds, Series of 2013. The agreement was subsequently approved on February 17, 2017. Under the agreement the County will allocate an amount of up to \$450,000 per year for six years, from 2017 to 2022, to assist with debt service on the Redevelopment Authority's bonds. The amounts allocated by the County are not to exceed \$2,700,000 and are considered a loan to the Club which must be repaid. The loan will bear interest at 6% beginning on January 1, 2020. The Club will pay annual principal installments of \$270,000 beginning on January 1, 2023, until the principal and all accrued interest are paid in full. Commencing in 2017, the Club, or its partners, will pledge to the County, security in the form of mortgage liens on property in Lancaster County equal in value to the outstanding principal amount of the loan plus accrued interest. Effective January 1, 2023, the Club will assume responsibility for making all payments of debt service due on the Redevelopment Authority of the County of Lancaster Taxable Guaranteed Stadium Bonds, Series of 2013.

It was determined that the County is more likely than not to loan the Club an amount for a portion of the debt service of the bonds. The amount of the liability is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of this agreement.

The liability recognized for nonexchange financial guarantees by the County as of December 31, 2021, is as follows:

Balance as of January 1, 2021	Increases	Decreases	Balance as of December 31, 2021
\$ 900,000	\$ —	\$ 450,000	\$ 450,000

On September 2, 2005, the County guaranteed a note in the amount of \$100,000 issued by the Lancaster Industrial Development Authority to the Redevelopment Authority. Principal and interest on this note are due June 30, 2025.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

13. Commitments and Contingent Liabilities (continued)

Discretely Presented Component Unit

Under the continuing covenant agreement, the Convention Center Authority is required to maintain certain minimum balances in the funds held at the Trustee Bank. Failure to meet this liquidity covenant for any quarterly period represents an event of default.

14. Other Post-Employment Benefits

Summary of Significant Accounting Policies

The County has committed to provide other post-employment benefits (OPEB) to its retirees if they meet certain requirements. The financial information is prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the commitment. The total OPEB liability is calculated based on the entry age normal level percent of pay actuarial cost method. These benefits are not currently pre-funded by the County.

Description of Plan

The County, through its substantive commitment to provide OPEB benefits, maintains a single employer defined benefit plan to provide certain postretirement healthcare benefits to former full-time employees who meet certain eligibility requirements. The County is assumed to be a single employer without a special funding situation without a qualified trust for the purposes of reporting under GASB 75.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

Plan Administration

The County sponsors a medical and prescription drug plan for its employees. Eligible retirees may continue health coverage through the County for life or Medicare eligibility, depending on their hire date. The County funds its OPEB on a pay-as-you-go basis and has no plan assets (investments) used specifically for paying the post-retirement medical benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The County is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the plan consists solely of the County's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated. Benefit and contribution provisions of the plan are authorized and amended by the County Commissioners.

Plan Membership

As of December 31, 2021, the plan's membership consisted of the following:

Retirees receiving benefits	677
Active members	1,276
Total membership	<u>1,953</u>

Benefits Provided

The benefits cover eligible retirees who elect to participate and pay any required contributions. Specific details of the plan include the provision of certain hospitalization, major medical insurance, and prescription drug coverage. These benefits are provided through insurance companies. Such benefits are not available to members' spouses or dependents; rather, only to former employees as previously described. There are no employer-subsidized ancillary benefits (life insurance, dental, and/or vision) at retirement.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

Benefits Provided (continued)

To be eligible for the benefits full-time employees must meet certain eligibility requirements. Full-time employees hired before January 1, 2012, are eligible for lifetime retiree health benefits once they are eligible to receive retirement income from the Employee Retirement Plan and have five years of service. Full-time employees hired January 1, 2012, through December 31, 2018, are eligible for retiree health benefits until Medicare eligibility once they are eligible to receive retirement income from the Employee Retirement Plan and have 20 years of service. Employees hired on or after January 1, 2019, are not eligible for retiree health benefits. Eligibility requirements to receive retirement income from the Employee Retirement Plan are as follows:

- Normal Retirement: Earlier of (a) age 55 with 20 years of service or (b) age 60 (no service requirement).
- Early Retirement: 20 years of service.

Contributions

Since the County funds its OPEB on a pay-as-you-go basis and has no plan assets used specifically for paying the post-retirement medical benefits, premiums under the plan for post-employment healthcare benefits are funded by retirees desiring such coverage via co-pays paid to the County in accordance with rates established by the County and by the County itself from appropriate governmental funds. For 2021, contribution rates for plan members under 65 equaled \$27.82 per participant per month. Contribution rates for plan members 65 and over equaled \$85.20 per participant per month. For the year ended December 31, 2021, plan members receiving benefits paid \$565,599, which was used to offset the County's total outlays to insurance carriers equaling \$2,572,561 for current year premiums due. The net outlay from the County, which equaled \$2,006,962 represents the County's net cost paid for current year premiums due.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.05% for the current measurement period. GASB 75 specifies that the discount rate should be selected based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). As prescribed by GASB 75, since the County does not fund the plan, the discount rate is set equal to the 20-year municipal bond rate, which was 2.05% as of December 31, 2021.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the County, calculated using the discount rate of 2.05%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (1.05%) or one-percentage-point higher (3.05%) than the current rate:

	1% Decrease <u>(1.05%)</u>	Current Discount <u>Rate (2.05%)</u>	1% Increase <u>(3.05%)</u>
County's net OPEB liability	\$84,243,749	\$73,044,011	\$63,898,018

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend

The healthcare trend assumption used in the valuation was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The healthcare trend assumptions are shown below:

<u>Year</u>	<u>Annual Trend</u>
2021	5.65%
2022	5.75%
2023	5.50%
2024	5.40%
2025	5.36%
2030	5.18%
2035	5.18%
2040	5.18%
2050	5.18%
2060	4.83%
2070	4.38%
2075 & Ultimate	4.04%

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend (continued)

The following presents the net OPEB liability of the County, calculated using the annual healthcare cost trend assumption noted, as well as what the County's net OPEB liability would be if it were calculated using a trend rate that is one-percentage-point lower or one-percentage-point higher than the current trend:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
County's net OPEB liability	\$61,234,461	\$73,044,011	\$88,374,709

Total OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, and projected forward to December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.00%
Discount rate	2.05% measurement date
Mortality table	Pub-2010 General Employees / Retirees Headcount-Weighted projected fully generationally using MP-2019 improvement scale
Healthcare cost trends	5.75% for 2022, decreasing to an ultimate rate of 4.04% by 2075

The following assumptions have been updated since the last valuation:

- Health care trend rates applicable to per capita claims costs have been updated from 2019 Getzen to 2021 Getzen model, with an initial rate that is based on the actual premium increase. This change caused a significant decrease in the County's liability.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

Changes in Net OPEB Liability

During the year ended December 31, 2021, the following changes occurred in net OPEB liability:

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 12/31/2020	\$ 110,146,185	\$ -	\$ 110,146,185
Changes for the Year:			
Service Cost	2,874,612	-	2,874,612
Interest	2,374,879	-	2,374,879
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(42,142,397)	-	(42,142,397)
Changes in Assumptions or Other Inputs	1,797,694	-	1,797,694
Contributions	-	2,006,962	(2,006,962)
Benefit Payments	(2,006,962)	(2,006,962)	-
Administrative Expenses	-	-	-
Net Changes	(37,102,174)	-	(37,102,174)
Balances at 12/31/2020	\$ 73,044,011	\$ -	\$ 73,044,011

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the 2021 measurement period, the County recognized pension expense of \$(9,219,083) and reported deferred outflows of resources / (deferred inflows of resources) related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>(Deferred Inflows)</u>
Differences between expected and actual experience	\$ -	\$ (52,951,990)
Change of assumptions or other inputs	5,913,656	(24,247,956)
Total	<u>\$ 5,913,656</u>	<u>\$ (77,199,946)</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Years ending:	
2022	\$ (14,468,574)
2023	(14,468,574)
2024	(14,468,575)
2025	(12,139,193)
2026	(9,977,845)
Thereafter	<u>(5,763,529)</u>
	<u>\$ (71,286,290)</u>

For the 2021 measurement period, the County had no outstanding amount of contributions for the OPEB required for the year ended December 31, 2021.

15. Employee Retirement Plan (Pension Trust Fund)

Summary of Significant Accounting Policies

The Lancaster County Employee Retirement Plan's (the Plan) financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

Description of Plan

The County maintains a single-employer contributory defined benefit pension plan covering substantially all County employees. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Plan is considered part of the County's financial reporting entity and is included in the County's financial statements as a Pension Trust Fund. The Plan does not issue a stand-alone financial report.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Plan Administration

The Plan is governed by the 1971 County Pension Law, Act 96, of the General Assembly of the Commonwealth of Pennsylvania, as amended, cited as the County Pension Law (the Act). The Act provides for the creation, maintenance, and operation of this Plan. Benefit and contribution provisions of the Plan are established and can be amended as provided by the Act.

Management of the Plan is vested in the Retirement Board, which consists of five members – three elected County Commissioners, the County Controller and the County Treasurer.

Administrative costs of the Plan, in accordance with a 1991 amendment to the Act, may be paid from Plan assets unless it is determined by the actuary that such payment will impair the actuarial soundness of the Plan. During 2021, administrative costs totaling \$97,004 were paid from Plan assets.

The Act makes no provision for termination of the Plan.

Plan Membership

Membership in the Plan is mandatory for all full-time County employees. As of December 31, 2021, the Plan's membership consisted of the following:

Retirees and beneficiaries receiving benefits	1,454
Terminated Plan members enrolled but not yet receiving benefits	267
Active Plan members	<u>1,540</u>
Total members	<u><u>3,261</u></u>

Benefits Provided

The Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the members' highest three-year average salary times the member's years of service depending on class basis. Retirement benefits vest after five years of credited service. Employees who retire at age 60 or with 20 years of service, if at least 55 years of age, are entitled to an unreduced annual retirement benefit. Employees are eligible for a reduced annual retirement benefit after accumulating 20 years of service prior to reaching age 55.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Benefits Provided (continued)

All plan members are eligible for disability benefits after five years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25% of the highest average salary at time of retirement.

Death benefits for a member who dies with ten years of service prior to retirement is the total present value of member's retirement paid in a lump sum.

Employees that are involuntarily terminated from County employment are eligible for a reduced annual retirement benefit after accumulating eight years of service under certain circumstances.

A plan member who leaves County service with less than five years of service may withdraw their contributions, plus any accrued interest.

The general annual benefit is from 0.833% to 1.25% (depending on the date the employee entered the Plan) of the employee's highest three-year salary times years of service.

On an ad hoc basis, cost-of-living adjustments (COLA) to each member's retirement allowance shall be reviewed at least once every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index.

Contributions

Covered employees are required by the Act to contribute to the Plan at a rate of 5% of their annual covered salary. Employees may contribute up to an additional 10% of gross pay, at their option. The contributions are recorded in an individually identified account which is also credited with interest, calculated to yield between 4.0% - 5.5% (as determined by the Retirement Board) compounded annually. Accumulated employee contributions and credited interest, which amounted to \$76,811,544 as of December 31, 2021, vest immediately and are returned upon termination of service if the employee is not eligible for other benefits.

An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2021 measurement period, the active member contribution rate was 5.0% of annual pay, and the County average contribution rate was 6.10% of annual payroll.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Contributions (continued)

The Plan's funding policy provides for periodic member contributions as discussed above and employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The actuarial cost method used to determine the Plan's funding requirements is the entry age normal method. Under this method, an actuarial accrued liability is determined as the actuarial present value of projected benefits for all participants minus the actuarial present value of future normal costs. The normal cost is determined as the annual amount required to fund between entry age and assumed exit age the actuarial present value of projected benefits for each active participant under the assumed retirement age. Significant actuarial assumptions used to compute the annual employer required contributions for the current year are the same as those used to compute the net pension liability.

Discount Rate

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation for the 2021 measurement period are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	5.4-6.4%
International equity	5.5-6.5%
Fixed income	1.3-3.3%
Real estate/Alternative	4.5-5.5%
Cash	0.0-1.0%

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Discount Rate (continued)

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower, 6.00%, or one-percentage-point higher, 8.00%, than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
County's net pension liability	\$20,147,891	\$(24,396,495)	\$(59,512,504)

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Investments

The Plan's investments are held in a bank-administered trust fund. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's asset allocation policy for the 2021 measurement period:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	48%
International equity	22%
Fixed income	22%
Real estate	7%
Cash	1%

The Plan's investment policy does not allow for an investment of 5% or more of Plan investments in any single corporation or group of affiliated corporations.

For the 2021 measurement period, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.86%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Total Pension Liability

The total pension liability was determined by an actuarial valuation for the 2021 measurement period as of January 1 and rolled-forward to December 31 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.00% average, including inflation
Investment rate of return	7.00% net of pension plan investment expense, including inflation
Postretirement benefit increases	none

Mortality rates were based on the PubG-2010 Mortality Table for males and females with generational mortality improvement using MP19.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Net Pension Liability

The components of the net pension liability (asset) of the County for the 2021 measurement period were as follows:

Total pension liability	\$ 365,572,177
Plan fiduciary net pension	<u>389,968,672</u>
County's net pension liability (asset)	<u>\$ (24,396,495)</u>
Plan fiduciary net position as a percentage of the total pension liability	106.67%

The actuarial assumptions used in the valuation for the 2021 measurement period were based on past experience under the plan and reasonable future expectations, which represent our best estimate of anticipated experience under the plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result.

The amortization of the unfunded actuarial accrued liability is over a 30-year period on a closed basis. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Changes in Net Pension Liability (Asset)

During the year ended December 31, 2021, the following changes occurred in net pension liability (asset):

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balances at 12/31/2020	\$ 353,363,617	\$ 348,780,651	\$ 4,582,966
Changes for the Year:			
Service Cost	5,996,330	-	5,996,330
Interest	24,602,532	-	24,602,532
Differences Between Expected and Actual Experience	2,250,779	-	2,250,779
Changes in Assumptions	-	-	-
Contributions – Employer	-	5,142,723	(5,142,723)
Contributions – Member	-	6,270,764	(6,270,764)
Net Investment Income	-	50,512,619	(50,512,619)
Benefit Payments, Including Refunds of Member Contributions	(20,641,081)	(20,641,081)	-
Administrative Expenses	-	(43,928)	43,928
Other	-	(53,076)	53,076
Net Changes	12,208,560	41,188,021	(28,979,461)
Balances at 12/31/2021	\$ 365,572,177	\$ 389,968,672	\$ (24,396,495)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the 2021 measurement period, the County recognized pension income of \$(4,899,732) and reported deferred outflows of resources / (deferred inflows of resources) related to pensions from the following sources:

	Deferred Outflows	(Deferred Inflows)
Differences between expected and actual experience	\$ 2,073,471	\$ -
Change of assumptions	14,562,311	-
Net difference between projected and actual earnings on pension plan investments	-	(37,910,758)
Total	\$ 16,635,782	\$ (37,910,758)

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Years ending:	
2022	\$ (1,684,689)
2023	(9,293,675)
2024	(5,217,464)
2025	<u>(5,079,148)</u>
	<u>\$ (21,274,976)</u>

For the 2021 measurement period, the County had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

Legally Required Reserves

As of December 31, 2021, the Plan has a balance of \$76,811,544 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2021. Since these accumulations represent the present value as of December 31, 2021, of future benefits, the reserve balance and liability are identical.

The Plan has a balance of \$83,570,400 in the County Annuity Reserve Account as of December 31, 2021. This balance and the amounts expected to be credited in the future, plus investment earnings, represent the reserves set aside for the payment of the County's share of the retirement allowances.

This is the account out of which regular interest is credited to the Members' Annuity Reserve Account and Retired Members' Reserve Account, administrative expenses may be paid, and the pension obligations of the County are funded.

When a County annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County Annuity Reserve Account to the Retired Members' Reserve Account to provide for such County annuities actually entered upon.

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The assets allocated to this reserve account as of December 31, 2021, amount to \$179,049,811. The corresponding liability for those annuitants on the roll is identical.

16. Derivative Instruments

Objectives of the Interest Rate Swap

In order to take advantage of interest rate environments in the financial markets, the County has previously entered into a pay-fixed/receive-variable interest rate swap associated with the general obligation debt series listed below.

Significant Terms, Fair Values, and Credit Risk

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The fair value measurement level for the County's interest rate swap is considered Level 2 based on significant observable inputs.

The associated debt series (general obligation bonds or notes), terms, notional amounts, cash received at initiation, fair values, changes in fair values, classifications, and counterparty credit ratings of the outstanding swap as of December 31, 2021, are as follows. The swap agreement contains scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated original debt series.

Hedged Derivative Instruments – Floating to Fixed Swap

Associated Debt Series	Effective Date	Termination Date	Type	County Pays	County Receives	Swap Notional Amount	Cash Received at Initiation	Classification	Change in Fair Value	Classification	Fair Value 12/31/2021	Counterparty Credit Rating*
GON 2002A	1/1/2002	10/25/2030	Pay-fixed/ receive- variable swap	5.195%	60% 1m LIBOR +30.3bp	<u>\$24,697,000</u>	<u>\$3,000,000</u>	Deferred Outflows of Resources	<u>\$1,278,927</u>	Debt	<u>\$(3,638,522)</u>	Aa2 / A+ / AA

*Moody's, Standard & Poor's, and Fitch credit ratings

The unamortized portion of the up-front premium received by the County related to the swap or hedged derivative instrument is considered a borrowing for financial reporting purposes and is recorded as a liability in the government-wide financial statements in the amount of \$921,738, with the balance of \$2,716,783 recorded as an interest rate swap liability.

16. Derivative Instruments (continued)

Credit Risk

Because the hedged derivative has a negative fair value, the County is currently not exposed to credit risk. However, should interest rates change and the fair value of the swap become positive, the County would be exposed to credit risk in the amount of the derivative's fair value.

Basis Risk

Basis risk exists to the extent the County's variable rate debt coupon payments do not exactly equal the index on the associated swap. The swap exposes the County to basis risk, should there be a variance between the 1-Month LIBOR rate, the basis of the swap interest payments, and SIFMA, the basis of the associated debt's interest payments, converge, it will have an impact on the synthetic rate on the associated debt. The effect of this difference in basis is indicated by the differences between the intended synthetic rates and the actual synthetic rates as of December 31, 2021. As of December 31, 2021, the 1-Month LIBOR rate equaled .102% and SIFMA equaled .10%.

Interest Rate Risk

The County's interest rate swap serves to guard against a rise in variable interest rates associated with the outstanding variable rate debt series. However, if the LIBOR index decreases, the County's net payment on interest rate swap increases; therefore, the County is exposed to interest rate risk on its interest rate swap.

Termination Risk

The termination exposure of the County's swap agreement as of December 31, 2021, is limited only to the swap with negative fair values; the County would have to pay the respective amounts in order to terminate the associated swap. Either the County or the Counterparty can terminate the agreements if certain contractual events occur including the reduction of either party's credit rating below BBB+ as rated by Standard & Poor's or Baa1 as rated by Moody's.

16. Derivative Instruments (continued)

Swap Payments and Associated Debt

Using rates as of December 31, 2021, debt service requirements of the variable rate debt and net swap payments are illustrated as follows. As rates vary, variable rate debt interest payments and net swap payments will vary.

Fiscal Year Ending December 31	Variable Rate Debt		Interest Rate Swap, Net	Total
	Principal	Interest		
2022	\$ 1,545,000	\$ 16,095	\$ 777,529	\$ 2,338,624
2023	1,635,000	14,460	698,544	2,348,004
2024	1,730,000	12,730	614,970	2,357,700
2025	1,830,000	10,900	526,565	2,367,465
2026	1,934,000	8,966	433,136	2,376,102
2027-2030	8,966,000	14,094	680,863	9,660,957
Total	<u>\$ 17,640,000</u>	<u>\$ 77,245</u>	<u>\$ 3,731,607</u>	<u>\$ 21,448,852</u>

Discretely Presented Component Unit

Objective of the Interest Rate Swap

As a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in March 2007, the Convention Center Authority entered into an interest-rate swap in connection with Series of 2003 and Series of 2007 variable rate hotel room rental tax revenue bonds. The intention of the swap was effectively to change the Convention Center Authority's variable interest rate on that portion of the bonds to a synthetic rate of 3.65%. Pursuant to an amended and restated confirmation between the Convention Center Authority and the Counterparty, Wells Fargo Bank, dated September 28, 2011, the amortization, maturity dates, and fixed payment rates on the swap related to the bonds were amended. Effective October 3, 2011, the fixed payment on the swap related to the Series of 2003 bonds was 3.67% and the fixed payment on the swap related to the Series of 2007 bonds was 3.57%.

16. Derivative Instruments (continued)

Discretely Presented Component Unit (continued)

Objective of the Interest Rate Swap (continued)

Pursuant to an amended and restated confirmation between the Convention Center Authority and the bank, dated November 27, 2018, the fixed payment rates and the floating rates on the swap related to the bonds were amended. Effective December 1, 2018, through the mandatory tender date of December 1, 2023, in conjunction with the agreement and the First Supplemental Trust Indenture, the synthetic fixed rate on the swap related to the Series of 2003 bonds is 4.07%, the synthetic fixed rate on the swap related to the Series of 2007 bonds is 3.97%, and the floating rate for both the Series of 2003 bonds and Series of 2007 bonds is 80% of the one-month LIBOR. All other terms of the swap remained the same.

Terms

The bonds and the related swap agreements mature on December 1, 2042 (Series of 2003) and December 1, 2047 (Series of 2007), and the swap's notional amount of \$40,000,000 and \$23,920,000, respectively, was 100% of the total issue amount of the underlying bonds. The notional amount of the swap agreement decreases as the outstanding principal amount of the corresponding Series of 2003 bonds and Series of 2007 bonds were scheduled to decrease through maturing principal. The swap agreements were entered into in March 2007. Prior to October 3, 2011, under the swap agreements, the Convention Center Authority paid the counterparty a fixed payment of 3.65% and received a variable payment computed as 67% of the one-month LIBOR. Conversely, the bonds' variable-rate was based on the weekly rate determined by the remarketing agent. Effective October 3, 2011, the Convention Center Authority pays the counterparty a fixed payment of 3.67% related to the applicable notional amounts of the Series of 2003 bonds and 3.57% related to the applicable notional amounts of the Series of 2007 bonds. Effective December 1, 2018, the Convention Center Authority pays the counterparty a fixed payment of 4.07% related to the applicable notional amounts of the Series of 2003 bonds and 3.97% related to the applicable notional amounts of the Series of 2007 bonds.

16. Derivative Instruments (continued)

Discretely Presented Component Unit (continued)

Terms (continued)

Pursuant to the swap agreements, the Convention Center Authority pays or receives to/from the counterparty a monthly net swap payment. For the year ended December 31, 2021, the Convention Center Authority paid \$1,494,504 and \$949,624 fixed and received \$32,398 and \$21,105 variable with respect to the swap on the applicable notional amounts of the Series of 2003 bonds and the applicable notional amounts of the Series of 2007 bonds, respectively.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Convention Center Authority's financial statements. The swap is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the swap's fair value.

Fair Value Risk

Fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received. The fair value is based upon mid-market quotations for the transactions. Mid-market quotations are based on bid/ask quotations shown on reliable electronic information screens as of close of business on the date specified. Such amounts represent the present value difference between the floating rate receipt and fixed rate payment as of December 31, 2021, and the termination value fluctuates as the interest rates fluctuate.

Because the 2011 amendment and restatement changed the critical terms of the swap agreements, the original swap was effectively terminated upon amendment. At the date of amendment, the swap liability was reclassified to a swap borrowing on the balance sheet. Governmental accounting standards require that the borrowing be amortized to offset interest expense over the life of the bonds.

16. Derivative Instruments (continued)

Discretely Presented Component Unit (continued)

Fair Value Risk (continued)

The change in fair value for the interest rate swaps is as follows:

Associated Debt Series	Notional Amount	January 1, 2021 Fair Value	Amortization of Swap Borrowing	Change in Fair Value Subsequent to Termination	December 31, 2021 Fair Value
Series of 2003 Bonds	\$36,030,000	\$(14,736,785)	\$403,105	\$2,565,091	\$(11,768,589)
Series of 2007 Bonds	23,920,000	(14,735,899)	258,522	2,052,433	(12,424,944)
		<u>\$(29,472,684)</u>	<u>\$661,627</u>	<u>\$4,617,524</u>	<u>\$(24,193,533)</u>

Accounting and Risk Disclosures

As noted in the fair value table, the effect of the termination of the original swap resulted in a swap borrowing. As of December 31, 2021, current period changes in fair value for the swap are accounted for as an investment and are recorded on the statements of revenues, expenses, and change in net position as change in fair value of interest rate swap. The fair value of the outstanding swap as of December 31, 2021, is reported on the statement of net position as a combination of interest rate swap liability and swap borrowing.

Credit Risk

As of December 31, 2021, the Convention Center Authority's swap agreements were not exposed to credit risk, because they had a negative fair value. However, should interest rates change and the fair value of the swaps become positive, the Convention Center Authority would be exposed to credit risk in the amount of the swap agreement's fair value. As of December 31, 2021, the counterparty was rated Aa2 by Moody's, A+ by Standard & Poor's, and AA- by Fitch.

Swap Payments and Associated Debt

Using rates as of December 31, 2021, net swap payments on the applicable notional amounts of the Series of 2003 bonds and the applicable notional amounts of the Series of 2007 bonds, assuming current interest rates and floating rates under the swap agreement remain the same for their term, were as follows.

16. Derivative Instruments (continued)

Discretely Presented Component Unit (continued)

Swap Payments and Associated Debt (continued)

As these rates vary, net swap payments on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds will vary.

Series of 2003, Hotel Room Rental Tax Revenue Bonds

Fiscal Years Ending December 31	Notional Amount	Swap Agreement Payments, Net
2022	\$ 755,000	\$ 1,437,267
2023	830,000	1,407,120
2024	900,000	1,240,703
2025	980,000	1,208,291
2026	1,065,000	1,172,991
2027-2031	6,735,000	5,224,336
2032-2036	9,635,000	3,813,791
2037-2041	12,630,000	1,823,331
2042	2,500,000	90,050
	<u>\$ 36,030,000</u>	<u>\$ 17,417,880</u>

Series of 2007, Hotel Room Rental Tax Revenue Bonds

Fiscal Years Ending December 31	Notional Amount	Swap Agreement Payments, Net
2022	\$ -	\$ 930,249
2023	-	930,249
2024	-	837,675
2025	-	837,678
2026	-	837,678
2027-2031	-	4,188,388
2032-2036	-	4,188,384
2037-2041	370,000	4,188,388
2042-2046	17,475,000	2,929,246
2047	6,075,000	212,747
	<u>\$ 23,920,000</u>	<u>\$ 20,080,682</u>

17. Negative Unrestricted Net Position

Discretely Presented Component Unit

The Convention Center Authority's negative unrestricted net position, as shown on the December 31, 2021, statement of net position, is due to a GAAP requirement for governmental entities to terminate hedge accounting when a termination event has occurred on a derivative instrument (interest rate swap). A termination event occurs when a significant change in a critical term of an interest rate swap is made.

Since the 2008 national financial crises, the Convention Center Authority has had a significant interest rate swap liability and understood that the liability would be realized if, or when, the Convention Center Authority refinanced its bonds, or the hedge became ineffective. The October 2011 restructuring caused the Convention Center Authority to account for the termination of the hedge accounting as a liability on the statement of net position and recognize the swap loss on the statement of activities.

The December 31, 2021, fair value of the Convention Center Authority's interest rate swap was \$(24,193,533), when compared to the December 31, 2020, fair value of \$(29,472,684) for a positive change in valuation of \$5,279,151. All changes, including this \$5,279,151, in the fair value of the Convention Center Authority's interest rate swap is a reflection of market conditions and payments made under the swap agreement.

Required Supplementary Information

County of Lancaster, Pennsylvania

Schedule of Changes in the County's Net

Other Post-Employment Benefits Liability and Related Ratios

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 4,564,894	\$ 3,968,035	\$ 3,701,022	\$ 2,874,612
Interest	5,305,611	5,955,015	3,755,842	2,374,879
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(22,781,809)	(5,336,460)	(42,142,397)
Changes of assumptions	(16,305,682)	7,652,357	(24,163,728)	1,797,694
Benefit payments	<u>(2,297,673)</u>	<u>(2,326,238)</u>	<u>(2,352,103)</u>	<u>(2,006,962)</u>
Net change in total OPEB liability	(8,732,850)	(7,532,640)	(24,395,427)	(37,102,174)
Total OPEB liability - beginning	<u>150,807,102</u>	<u>142,074,252</u>	<u>134,541,612</u>	<u>110,146,185</u>
Total OPEB liability - ending (a)	<u>\$ 142,074,252</u>	<u>\$ 134,541,612</u>	<u>\$ 110,146,185</u>	<u>\$ 73,044,011</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,297,673	\$ 2,326,238	\$ 2,352,103	\$ 2,006,962
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(2,297,673)	(2,326,238)	(2,352,103)	(2,006,962)
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's net OPEB liability (asset) - ending (a) - (b)	<u>\$ 142,074,252</u>	<u>\$ 134,541,612</u>	<u>\$ 110,146,185</u>	<u>\$ 73,044,011</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 82,059,110	\$ 79,099,450	\$ 71,863,769	\$ 67,403,970
County's net OPEB liability as a percentage of covered payroll	173.14%	170.09%	153.27%	108.37%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

Notes To Schedule:

Effective 12/31/21, the discount rate assumption decreased from 2.12% to 2.05%.

County of Lancaster, Pennsylvania

Schedule of Changes in the County's Net

Pension Liability and Related Ratios

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total pension liability								
Service cost	\$ 7,432,726	\$ 7,406,881	\$ 7,580,247	\$ 7,837,482	\$ 6,883,927	\$ 7,045,808	\$ 5,911,178	\$ 5,996,330
Interest	17,783,441	18,633,288	19,529,550	20,145,143	21,101,524	21,878,922	23,703,120	24,602,532
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,208,250)	(737,485)	56,883	(1,685,093)	(958,324)	1,308,820	41,328	2,250,779
Changes of assumptions	-	-	-	3,718,617	4,712,326	-	25,105,791	-
Benefit of payments, including refunds of member contributions	(12,955,244)	(13,356,419)	(15,177,732)	(15,958,384)	(17,178,995)	(17,535,471)	(17,613,126)	(20,641,081)
Other	-	-	-	-	-	-	-	-
Net change in total pension liability	11,052,673	11,946,265	11,988,948	14,057,765	14,560,458	12,798,079	37,148,291	12,208,560
Total pension liability - beginning	239,811,138	250,863,811	262,810,076	274,799,024	288,856,789	303,417,247	316,215,326	353,363,617
Total pension liability - ending (a)	\$ 250,863,811	\$ 262,810,076	\$ 274,799,024	\$ 288,856,789	\$ 303,417,247	\$ 316,215,326	\$ 353,363,617	\$ 365,572,177
Plan fiduciary net position								
Contributions - employer	\$ 5,962,997	\$ 5,228,813	\$ 4,580,199	\$ 4,424,334	\$ 4,399,055	\$ 5,048,537	\$ 4,918,872	\$ 5,142,723
Contributions - member	5,034,095	4,973,865	5,110,678	5,401,676	5,597,884	5,762,873	6,074,437	6,270,764
Net investment income (loss)	13,976,986	(954,010)	18,635,668	39,274,752	(14,027,352)	54,392,796	38,178,785	50,512,619
Benefit payments, including refunds of member contributions	(12,955,244)	(13,356,419)	(15,177,732)	(15,958,384)	(17,178,995)	(17,535,471)	(17,613,126)	(20,641,081)
Administrative expense	(42,755)	(44,558)	(71,633)	(47,599)	(48,413)	(56,025)	(61,597)	(43,928)
Other	(21,557)	(22,027)	63,908	46,555	(42,173)	(30,910)	(29,043)	(53,076)
Net change in plan fiduciary net position	11,954,522	(4,174,336)	13,141,088	33,141,334	(21,299,994)	47,581,800	31,468,328	41,188,021
Plan fiduciary net position - beginning	236,967,909	248,922,431	244,748,095	257,889,183	291,030,517	269,730,523	317,312,323	348,780,651
Plan fiduciary net position - ending (b)	\$ 248,922,431	\$ 244,748,095	\$ 257,889,183	\$ 291,030,517	\$ 269,730,523	\$ 317,312,323	\$ 348,780,651	\$ 389,968,672
County's net pension liability (asset) - ending (a) - (b)	\$ 1,941,380	\$ 18,061,981	\$ 16,909,841	\$ (2,173,728)	\$ 33,686,724	\$ (1,096,997)	\$ 4,582,966	\$ (24,396,495)
Plan fiduciary net position as a percentage of the total pension liability	99.23%	93.13%	93.85%	100.75%	88.90%	100.35%	98.70%	106.67%
Covered payroll	\$ 77,867,605	\$ 79,478,129	\$ 81,355,686	\$ 80,039,687	\$ 82,059,110	\$ 83,892,412	\$ 83,386,323	\$ 84,337,086
County's net pension liability as a percentage of covered payroll	2.49%	22.73%	20.79%	(2.72%)	41.05%	(1.31%)	5.50%	(28.93%)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

County of Lancaster, Pennsylvania

Schedule of County Contributions

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 5,962,997	\$ 5,228,813	\$ 4,580,199	\$ 4,424,334	\$ 4,399,055	\$ 5,048,537	\$ 4,918,872	\$ 5,142,723
Contributions in relation to the actuarially determined contribution	5,962,997	5,228,813	4,580,199	4,424,334	4,399,055	5,048,537	4,918,872	5,142,723
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Covered payroll	\$ 77,867,605	\$ 79,478,129	\$ 81,355,686	\$ 80,039,687	\$ 82,059,110	\$ 83,892,412	\$ 83,386,323	\$ 84,337,086
Contributions as a percentage of covered payroll	7.66%	6.58%	5.63%	5.53%	5.36%	6.02%	5.90%	6.10%

Notes to schedule

Valuation date January 1, 2014 January 1, 2015 January 1, 2016 January 1, 2017 January 1, 2018 January 1, 2019 January 1, 2020 January 1, 2021

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates.

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	19 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3.0%
Salary increases	4.00% average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years' service

Mortality PubG-2010 Mortality Table for males and females with generational mortality improvement using MP19

Schedule of Investment Returns

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	6.50%	0.00%	8.10%	15.87%	(4.55%)	20.84%	12.99%	14.86%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - General Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget -- Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Real estate taxes	\$ 124,280,605	\$ 124,280,605	\$ 125,994,321	\$ 1,713,716
Intergovernmental	5,183,253	172,941,477	59,832,369	(113,109,108)
Departmental	28,221,770	28,236,420	28,043,545	(192,875)
Fines and costs	3,824,650	3,824,650	2,972,437	(852,213)
Investment earnings	200,000	270,679	259,871	(10,808)
Other	4,237,890	4,237,890	4,797,193	559,303
Total revenues	165,948,168	333,791,721	221,899,736	(111,891,985)
EXPENDITURES				
Current:				
General government	34,770,146	217,832,087	68,726,054	149,106,033
Public Safety	13,730,684	13,725,987	11,115,005	2,610,982
Judicial	48,414,576	48,575,773	45,959,362	2,616,411
Corrections	32,121,157	32,022,357	29,023,403	2,998,954
Cultural and recreation	2,724,165	2,642,030	2,414,488	227,542
Capital outlay	2,829,487	3,074,645	3,198,446	(123,801)
Debt service:				
Principal retirement	14,391,600	14,391,600	14,391,600	-
Interest and fiscal charges	7,895,212	7,914,395	7,126,362	788,033
Total expenditures	156,877,027	340,178,874	181,954,720	158,224,154
Excess (deficiency) of revenues over (under) expenditures	9,071,141	(6,387,153)	39,945,016	46,332,169
Transfers out	(13,851,119)	(13,851,119)	(26,210,244)	(12,359,125)
Total other financing sources (uses)	(13,851,119)	(13,851,119)	(26,210,244)	(12,359,125)
Net change in fund balances	\$ (4,779,978)	\$ (20,238,272)	13,734,772	\$ 33,973,044
Net decrease in due from other funds			24,163	
Fund balance, January 1, cash basis			47,964,005	
Fund balance, December 31, cash basis			61,722,940	
Differences from modified accrual basis:				
Receivables:				
Taxes, net			1,720,305	
Fines and costs, net			4,454,542	
Accounts			2,922,960	
Due from other funds			1,605,045	
Due from other governments			4,671,831	
Accounts payable			(7,574,900)	
Deferred inflows of resources			(4,883,695)	
Payroll related accruals			(3,404,668)	
Fund balance at December 31, modified accrual basis			\$ 61,234,360	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Children and Youth Services Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	\$ 35,802,137	\$ 35,802,137	\$ 31,489,795	\$ (4,312,342)
Departmental	855,178	855,178	377,600	(477,578)
Total revenues	36,657,315	36,657,315	31,867,395	(4,789,920)
EXPENDITURES				
Current:				
Health, education, and welfare:				
Children and youth	46,674,601	46,652,801	42,526,947	4,125,854
Capital outlay	139,811	161,611	12,774	148,837
Total expenditures	46,814,412	46,814,412	42,539,721	4,274,691
Excess (deficiency) of revenues over (under) expenditures	(10,157,097)	(10,157,097)	(10,672,326)	(515,229)
OTHER FINANCING SOURCES (USES)				
Transfers in	9,968,876	9,968,876	9,068,242	(900,634)
Net change in fund balances	\$ (188,221)	\$ (188,221)	(1,604,084)	\$ (1,415,863)
Fund balance, January 1, cash basis			2,343,324	
Fund balance, December 31, cash basis			739,240	
Differences from modified accrual basis:				
Due from other governments			4,894,278	
Accounts payable			(3,182,902)	
Payroll related accruals			(414,253)	
Fund balance at December 31, modified accrual basis			\$ 2,036,363	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Behavioral Health and Developmental Services Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	\$ 27,069,165	\$ 27,069,165	\$ 25,622,293	\$ (1,446,872)
Departmental	2,322,362	2,322,362	2,209,577	(112,785)
Total revenues	29,391,527	29,391,527	27,831,870	(1,559,657)
EXPENDITURES				
Current:				
Health, education, and welfare:				
Behavioral Health & Developmental Services	30,213,248	29,567,383	28,327,910	1,239,473
Capital outlay	171,985	817,850	360,388	457,462
Total expenditures	30,385,233	30,385,233	28,688,298	1,696,935
Excess (deficiency) of revenues over (under) expenditures	(993,706)	(993,706)	(856,428)	137,278
OTHER FINANCING SOURCES (USES)				
Transfers in	957,000	957,000	899,422	(57,578)
Net change in fund balances	\$ (36,706)	\$ (36,706)	42,994	\$ 79,700
Net decrease in due to other funds			(24,163)	
Fund balance, January 1, cash basis			172,420	
Fund balance, December 31, cash basis			191,251	
Differences from modified accrual basis:				
Due from other governments			4,704,755	
Other receivables			264,114	
Due to other funds			(1,605,045)	
Accounts payable			(3,214,125)	
Payroll related accruals			(340,950)	
Fund balance at December 31, modified accrual basis			\$ -	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Domestic Relations Special Revenue Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	\$ 4,792,856	\$ 4,792,856	\$ 5,290,016	\$ 497,160
Departmental	45,000	45,000	31,195	(13,805)
Investment earnings	25,000	25,000	18,184	(6,816)
Total revenues	4,862,856	4,862,856	5,339,395	476,539
EXPENDITURES				
Current:				
Judicial	7,204,786	7,166,286	6,491,283	675,003
Capital outlay	64,000	102,500	-	102,500
Total expenditures	7,268,786	7,268,786	6,491,283	777,503
Excess (deficiency) of revenues over (under) expenditures	(2,405,930)	(2,405,930)	(1,151,888)	1,254,042
OTHER FINANCING SOURCES (USES)				
Transfers in	2,378,889	2,378,889	2,370,666	(8,223)
Net change in fund balances	\$ (27,041)	\$ (27,041)	1,218,778	\$ 1,245,819
Fund balance, January 1, cash basis			13,442,474	
Fund balance, December 31, cash basis			14,661,252	
Differences from modified accrual basis:				
Due from other governments			1,140,597	
Accounts payable			(7,749)	
Payroll related accruals			(163,853)	
Fund balance at December 31, modified accrual basis			\$ 15,630,247	

County of Lancaster, Pennsylvania

Notes to Required Supplementary Information

1. Budgetary Basis of Accounting

The County's budgetary basis is substantially on a cash basis but includes some payroll related accruals and related interfund transactions.

2. Budgetary Basis Differences

The County's basis of accounting for budgetary purposes differs from its basis of accounting for GAAP reporting purposes.

General Fund revenues per schedule of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis – General Fund	\$ 221,899,736
Net adjustment to General Fund revenues based on differences in revenue recognition between the budgetary basis and GAAP basis	<u>(4,593,294)</u>
General Fund revenues per statement of revenues, expenditures, and changes in fund balances – General Fund	<u>\$ 217,306,442</u>
General Fund expenditures per schedule of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis – General Fund	\$ 181,954,720
Net adjustment to General Fund expenditures based on differences in expenditure recognition between the budgetary basis and GAAP basis	<u>(1,762,138)</u>
General Fund expenditures per statement of revenues, expenditures, and changes in fund balances – General Fund	<u>\$ 180,192,582</u>

County of Lancaster, Pennsylvania

Combining and Individual Fund Statements and Schedules

The following nonmajor governmental funds include special revenue funds used to account for revenues that are legally restricted to expenditures for particular purposes.

Office of Aging Fund

This fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to operate programs which assist citizens age 60 and older to maintain maximum independence and dignity in a home environment.

Drug and Alcohol Fund

This fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to plan, coordinate and administer service programs for the control of alcohol and drug abuse.

Liquid Fuels Fund

This fund is used to account for amounts received from the Commonwealth. These funds are restricted to building and improving local roads and bridges.

Agricultural Land Preservation Fund

This fund is used to account for amounts restricted for payments of easements to farmers within the County in efforts to preserve agricultural land.

Community Development Block Grant Fund

This fund is used to account for amounts received from various federal and state sources. These funds are restricted and passed through to the Lancaster County Redevelopment Authority to be used for the development of decent housing, a suitable living environment, and expanded economic opportunities within the County.

County of Lancaster, Pennsylvania

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2021

	Office of Aging	Drug and Alcohol	Liquid Fuels	Agricultural Land Preservation	Community Development Block Grant	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments:						
Operating	\$ 959,713	\$ 351,069	\$ 1,393,898	\$ 1,021,778	\$ -	\$ 3,726,458
Other	183,819	-	-	-	-	183,819
Other receivables	-	-	-	14,784	-	14,784
Due from other governments	1,888,387	660	223,792	-	-	2,112,839
Total assets	\$ 3,031,919	\$ 351,729	\$ 1,617,690	\$ 1,036,562	\$ -	\$ 6,037,900
LIABILITIES						
Liabilities:						
Accounts payable	\$ 353,755	\$ 330,832	\$ 274,485	\$ -	\$ -	\$ 959,072
Retainage payable	-	-	-	-	-	-
Unearned revenue-intergovernmental	-	-	1,259,854	-	-	1,259,854
Payroll related accruals	118,699	20,897	-	-	-	139,596
Total liabilities	472,454	351,729	1,534,339	-	-	2,358,522
FUND BALANCES						
Restricted						
Health, education, and welfare	2,559,465	-	-	-	-	2,559,465
Roads and bridges	-	-	83,351	-	-	83,351
Community development	-	-	-	1,036,562	-	1,036,562
Total fund balances	2,559,465	-	83,351	1,036,562	-	3,679,378
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 3,031,919	\$ 351,729	\$ 1,617,690	\$ 1,036,562	\$ -	\$ 6,037,900

County of Lancaster, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2021

	Office of Aging	Drug and Alcohol	Liquid Fuels	Agricultural Land Preservation	Community Development Block Grant	Total Nonmajor Governmental Funds
REVENUES						
Intergovernmental	\$ 8,496,887	\$ 4,564,999	\$ 3,062,132	\$ -	\$ 6,110,290	\$ 22,234,308
Departmental	36,641	-	-	-	-	36,641
Investment earnings	-	265	1,877	-	-	2,142
Other	-	270,009	-	-	-	270,009
Total revenues	8,533,528	4,835,273	3,064,009	-	6,110,290	22,543,100
EXPENDITURES						
Current:						
Roads and bridges	-	-	189,086	-	-	189,086
Health, education, and welfare:						
Drug and alcohol	-	5,052,524	-	-	-	5,052,524
Office of aging	9,147,159	-	-	-	-	9,147,159
Community development	-	-	-	160,186	6,110,290	6,270,476
Capital outlay	11,084	9,529	2,791,572	-	-	2,812,185
Total expenditures	9,158,243	5,062,053	2,980,658	160,186	6,110,290	23,471,430
Excess (deficiency) of revenues over (under) expenditures	(624,715)	(226,780)	83,351	(160,186)	-	(928,330)
OTHER FINANCING SOURCES						
Transfers in	694,159	226,780	-	-	-	920,939
Total other financing sources	694,159	226,780	-	-	-	920,939
Net change in fund balances	69,444	-	83,351	(160,186)	-	(7,391)
Fund balances, January 1	2,490,021	-	-	1,196,748	-	3,686,769
Fund balances, December 31	\$ 2,559,465	\$ -	\$ 83,351	\$ 1,036,562	\$ -	\$ 3,679,378

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Office of Aging Special Revenue Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	\$ 12,088,139	\$ 12,208,309	\$ 6,875,614	\$ (5,332,695)
Departmental	430,240	430,240	32,927	(397,313)
Other	547,900	547,900	3,714	(544,186)
Total revenues	13,066,279	13,186,449	6,912,255	(6,274,194)
EXPENDITURES				
Current:				
Health, education, and welfare:				
Office of Aging	13,741,165	13,854,693	9,170,859	4,683,834
Capital outlay	42,035	48,677	11,084	37,593
Total expenditures	13,783,200	13,903,370	9,181,943	4,721,427
Excess (deficiency) of revenues over (under) expenditures	(716,921)	(716,921)	(2,269,688)	(1,552,767)
OTHER FINANCING SOURCES (USES)				
Transfers in	694,159	694,159	694,159	-
Net change in fund balances	\$ (22,762)	\$ (22,762)	(1,575,529)	\$ (1,552,767)
Fund balance, January 1, cash basis			2,719,061	
Fund balance, December 31, cash basis			1,143,532	
Differences from modified accrual basis:				
Due from other governments			1,888,387	
Accounts payable			(353,755)	
Payroll related accruals			(118,699)	
Fund balance at December 31, modified accrual basis			\$ 2,559,465	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Drug and Alcohol Special Revenue Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	\$ 5,296,373	\$ 5,296,373	\$ 4,873,947	\$ (422,426)
Departmental	713,547	713,547	363,135	(350,412)
Investment earnings	4,000	4,000	265	(3,735)
Other	25,000	25,000	7,829	(17,171)
Total revenues	6,038,920	6,038,920	5,245,176	(793,744)
EXPENDITURES				
Current:				
Health, education, and welfare:				
Drug and alcohol	6,312,178	6,302,178	5,207,839	1,094,339
Capital outlay	1,085	11,085	9,529	1,556
Total expenditures	6,313,263	6,313,263	5,217,368	1,095,895
Excess (deficiency) of revenues over (under) expenditures	(274,343)	(274,343)	27,808	302,151
OTHER FINANCING SOURCES (USES)				
Transfers in	244,000	244,000	226,780	(17,220)
Net change in fund balances	\$ (30,343)	\$ (30,343)	254,588	\$ 284,931
 Fund balance, January 1, cash basis			96,481	
Fund balance, December 31, cash basis			351,069	
Differences from modified accrual basis:				
Due from other governments			660	
Accounts payable			(330,832)	
Payroll related accruals			(20,897)	
Fund balance at December 31, modified accrual basis			\$ -	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Liquid Fuels Special Revenue Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	\$ 4,141,250	\$ 4,141,250	\$ 2,966,591	\$ (1,174,659)
Investment earnings	1,000	1,000	1,877	877
Total revenues	4,142,250	4,142,250	2,968,468	(1,173,782)
EXPENDITURES				
Current:				
Roads and bridges	432,618	438,019	183,884	254,135
Capital outlay	7,984,834	7,979,433	2,773,904	5,205,529
Total expenditures	8,417,452	8,417,452	2,957,788	5,459,664
Net change in fund balances	\$ (4,275,202)	\$ (4,275,202)	10,680	\$ 4,285,882
Fund balance, January 1, cash basis			1,383,218	
Fund balance, December 31, cash basis			1,393,898	
Differences from modified accrual basis:				
Due from other governments			223,792	
Accounts payable			(274,485)	
Unearned revenue - intergovernmental			(1,259,854)	
Fund balance at December 31, modified accrual basis			\$ 83,351	

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STATISTICAL SECTION

This section of the County of Lancaster's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page No.
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	137
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	141
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	146
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	152
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	154
Miscellaneous Information These schedules contain principal officials, salaries, amounts of surety bonds, and insurance information.	159
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

County of Lancaster, Pennsylvania
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 46,196,645	\$ 49,226,216	\$ 57,793,520	\$ 64,556,495	\$ 75,140,193	\$ 80,877,957	\$ 93,658,350	\$ 109,267,372	\$ 125,380,916	\$ 138,618,561
Restricted for:										
Federal and state grant programs	15,743,623	17,286,265	19,216,375	20,536,531	21,327,572	22,585,892	25,228,498	22,582,791	23,659,563	23,894,084
Capital projects	19,226,280	19,560,818	10,977,876	1,879,240	1,161,931	8,967,292	4,322,534	11,357,475	10,254,171	5,302,635
Public Safety	26,000,000	18,485,979	9,817,893	2,239,642	583,382	614,273	4,041,083	1,714,607	2,617,106	1,962,353
Community Development	1,884,223	1,883,214	1,725,871	1,880,814	1,468,899	1,698,379	1,878,548	1,607,534	1,196,748	1,036,562
Unrestricted (deficit)	(109,299,728)	(104,543,590)	(84,961,252)	(76,842,980)	(63,591,276)	(66,249,267)	(158,229,087)	(160,230,998)	(146,845,287)	(93,776,511)
Total governmental activities net position	\$ (248,957)	\$ 1,898,902	\$ 14,570,283	\$ 14,249,742	\$ 36,090,701	\$ 48,494,526	\$ (29,100,074)	\$ (13,701,219)	\$ 16,263,217	\$ 77,037,684

County of Lancaster, Pennsylvania
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 53,090,406	\$ 53,456,166	\$ 47,688,115	\$ 49,312,867	\$ 49,177,536	\$ 49,950,520	\$ 55,746,397	\$ 49,021,353	\$ 121,743,085	\$ 62,541,277
Public Safety	14,403,729	21,902,476	14,921,490	15,945,032	9,599,612	8,350,879	13,440,839	13,768,065	13,221,475	12,353,393
Roads and bridges	629,269	391,992	675,825	1,287,186	689,583	1,211,032	793,224	870,158	1,041,649	1,073,484
Health, education, and welfare	168,906,330	154,045,202	166,191,063	156,728,546	177,315,144	188,162,861	186,450,247	141,006,233	72,878,166	73,356,007
Judicial	45,303,625	44,553,349	42,421,056	41,693,823	44,902,740	47,799,112	49,770,156	49,770,156	50,527,621	50,334,968
Corrections	28,052,063	26,707,583	26,397,549	26,710,816	28,250,573	30,680,241	28,560,290	29,626,093	27,053,428	30,764,447
Cultural and recreation	2,749,572	2,881,009	2,441,711	1,560,006	2,182,493	3,038,838	2,511,087	2,387,887	2,541,811	2,718,435
Community development	4,398,384	3,485,997	4,305,998	6,855,988	4,173,840	3,819,420	3,094,339	5,599,461	3,204,230	6,164,688
Bond issuance costs	-	282,181	127,854	-	-	82,135	-	-	-	-
Interest on long-term debt	10,298,347	10,599,734	10,605,535	9,539,788	8,665,991	7,993,434	7,988,477	7,516,540	7,230,109	7,044,609
Total governmental activities expenses	317,831,725	318,105,689	305,776,196	309,524,032	324,937,512	341,095,707	346,384,012	299,545,946	299,441,574	246,371,288
Program Revenues										
Governmental activities:										
Charges for services:										
General government	9,711,321	10,444,728	5,896,650	9,111,789	15,650,427	5,988,278	8,847,608	8,602,524	9,272,750	10,656,561
Public Safety	6,551,111	12,711,899	5,108,919	5,827,034	5,551,904	9,857,390	10,258,066	10,159,895	10,436,521	10,541,822
Roads and bridges	9,819	7,875	10,509	15,653	2,910	1,200	-	7,032	82,726	-
Health, education, and welfare	3,369,213	3,532,301	4,546,721	4,115,277	5,297,066	3,701,464	4,049,782	3,056,680	3,304,717	3,277,698
Judicial	9,154,345	7,948,172	8,267,853	6,851,144	7,862,100	7,900,002	8,637,187	8,600,636	6,186,625	6,284,040
Corrections	214,594	579,462	1,176,571	1,245,477	1,437,909	1,715,839	1,237,516	1,217,984	1,291,998	1,732,120
Cultural and recreation	279,979	411,646	293,848	305,651	298,106	315,900	312,231	337,464	110,679	248,279
Community development	1,884,223	-	-	145,882	11,062	229,480	180,169	21,860	22,550	-
Operating grants and contributions:										
General government	6,061,463	5,043,465	4,789,553	5,322,572	2,977,602	3,263,623	4,126,082	4,372,584	88,307,954	58,874,886
Public Safety	184,980	90,315	251,141	168,559	73,584	326,179	172,690	325,797	171,169	283,015
Roads and bridges	1,612,936	2,576,440	1,541,697	1,472,544	1,323,720	2,388,908	1,154,552	1,453,746	1,460,292	3,062,132
Health, education, and welfare	156,510,054	152,763,381	155,048,253	154,564,650	174,008,002	183,982,988	186,589,930	138,648,506	72,658,897	72,764,143
Judicial	8,198,497	8,105,142	7,874,568	6,758,492	8,771,902	8,847,099	8,174,387	7,518,974	8,217,494	7,531,473
Corrections	174,656	261,805	58,301	264,310	323,313	378,845	239,044	412,232	398,271	16,325
Cultural and recreation	197,605	-	122,600	33,057	-	-	-	-	-	-
Community development	4,398,384	3,484,987	-	6,468,065	3,730,895	3,886,225	2,976,983	5,416,618	3,278,169	6,110,290
Total governmental activities program revenues	208,513,180	207,961,618	196,891,096	202,670,156	227,320,502	232,753,430	236,956,227	190,152,532	205,200,812	181,382,784
Total government net expense	\$ (109,318,545)	\$ (110,144,071)	\$ (106,885,100)	\$ (106,853,876)	\$ (97,617,010)	\$ (108,342,277)	\$ (109,427,785)	\$ (109,383,414)	\$ (94,240,762)	\$ (64,988,504)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 106,177,196	\$ 116,526,852	\$ 117,215,756	\$ 118,030,667	\$ 119,276,761	\$ 120,289,592	\$ 121,588,905	\$ 122,387,004	\$ 123,724,847	\$ 125,470,686
Unrestricted investment earnings (loss)	1,097,557	(1,368,543)	2,340,725	158,622	181,209	628,929	1,671,559	2,425,265	480,351	292,285
Gain on sale of capital assets	-	134,501	-	-	-	(172,419)	-	-	-	-
Total governmental activities	\$ 107,274,753	\$ 115,292,810	\$ 119,556,481	\$ 118,189,289	\$ 119,457,970	\$ 120,746,102	\$ 123,260,464	\$ 124,792,269	\$ 124,205,198	\$ 125,762,971
Change in Net Position	\$ (2,043,792)	\$ 5,148,739	\$ 12,671,381	\$ 11,335,413	\$ 21,840,960	\$ 12,403,825	\$ 13,832,679	\$ 15,398,855	\$ 29,964,438	\$ 60,774,467
Governmental activities										

County of Lancaster, Pennsylvania
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable										
Restricted:										
Roads and bridges										
Capital Projects			2,207,871	1,546,324	1,806,246	2,452,086	2,608,700	2,489,093	1,354,422	1,188,605
General government	1,522,986	2,913,790	1,689,808	2,201,107	2,176,792	1,643,674	2,003,966	1,923,884	1,895,170	1,210,483
Public safety	26,540,769	18,485,979	9,817,893	2,239,642	583,382	614,273	4,041,083	1,714,607	2,617,106	1,962,353
Judicial	1,592,649	1,956,679	1,749,827	1,403,881	1,013,222	695,666	777,530	670,722	1,033,229	1,185,590
Committed:										
Capital projects			560,614							
Assigned:										
Capital projects				560,614	560,614	2,668,380	627,051			
Future benefits			3,000,000	1,500,000	1,183,724	1,106,718	1,014,267	1,030,640	1,029,327	1,070,183
Healthcare benefits	1,259,264	1,687,275	1,725,871	1,773,084	1,773,084	1,921,684	2,028,402	2,042,669	2,073,309	2,102,636
Corrections							1,380,972	1,408,387	1,832,801	2,482,794
Judicial								591,891	215,127	381,862
Postemployment benefits	2,275,734	1,220,973	1,212,719	4,387,135	2,522,436	559,689				
Unassigned				2,482,025	13,992,905	20,809,820	24,206,010	31,265,754	38,280,253	49,649,874
Total general fund	<u>\$ 33,191,402</u>	<u>\$ 26,264,696</u>	<u>\$ 21,964,603</u>	<u>\$ 18,093,812</u>	<u>\$ 25,612,405</u>	<u>\$ 32,471,990</u>	<u>\$ 38,687,981</u>	<u>\$ 43,137,693</u>	<u>\$ 50,330,744</u>	<u>\$ 61,234,360</u>
All other governmental funds										
Restricted:										
Health, education, and welfare	\$ 814,824	\$ 400,006	\$ 966,041	\$ 2,474,219	\$ 2,114,191	\$ 2,188,149	\$ 4,251,854	\$ 3,626,200	\$ 4,825,894	\$ 4,595,828
Capital projects	19,226,280	19,560,818	10,417,262	1,879,240	1,161,931	6,298,912	3,695,483	11,357,429	10,254,171	5,302,635
Roads and bridges	2,897,306	2,909,938	2,716,233	2,314,828	2,988,751	3,262,585	2,476,305			83,351
Judicial	8,388,628	9,105,852	9,886,595	10,596,172	11,228,370	12,343,732	13,110,143	13,872,892	14,550,848	15,630,247
Community development	2,536,562	2,239,586	1,734,932	1,880,814	1,468,899	1,698,379	1,878,548	1,607,534	1,196,748	1,036,562
Committed:										
Capital projects										13,317,755
Total all other governmental funds	<u>\$ 33,863,600</u>	<u>\$ 34,216,200</u>	<u>\$ 25,721,063</u>	<u>\$ 19,145,273</u>	<u>\$ 18,962,142</u>	<u>\$ 25,791,757</u>	<u>\$ 25,412,333</u>	<u>\$ 30,464,055</u>	<u>\$ 30,827,661</u>	<u>\$ 39,966,378</u>
Total fund balances of all governmental funds	<u>\$ 67,055,002</u>	<u>\$ 60,480,896</u>	<u>\$ 47,685,666</u>	<u>\$ 37,239,085</u>	<u>\$ 44,574,547</u>	<u>\$ 58,263,747</u>	<u>\$ 64,100,314</u>	<u>\$ 73,601,748</u>	<u>\$ 81,158,405</u>	<u>\$ 101,200,738</u>

Note: The County implemented GASB 54 in 2011 and elected, as permitted by GASB 54, to not retroactively recharacterize fund balance in governmental funds prior to 2011.

County of Lancaster, Pennsylvania
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 106,170,287	\$ 116,611,483	\$ 117,319,438	\$ 118,053,482	\$ 119,727,563	\$ 120,155,825	\$ 121,488,947	\$ 122,914,746	\$ 123,876,011	\$ 125,593,195
Intergovernmental	174,538,312	169,537,740	170,410,928	172,736,021	189,095,657	200,539,898	200,752,880	155,468,518	171,802,848	145,860,330
Departmental	24,736,156	31,744,650	20,681,144	24,720,276	24,923,631	25,194,997	28,324,797	27,088,191	27,120,132	29,236,641
Fines and costs	3,131,476	3,303,185	3,274,350	3,264,006	3,148,094	3,396,081	3,437,868	3,481,423	2,870,590	2,950,879
Interest	132,790	120,148	99,131	118,044	181,209	628,929	1,671,559	2,425,265	480,351	292,285
Other	4,132,985	1,169,894	1,037,730	1,889,819	5,250,330	2,401,533	2,008,674	1,762,615	1,867,080	1,938,888
Health Choices revenues	1,279,710	1,498,523	2,803,213	1,611,549	2,274,595	1,408,862	1,987,630	1,883,259	2,161,469	1,887,711
Total revenues	314,121,716	323,985,623	315,625,934	322,393,197	344,601,079	353,726,125	359,672,355	315,024,017	330,178,481	307,759,929
Expenditures										
General government	28,262,996	30,129,669	26,630,285	33,341,399	29,230,902	26,558,053	28,814,022	29,586,708	110,879,887	66,721,272
Public safety	12,548,142	26,192,813	12,912,527	12,835,662	10,545,603	11,451,563	11,315,166	9,246,079	12,132,088	11,166,686
Roads and bridges	274,373	-	228,635	764,722	133,735	643,259	172,458	155,629	217,992	189,086
Health, education and welfare	169,963,493	165,705,416	167,944,070	167,453,600	189,992,167	199,452,208	199,005,660	153,133,757	85,291,824	86,408,826
Judicial	47,317,507	46,435,758	44,702,380	43,756,961	47,064,579	48,650,871	49,639,857	50,853,793	50,888,826	52,456,995
Corrections	24,234,937	27,577,716	24,952,042	25,234,661	26,688,718	28,789,244	26,883,888	27,768,818	25,279,538	29,325,948
Cultural and recreation	2,475,240	2,360,554	2,185,938	1,343,717	2,084,548	2,226,828	2,168,802	2,233,046	2,195,785	2,427,147
Community development	4,398,384	3,781,963	4,406,566	6,468,065	4,153,872	3,866,225	2,976,983	5,709,492	3,711,505	6,270,476
Capital outlay	20,087,950	11,152,496	20,766,965	17,751,098	3,485,951	2,937,498	8,173,866	17,738,263	20,388,573	11,233,198
Debt service (1):										
Principal	13,102,700	13,751,800	13,651,000	14,633,587	15,361,100	17,053,400	17,009,700	16,549,400	17,026,400	14,391,600
Interest and fiscal charges	10,053,952	10,643,324	10,601,370	9,656,490	8,901,565	8,176,893	7,845,689	7,473,374	7,286,046	7,126,362
Bond issuance costs	997,526	282,181	127,854	-	-	82,135	-	123,691	115,927	-
Total expenditures	333,717,200	338,013,690	329,109,632	333,239,962	337,622,740	349,887,977	354,006,091	320,570,050	335,424,371	287,717,596
Excess (deficiency) of revenues over (under) expenditures	(19,595,484)	(14,028,067)	(13,483,698)	(10,846,765)	6,978,339	3,838,148	5,686,264	(5,546,033)	(5,245,890)	20,042,333
Other financing sources (uses)										
Transfers in	12,974,005	12,221,130	12,365,605	11,651,165	13,642,251	15,595,569	13,194,524	13,337,856	13,867,285	26,844,024
Transfers out	(12,974,005)	(12,221,130)	(12,365,605)	(11,651,165)	(13,642,251)	(15,595,569)	(13,194,524)	(13,337,856)	(13,867,285)	(26,844,024)
Discount on refunding bonds issued	(166,353)	-	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	2,842,564	27,149	8,487	2,170,372	3,087,988	3,202,917	860,303	571,904	4,543,478	-
Face amount of refunding bonds issued	52,830,000	28,380,000	8,185,000	28,900,000	26,495,000	40,620,000	13,320,000	8,455,000	28,550,000	-
Payment to refunded bond escrow agent	(54,855,913)	(28,205,000)	(8,065,633)	(30,670,188)	(29,225,865)	(43,337,812)	(14,010,000)	(8,935,285)	(32,767,153)	-
Premium on bonds issued	2,042,228	697	-	-	-	-	-	353,691	1,855,927	-
Face amount of bonds issued	23,305,000	6,795,000	-	-	-	6,255,000	-	11,770,000	10,560,000	-
Discount on bonds issued	-	-	-	-	-	(61,161)	-	-	-	-
Premium on swapion issued	-	1,865,000	-	-	-	-	-	-	-	-
Payment for refunded swapion issued	-	(1,757,500)	-	-	-	-	-	2,832,157	60,295	-
Issuance of capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	348,615	560,614	-	-	3,172,108	-	-	-	-
Total other financing sources (uses)	52,376,082	7,453,961	688,468	400,184	357,123	9,851,052	170,303	15,047,467	12,802,547	-
Net change in fund balances	\$ 32,780,598	\$ (6,574,106)	\$ (12,795,230)	\$ (10,446,581)	\$ 7,335,462	\$ 13,689,200	\$ 5,836,567	\$ 9,501,434	\$ 7,556,657	\$ 20,042,333
Debt service as a percentage of noncapital expenditures	7.4%	7.5%	7.9%	7.7%	7.3%	7.2%	7.7%	7.9%	7.7%	7.8%

(1) Amounts do not include debt service payments for bond issues refunded pursuant to advance refunding.

County of Lancaster, Pennsylvania
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 5

Year	Assessed Value	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value As A Percentage of Actual Value
2012	\$ 35,179,488,300	\$ 3,762,996,600	\$ 31,416,491,700	3.416	\$ 31,416,491,700	100%
2013	35,533,876,800	3,833,025,400	31,700,851,400	3.735	31,700,851,400	100%
2014	35,781,687,200	3,845,418,300	31,936,268,900	3.735	31,936,268,900	100%
2015	36,156,664,400	3,917,166,800	32,239,497,600	3.735	32,239,497,600	100%
2016	36,426,137,300	3,937,204,000	32,488,933,300	3.735	32,488,933,300	100%
2017	36,503,647,800	3,974,265,300	32,529,382,500	3.735	32,529,382,500	100%
2018	47,551,615,300	5,060,205,600	42,491,409,700	2.911	42,491,409,700	100%
2019	48,013,465,300	5,082,549,700	42,930,915,600	2.911	42,930,915,600	100%
2020	48,441,156,100	5,133,330,300	43,307,825,800	2.911	43,307,825,800	100%
2021	48,944,945,500	5,143,200,000	43,801,745,500	2.911	43,801,745,500	100%

Source: County of Lancaster Assessment Office

Note: Property in Lancaster County is assessed based upon 100 percent of the base year estimated market value.

Note: Assessed value by major component not available.

Real Property Assessment Data

Year	Market Value	Assessed Value	Common Level Ratio
2012	\$ 39,868,644,289	\$ 31,416,491,700	.7880
2013	39,331,081,141	31,700,851,400	.8060
2014	40,374,549,810	31,936,268,900	.7910
2015	41,599,351,742	32,239,497,600	.7750
2016	43,031,699,735	32,488,933,300	.7550
2017	44,137,561,058	32,529,382,500	.7370
2018	42,491,409,700	42,491,409,700	.0000
2019**	49,402,664,672	42,930,915,600	.8690
2020**	51,990,187,035	43,307,825,800	.8330
2021	56,084,181,178	43,801,745,500	.7810

Source: County of Lancaster Assessment Office

**Corrected Common Level Ratio from 2019 & 2020

County of Lancaster, Pennsylvania
Property Tax Rates
Direct and Overlapping Governments (1)
Last Ten Fiscal Years
(In Mills)

Table 6

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Direct Rate:	3.4160	3.7350	3.7350	3.7350	3.7350	3.7350	2.9110	2.9110	2.9110	2.9110
City rate:										
Lancaster	12.0400	13.0400	13.0400	14.0200	14.0200	14.4400	10.7000	11.7000	11.7000	11.7000
Borough rates:										
Adamstown	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.0410	2.0410	2.0410	2.0410
Akron	2.5000	2.5000	2.5000	2.7500	2.7500	2.7500	2.3200	3.0000	3.0000	3.0000
Christiana	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	3.6110	3.6110	3.6110	3.6110
Columbia	8.0000	8.0000	8.0000	8.0000	8.0000	8.0000	6.6000	8.0000	8.0000	8.0000
Denver	3.0000	3.0000	3.0000	3.0000	3.0000	3.1500	2.5270	2.5300	2.6600	2.7900
East Petersburg	2.3940	2.3940	2.3940	3.3940	3.3940	3.3940	2.7470	4.7470	4.7470	4.7470
Elizabethtown	5.0000	5.0000	5.0000	5.2000	5.5000	5.6000	4.3000	4.4000	4.6000	4.6000
Ephrata	2.0700	2.0700	2.0700	2.0700	2.0700	2.2800	1.7625	1.7625	1.7625	1.7625
Lititz	2.1000	2.1000	2.1000	2.6000	2.6000	2.6000	2.0000	2.0000	2.0000	2.0000
Manheim	4.0000	4.7500	4.7500	4.8500	5.0500	5.8500	4.6400	4.6400	4.8900	4.8900
Marietta	5.5000	6.5000	6.5000	6.5000	6.5000	6.5000	5.1500	5.1500	6.1500	6.1500
Millersville	5.4500	5.4500	5.4500	5.7200	6.2000	6.4000	4.9000	5.1500	5.5000	5.5000
Mount Joy	4.4600	4.7000	4.9100	4.9100	4.9100	4.9100	3.7540	3.7540	3.9800	3.9800
Mountville	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.0700	2.0700	2.0700	2.0700
New Holland	3.4000	3.4000	3.4000	3.4000	3.4000	3.4000	2.7500	2.7500	3.2500	3.2500
Quarryville	4.7500	4.7500	4.7500	4.7500	6.0000	6.0000	4.6300	4.6300	4.6300	4.6300
Strasburg	3.0800	3.0800	3.0800	3.2800	3.2800	3.2800	2.6500	2.8600	3.0300	3.0300
Terre Hill	4.7000	5.0000	5.0000	5.0000	5.0000	5.0000	4.2500	4.2500	4.2500	4.2500
Township rates:										
Bart	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.4750	0.4750	0.4750	0.4750
Brecknock	0.2690	0.2690	0.2690	0.2690	0.2690	0.2690	0.2330	0.2563	0.4063	0.5563
Caernarvon	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0117	0.0117	0.0117	0.0117
Clay	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.1700	1.1700	1.1700	1.1700
Colerain	0.6120	0.6620	0.6620	0.6620	0.6620	0.6620	0.5180	0.5180	0.5180	0.5180
Conestoga	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	0.8710	0.8710	0.8710	0.8710
Drumore	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.8459	0.8459	0.8459	0.8459
Earl	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	0.9780	0.9780	0.9780	0.9780
East Cocalico	1.7000	2.0500	2.0500	2.0500	2.0500	2.0500	1.6460	1.7330	1.7330	1.7680
East Donegal	3.7500	3.7500	3.9500	3.9500	3.9500	3.9500	3.1165	3.1165	3.1165	3.1165
East Drumore	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3300	0.3300	0.3300	0.3300
East Earl	1.8000	1.9000	1.9000	1.9000	2.0500	2.0500	1.7000	1.7000	1.7000	1.7000
East Hempfield	1.1200	1.1200	1.1200	1.1200	1.1200	1.1200	0.8500	0.8500	0.8500	0.8500
East Lampeter	1.4620	1.6000	1.6000	1.6000	1.7300	1.9900	1.7500	1.9000	1.9000	1.9000
Eden	0.7000	0.8000	0.8000	0.9500	1.0500	1.1500	0.9320	0.9500	1.0000	1.0200
Elizabeth	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.5000	0.5000	0.5000
Ephrata	1.3700	1.3700	1.3700	1.3700	1.3700	1.4700	1.1700	1.1700	1.2700	1.2700
Fulton	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.1648	0.2100	0.2100	0.2100
Lancaster	0.6000	0.6000	0.6000	0.6000	0.6000	1.2000	0.9100	0.9100	0.9100	0.9100
Leacock	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300
Little Britian	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3010	0.3010	0.3010	0.3010

(Continued)

County of Lancaster, Pennsylvania
Property Tax Rates
Direct and Overlapping Governments (1)
Last Ten Fiscal Years
(In Mills)

Table 6 (Cont.)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Manheim	2.2300	2.2300	2.2300	2.2300	2.2300	2.2300	1.7173	1.7173	1.7173	1.7173
Manor	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.6100	0.6100	0.6100	0.6100
Martic	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.5100	0.5100	0.5100
Mount Joy Part (2)	1.6000	1.8500	1.7500	1.7500	1.7500	2.2500	1.7400	1.8400	2.0400	2.0400
Mount Joy Part (3)	1.6000	1.8500	1.7500	1.7500	1.7500	2.2500	1.7400	1.8400	2.0400	2.0400
Paradise	1.3200	1.3200	1.3200	1.3200	1.3200	1.3200	1.1082	1.1082	1.1082	1.1082
Penn	1.6000	1.4500	1.8000	1.8000	1.8000	1.8000	1.4326	1.4326	1.4326	1.4326
Pequea	1.7000	1.9000	1.9000	1.9000	1.9000	1.9000	1.5670	1.5670	1.5670	1.5670
Providence	0.1580	0.1580	0.1580	0.9500	0.8075	0.6300	0.3810	0.3810	0.3810	0.3810
Rapho	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.3700	1.3700	1.5000	1.5000
Sadsbury	0.8000	0.8000	0.8000	0.8000	0.8000	0.8500	0.7760	0.7760	0.7760	0.7760
Salisbury	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.0000	0.0000	0.0000	0.0000
Strasburg	0.4400	0.4400	0.6000	0.6000	0.7000	0.7000	0.5550	0.5550	0.5550	0.5550
Upper Leacock	1.5000	1.7000	1.7000	1.7000	1.7000	2.0000	1.6950	1.6950	1.6950	1.6950
Warwick	0.2740	0.2740	0.2740	0.2740	0.2740	0.2740	0.2325	0.2325	0.2325	0.2325
West Cocalico	2.0000	2.0000	2.1750	2.1750	2.1750	2.1750	1.8200	1.9100	1.9100	1.9100
West Donegal	1.6000	1.6000	1.6000	1.6000	2.0000	2.0000	1.6000	1.6000	1.8000	1.8000
West Earl	1.5900	1.5900	1.5900	1.5900	1.5900	1.5900	1.2666	1.2666	1.2666	1.2666
West Hempfield	0.6800	0.6800	0.6800	1.3400	1.3400	1.8500	1.4500	1.7500	1.7500	1.7500
West Lampeter	1.0000	1.0000	1.1000	1.1000	1.2000	1.2000	0.9689	0.9689	1.1500	1.1500
School district rates:										
Cocalico	21.3200	21.7600	22.3200	22.8200	22.8200	23.1600	18.6935	18.9739	18.9739	18.9739
Columbia Borough	26.0000	27.3700	28.2000	28.2000	29.3400	30.1910	25.8163	26.4600	26.4600	26.4600
Conestoga Valley	14.2860	14.5280	14.8330	15.2064	15.9240	16.3220	13.3940	13.7940	14.1526	14.4739
Donegal	20.9837	21.4453	22.0243	22.0243	22.4640	22.8790	18.1670	18.6211	19.0866	19.0866
Eastern Lancaster County	13.8410	14.1177	14.4141	14.6879	15.0404	15.3850	12.3854	12.5711	12.5711	12.8500
Elizabethtown Area	17.8900	17.8900	18.3700	19.1048	19.9000	20.8450	16.6063	17.0878	16.6068	16.6063
Ephrata Area	19.4100	19.6000	19.6000	19.6000	20.4500	20.4500	16.9500	16.9500	16.9500	16.9500
Hempfield	18.6310	19.0030	19.4590	19.6530	20.1246	20.3260	16.0034	16.3474	16.3474	16.6743
Lampeter-Strasburg	19.0760	19.4384	19.6133	19.8683	20.2458	20.5490	16.6440	16.9269	16.9269	17.2485
Lancaster	24.6972	25.9224	26.6793	26.6793	26.6793	28.2570	28.2568	21.8734	21.8734	22.6731
Manheim Central	16.6900	16.9726	17.1848	17.3566	17.3566	17.7730	17.7731	17.7731	17.7731	17.7731
Manheim Township	17.9525	18.2575	18.6409	18.6409	19.0509	19.4130	19.4128	19.4128	19.4128	15.7729
Octorara Area	27.4900	27.7100	26.4300	27.2000	28.7300	29.4500	25.3500	25.6600	25.5500	25.8000
Penn Manor	16.9700	17.2500	17.6100	18.0100	19.2700	20.0600	16.4000	16.9800	16.9800	17.5230
Pequea Valley	16.8898	17.3866	17.4735	17.4735	18.1217	18.4840	14.6806	14.9225	15.1463	15.2933
Solanco	11.2243	11.5161	11.8040	12.0990	12.4499	12.8110	10.4590	10.8251	10.9604	11.3440
Warwick	18.5900	19.2100	19.7094	20.1627	20.1627	21.1620	16.3711	16.3711	16.3711	16.3711

Source: www.dced.state.pa.us website; County of Lancaster Assessment Office

Note: There are no components of the County's total direct rate.

(1) Includes millage for municipal, school, and county real estate tax per \$1,000 of assessed value.

(2) Applicable to the portion of Mount Joy situated in the Donegal School District.

(3) Applicable to the portion of Mount Joy situated in the Elizabethtown School District.

County of Lancaster, Pennsylvania
Principal Property Taxpayers
December 31, 2021

Table 7

	2021			2012		
	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank
	Willow Valley Communities	\$ 238,523,100	1	0.54%	\$ 109,067,800	3
	Lancaster General	159,813,800	2	0.36%	104,307,900	4
	High Properties Et Al	143,053,500	3	0.33%	124,015,500	2
	Park City Center Business Trust	142,325,700	4	0.32%	139,083,200	1
	High Properties	141,646,500	5	0.32%	82,274,000	6
	Mennonite Home	75,851,600	6	0.17%	*	
	Granite Properties	70,730,400	7	0.16%	59,245,200	8
	Garden Spot Village Inc	61,948,100	8	0.14%	58,374,000	9
	Dart Container Corp of PA	54,094,900	9	0.12%	70,589,200	7
	Landis Homes Retirement Community	47,997,900	10	0.11%	*	
	Willow Valley Manor	*			85,652,200	5
	Rockvale Group	*			48,663,800	10
	Total	\$ 1,135,985,500		2.54%	\$ 881,272,800	

Source: County of Lancaster Assessment Office

* Company not included in top 10 ranking for the year

County of Lancaster, Pennsylvania
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 8

Fiscal Years Ended December-31	Tax Levy for Fiscal Year	Interim Tax Levy for Fiscal Year	Total Tax Levy for Fiscal Year (1)	Amount of Taxes Collected	Percent of Levy	Delinquent Tax Collections (2)	Total Tax Collections (3)	Ratio of Total Tax Collections to Total Tax Levy
2012	\$ 106,836,125	\$ 572,535	\$ 107,408,660	\$ 103,802,744	96.64%	\$ 2,476,144	\$ 106,278,888	98.95%
2013	117,340,645	733,378	118,074,023	114,128,781	96.66%	2,459,459	116,588,240	98.74%
2014	118,402,728	523,875	118,926,603	115,041,984	96.73%	2,203,190	117,245,174	98.59%
2015	119,282,012	637,417	119,919,429	115,819,600	96.58%	2,203,937	118,023,537	98.42%
2016	120,414,571	660,834	121,075,405	117,104,809	96.72%	2,272,903	119,377,712	98.60%
2017	121,346,214	485,908	121,832,122	118,253,252	97.06%	2,161,249	120,414,501	98.84%
2018	121,915,364	1,383,688	123,299,052	119,572,950	96.98%	2,075,150	121,648,100	98.66%
2019	123,692,509	810,424	124,502,933	120,780,705	97.01%	1,931,491	122,712,196	98.56%
2020	126,069,096	784,599	126,853,695	121,794,520	96.01%	1,844,838	123,639,358	97.47%
2021	127,506,896	850,576	128,357,471	123,332,935	96.09%	2,661,385	125,994,320	98.16%

Source: County of Lancaster Assessment Office, Controller's Office, and Tax Claim Bureau

Notes:

- (1) Does not include discounts, penalties, and exonerations.
- (2) Delinquent tax collections include collections for multiple years; software currently in use does not make it possible to identify collections by the year in which it was levied.
- (3) Includes penalties and other adjustments.

Assessment by Land Use

Years	Residential	Industrial	Commercial	Agriculture	Other	Total
2012	\$ 22,065,761,600	\$ 1,284,714,100	\$ 5,883,540,100	\$ 1,850,363,000	\$ 190,833,700	\$ 31,275,212,500
2013	22,205,789,400	1,278,246,000	5,838,144,300	1,901,865,600	192,446,400	31,416,491,700
2014	22,372,143,300	1,236,168,900	5,943,822,400	1,951,938,100	196,778,700	31,700,851,400
2015	22,537,454,000	1,240,765,800	5,977,568,600	1,985,879,600	194,600,900	31,936,268,900
2016	22,726,338,100	1,241,110,300	6,040,992,400	2,036,483,100	194,573,700	32,239,497,600
2017	22,878,084,500	1,212,154,200	6,128,189,800	2,071,116,200	199,388,600	32,488,933,300
2018	29,803,108,000	1,538,224,900	8,117,791,700	2,185,193,100	236,598,900	41,880,916,600
2019	30,213,741,300	1,542,891,000	8,287,542,700	2,200,825,200	246,409,500	42,491,409,700
2020	30,721,161,500	1,504,339,000	8,565,489,000	2,253,294,600	263,541,700	43,307,825,800
2021	30,985,098,900	1,536,559,000	8,743,718,900	2,266,371,800	269,996,900	43,801,745,500

Source: County of Lancaster Assessment Office

County of Lancaster, Pennsylvania
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Years	Governmental Activities							Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds Payable	Net Premium on Bonds Payable	General Obligation Notes and Direct Borrowings		Installment Purchase Agreements Payable	Capital Leases				
			Payable	Payable						
2012	\$ 235,485,000	\$ 8,792,414	\$ 34,686,500	\$ 814,000	\$ 26,378,556	\$ 306,156,470	1.45%	\$ 581.14		
2013	228,930,000	8,056,390	34,474,700	799,000	25,039,710	297,299,800	1.37%	561.37		
2014	215,660,000	6,823,323	34,208,700	799,000	23,592,400	281,083,423	1.26%	527.04		
2015	200,455,000	7,916,958	33,929,400	799,000	22,099,009	265,199,367	1.10%	494.20		
2016	185,135,000	9,113,173	33,215,500	436,000	18,826,729	246,726,402	1.00%	458.17		
2017	177,885,000	8,580,239	30,367,100	436,000	17,181,601	234,449,940	0.88%	431.84		
2018	163,160,000	8,357,567	27,392,400	436,000	15,484,093	214,830,060	0.75%	395.23		
2019	161,175,000	7,842,642	24,283,000	436,000	16,564,695	210,301,337	0.71%	385.36		
2020	154,680,000	13,051,121	21,036,600	436,000	14,284,206	203,487,927	0.64%	371.68		
2021	143,685,000	11,759,898	17,640,000	436,000	11,866,853	185,387,751	*	334.85		

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Demographic and Economic Statistics for personal income and population data; data reflects updated estimates by Bureau of Economic Analysis, U.S. Department of Commerce.

* Data not available.

County of Lancaster, Pennsylvania
Ratio of General Debt Outstanding
Last Ten Fiscal Years

Table 10

Years	Total General Obligation Debt	Percentage of		Debt Per Capita (2)
		Estimated Actual	Taxable Value of Property (1)	
2012	\$ 306,156,470	0.97%		581.14
2013	297,299,800	0.94%		561.37
2014	281,083,423	0.88%		527.04
2015	265,199,367	0.82%		494.20
2016	246,726,402	0.76%		458.17
2017	234,449,940	0.72%		431.84
2018	214,830,060	0.51%		395.23
2019	210,301,337	0.49%		385.36
2020	203,487,927	0.47%		371.68
2021	185,387,750	0.42%		354.07

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

County of Lancaster, Pennsylvania
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

Table 11

Jurisdiction:	(1) Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Lancaster	\$ 185,387,750	100%	\$ 185,387,750
Overlapping:			
City of Lancaster	*		—
School Districts:			
Columbia Borough	9,805,848	100%	9,805,848
Conestoga Valley	91,748,342	100%	91,748,342
Donegal	45,661,808	100%	45,661,808
Eastern Lancaster County	1,413,769	100%	1,413,769
Elizabethtown Area	50,755,000	100%	50,755,000
Ephrata Area	6,265,000	100%	6,265,000
Hempfield	74,329,470	100%	74,329,470
Lampeter-Strasburg	14,490,572	100%	14,490,572
Lancaster	178,764,000	100%	178,764,000
Manheim Central	96,561,031	100%	96,561,031
Manheim Township	136,156,271	100%	136,156,271
Octorara	46,415,902	100%	46,415,902
Penn Manor	98,863,876	100%	98,863,876
Pequea Valley	85,467,100	100%	85,467,100
Solanco	18,699,500	100%	18,699,500
Warwick	37,720,000	100%	37,720,000
Total School Districts			<u>993,117,489</u>
Municipal Authorities:			
Akron Borough	469,849	100%	469,849
Christiana Borough Authority	672,198	100%	672,198
Columbia Borough	8,797,049	100%	8,797,049
Denver Borough	53,456	100%	53,456
Earl Township Sewer Authority	3,753,000	100%	3,753,000
East Cocalico Township Water & Sewer Authority	2,315,000	100%	2,315,000
East Lampeter Sewer Authority	10,365,000	100%	10,365,000
East Lampeter Township	7,645,935	100%	7,645,935
Elizabethtown Regional Sewer Authority	6,896,830	100%	6,896,830
Ephrata Area Joint Authority	2,500,000	100%	2,500,000
Ephrata Borough Authority	19,390,000	100%	19,390,000
Ephrata Township Sewer Authority	*	100%	—
Lancaster Area Sewer Authority	65,624,183	100%	65,624,183
Lancaster County Hospital Authority	786,589,320	100%	786,589,320

(Continued)

County of Lancaster, Pennsylvania
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

Table 11 (continued)

Jurisdiction:	(1) Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Lancaster County Solid Waste Management Authority	\$ 79,660,000	100%	\$ 79,660,000
Lancaster County Vo-Tech School Authority	16,995,000	100%	16,995,000
Leacock Township Municipal Authority	4,083,694	100%	4,083,694
Lancaster Parking Authority	51,275,000	100%	51,275,000
Manheim Area Water and Sewer Authority	9,070,418	100%	9,070,418
Manheim Township	3,317,412	100%	3,317,412
Manheim Township Authority	1,226,988	100%	1,226,988
Marietta-Donnegal Joint Authority	3,079,000	100%	3,079,000
Mount Joy Borough Authority	20,705,000	100%	20,705,000
Northern Lancaster County Sewer Authority	4,702,500	100%	4,702,500
Paradise Township Sewer Authority	4,905,000	100%	4,905,000
Penn Township	1,294,790	100%	1,294,790
Quarryville Borough	1,281,188	100%	1,281,188
Redevelopment Authority	*	100%	—
Sadsbury Township Municipal Authority	*	100%	—
Suburban Lancaster Sewer Authority	20,755,000	100%	20,755,000
Warwick Township Municipal Authority	3,650,000	100%	3,650,000
Weaverland Valley Authority	1,773,552	100%	1,773,552
West Cocalico Township Authority	10,096,535	100%	10,096,535
West Earl Water Authority	565,000	100%	565,000
Total Municipalities			<u>1,153,507,896</u>
Total Overlapping Debt			<u>2,146,625,385</u>
Total direct and overlapping debt			<u><u>\$ 2,313,937,135</u></u>

Source: Individual school districts, municipal authorities, and City of Lancaster; percent applicable to the County of Lancaster is 100 percent.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lancaster County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the County's boundaries and dividing it by each unit's total taxable assessed value.

(1) The debt of the city and school districts is tax based and the majority of the municipal authorities are self-supporting.

* Data not available.

County of Lancaster, Pennsylvania
Legal Debt Margin Information
Last Ten Fiscal Years

Table 12

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Borrowing base revenues (1):					
Two years prior					
Prior year	\$ 132,014,815	\$ 133,405,844	\$ 139,531,382	\$ 154,407,832	\$ 145,177,124
Current year	133,405,844	139,531,382	154,407,832	145,177,124	149,627,502
Current year	139,531,382	154,407,832	145,177,124	149,627,502	155,464,285
Total borrowing base revenues	<u>\$ 404,952,041</u>	<u>\$ 427,345,058</u>	<u>\$ 439,116,338</u>	<u>\$ 449,212,458</u>	<u>\$ 450,268,911</u>
Average borrowing base revenues	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113	\$ 149,737,486	\$ 150,089,637
Net Nonelectoral Debt Limit:					
Average borrowing base revenues	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113	\$ 149,737,486	\$ 150,089,637
Debt limit percentage	300%	300%	300%	300%	300%
Net Nonelectoral Debt Limit	<u>404,952,041</u>	<u>427,345,058</u>	<u>439,116,338</u>	<u>449,212,458</u>	<u>450,268,911</u>
Total amount of debt applicable to debt limit	270,171,500	263,404,700	249,868,700	234,384,400	218,350,500
Total Remaining Nonelectoral Debt Capacity	<u>\$ 134,780,541</u>	<u>\$ 163,940,358</u>	<u>\$ 189,247,638</u>	<u>\$ 214,828,058</u>	<u>\$ 231,918,411</u>
Total net debt applicable to the limit as a percentage of debt limit	66.72%	61.64%	56.90%	52.18%	48.49%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit					
Average borrowing base revenues	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113	\$ 149,737,486	\$ 150,089,637
Debt limit percentage	400%	400%	400%	400%	400%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit	<u>539,936,055</u>	<u>569,793,411</u>	<u>585,488,451</u>	<u>598,949,944</u>	<u>600,358,548</u>
Less: Non-electoral Debt and Lease Rental Debt	270,985,500	264,203,700	250,667,700	235,183,400	218,786,500
Remaining Nonelectoral Debt and Lease Rental Debt Capacity	<u>\$ 268,950,555</u>	<u>\$ 305,589,711</u>	<u>\$ 334,820,751</u>	<u>\$ 363,766,544</u>	<u>\$ 381,572,048</u>
Total net debt applicable to the limit as a percentage of debt limit	50.19%	46.37%	42.81%	39.27%	36.44%

Source: Lancaster County Controller's Office

Note: Under state finance law, the County of Lancaster's outstanding non-electoral debt should not exceed 300% of the three-year average of General, Special Revenue, and Permanent funds' revenue. The outstanding net non-electoral and lease rental debt should not exceed 400% of the three-year average of General, Special Revenue, and Permanent funds' revenue. By law, the net non-electoral and lease rental debt may be offset by amounts set aside for repaying general obligation bonds.

(1) Borrowing base revenues represents total revenues less governmental grants received for a specific purpose.

(Continued)

County of Lancaster, Pennsylvania
Legal Debt Margin Information
Last Ten Fiscal Years

Table 12 (Cont.)

	2017	2018	2019	2020	2021
Borrowing base revenues (1):					
Two years prior					
Prior year	\$ 149,627,502	\$ 155,464,284	\$ 153,011,136	\$ 158,457,096	\$ 158,785,543
Current year	155,464,285	153,011,136	158,457,096	158,785,543	158,159,443
Total borrowing base revenues	<u>\$ 458,102,923</u>	<u>\$ 466,932,516</u>	<u>\$ 470,253,775</u>	<u>\$ 475,402,082</u>	<u>\$ 478,807,142</u>
Average borrowing base revenues	\$ 152,700,974	\$ 155,644,172	\$ 156,751,258	\$ 158,467,361	\$ 159,602,381
Net Nonelectoral Debt Limit:					
Average borrowing base revenues	\$ 152,700,974	\$ 155,644,172	\$ 156,751,258	\$ 158,467,361	\$ 159,602,381
Debt limit percentage	300%	300%	300%	300%	300%
Net Nonelectoral Debt Limit	<u>458,102,923</u>	<u>466,932,516</u>	<u>470,253,775</u>	<u>475,402,082</u>	<u>478,807,142</u>
Total amount of debt applicable to debt limit	208,252,100	190,552,400	185,458,000	175,716,600	
Total Remaining Nonelectoral Debt Capacity	<u>\$ 249,850,823</u>	<u>\$ 276,380,116</u>	<u>\$ 284,795,775</u>	<u>\$ 299,685,482</u>	<u>\$ 478,807,142</u>
Total net debt applicable to the limit as a percentage of debt limit	45.46%	40.81%	39.44%	36.96%	0.00%
Combined Net Nonelectoral Debt and					
Net Lease Rental Debt Limit					
Average borrowing base revenues	\$ 152,700,974	\$ 155,644,172	\$ 156,751,258	\$ 158,467,361	\$ 159,602,381
Debt limit percentage	400%	400%	400%	400%	400%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit	<u>610,803,897</u>	<u>622,576,688</u>	<u>627,005,033</u>	<u>633,869,443</u>	<u>638,409,523</u>
Less: Non-electoral Debt and Lease Rental Debt	208,688,100	190,988,400	185,894,000	176,152,600	161,761,000
Remaining Nonelectoral Debt and Lease Rental Debt Capacity	<u>\$ 402,115,797</u>	<u>\$ 431,588,288</u>	<u>\$ 441,111,033</u>	<u>\$ 457,716,843</u>	<u>\$ 476,648,523</u>
Total net debt applicable to the limit as a percentage of debt limit	34.17%	30.68%	29.65%	27.79%	25.34%

Source: Lancaster County Controller's Office

Note: Under state finance law, the County of Lancaster's outstanding non-electoral debt should not exceed 300% of the three-year average of General, Special Revenue, and Permanent funds' revenue. The outstanding net non-electoral and lease rental debt should not exceed 400% of the three-year average of General, Special Revenue, and Permanent funds' revenue. By law, the net non-electoral and lease rental debt may be offset by amounts set aside for repaying general obligation bonds.

(1) Borrowing base revenues represents total revenues less governmental grants received for a specific purpose.

County of Lancaster, Pennsylvania
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 13

Years	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (3)	Median Age (4)	School Enrollment (5)	Local Unemployment Rate (6)
2012	526,823	\$ 21,119,188	\$ 40,088	38.5	85,180	6.6%
2013	529,600	21,774,881	41,116	38.7	85,491	4.9%
2014	533,320	22,245,595	41,712	38.3	84,678	3.6%
2015	536,624	24,145,511	44,995	38.4	84,634	3.0%
2016	538,500	24,684,347	45,839	38.5	84,481	3.7%
2017	542,903	26,714,515	49,207	38.5	84,824	3.3%
2018	543,557	28,625,770	52,664	38.7	85,249	3.4%
2019	545,724	29,640,682	54,314	38.6	84,808	3.3%
2020	546,192	\$ 31,916,314	\$ 58,434	38.7	85,157	5.2%
2021	553,652	*	*	*	81,003	3.3%

Sources:

- (1) Population: US Census Bureau
- (2) Personal Income: Bureau of Economic Analysis
- (3) Per Capita Personal Income: Bureau of Economic Analysis
- (4) Median Age: Population Estimates, US Census Bureau; based on Fiscal Year
- (5) School Enrollment: PA Department of Education
- (6) Local Unemployment Rate: U.S. Department of Labor, Bureau of Labor Statistics

Note: Prior year data has been updated to the most current information available.

* Data not available.

County of Lancaster, Pennsylvania
Principal Employers
December 31, 2021

Table 14

Employer (1)	2021			2022		
	Employees (2)	Rank (1)	Percentage of Total County Employment	Employees (2)	Rank (1)	Percentage of Total County Employment
Lancaster General Hospital	9,406	1	4.14%	7,076	1	3.21%
Giant Food Stores	***	2		*		
County of Lancaster	1,681	3	0.74%	1,973	2	0.89%
Nordstrom Inc	***	4		*		
Eurofins Lancaster Laboratories Inc	***	5		*		
Lancaster School District	1,646	6	0.72%	1,585	6	0.72%
Dart Container Corporation	***	7		1,475	9	0.67%
Masonic Villages of the Grand Lodge	1,569	8	0.69%	1,512	8	0.69%
Fulton Bank NA	1,280	9		*		
Urban Outfitters Wholesale	***	10		*		
Ephrata Community Hospital Inc.	*			1,866	3	0.85%
R.R. Donnelly & Sons Company	*			**	4	
Armstrong World Industries	*			1,448	10	0.66%
Manheim Remarketing Inc	*			1,583	7	0.72%
Turkey Hill	*			1,650	5	0.75%
Total	15,582			20,168		
Total Employees in County	227,306 (1)			220,602 (1)		

Source: (1) Center for Workforce Information & Analysis, PA Department of Labor & Industry
(2) Individual Employers

* Company not included in top 10 ranking for the year
** Data not available
*** Data not provided

County of Lancaster, Pennsylvania
Full-time County Government Employees by Function
Last Ten Fiscal Years

Table 15

Function/Program:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
General government	254	251	251	234	233	232	240	194	235	229
Public safety	103	104	102	102	98	102	96	128	96	89
Health, education, and welfare	337	355	351	349	357	369	376	367	352	333
Judicial	620	599	598	586	608	608	608	598	594	572
Corrections	285	307	321	318	334	334	334	316	302	253
Cultural and recreation	15	14	13	13	12	13	13	13	12	13
Community development	6	6	5	5	5	5	6	6	6	5
Total governmental activities	1,620	1,636	1,641	1,607	1,647	1,663	1,673	1,622	1,597	1,494

Source: County of Lancaster Controller's Office

County of Lancaster, Pennsylvania
Operating Indicators by Function
Last Ten Fiscal Years

Table 16

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
General Election Information:										
Registered voters	314,567	307,478	311,498	309,581	335,791	321,046	329,492	325,296	354,296	344,202
Votes cast	224,670	51,322	142,298	65,388	246,938	72,326	203,944	88,660	282,538	96,840
Percent of votes cast	71.42%	16.69%	45.68%	21.12%	73.54%	22.53%	61.90%	27.26%	79.75%	28.17%
Property transfers recorded	11,031	11,718	11,184	11,985	12,604	13,087	12,609	12,806	12,093	13,832
9-1-1 calls	240,195	233,994	245,293	231,151	274,898	215,369	218,201	216,511	226,350	165,449
Text to 9-1-1	*	6	97	179	345	195	147	114	198	171
10-Digit 9-1-1 Calls	*	*	*	*	*	*	*	*	*	*
County ordinances approved	29	44	54	57	13	***	***	***	***	***
Municipal ordinances reviewed	168	193	221	226	306	275	297	316	343	327
Judicial										
Estates and wills probated	1,841	1,876	1,698	1,778	1,761	1,743	1,754	1,692	1,562	3,040
Marriage licenses issued	3,337	3,427	3,485	3,487	3,629	3,527	3,512	3,317	2,093	3,072
Child adoptions	249	232	245	230	249	246	246	199	166	154
Child relinquishments	133	167	145	163	143	181	45	52	95	112
Criminal cases filed	6,104	6,086	6,066	6,176	6,483	6,645	7,500	7,001	7,015	7,461
Criminal cases disposed	5,702	5,736	5,335	5,003	5,474	5,289	5,086	5,271	3,829	4,332
Civil suits filed	8,396	7,751	4,072	3,248	3,084	2,899	2,634	3,143	2,299	2,527
Civil judgments filed	9,449	12,565	8,542	7,922	11,110	10,818	9,363	9,595	6,003	6,551
Divorces filed	1,369	1,355	1,265	1,839	1,438	1,439	1,335	1,379	1,071	1,161
Protection from abuse cases filed	1,260	1,042	1,045	1,018	1,017	1,004	1,181	1,180	1,161	1,205
Naturalizations	182	225	169	261	193	200	207	255	68	107
Real estate executions										
(mortgage foreclosures) filed	777	980	952	755	705	721	296	375	204	125
District judge case filings	101,290	97,242	88,782	87,889	93,076	104,211	111,469	104,393	73,570	86,987
Domestic relations active cases	18,061	18,106	17,955	17,357	16,897	16,512	15,800	15,341	14,218	13,162
New juvenile probation cases	1,170	1,199	937	948	957	999	917	941	619	572
Juvenile probation placement days	35,313	34,121	28,012	22,797	20,711	18,476	17,135	15,943	7,728	5,422
New adult probation and parole cases	4,251	3,787	3,771	3,426	4,565	4,379	4,350	4,596	3,441	2,215
Corrections										
Average daily population	1,198	1,022	997	978	963	898	871	785	675	699
Annual admissions	6,145	5,913	5,715	5,454	5,110	5,742	6,206	6,006	3,462	3,750
Culture and Recreation										
Pool attendance	27,771	28,646	23,858	27,186	27,163	24,774	23,095	22,391	2,666	8,920
Community Development										
Easements added	26	33	20	23	26	21	16	23	18	18
Easement acreage added	1,931	1,851	1,362	1,560	1,781	1,534	1,250	1,902	1,422	1,337

Source: Various County Departments.

Note: * Data not available.

** Effective July 1, 2011, Employment and Training is no longer considered a function of the County.

*** Effective January 1, 2017, the County no longer has the authority to approve ordinances.

**** Starting in 2018, the county also pays for Suboxone.

***** Effective January 1, 2020, the County has withdrawn from the Aging Waiver Program

(Continued)

County of Lancaster, Pennsylvania
Operating Indicators by Function
Last Ten Fiscal Years

Table 16 (Cont.)

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Health, education, and welfare										
Employment and Training										
Customers served	**	**	**	**	**	**	**	**	**	**
Drug and Alcohol:										
Information and referral contacts	858	801	708	709	1,084	663	466	409	-	258
Inpatient non-hospital detox clients	403	460	499	428	206	257	313	375	13	170
Inpatient non-hospital rehab clients	129	463	413	327	197	226	319	393	13	170
Inpatient non-hospital halfway house clients	5	14	10	15	19	7	9	8	-	2
Inpatient hospital detox clients	2	1	1	1	1	1	1	-	2	1
Partial hospitalization clients	25	29	30	39	17	16	27	11	-	36
Outpatient drug free clients	1,153	1,190	1,088	964	628	619	631	645	2	320
Methadone maintenance clients	16	17	16	34	12	12	16	15	-	24
Suboxone maintenance clients	****	****	****	****	****	****	17	1	*	-
Intensive outpatient clients	179	147	133	155	117	113	137	134	2	68
Website visitors	143,170	117,917	131,381	13,297	14,356	*	*	*	1	*
Mental Health:										
Emergency/crisis intervention hours	4,197	141	6,649	3,436	11,677	3,450	3,105	5,065	4,295	3,165
Community residential days	29,211	27,805	28,066	27,801	27,404	27,371	28,094	25,960	30,821	26,362
Community employment hours	37,747	7,001	32,016	18,365	4,554	4,523	8,368	7,688	7,132	3,577
Service case management clients	3,193	2,618	2,932	3,387	3,231	3,363	3,985	3,391	2,503	3,280
Day treatment hours	4,197	4,704	3,013	366	347	417	392	841	1,994	150
Outpatient hours	4,395	3,042	5,677	1,727	1,201	1,245	885	748	408	372
Family based hours	3,542	166	-	-	-	275	204	94	335	78
Psychiatric rehab hours	33,743	2,808	118,770	23,345	20,129	23,719	7,824	8,075	5,713	3,820
Social rehab hours	28,099	31,960	96,113	24,475	21,195	22,360	25,125	25,600	19,982	12,028
Drop-In-Center hours	60,740	*	*	63,709	60,122	53,663	43,477	40,651	29,606	6,890
Supported housing hours	9,147	9,209	38,424	9,221	9,190	9,483	8,858	8,083	8,446	6,624
Intellectual Disabilities										
Specialized support hours	1,168	6,458	6,828	3,167	2,944	1,148	393	123	191	222
Transportation trips	4,848	1,013	9,807	5,241	4,877	4,324	3,898	3,290	2,780	790
Employment hours	3,768	606	3,337	3,363	2,711	3,501	4,557	1,404	1,148	230
Residential services clients	22	24	32	33	32	40	34	33	32	30
Early intervention clients	1,189	2,419	1,250	1,201	1,234	1,273	1,225	1,937	2,200	2,144
Pre-Vocational hours	11,485	2,028	11,927	10,497	9,974	8,436	11,333	6,949	3,510	1,356
Respite clients	47	45	37	120	105	44	18	20	14	4
Home & community service hours	9,896	15,179	40,406	4,876	3,570	3,554	3,246	4,850	6,458	5,501
Family driven clients	8	2	-	132	194	171	7	141	75	53
Community habilitation hours	3,993	916	2,938	4,945	4,615	4,522	4,758	5,320	2,381	2,489

Source: Various County Departments.

Note: * Data not available.

** Effective July 1, 2011, Employment and Training is no longer considered a function of the County.

*** Effective January 1, 2017, the County no longer has the authority to approve ordinances.

**** Starting in 2018, the county also pays for Suboxone.

***** Effective January 1, 2020, the County has withdrawn from the Aging Waiver Program

(Continued)

County of Lancaster, Pennsylvania
Operating Indicators by Function
Last Ten Fiscal Years

Table 16 (Cont.)

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Health Choices										
Inpatient psychiatric:										
Members served	1,016	1,241	1,165	1,257	1,452	1,383	1,393	1,376	1,410	1,431
Days of service	15,904	16,824	17,473	21,556	23,163	20,339	25,416	28,491	33,975	33,922
Outpatient psychiatric:										
Members served	12,094	13,100	15,018	14,707	17,695	18,398	16,363	16,169	17,151	15,148
Units of service	240,775	252,287	263,741	286,814	307,581	346,721	348,233	282,709	289,397	288,111
Inpatient drug and alcohol:										
Members served	22	28	34	53	105	99	68	66	27	18
Days of service	236	325	270	453	949	828	541	436	242	216
Non-hospital drug and alcohol:										
Members served	786	790	1,327	940	2,004	2,169	1,444	1,511	1,512	1,408
Days of service	35,189	33,396	36,280	35,983	52,162	57,297	57,852	58,534	60,357	56,083
Outpatient drug and alcohol:										
Members served	2,041	2,140	2,253	2,386	3,698	3,947	3,400	3,350	2,818	2,738
Units of service	164,481	169,966	169,270	199,395	239,576	265,777	269,309	251,955	234,225	230,408
Behavioral health rehabilitation:										
Members served	2,671	2,735	5,651	2,426	5,552	6,509	2,630	2,346	2,040	2,002
Units of service	2,536,176	2,567,426	2,221,555	2,106,614	1,800,425	1,646,757	1,741,514	1,605,640	1,099,290	861,241
Residential treatment facility:										
JCAHO:										
Members served	121	121	122	98	108	97	92	85	74	74
Days of service	22,826	21,952	22,256	16,880	18,734	17,666	12,194	17,440	13,832	12,601
Non JCAHO:										
Members served	15	9	10	15	17	21	24	19	17	17
Days of service	2,417	2,270	2,493	3,333	3,765	4,840	5,374	3,972	4,479	4,292
Office of Aging:										
Case management clients	796	701	771	833	606	744	1,089	999	812	910
Protective services clients	1,268	1,237	1,360	1,690	1,594	1,857	2,039	2,543	2,455	2,631
Transportation clients	463	474	486	374	474	483	488	421	283	188
Meals provided	105,847	108,698	112,164	114,665	132,493	153,305	174,143	155,743	135,183	147,035
In-home services clients	647	511	635	555	497	589	639	521	503	441
Adult day care clients	47	50	69	55	96	117	110	84	54	51
PDA waiver clients	265	296	319	350	273	217	179	174	*****	*****
Children and Youth:										
Children served	4,966	5,155	5,309	6,966	10,548	10,825	11,576	12,272	10,881	10,762
Placement days	173,999	156,618	162,789	177,027	183,822	192,760	186,924	165,722	145,842	123,030
Child abuse reports	1,218	1,192	1,191	1,744	2,391	2,506	2,509	1,825	1,749	1,855
Intake reports	1,057	1,348	1,233	1,967	2,830	3,257	3,369	3,448	2,952	3,653

Source: Various County Departments.

Note: * Data not available.
 ** Effective July 1, 2011, Employment and Training is no longer considered a function of the County.
 *** Effective January 1, 2017, the County no longer has the authority to approve ordinances.
 **** Starting in 2018, the county also pays for Suboxone.
 ***** Effective January 1, 2020, the County has withdrawn from the Aging Waiver Program

County of Lancaster, Pennsylvania
Capital Asset by Function
Last Ten Fiscal Years

Table 17

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Function/Program:										
Governmental Activities										
General government										
Motor vehicles	9	10	9	8	6	4	3	3	3	3
Office buildings	1	1	3	3	3	1	1	1	1	1
Public safety										
Motor vehicles	26	26	26	20	19	17	14	13	13	13
Office buildings	1	1	1	1	1	1	1	1	1	1
Roads and bridges										
Motor vehicles	13	12	12	8	5	6	6	5	5	5
County-owned bridges	64	64	64	64	63	63	62	62	60	60
Health, education, and welfare										
Motor vehicles	6	5	5	5	5	3	3	3	1	—
Office buildings	3	3	—	—	—	—	—	—	—	—
Judicial										
Motor vehicles	120	119	121	65	52	38	30	17	14	12
Office buildings	4	4	4	4	4	3	3	3	3	3
Corrections										
Motor vehicles	7	7	8	8	8	7	7	4	3	3
Office buildings	2	2	2	2	2	2	2	2	2	2
Cultural and recreation										
Motor vehicles	48	48	48	39	34	29	26	23	24	16
Number of parks	9	9	9	9	9	9	9	9	9	9
Park acreage	2,055	2,055	2,055	1,995	1,995	1,995	1,995	1,996	1,996	1,996
Pavilions	12	12	12	11	11	11	11	11	11	11
Swimming pools	1	1	1	1	1	1	1	1	1	1
Environmental/Educational buildings	1	1	1	1	1	1	1	1	1	1
Office buildings	4	4	4	3	3	3	3	3	3	3
Storage buildings	8	8	8	5	5	5	5	5	5	5
Tenant Properties	5	5	5	5	5	5	5	5	5	4
Community development										
Easement acreage	45,359	47,211	48,573	50,133	51,914	53,448	54,698	56,600	58,022	59,389

Source: Various County Departments.

Note: Numbers have been updated to reflect the most current data available.

County of Lancaster, Pennsylvania
Salaries and Surety Bonds of Principal Officials
For the year ended December 31, 2021

Table 18

<u>Name and Title of Official</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
Joshua G. Parsons, Commissioner	\$ 100,410	(1)
Ray D'Agostino, Commissioner	99,410	(1)
Craig E. Lehman, Commissioner	99,410	(1)
Lawrence M. George, Chief Clerk	111,067	(1)
Rhonda F. Allen, Acting Clerk of Courts	86,527	(1)
Brian K. Hurter, Controller	86,527	(1)
Stephen Diamantoni, Coroner	86,527	(1)
Heather L. Adams, District Attorney	185,665	(2)
Andrew E. Spade, Prothonotary	86,527	(1)
Ann M. Hess, Recorder of Deeds	86,527	(1)
Anne L. Cooper, Register of Wills	88,527	(1)
Christopher R. Leppler, Sheriff	86,527	(1)
Amber L. Martin, Treasurer	86,527	\$ 1,000,000
	\$0.75 per parcel collected	\$ 50,379,968 (3)

Source: Lancaster County Commissioner's Office

- (1) Effective November 2011, Act 106 authorized counties to obtain crime insurance covering county officers, replacing prior requirements that certain individual officers of the County have separate bonds. The Travelers Crime policy meets the required bond limits for county officers; the full limit of \$2,000,000 is available for loss.
- (2) No bond required under Title 16, Section 420 of the County Code.
- (3) The dollar value is stated at 75% of total county and municipal tax levied in 2019 for those districts with tax collectors and is updated annually. Bonds are valid for the tax collector's term, January 2018 - January 2022.

Table 19

(Continued)

County of Lancaster, Pennsylvania
Schedule of Insurance In-Force
December 31, 2021

Table 19 (Cont.)

Name of Company/ Type of Coverage	Policy Number	Policy Period	Premium	Details of Coverage and Co-Insurance %	Liability Limit
One Beacon Package Policy (continued)					
Streetslights	791-00-18-70-0001	April 2, 2021 to April 1, 2022	\$ 150,630		\$ 50,000 per occurrence, \$25,000 deductible 2,500 Per Item
Traffic Signals					\$ 50,000 per occurrence, \$25,000 deductible 2,500 Per Item
Utility Services					\$ 25,000 Overhead transmission lines excluded 25,000
Paved Surfaces					\$ 250,000
One Beacon Package Policy					
Inland Marine	791-00-18-70-0001	April 2, 2021 to April 1, 2022	\$ 127,394		\$ 30,163,049 Miscellaneous Articles 1,000 Deductible 696,884 Contractors Equipment/ACV value 250,000 Additionally/Acquired Equipment 1,000 Deductible 1,000 Leased, Rental or Borrowed (Any 1 Item)
					\$ 25,000 Law Enforcement Dog, limit per dog 200,000 Law Enforcement Dog, aggregate 1,000 Deductible
One Beacon Package Policy					
Excess Liability	791-00-18-70-0001	April 2, 2021 to April 1, 2022	\$ 118,937	Underlying coverages: General Liability Public Officials Liability, Law Enforcement Liability Business Auto, Employers Liability (not included)	\$ 10,000,000 Each Claim/Aggregate
Orber Life Insurance Company					
Volunteer Accident	38-077670-20	October 1, 2021 to October 1, 2022	\$ 414	Accidental Medical Expense	\$ 25,000 Each Accident 5,000 Each Accident
Travelers					
Cyber Liability with Crime	106788704	August 16, 2021 to January 1, 2023	\$ 36,436	Privacy and Security Media Breach Cyber Extortion Crime/Fraud Social Engineering Telecom Fraud Business Interruption/Extra Expense	\$ 1,000,000 Aggregate 25,000 Retention 100,000 Sub-Limit (Part of Agg) - \$5,000 Retention 100,000 Sub-Limit (Part of Agg) - \$5,000 Retention 1,000,000
Federal Insurance Company					
Fiduciary Liability Employee Retirement Plan	8223-9266	June 13, 2021 to November 17, 2021	\$ 5,833	Fiduciary Liability Estates and Legal Representative and Spousal Liability Defense within the limits Territory - Worldwide	\$ 1,000,000 Each Loss 1,000,000 Each Policy Period 15,000 Deductible
MIDWEST EMPLOYERS CASUALTY CO					
Workers Compensation	EWCO09808	January 1, 2021 to January 1, 2022	\$ 126,762	Excess Workers Compensation Employers Liability	Statutory 1,000,000 Each Accident/Limit Each Employee Per Disease 500,000 Self insured retention

(Continued)

County of Lancaster, Pennsylvania
Schedule of Insurance In-Force
December 31, 2021

Table 19 (Cont.)

Name of Company/ Type of Coverage	Policy Number	Policy Period	Premium	Details of Coverage and Co-Insurance %	Liability Limit
One Beacon Package Policy Professional Liability	791-00-18-70-0001	April 1, 2021 to April 1, 2022	\$ 280,925	Public Officials E&O Retro Date: 02/01/94	\$ 1,000,000 Each Wrongful Act \$ 2,000,000 Aggregate \$ 100,000 Retention \$ 1,000,000 Each Wrongful Act \$ 2,000,000 Aggregate \$ 100,000 Retention \$ 1,000,000 Each Wrongful Act \$ 2,000,000 Aggregate \$ 100,000 Retention
One Beacon Builder's Risk	790-02-87-04-0000	September 16, 2021 to July 31, 2022	\$ 10,500	Construction/Equipment Breakdown Soft Costs Earthquake Flood	\$ 16,000,000 Limit \$ 1,500,000 \$ 1,500,000 \$ 1,500,000 \$ 25,000 Deductible
BR01EMARKLE (1) Rockwood Casualty Insurance Company	FPL-136	July 1, 2021 to June 30, 2022	\$ 11,430	Pension Liability Insurance for foster parents	\$ 300,000 Per Person, Per Occurrence

(1) Contracted directly by Children and Youth Agency

Source: Lancaster County Commissioner's Office

Note: Safety Training Facility General Liability and Umbrella included in current Insurance Program.

DISCLAIMER - GENERAL

This document is for illustrative purposes. It contains generalized information and is not to be a full and complete description of the actual insurance policies. You must read the policies for any specific policy provisions or details.

(Conclusion of the report)

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APPENDIX F - FORM OF OPINION OF 2022A BOND COUNSEL

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Stevens & Lee

111 N. Sixth Street
P.O. Box 679
Reading, PA 19603
(610) 478-2000
www.stevenslee.com

_____, 2022

Re: Lancaster County Convention Center Authority
\$_____,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable)

TO THE REGISTERED OWNERS OF THE ABOVE BONDS:

We have acted as Bond Counsel in connection with the issuance by the Lancaster County Convention Center Authority (the “Issuer”) of its Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable), dated _____, 2022 (the “Bonds”) in the aggregate principal amount of \$_____,000.

The Bonds are being issued pursuant to the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”) and a Resolution duly adopted by the Board of the Issuer on July 28, 2022 (the “Resolution”). The Bonds are being issued, in fully registered form, in denominations of \$5,000 each or integral multiples thereof, under and pursuant to the provisions of a Trust Indenture, dated as of December 1, 2022 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”).

The proceeds of the Bonds will be used to finance a project (the “Project”) consisting of (i) the payment of the cost of terminating certain interest rate swaps; (ii) the funding of a debt service reserve fund; and (iii) the payment of the costs of issuance of the Bonds. All capitalized terms used in this opinion and not defined herein shall have the meanings assigned to them in the Indenture unless the context clearly requires otherwise.

In connection with the issuance of the Bonds, the Issuer has entered into (i) a Guaranty Agreement, dated as of December 1, 2022 (the “Guaranty Agreement”) with the County of Lancaster, Pennsylvania (the “County”), as guarantor, and the Trustee; and (ii) a Reimbursement Agreement, dated as of December 1, 2022 (the “Reimbursement Agreement”) with the County.

In our capacity as Bond Counsel, we have reviewed the following:

1. The Act;
2. Ordinance No. 45 enacted by the Board of Commissioners of the County of Lancaster, Pennsylvania on September 15, 1999;
3. Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”);

Stevens & Lee

_____, 2022
Page 2

4. The General Certificate of the Issuer and all exhibits thereto;
5. Copies of the proceedings of the Issuer in connection with the issuance of the Bonds, including, particularly, the Resolution;
6. A specimen copy of one of the Bonds;
7. The opinion of Russell, Krafft & Gruber, LLP, Lancaster, Pennsylvania, in its capacity as counsel to the Issuer;
8. The opinion of Jacquelyn E. Pfursich, Esquire, in her capacity as solicitor to the County;
9. The proceedings of the County filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the “Department”) under the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the “Debt Act”);
10. The Certificate of the Department approving the incurrence of lease rental indebtedness by the County in the principal amount of \$____,____,000;
11. A copy of the Bond Purchase Agreement, dated _____, 2022, between the Authority and Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC (collectively, the “Purchaser”); and
12. Executed copies of the Indenture, the Guaranty Agreement, the Reimbursement Agreement and the other documents, agreements, certificates and opinions delivered at the closing held this day.

Based and in reliance upon the foregoing, our attendance at the closing held this day and subject to the caveats, qualifications, exceptions and assumptions set forth herein, it is our opinion that, as of the date hereof under existing law:

A. The Issuer is a body corporate and politic and a public instrumentality of the Commonwealth of Pennsylvania, organized and validly existing under the Act, with full power and authority to undertake the financing of the Project, to execute and deliver the Indenture and to issue the Bonds.

Stevens & Lee

_____, 2022
Page 3

B. The Indenture has been duly authorized, executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

C. The issuance and sale of the Bonds have been duly authorized and, assuming due execution and authentication, the Bonds are entitled to the benefit and security of the Indenture and constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

D. Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania.

In providing the foregoing opinions, we call to your attention that:

(a) The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement as Bond Counsel has concluded with the issuance of the Bonds and we disclaim any obligation to update this letter.

(b) As to questions of fact material to our opinion, we have relied upon the certified proceedings and other documents, agreements, instruments, reports and certificates furnished to us at or in connection with the issuance of the Bonds without undertaking to verify the same by independent investigation. We have also relied upon the accuracy of the representations and warranties and the performance of the covenants and agreements of the Issuer set forth in the Indenture and the various certificates and other agreements delivered at or in connection with the closing held this day.

(c) In providing the opinions set forth in Paragraphs A, B and C above, we have relied, without independent investigation, on the Solicitor's Opinion.

(d) In connection with the opinions set forth in Paragraphs B and C above, we call to your attention that the legality, validity, binding nature and enforceability of the

Stevens & Lee

_____, 2022
Page 4

documents referred to therein may be limited by: (a) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (b) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or equitable principles generally affecting creditors' rights or remedies; and (c) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds any provisions set forth in such documents purporting to waive rights of due process and legal procedure.

(e) We express no opinion regarding any federal income tax consequences arising with respect to the Bonds.

(f) We have not been engaged to verify, nor have we independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated _____, 2022 (the "Preliminary Official Statement") or the Official Statement, dated _____, 2022 (the "Official Statement"), or otherwise used in connection with the offer and sale of the Bonds or set forth in or delivered by the Issuer officials or County officials. We express no opinion with respect to whether the Issuer or the County, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made therein not misleading.

(g) We have not verified, and express no opinion as to the accuracy of, any "CUSIP" identification number that may be printed on any Bond. We have also assumed the genuineness of the signatures appearing on all the certificates, documents and instruments executed and delivered at closing.

(h) We call to your attention the fact that the Bonds are limited obligations of the Issuer, payable only from the funds specifically pledged therefor under the Indenture and that the Bonds do not pledge the general credit or taxing powers of the Commonwealth of Pennsylvania, the County of Lancaster (except to the extent provided in the Guaranty Agreement) or any other political subdivision of the Commonwealth. The Issuer has no taxing power.

STEVENS & LEE, P.C.

APPENDIX G - FORM OF OPINION OF 2022B BOND COUNSEL

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Stevens & Lee

111 N. Sixth Street
P.O. Box 679
Reading, PA 19603
(610) 478-2000
www.stevenslee.com

_____, 2022

Re: Lancaster County Convention Center Authority
\$_____,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

TO THE REGISTERED OWNERS OF THE ABOVE BONDS:

We have acted as Bond Counsel in connection with the issuance by the Lancaster County Convention Center Authority (the “Issuer”) of its Hotel Room Rental Tax Revenue Bonds, Series B of 2022, dated _____, 2022 (the “Bonds”) in the aggregate principal amount of \$_____,000.

The Bonds are being issued pursuant to the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”) and a Resolution duly adopted by the Board of the Issuer on July 28, 2022 (the “Resolution”). The Bonds are being issued, in fully registered form, in denominations of \$5,000 each or integral multiples thereof, under and pursuant to the provisions of a Trust Indenture, dated as of December 1, 2022 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”).

The proceeds of the Bonds will be used to finance a project (the “Project”) consisting of (i) the current refunding of the Issuer’s Hotel Room Rental Tax Revenue Bonds Series of 2014; (ii) the payment of the cost of terminating certain interest rate swaps; (iii) the funding of a debt service reserve fund; and (iv) the payment of the costs of issuance of the Bonds. All capitalized terms used in this opinion and not defined herein shall have the meanings assigned to them in the Indenture unless the context clearly requires otherwise.

In connection with the issuance of the Bonds, the Issuer has entered into (i) a Guaranty Agreement, dated as of December 1, 2022 (the “Guaranty Agreement”) with the County of Lancaster, Pennsylvania (the “County”), as guarantor, and the Trustee; and (ii) a Reimbursement Agreement, dated as of December 1, 2022 (the “Reimbursement Agreement”) with the County.

In our capacity as Bond Counsel, we have reviewed the following:

1. The Act;
2. Ordinance No. 45 enacted by the Board of Commissioners of the County of Lancaster, Pennsylvania on September 15, 1999;
3. Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”);

Stevens & Lee

_____, 2022
Page 2

4. The General Certificate of the Issuer and all exhibits thereto;
5. Copies of the proceedings of the Issuer in connection with the issuance of the Bonds, including, particularly, the Resolution;
6. A specimen copy of one of the Bonds;
7. The opinion of Russell, Krafft & Gruber, LLP, Lancaster, Pennsylvania, in its capacity as counsel to the Issuer;
8. The opinion of Jacquelyn E. Pfursich, Esquire, in her capacity as solicitor to the County;
9. The proceedings of the County filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the “Department”) under the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the “Debt Act”);
10. The Certificate of the Department approving the incurrence of lease rental indebtedness by the County in the principal amount of \$____,____,000;
11. The Nonarbitrage Certificate and Compliance Agreement executed and delivered by the Issuer;
12. A copy of the information return of the Issuer on Form 8038-G;
13. A copy of the Bond Purchase Agreement, dated _____, 2022, between the Authority and Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC (collectively, the “Purchaser”);
14. The Issue Price Certificate of the Purchaser dated the date hereof; and
15. Executed copies of the Indenture, the Guaranty Agreement, the Reimbursement Agreement and the other documents, agreements, certificates and opinions delivered at the closing held this day.

Stevens & Lee

_____, 2022
Page 3

Based and in reliance upon the foregoing, our attendance at the closing held this day and subject to the caveats, qualifications, exceptions and assumptions set forth herein, it is our opinion that, as of the date hereof under existing law:

A. The Issuer is a body corporate and politic and a public instrumentality of the Commonwealth of Pennsylvania, organized and validly existing under the Act, with full power and authority to undertake the financing of the Project, to execute and deliver the Indenture and to issue the Bonds.

B. The Indenture has been duly authorized, executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

C. The issuance and sale of the Bonds have been duly authorized and, assuming due execution and authentication, the Bonds are entitled to the benefit and security of the Indenture and constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

D. Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania.

E. Interest on the Bonds is not includable in gross income for federal income tax purposes under Section 103(a) of the Code.

F. Under the Code, interest on the Bonds does not constitute an item of tax preference under Section 57 of the Code and thus is not subject to alternative minimum tax on individuals and corporations; however, for tax years beginning after December 31, 2022, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

In providing the foregoing opinions, we call to your attention that:

(a) The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such

Stevens & Lee

_____, 2022
Page 4

authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement as Bond Counsel has concluded with the issuance of the Bonds and we disclaim any obligation to update this letter.

(b) As to questions of fact material to our opinion, we have relied upon the certified proceedings and other documents, agreements, instruments, reports and certificates furnished to us at or in connection with the issuance of the Bonds (including, without limitation, certificates and agreements by the Issuer as to the expected use of proceeds of the Bonds, and as to its continuing compliance with Sections 148 and 141 of the Code to assure that the Bonds do not become “arbitrage bonds” or “private activity bonds”) without undertaking to verify the same by independent investigation. We have also relied upon the accuracy of the representations and warranties and the performance of the covenants and agreements of the Issuer set forth in the Indenture and the various certificates and other agreements delivered at or in connection with the closing held this day.

(c) In providing the opinions set forth in Paragraphs A, B and C above, we have relied, without independent investigation, on the Solicitor’s Opinion.

(d) In connection with the opinions set forth in Paragraphs B and C above, we call to your attention that the legality, validity, binding nature and enforceability of the documents referred to therein may be limited by: (a) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (b) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or equitable principles generally affecting creditors’ rights or remedies; and (c) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds any provisions set forth in such documents purporting to waive rights of due process and legal procedure.

(e) In providing our opinion set forth in Paragraph E above, we have assumed continuing compliance by the Issuer with the applicable requirements of the Code and applicable regulations thereunder that must be met subsequent to the issuance of the Bonds in order that the interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

(f) In providing the opinions set forth in Paragraph F above, we have assumed continuing compliance by the Issuer with the requirements of the Code and applicable regulations thereunder which must be met subsequent to the issuance of the Bonds in order that the interest thereon not constitute an item of tax preference under Section 57 of the Code.

Stevens & Lee

_____, 2022
Page 5

Failure to comply with such requirements could cause the interest on the Bonds to constitute an item of tax preference under Section 57 of the Code retroactive to the date of issuance of the Bonds.

(g) Except as specifically set forth above, we express no opinion regarding other federal income tax consequences arising with respect to the Bonds, including, without limitation, the treatment for federal income tax purposes of gain or loss, if any, upon the sale, redemption, or other disposition of the Bonds prior to maturity of the Bonds subject to original issue discount and the effect, if any, of certain other provisions of the Code which could result in collateral federal income tax consequences to certain investors as a result of adjustments in the computation of tax liability dependent on tax-exempt interest.

(h) We have not been engaged to verify, nor have we independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated _____, 2022 (the “Preliminary Official Statement”) or the Official Statement, dated _____, 2022 (the “Official Statement”), or otherwise used in connection with the offer and sale of the Bonds or set forth in or delivered by the Issuer officials or County officials. We express no opinion with respect to whether the Issuer or the County, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made therein not misleading.

(i) We have not verified, and express no opinion as to the accuracy of, any “CUSIP” identification number that may be printed on any Bond. We have also assumed the genuineness of the signatures appearing on all the certificates, documents and instruments executed and delivered at closing.

(j) We call to your attention the fact that the Bonds are limited obligations of the Issuer, payable only from the funds specifically pledged therefor under the Indenture and that the Bonds do not pledge the general credit or taxing powers of the Commonwealth of Pennsylvania, the County of Lancaster (except to the extent provided in the Guaranty Agreement) or any other political subdivision of the Commonwealth. The Issuer has no taxing power.

STEVENS & LEE, P.C.

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APPENDIX H - FORM OF CONTINUING DISCLOSURE AGREEMENT

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JOINT CONTINUING DISCLOSURE AGREEMENT

This Joint Continuing Disclosure Agreement, dated December 1, 2022 (the “Disclosure Agreement”), is executed and delivered by and among the LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the “Authority”) and the COUNTY OF LANCASTER, PENNSYLVANIA (the “County”) in connection with the issuance of by the Authority of its (a) \$____,____ Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the “Series A of 2022 Bonds”) and (b) \$____,____ Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “Series B of 2022 Bonds” and together with the Series A of 2022 Bonds, the “Bonds”). The Bonds are being issued pursuant to a Trust Indenture, dated as of December 1, 2022 (the “Indenture”), between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). The Authority and the County covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the County for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean, any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement, with respect to the Authority, and any Annual Report provided by the County pursuant to, and as described in, Sections 5 and 6 of this Disclosure Agreement, with respect to the County.

“Bondholders” or “Holders” shall mean the registered owners of the Bonds and, if registered in the name of Cede & Co., through The Depository Trust Company, New York, New York (“DTC”), any Beneficial Owners (as such term is used by DTC to define holders other than nominees) of the Bonds, unless the Rule, or an authoritative interpretation thereof by the Securities and Exchange Commission (the “Commission”) or its staff, does not require this Disclosure Agreement to be for the benefit of such Beneficial Owners.

“Commission” shall mean the Securities and Exchange Commission.

“Dissemination Agent” shall mean any person or entity designated from time to time in writing by the Authority or the County and which has filed with the Authority or the County a written acceptance of such designation and of the duties of the Dissemination Agent under this Disclosure Agreement.

“EMMA” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule as further described in Section 15 hereof.

“Filing” shall mean, as applicable, any Annual Report or Listed Event filing or any other notice or report made public under this Disclosure Agreement made with each

NRMSIR or the MSRB and the SID, if any, together with a completed copy of a cover sheet in such form acceptable to each NRMSIR, the MSRB or SID, if applicable, describing the event by checking the box in said form when filing pursuant to the pertinent sections of this Disclosure Agreement.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 7(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto for purposes of the Rule.

“NRMSIR” shall mean any Nationally Recognized Municipal Securities Information Repository recognized for purposes of the Rule and the MSRB, as reflected on the website of the Securities and Exchange Commission at www.sec.gov. **As of the date of this Disclosure Agreement, the sole NRMSIR shall be the MSRB, through the operation of EMMA, as provided in Section 15 hereof.**

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each NRMSIR and the SID, if any.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SID” shall mean any public or private state information depository or entity designated by the Commonwealth of Pennsylvania as a state information depository for the purpose of the Rule, if any. As of the date of this Disclosure Agreement, no SID has been designated.

SECTION 3. Provision of Annual Reports of the Authority.

(a) The Authority shall not later than 275 days after the end of each fiscal year of the Authority, commencing with the fiscal year ending December 31, 2022, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In connection therewith, not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if one has been designated by the Authority under this Disclosure Agreement). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that if the audited financial statements of the Authority for the most recent completed fiscal year are not available

to be included in the Annual Report, such audited financial statements may be submitted separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed separately with EMMA as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the Authority reasonably expects the audited financial statements to become available.

(b) If the Authority is unable to provide an Annual Report by the date required in subsection (a), the Authority shall send or cause the Dissemination Agent to send, in a timely manner, a notice to each NRMSIR and the SID, if any, in substantially the form attached as Exhibit A.

(c) The Authority or the Dissemination Agent, if applicable, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) if a Dissemination Agent has been designated hereunder, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.

(iii) The Authority shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID, if any.

(d) If the Dissemination Agent does not receive the Annual Report from the Authority by the fifteenth Business Day specified in Section 3(a) above, the Dissemination Agent shall provide a written reminder notice to the Authority with respect to the Authority's obligations under Section 3(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 4. Content of Annual Reports of the Authority. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) the Authority's financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units; and

(b) an update of the information contained in Appendix A to the Official Statement dated _____, 2022, under the section entitled "Annual Hotel Tax Revenue Receipts".

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to each Repository. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by reference. The Authority reserves the right to

modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be done in a manner consistent with the Rule.

SECTION 5. Provision of Annual Reports of the County.

(a) The County shall not later than 275 days after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2022, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 6 of this Disclosure Agreement. In connection therewith, not later than fifteen (15) Business Days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if one has been designated by the County under this Disclosure Agreement). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 6 of this Disclosure Agreement; provided, however, that if the audited financial statements of the County for the most recent completed fiscal year are not available to be included in the Annual Report, such audited financial statements may be submitted separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed separately with EMMA as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the County reasonably expects the audited financial statements to become available.

(b) If the County is unable to provide an Annual Report by the date required in subsection (a), the County shall send or cause the Dissemination Agent to send, in a timely manner, a notice to each NRMSIR and the SID, if any, in substantially the form attached as Exhibit B.

(c) The County or the Dissemination Agent, if applicable, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) if a Dissemination Agent has been designated hereunder, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided; and

(iii) The County shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID, if any.

(d) If the Dissemination Agent does not receive the Annual Report from the County by the fifteenth Business Day specified in Section 5(a) above, the Dissemination Agent shall provide a written reminder notice to the County with respect to the County's obligations under Section 5(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 6. Content of Annual Reports of the County. The County Annual Report shall contain or incorporate by reference the following:

- (a) the County's financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards;
- (b) a summary of the County's budget for the current fiscal year;
- (c) the aggregate assessed value and market value of all taxable real estate for the current fiscal year;
- (d) the taxes and millage rates imposed for the current fiscal year;
- (e) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount); and
- (f) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the County or related public entities, which have been submitted to each Repository. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference. The County reserves the right to modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be done in a manner consistent with the Rule.

SECTION 7. Reporting of Significant Events.

(a) The occurrence of any of the following events with respect to a particular series of Bonds, constitutes a "Listed Event" only with respect to such series of Bonds. This Section 7 shall govern the giving of notices of the occurrence of any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Nonpayment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of securities holders, if material;
- (viii) Bond calls, if material, and tender offers for the Bonds;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar events of the County or the Authority;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the County or the Authority or the sale of all or substantially all of the assets of the County or the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;
- (xv) Incurrence of a Financial Obligation of the County or the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County or the Authority, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County or the Authority, any of which reflect financial difficulties.

(b) Whenever the County or the Authority obtains knowledge of the occurrence of a Listed Event, the County or the Authority shall as soon as possible (with respect to those Listed Events where a determination of materiality by the County or the Authority is

applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities laws.

(c) If (i) a Determination of materiality by the County or the Authority is not relevant to the obligation to give notice of a Listed Event or (ii) the County or the Authority determines (with respect to those Listed Events where a determination of materiality by the County or the Authority is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the County or the Authority shall promptly file in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, or cause the Dissemination Agent to so file (if a Dissemination Agent has been designated hereunder) a notice of such occurrence with each NRMSIR and the SID, if any, with a copy to the Trustee.

(d) For purposes of the Listed Events in Section 7(a)(xii), the County or the Authority and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: *“Note: for the purposes of the event identified in subparagraph (b)(5)(i)(C)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;”*

SECTION 8. Termination of Reporting Obligation. The County’s and the Authority’s obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

In the event that any person or entity subsequent to the execution hereof becomes an “obligated person,” as such term is defined in the Rule, with respect to the Bonds, the County and the Authority covenant to use their best effort to cause such obligated person to enter into a written undertaking to comply with the provisions of the Rule or to cause this Disclosure Agreement to be amended and to cause such obligated person to join in the execution of such amendment.

SECTION 9. Dissemination Agent. The County or the Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The County or the Authority shall cause the Dissemination Agent appointed hereunder and any successors to execute and deliver an acknowledgment of acceptance of the designation and duties of Dissemination Agent under this Disclosure Statement.

SECTION 10. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County or the Authority may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

SECTION 11. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County or the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County or the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County or the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 12. Default. In the event of a failure of the County or the Authority to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County or the Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Bonds or the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the County or the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent, if other than the County or the Authority. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the County and the Authority agree to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County and the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 14. Undertaking with Respect to Certain Procedures and Policies. The County and the Authority agree to begin the process of establishing internal policies and procedures for the purpose of continuing disclosure compliance. Without intending to preclude the adoption of other necessary or useful policies and procedures, a single official of each of the County and the Authority will be designated with ultimate responsibility for continuing disclosure compliance and will oversee the process of informing and training appropriate

deputies and other employees with respect to the County's and the Authority's continuing disclosure undertakings.

SECTION 15. EMMA. Filings shall be made to the continuing disclosure service portal provided through EMMA as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to the Commission.

SECTION 16. Alternative Filing. Notwithstanding the other provisions of this Disclosure Agreement, any filing under this Disclosure Agreement, and any additional supplements hereto, may be made with such depositories and using such electronic filing systems as may be approved by the United States Securities and Exchange Commission (in lieu of the procedures currently in this Disclosure Agreement).

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Authority, the Trustee, the Dissemination Agent (if any), the Participating Underwriter and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Authority and the County have caused this Disclosure Agreement to be duly executed and delivered, all as of the date first above written.

ATTEST:

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

Assistant Secretary

By: _____
Chairman

(SEAL)

ATTEST:

COUNTY OF LANCASTER, PENNSYLVANIA

Chief Clerk

By: _____
Chairman

(SEAL)

[Signature page to Continuing Disclosure Agreement]

EXHIBIT A¹

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Lancaster County Convention Center Authority
Lebanon County, Pennsylvania

Name of Bond Issue: \$ __, __, 000 Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable) and \$ __, __, 000 Hotel Room Rental Tax
Revenue Bonds, Series B of 2022, each
dated ____, 2022 (the “Bonds”)

Date of Issuance: ____, 2022

NOTICE IS HEREBY GIVEN that the Lancaster County Convention Center Authority (the “Authority”), has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Joint Continuing Disclosure Agreement, dated ____, 2022, executed by the Authority. The Authority anticipates that the Annual Report will be filed by ____.

Dated: _____

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY [OR DISSEMINATION
AGENT ON BEHALF OF LANCASTER
COUNTY CONVENTION CENTER
AUTHORITY]

cc: Trustee

¹ The substantive content of this notice shall be provided in any applicable notice filing. Appropriate modifications may be made to accommodate the electronic submission format requirements of the EMMA system or other successor electronic filing system.

EXHIBIT B¹

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Lancaster County Convention Center Authority
Lebanon County, Pennsylvania

Name of Bond Issue: \$ __, __, 000 Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable) and \$ __, __, 000 Hotel Room Rental Tax
Revenue Bonds, Series B of 2022, each
dated _____, 2022 (the “Bonds”)

Date of Issuance: _____, 2022

NOTICE IS HEREBY GIVEN that the County of Lancaster, Pennsylvania (the
“County”), has not provided an Annual Report with respect to the above-named Bonds as
required by Section 5 of the Joint Continuing Disclosure Agreement, dated _____, 2022,
executed by the County. The County anticipates that the Annual Report will be filed by
_____.

Dated: _____

COUNTY OF LANCASTER, PENNSYLVANIA
[OR DISSEMINATION AGENT ON BEHALF OF
COUNTY OF LANCASTER, PENNSYLVANIA]

cc: Trustee

¹ The substantive content of this notice shall be provided in any applicable notice filing.
Appropriate modifications may be made to accommodate the electronic submission format
requirements of the EMMA system or other successor electronic filing system.

NEW ISSUE - BOOK ENTRY ONLY**Rating: (See RATING herein)**

In the opinion of Stevens & Lee, P.C., Reading, Pennsylvania, Bond Counsel, assuming continuing compliance by the Authority with certain covenants and agreements to comply with provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable regulations thereunder, interest on the 2022B Bonds is not includible in gross income under Section 103(a) of the Code, and interest on the 2022B Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals and corporations; however interest on the 2022B Bonds may be subject to the Federal alternative minimum tax on "applicable corporations" as defined in Section 59(k) of the Code for tax years beginning after December 31, 2022. See TAX MATTERS in this Official Statement. Other provisions of the Code may affect the purchasers and holders of the 2022B Bonds. See TAX MATTERS herein for a brief description of these provisions. Interest on the 2022A Bonds is includable in gross income for federal income tax purposes.

Under the laws of the Commonwealth of Pennsylvania, the 2022 Bonds and the interest on the 2022 Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the 2022 Bonds, or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the 2022 Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania.

\$69,485,000
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
(Pennsylvania)
\$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)
And
\$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Dated: Date of Delivery**Principal Due: May 1, as shown on the inside cover**

The \$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the "2022A Bonds") and the \$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the "2022B Bonds" and, together with the 2022A Bonds, the "2022 Bonds") are being issued by the Lancaster County Convention Center Authority (the "Authority"), a public body corporate and politic organized and existing under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented (the "Act") and under a Trust Indenture dated as of December 1, 2022 (the "Indenture") between the Authority and Wilmington Trust, National Association, as bond trustee (the "Trustee"), and are payable from the sources described herein.

The proceeds of the 2022A Bonds will be used to: (1) pay a portion of the costs of terminating certain outstanding interest rate swap agreements; (2) fund a debt service reserve fund for the 2022A Bonds under the Indenture; and (3) pay certain expenses in connection with the issuance of the 2022A Bonds. The proceeds of the 2022B Bonds, together with other funds from the Authority, will be used to: (1) currently refund the Authority's outstanding Hotel Room Rental Tax Revenue Bonds, Series of 2014; (2) pay a portion of the costs of terminating certain outstanding interest rate swap agreements; (3) fund a debt service reserve fund for the 2022B Bonds under the Indenture; and (4) pay certain expenses in connection with the issuance of the 2022B Bonds. See "USE OF PROCEEDS" herein.

The 2022A Bonds are not subject to redemption prior to maturity. The 2022B Bonds are subject to optional, and mandatory redemption prior to maturity as described herein.

The 2022 Bonds will be issued in a minimum denomination of \$5,000 and integral multiples thereof. Interest on the 2022 Bonds will be payable on May 1 and November 1, commencing May 1, 2023. When issued, the 2022 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (DTC), New York, NY. Purchasers of the 2022 Bonds (the Beneficial Owners) will not receive physical delivery of bond certificates. Beneficial ownership of the 2022 Bonds initially will be evidenced by book-entry only. As long as Cede & Co. as nominee for DTC, is the registered owner of the 2022 Bonds, payments of principal of, redemption premium, if any, and interest on the 2022 Bonds will be made directly to DTC, which will in turn remit such payments to DTC participants for subsequent disbursement to Beneficial Owners. See "BOOK-ENTRY ONLY SYSTEM" herein.

The 2022 Bonds are limited obligations of the Authority payable solely from certain Hotel Tax Revenues and certain funds on deposit with the Trustee pursuant to the Indenture, and neither the general credit nor the taxing power of the County of Lancaster, Pennsylvania (other than to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision thereof is pledged for the payment of the 2022 Bonds, nor will the 2022 Bonds be, or be deemed to be, an obligation of the County of Lancaster, Pennsylvania, the Commonwealth of Pennsylvania (other than to the extent provided in the Guaranty Agreement), or any political subdivision thereof. The principal, premium, if any, and interest on the 2022 Bonds are payable solely from Hotel Tax Revenues and certain funds on deposit with the Trustee pursuant to the Indenture. The Authority has no taxing power.

The 2022 Bonds are offered by the Authority when, as and if issued, subject to the approving opinion of Stevens & Lee, P.C., Reading, PA, Bond Counsel, to be furnished upon delivery of the Bonds. Legal matters pertaining to the Authority will be passed upon by its counsel, Russell, Krafft & Gruber, LLP, Lancaster, PA and certain legal matters will be passed upon for the Underwriters by Eckert Seamans Cherin & Mellot, LLC, Underwriters' Counsel. The 2022 Bonds will be available for delivery through DTC on or about December 1, 2022.

RAYMOND JAMES®



The date of the Official Statement is November 15, 2022.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY
(Pennsylvania)
Consisting of
\$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable)

Dated: Date of Delivery
Due: May 1, as shown below
Denomination: Integral multiples of \$5,000

Interest Payable: May 1 and November 1
First Interest Payment: May 1, 2023
Form: Book-Entry

2022A BONDS

Maturity Schedule

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP **</u>
2023	\$1,000,000	4.870%	4.870%	100.000	514042AF7
2024	840,000	4.920	4.920	100.000	514042AG5
2025	885,000	4.740	4.740	100.000	514042AH3
2026	925,000	4.730	4.730	100.000	514042AJ9
2027	970,000	4.780	4.780	100.000	514042AK6
2028	1,020,000	4.940	4.940	100.000	514042AL4
2029	1,070,000	5.090	5.090	100.000	514042AM2
2030	45,000	5.170	5.170	100.000	514042BF6

**The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority and the Authority is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. The Authority has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY
(Pennsylvania)
Consisting of
\$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Dated: Date of Delivery
Due: May 1, as shown below
Denomination: Integral multiples of \$5,000

Interest Payable: May 1 and November 1
First Interest Payment: May 1, 2023
Form: Book-Entry

2022B BONDS

Maturity Schedule

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP **</u>
2030	\$1,080,000	5.000%	3.350%	110.753	514042AP5
2031	1,185,000	5.000	3.380	111.778	514042AQ3
2032	1,245,000	5.000	3.460	112.283	514042AR1
2033	1,310,000	5.000	3.540	111.602	514042AS9
2034	1,375,000	5.000	3.710	110.170	514042AT7
2035	1,445,000	5.000	3.830	109.173	514042AU4
2036	1,520,000	5.000	3.930	108.350	514042AV2
2037	1,600,000	5.000	4.020	107.616	514042AW0
2038	1,670,000	4.000	4.340	96.204	514042AX8
2039	1,750,000	5.000	4.130	106.727	514042AY6
2040	1,510,000	4.250	4.480	97.235	514042 BG4
2040	325,000	5.000	4.210	106.085	514042AZ3
2041	1,915,000	4.250	4.540	96.403	514042BA7
2042	2,000,000	4.375	4.590	97.253	514042BB5

\$16,500,000 4.000% Term Bonds due May 1, 2049 at 87.818 to yield 4.820% CUSIP: 514042BC3

\$11,905,000 4.750% Term Bonds due May 1, 2053 at 97.021 to yield 4.940% CUSIP: 514042BD1

\$14,395,000 4.750% Term Bonds due May 1, 2057 at 94.966 to yield 5.060% CUSIP: 514042BE9

**The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority and the Authority is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. The Authority has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information set forth in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without the entire Official Statement.

Authority	Lancaster County Convention Center Authority (the “ Authority ”)
Bonds	The Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the “ 2022A Bonds ”), dated the date of delivery of the 2022A Bonds, and the Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “ 2022B Bonds ” and, together with the 2022A Bonds, the “ 2022 Bonds ”), dated the date of delivery of the 2022B Bonds.
Denominations	\$5,000 and integral multiples thereof.
Final Maturity	2022A Bonds: May 1, 2030. 2022B Bonds: May 1, 2057.
Interest	May 1 and November 1 commencing May 1, 2023.
Redemption Provisions	The 2022 Bonds are subject to optional and mandatory redemption prior to their stated maturity dates as described herein.
Form of Bonds	Book-Entry Only.
Application of Proceeds	<p>The proceeds of the 2022A Bonds will be used to: (1) pay a portion of the costs of terminating certain interest rate swap agreements; (2) fund a debt service reserve fund for the 2022A Bonds under the Indenture; and (3) pay certain expenses in connection with the issuance of the 2022A Bonds.</p> <p>The proceeds of the 2022B Bonds, together with other funds from the Authority, will be used to: (1) currently refund the Authority’s outstanding Hotel Room Rental Tax Revenue Bonds, Series of 2014; (2) pay a portion of the costs of terminating certain interest rate swap agreements; (3) fund a debt service reserve fund for the 2022B Bonds under the Indenture; and (4) pay certain expenses in connection with the issuance of the 2022B Bonds. See “USE OF PROCEEDS” herein</p>
Security for the 2022 Bonds	The 2022 Bonds are limited obligations of the Authority payable solely from certain Hotel Tax Revenues and certain funds on deposit with the Trustee pursuant to the Indenture, and neither the general credit nor the taxing power of the County of Lancaster, Pennsylvania (other than to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision thereof is pledged for the payment of the 2022 Bonds, nor will the 2022 Bonds be, or be deemed to be, an obligation of the County of Lancaster, Pennsylvania, (other than to the extent provided in the Guaranty Agreement) the Commonwealth

of Pennsylvania, or any political subdivision thereof. The principal of and interest on the 2022 Bonds are payable solely from Hotel Tax Revenues and certain funds on deposit with the Trustee under the Indenture. The Authority has no taxing power. See “SECURITY FOR THE 2022 BONDS – Pledge of Trust Estate” herein.

Receipts and revenues generated from the operation of the Convention Center may not be used to pay the principal of and interest on the 2022 Bonds and are not included in the Trust Estate (as defined herein). See “SECURITY FOR THE 2022 BONDS – Pledge of Trust Estate” herein.

Debt Service Reserve Fund

Under the provisions of the Indenture, the Authority has created, solely for the benefit and security of the Bonds, a special fund to be known as the “Debt Service Reserve Fund”, within which there shall be established a “Series A Bonds Account” and a “Series B Bonds Account”. Funds on deposit in the Series A Bonds Account will be available to pay the principal of or the interest due on the 2022A Bonds, as the same shall become due and payable and funds on deposit in the Series B Bonds Account will be available to pay the principal of or the interest due on the 2022B Bonds, as the same shall become due and payable.

The Indenture provides that the Authority shall restore any shortfall in either Account within the Debt Service Reserve Fund, either upon a withdrawal from such Account or upon a valuation showing a deficiency in such Account. To evidence its obligation to replenish each Account within the Debt Service Reserve Fund, the Authority has executed and delivered to the Trustee its Debt Service Reserve Fund Replenishment Note (the “Replenishment Note”). See “SECURITY FOR THE 2022 BONDS – Pledge of Trust Estate” herein.

County Guaranty Agreement

Concurrently with the issuance of the 2022 Bonds, the County of Lancaster, Pennsylvania (the “County”) will execute and deliver a Guaranty Agreement with the Trustee (the “Guaranty Agreement”) pursuant to which the County will guaranty, unconditionally and irrevocably, to the Trustee, the full and prompt payment of the Authority’s obligation to replenish the Debt Service Reserve Fund under the Indenture.

Pursuant to the terms of the Guaranty Agreement, on any date that the Authority fails to honor its payment obligations under the Replenishment Note, the County shall promptly pay to the Trustee, upon demand of the Trustee, on the dates and in the amounts required under the Replenishment Note and the Indenture, an amount which, together with other monies available to the Trustee in the Debt Service Reserve Fund, will be sufficient to restore each Account within the Debt Service Reserve Fund to the minimum level required under the Indenture. See “SECURITY FOR THE 2022 BONDS – Pledge of Trust Estate” herein.

Bond Ratings

See “RATING” herein

**Continuing Disclosure
Undertakings**

The Authority and the County have each agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the “**Rule**”). See “CONTINUING DISCLOSURE” herein.

**Trustee and Paying
Agent**

Wilmington Trust, National Association

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

25 South Queen Street
Lancaster, PA 17601

MEMBERS OF THE BOARD

Sharron V. Nelson	Chairman
Thomas Showers	Vice Chairman
Darcy Pollock	Treasurer
Patrick Snyder	Secretary
C. Ted Darcus	Assistant Secretary
Scott Bowser	Member
Zachary Peirson	Member

EXECUTIVE DIRECTOR

Kevin Molloy

AUTHORITY SOLICITOR

Russell, Kraft & Gruber, LLP.
Lancaster, Pennsylvania

BOND COUNSEL

Stevens & Lee, PC
Reading, Pennsylvania

AUTHORITY FINANCIAL ADVISOR

FSL Public Finance, LLC
Reading, Pennsylvania

COUNTY CONTROLLER

Lisa Colon
Lancaster, Pennsylvania

COUNTY SOLICITOR

Jacquelyn E. Pfursich, Esq.
Lancaster, Pennsylvania

UNDERWRITERS

Raymond James & Associates, Inc.
Lancaster, Pennsylvania

RBC Capital Markets, LLC
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITERS' COUNSEL

Eckert Seamans Cherin & Mellot, LLC.
Harrisburg, Pennsylvania

TRUSTEE

Wilmington Trust, National Association
Harrisburg, Pennsylvania

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2022 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the 2022 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction. No dealer, broker, salesman or any other person has been authorized by the Authority or the Underwriters to give any information or make any representation, other than those contained in this Official Statement, in connection with the offering of or solicitation of offers for the 2022 Bonds. If given or made, such information or representation must not be relied upon.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of the 2022 Bonds.

Information contained in this Official Statement was obtained in part from officials of the Authority and from other sources that are deemed to be reliable. Such sources are not guaranteed as to accuracy or completeness. Such information is not intended to be, and should not be relied upon as, a complete report or analysis. It is not to be construed as a representation either by the Underwriters or, as to information from sources other than the Authority, by the Authority.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete. Reference is made to such laws and documents for full and complete statement of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2022 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Authority since the date of this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In making an investment decision, investors must rely on their own examination of the Authority and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

TABLE OF CONTENTS

OFFICIAL STATEMENT.....	1
INTRODUCTORY STATEMENT	1
REDEMPTION PRIOR TO MATURITY.....	2
BOOK-ENTRY ONLY SYSTEM.....	3
USE OF PROCEEDS	6
SECURITY FOR THE 2022 BONDS	7
BONDHOLDERS RISKS	14
THE AUTHORITY	18
TAX MATTERS.....	19
OTHER LEGAL OPINIONS	24
AUTHORITY LITIGATION	24
COUNTY LITIGATION	24
UNDERWRITING	24
CONTINUING DISCLOSURE.....	25
RATING	26
CERTAIN RELATIONSHIPS AMONG THE PARTIES	26
FINANCIAL ADVISOR	26
FUTURE AUTHORITY FINANCINGS.....	26
MISCELLANEOUS	26
APPENDIX A - CERTAIN INFORMATION OF THE AUTHORITY	A-1
APPENDIX B – SUMMARY OF CERTAIN INFORMATION OF THE COUNTY	B-1
APPENDIX C – SUBSTANTIAL FORM OF TRUST INDENTURE.....	C-1
APPENDIX D –AUTHORITY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 ...	D-1
APPENDIX E –COUNTY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021	E-1
APPENDIX F - FORM OF BOND COUNSEL OPINION - 2022A BONDS	F-1
APPENDIX G –FORM OF BOND COUNSEL OPINION - 2022B BONDS.....	G-1
APPENDIX H - FORM OF CONTINUING DISCLOSURE AGREEMENT.....	H-1

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OFFICIAL STATEMENT

\$69,485,000

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

(Pennsylvania)

\$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022

(Federally Taxable)

And

\$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, the table of contents page and the Appendices, is provided to furnish information with respect to the above-captioned bonds (the “2022 Bonds”) being issued by the Lancaster County Convention Center Authority (the “Authority”). The 2022 Bonds are being issued pursuant to a Trust Indenture dated as of December 1, 2022 (the “Indenture”) between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). The 2022 Bonds are being issued in two series consisting of Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) in the principal amount of \$6,755,000 (the “2022A Bonds”) and Hotel Room Rental Tax Revenue Bonds, Series B of 2022 in the principal amount of \$62,730,000 (the “2022B Bonds”).

The Authority

The Lancaster County Convention Center Authority is a public body corporate and politic organized and existing under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented (the “Act”). The Authority has all necessary power and authority to issue its hotel room tax revenue bonds to finance the Project described below.

The Authority owns and operates the Lancaster County Convention Center which is located in the center of the City of Lancaster, Pennsylvania. The Convention Center provides convention attendees with more than 46,000 square feet of unobstructed meeting and exhibit space and two ballrooms each offering more than 8,700 elegant square feet. The facility offers meeting planners abundant, flexible space for groups ranging in size up to 5,000, the very latest in high-tech amenities within a total combined meeting space of more than 90,000 square feet. The facility includes vast expanses of bright, naturally lit space, well appointed interiors with warm cosmopolitan tones and generous cherry wood accents, and singular vantage points into the City of Lancaster.

The Bonds

The 2022 Bonds will be issued in fully registered form, will bear interest, and will mature in the principal amounts and on the dates set forth on the inside cover of this Official Statement. The 2022 Bonds will be issued in the minimum denominations of \$5,000 and integral multiples thereof (“**Authorized Denominations**”). Interest on the 2022 Bonds will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2023.

Each 2022 Bond shall bear interest from the immediately preceding Interest Payment Date to which interest has been paid, unless (a) such 2022 Bond is registered and authenticated as of an Interest

Payment Date, in which event such 2022 Bond shall bear interest from such Interest Payment Date; or (b) such 2022 Bond is registered and authenticated after a Record Date and before the next succeeding Interest Payment Date, in which event the 2022 Bond shall bear interest from such Interest Payment Date; or (c) such 2022 Bond is registered and authenticated on or prior to the Record Date preceding May 1, 2023, in which event such Bond shall bear interest from December 1, 2022; or (d) as shown by the records of the Trustee, interest on such 2022 Bond shall be in default, in which event such 2022 Bond shall bear interest from the date on which interest was last paid on such 2022 Bond. Interest shall be payable on the basis of a 360-day year comprised of twelve 30-day months. The Record Date is the April 15 or October 15 immediately preceding the relevant Interest Payment Date, regardless of whether or not the Trustee is open for business on that date.

The 2022 Bonds initially will be issued in book-entry form without any physical distribution of certificates made to the owners thereof. The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the 2022 Bonds, and the 2022 Bonds of each series will be registered in the name of Cede & Co., as nominee of DTC. One certificate for each maturity of the 2022 Bonds of a series will be issued in the name of Cede & Co., as nominee of DTC, and immobilized in DTC’s custody. The book-entry only system will evidence ownership of the 2022 Bonds in Authorized Denominations. See “BOOK-ENTRY ONLY SYSTEM” below.

REDEMPTION PRIOR TO MATURITY

Optional Redemption.

The 2022A Bonds are not subject to optional redemption prior to maturity.

The 2022B Bonds maturing on or after May 1, 2033 are subject to optional redemption prior to maturity, at the option of the Authority, in whole, or in part, at any time on and after May 1, 2032, at a redemption price equal to 100% of the principal amount of the 2022B Bonds being redeemed plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption.

The 2022B Bonds stated to mature on May 1, 2049, May 1, 2053, and May 1, 2057 are subject to redemption pursuant to the operation of the Mandatory Sinking Fund under the Indenture, at a redemption price equal to one-hundred percent (100%) of the principal amount to be redeemed, together with accrued interest, on May 1 of the following years and in the following principal amounts:

Term Bond Maturing May 1, 2049

<u>Year</u>	<u>Principal Amount</u>
2043	\$2,085,000
2044	2,170,000
2045	2,255,000
2046	2,350,000
2047	2,445,000
2048	2,545,000
2049*	2,650,000

*At maturity

**Term Bond
Maturing May 1, 2053**

<u>Year</u>	<u>Principal Amount</u>
2050	\$2,770,000
2051	2,900,000
2052	3,045,000
2053*	3,190,000
<hr/>	
*At maturity	

**Term Bond
Maturing May 1, 2057**

<u>Year</u>	<u>Principal Amount</u>
2054	\$3,345,000
2055	3,510,000
2056	3,680,000
2057*	3,860,000
<hr/>	
*At maturity	

Registration, Transfer and Exchange of the 2022 Bonds

The Trustee has been appointed bond registrar and as such shall keep the bond register at its designated office. The person in whose name any 2022 Bond shall be registered on the bond register shall be deemed and regarded as the absolute owner of such 2022 Bond for all purposes, and payment of or on account of the principal of and redemption premium, if any, and interest on any such 2022 Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such 2022 Bond, including the interest thereon, to the extent of the sum or sums so paid.

Any 2022 Bond may be transferred only upon the bond register upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the Authority shall execute and the Trustee shall authenticate and deliver in exchange for such 2022 Bond a new 2022 Bond or 2022 Bonds, registered in the name of the transferee, of any authorized denomination and of the same maturity and series and bearing interest at the same rate.

See also “BOOK-ENTRY ONLY SYSTEM” herein for further information regarding registration, transfer and exchange of the 2022 Bonds.

BOOK-ENTRY ONLY SYSTEM

The information set forth below concerning The Depository Trust Company and the book-entry only system has been extracted from materials provided by DTC for such purpose. No representation is made by the Authority or the Underwriters as to the accuracy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“**DTC**”), New York, New York, will act as securities depository for the 2022 Bonds. The 2022 Bonds of each series will be issued as fully-registered securities registered in the name of CEDE & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2022 Bond certificate will be issued for each maturity of the 2022 Bonds of a series set forth on the inside front cover page of this Official Statement, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the “**Exchange Act**”). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of: AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about the DTC can be found at www.dtcc.com.

Purchases of the 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2022 Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2022 Bonds, except in the event that use of the book-entry only system for the 2022 Bonds is discontinued.

To facilitate subsequent transfers, all 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, CEDE & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2022 Bonds with DTC and their registration in the name of CEDE & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2022 Bonds. DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants

will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2022 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2022 Bond documents. For example, Beneficial Owners of 2022 Bonds may wish to ascertain that the nominee holding the 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2022 Bonds of a series within a maturity of the 2022 Bonds of such series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor CEDE & Co. (nor any other DTC nominee) will consent or vote with respect to the 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns CEDE & Co.'s consenting or voting rights to those Direct Participants to whose accounts such bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and payments of principal of and interest on the 2022 Bonds will be made to CEDE & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption proceeds and payment of principal and interest to CEDE & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2022 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is either not required under the Indenture or not obtained, 2022 Bond certificates are required to be printed and delivered in accordance with the Indenture.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or successor securities depository). In that event 2022 Bond certificates will be printed and delivered to DTC.

The above information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable but the Authority takes no responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN HOLDERS OR OWNERS OF BOOK-ENTRY BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY BONDS.

Discontinuance of Book-Entry-Only System

The book-entry system for registration of the ownership of the 2022 Bonds may be discontinued at any time if: (i) DTC determines to resign as securities depository for the 2022 Bonds; or (ii) the Authority determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Beneficial Owners. In either such event (unless the Authority appoints a successor securities depository), 2022 Bonds will then be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Authority, or the Trustee for the accuracy of such designation. Whenever DTC requests the Authority or the Trustee to do so, the Authority or the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the 2022 Bonds.

USE OF PROCEEDS

The proceeds of the 2022A Bonds will be used to: (1) pay a portion of the costs of terminating certain interest rate swap agreements; (2) fund a debt service reserve fund for the 2022A Bonds under the Indenture; and (3) pay certain expenses in connection with the issuance of the 2022A Bonds.

The proceeds of the 2022B Bonds, together with other funds from the Authority, will be used to: (1) currently refund the Authority's outstanding Hotel Room Rental Tax Revenue Bonds, Series of 2014; (2) pay a portion of the costs of terminating certain interest rate swap agreements; (3) fund a debt service reserve fund for the 2022B Bonds under the Indenture; and (4) pay certain expenses in connection with the issuance of the 2022B Bonds.

Sources and uses of funds related to the 2022 Bonds are estimated to be as follows:

Sources of Funds:

	<u>2022A Bonds*</u>	<u>2022B Bonds*</u>	<u>Total</u>
Principal Amount of 2022 Bonds	\$6,755,000.00	\$62,730,000.00	\$69,485,000.00
Release of Existing Funds	-	5,801,710.92	5,801,710.92
Net Original Issue Discount	-	<u>(2,099,018.15)</u>	<u>(2,099,018.15)</u>
Total Sources	\$6,755,000.00	\$66,432,692.77	\$73,187,692.77

Uses of Funds:

Refunding of 2014 Bonds	\$ -	\$59,186,633.33	\$59,186,633.33
Deposit to Debt Service Reserve Fund	384,401.93	3,569,731.07	3,954,133.00
Swap Termination Payment	6,306,451.00	3,031,549.00	9,338,000.00
Estimated Issuance Costs*	<u>64,147.07</u>	<u>644,779.37</u>	<u>708,926.44</u>
Total Uses	\$6,755,000.00	\$66,432,692.77	\$73,187,692.77

* Includes underwriters' discount, financial advisor, legal, printing, rating agency, initial trustee fees and other costs.

SECURITY FOR THE 2022 BONDS

General

As further described herein, the 2022 Bonds will be issued under and will be equally and ratably secured by the Indenture, subject to the provisions of the Indenture regarding certain funds and accounts maintained solely for particular series of Bonds.

Pledge of the Trust Estate

Under the Indenture, the Authority has assigned, transferred, set over, granted a security interest in and pledged to the Trustee, its successors in the trust and its assigns, to the extent provided in the Indenture, the Trust Estate, which consists of (i) the Revenues (as defined below); (ii) all moneys in the Hotel Tax Revenue Fund, the Bond Fund, the Surplus Fund and the Debt Service Reserve Fund, including proceeds of the Bonds pending disbursement thereof; (iii) payments received from the County of Lancaster, Pennsylvania (the "County") pursuant to the Guaranty Agreement (as defined below); (iv) all of the Authority's rights, title and interest in the Security Documents (as defined below); (v) all of the proceeds of the foregoing, including without limitation investments thereof; and (vi) all other property of every name and nature from time to time hereafter by delivery or by writing mortgaged, pledged, delivered or hypothecated as and for additional security under the Indenture by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee. The Indenture secures the Bonds including any additional Parity Indebtedness (which may be incurred by the Authority for any purpose permitted under the Act, but only upon compliance with the provisions of the Indenture) issued pursuant thereto. See Appendix C – "THE TRUST INDENTURE – Parity Indebtedness".

As used herein, the term Revenues means (a) all monies transferred by the appointed and acting treasurer of the County (the "County Treasurer") to the Authority pursuant to Section C of the Hotel Tax Ordinance (as defined below) and derived from the revenues received by the County Treasurer from the Hotel Room Rental Tax imposed by the County pursuant to the provisions of Section 3 of the Act and the Hotel Tax Ordinance (the "Hotel Tax Revenues"), (b) any proceeds of 2022 Bonds

originally deposited with the Trustee for the payment of interest accrued on the 2022 Bonds or otherwise paid to the Trustee by or on behalf of the Authority for deposit in the Bond Fund, (c) investment income with respect to any moneys held by the Trustee under the Indenture, and (d) any moneys paid to the Trustee under the Guaranty Agreement.

Receipts and revenues generated from the operation of the Convention Center may not be used to pay the principal of and interest on the 2022 Bonds and are not included in the Trust Estate.

TO THE EXTENT PROVIDED IN AND EXCEPT AS OTHERWISE PERMITTED BY THE INDENTURE, (I) THE 2022 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON AND INTEREST ON THE 2022 BONDS SHALL BE PAYABLE EQUALLY AND RATABLY SOLELY FROM THE REVENUES AND (II) THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON AND INTEREST ON THE 2022 BONDS SHALL BE SECURED BY THE TRUST ESTATE UNDER THE INDENTURE. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT, NEITHER THE GENERAL CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2022 BONDS, AND THE 2022 BONDS SHALL NOT BE OR BE DEEMED OBLIGATIONS OF THE COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER.

Hotel Tax Revenues

The Bonds will constitute limited obligations of the Authority payable solely from, and secured by a pledge and assignment under the Indenture of the Revenues as defined above.

The Hotel Room Rental Tax giving rise to the Hotel Tax Revenues is derived from Section C of Ordinance No. 45 Lancaster County Hotel Room Rental Tax, enacted by the Lancaster County Board of County Commissioners on September 15, 1999 with an effective date of January 1, 2000 (the "Hotel Tax Ordinance"). The County Treasurer is responsible for collecting the Hotel Room Rental Tax from hotel operators and is required to deposit the amounts received in special funds created pursuant to the Hotel Tax Ordinance. The maximum Hotel Room Rental Tax permitted by the Hotel Tax Ordinance is five percent (5%) of room rental revenues, and the current Hotel Room Rental Tax assessed by the County is three and nine-tenths percent (3.9%).

Pursuant to the provisions of the Act, the County Treasurer is directed to (i) deposit 80% of the Hotel Tax Revenues into an account designated by the Authority for use by the Authority in compliance with the provisions of the Act and (ii) deposit 20% of the Hotel Tax Revenues with the local tourist promotion agency.

Pursuant to the terms of a Memorandum of Understanding dated July 27, 2022, by and between the Authority and Discover Lancaster, the tourist promotion agency serving the County of Lancaster, Pennsylvania ("Discover Lancaster"), Discover Lancaster has directed the County Treasurer to deposit 100% of the Hotel Tax Revenues into an account designated by the Authority for a period continuing through December 31, 2057.

See also “DESCRIPTION OF HOTEL ROOM RENTAL TAX”, Appendix C – “THE TRUST INDENTURE” and Appendix A – “CERTAIN INFORMATION OF THE AUTHORITY” herein.

Hotel Tax Revenue Fund

Pursuant to terms of the Indenture, there is established with the Trustee a trust fund designated as the “Hotel Tax Revenue Fund.” The Authority covenants to cause the County Treasurer to transfer into the Hotel Tax Revenue Fund, within thirty (30) days of receipt, all Hotel Tax Revenues received by the County Treasurer. Money in the Hotel Tax Revenue Fund, from time to time, including, without limitation, all Hotel Tax Revenues received by the County Treasurer, is irrevocably pledged by the Authority to the Trustee for prompt and full satisfaction of all obligations of the Authority under the Indenture, the Bonds and any Parity Indebtedness incurred pursuant to the Indenture.

As security for its obligations under the Indenture and any Parity Indebtedness, the Authority has granted to the Trustee a first priority security interest in all of the Authority’s right, title and interest in and to the Hotel Tax Revenues and the Hotel Tax Revenue Fund, as such fund may be evidenced from time to time as accounts, deposits and/or deposit accounts, and has granted a security interest to the Trustee in any and all renewals, substitutions and proceeds of the foregoing (collectively, the “Deposits”). The foregoing pledge constitutes a security agreement under the terms of the Pennsylvania Uniform Commercial Code, and the Trustee has all of the rights and remedies available to secured parties under the Uniform Commercial Code.

Flow of Hotel Tax Revenues under the Indenture

Pursuant to the terms of the Indenture, on the last Business Day of each month, the Trustee shall transfer money from the Hotel Tax Revenue Fund in the amounts and in the order of priority as follows:

(a) *First*, to the Bond Fund established under the Indenture, the following amounts on a pro rata basis:

(i) *Interest*: An amount equal to one sixth (1/6th) of the amount necessary to pay interest to become due on the Bonds on the next succeeding Interest Payment Date.

(ii) *Principal on Bonds*: One twelfth (1/12th) of the amount necessary to pay principal due on the Bonds (whether upon maturity or upon a scheduled mandatory sinking fund redemption date) on the next succeeding May 1.

(iii) *Redemption*: The amount required to redeem the Bonds then Outstanding if the Authority exercises its right to redeem Bonds under any provision of the Indenture or if any Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of the Indenture.

(iv) *Trustee Fee*. One twelfth (1/12th) of the amount necessary to pay the annual fees and expenses of the Trustee (the “Annual Trustee Fee”) in its capacity as trustee for the holders of the Bonds.

(v) *Parity Indebtedness*. An amount sufficient to make the scheduled payment of principal of and interest on any Parity Indebtedness, as certified to the Trustee by the Parity Lender.

(b) *Second*, after the transfers required by subparagraph (a) have been made, the amount necessary to replenish a deficiency in any account within the Debt Service Reserve Fund in the amounts required pursuant the Indenture;

(c) *Third*, after the transfers required by subparagraphs (a) and (b) have been made, the amount necessary to reimburse the County for any advances made under the Guaranty Agreement; and

(d) *Fourth*, after the transfers required by subparagraphs (a), (b) and (c) have been made, any funds remaining in the Hotel Tax Revenue Fund, shall be transferred to the Operating and Administrative Expense Account of the Surplus Fund established under the Indenture.

Pursuant to the terms of the Indenture, monies in the Bond Fund are applied, on a pro rata basis, as follows:

- (i) to the payment when due of principal of, premium, if any, on and interest on the Bonds;
- (ii) to the payment when due of the Annual Trustee fee; and
- (iii) to the payment when due of principal of, premium, if any, on and interest on any other Parity Indebtedness.

If, on any date that monies are required to be withdrawn from the Bond Fund as specified above, there are insufficient monies to make all transfers or disbursements then required to be made by the Trustee, the Trustee shall allocate the available monies to such transfers or disbursements on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer or disburse on such date to each particular Person or on account of each particular purpose specified above.

See Article V in the form of the Trust Indenture attached hereto as Appendix C.

The Debt Service Reserve Fund

Under the provisions of the Indenture, the Authority has created, solely for the benefit and security of the Bonds, a special fund to be known as the “Debt Service Reserve Fund”, within which there shall be established a “Series A Bonds Account” and a “Series B Bonds Account”. Funds on deposit in the Series A Bonds Account will be available to pay the principal of or the interest due on the 2022A Bonds, as the same shall become due and payable and funds on deposit in the Series B Bonds Account will be available to pay the principal of or the interest due on the 2022B Bonds, as the same shall become due and payable.

The Series A Bonds Account of the Debt Service Reserve Fund shall be funded in an amount not less than the Series A Bonds Required Reserve Amount. The Series B Bonds Account of the Debt Service Reserve Fund shall be funded in an amount not less than the Series B Bonds Required Reserve Amount.

The Trustee shall be authorized, without any direction from the Authority, to transfer money from the Series A Bonds Account of the Debt Service Reserve Fund to the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to pay the principal of or the interest due on the Series A of 2022 Bonds, as the same shall become due and payable.

The Trustee shall be authorized, without any direction from the Authority, to transfer money from the Series B Bonds Account of the Debt Service Reserve Fund to the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to pay the principal of or the interest due on the Series B of 2022 Bonds, as the same shall become due and payable.

Each account within the Debt Service Reserve Fund shall be valued initially upon issuance of the Bonds and thereafter quarterly on each January 1, April 1, July 1 and October 1, beginning on April, 2023. Eligible Investments then constituting part of the Debt Service Reserve Fund shall be valued at the then fair market value thereof. If on any valuation date (i) the amount in the Series A Bonds Account of the Debt Service Reserve Fund, as so valued, is less than the Series A Bonds Required Reserve Amount or (ii) the amount in the Series B Bonds Account of the Debt Service Reserve Fund, as so valued, is less than the Series B Bonds Required Reserve Amount, the Trustee shall give notice of such deficiency to the Authority and the County; provided, however, that failure to give such notice or any defect therein shall not affect the obligations of the Authority to make good a deficiency in any account within the Debt Service Reserve Fund as herein provided.

On the last Business Day of each month following (1) any withdrawal of money from the Series A Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series A Bonds Account of the Debt Service Reserve Fund is less than the Series A Bonds Required Reserve Amount, the Authority shall cause to be transferred to the Series A Bonds Account of the Debt Service Reserve Fund an amount in six equal monthly payments in the case of a withdrawal or three equal monthly payments in the case of a deficiency determined upon a quarterly valuation of the Series A Bonds Account of the Debt Service Reserve Fund until the value of the Series A Bonds Account of the Debt Service Reserve Fund is not less than the Series A Bonds Required Reserve Amount.

On the last Business Day of each month following (1) any withdrawal of money from the Series B Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series B Bonds Account of the Debt Service Reserve Fund is less than the Series B Bonds Required Reserve Amount, the Authority shall cause to be transferred to the Series B Bonds Account of the Debt Service Reserve Fund an amount in six equal monthly payments in the case of a withdrawal or three equal monthly payments in the case of a deficiency determined upon a quarterly valuation of the Series B Bonds Account of the Debt Service Reserve Fund until the value of the Series B Bonds Account of the Debt Service Reserve Fund is not less than the Series B Bonds Required Reserve Amount.

To evidence its obligation to replenish each Account within the Debt Service Reserve Fund, the Authority has executed and delivered to the Trustee its Debt Service Reserve Fund Replenishment Note (the “Replenishment Note”).

See Appendix C – “THE TRUST INDENTURE”.

Surplus Fund

Pursuant to the Indenture, there is established with the Trustee a special fund designated as the “Surplus Fund” and within which there shall be established an “Operating and Administrative Expense Account”, an “Excess Funds Account” and a “Bond Redemption Account”.

(a) Operating and Administrative Expense Account. The Operating and Administrative Expense Account of the Surplus Fund shall consist of monies transferred to the Operating and Administrative Expense Account by the Trustee from the Hotel Tax Revenue Fund.

Funds on deposit in the Operating and Administrative Expense Account may be used by the Authority at its discretion to pay any lawful expenditures of the Authority including, but not limited to, (a) operating expenses of the Authority and the Convention Center; (b) the management fees of the Person contracted by the Authority to manage the Convention Center; (c) working capital expenses of the Authority; (d) capital expenditures or reserves related to the Convention Center including the acquisitions of furniture, fixtures and equipment; (e) to pay the marketing and sales expenses of the Authority under the Memo of Understanding; or (f) any expenditures for non-routine repairs, alterations, maintenance and refurbishment to the Convention Center, upon delivery to the Trustee of a written order of an Authorized Representative of the Authority detailing the amount of the requested payment.

The Trustee is also authorized to transfer money from the Operating and Administrative Expense Account, if any, to (a) the Hotel Tax Revenue Fund to the extent that the money in the Hotel Tax Revenue Fund may at any time be insufficient to make any of the payments or transfers required by the Indenture and (b) the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to make any of the payments or transfers required by the Indenture, as the same shall become due and payable.

The Trustee shall value the amount on deposit in the Operating and Administrative Expense Account at face amount or market value, whichever is less, on the last Business Day of December each year commencing December 30, 2022. On each valuation date through and including December 31, 2046, in the event that the amount on deposit in the Operating and Administrative Expense Account exceeds \$1,750,000, the Trustee is directed to transfer such excess, without any direction from the Authority, to the Excess Funds Account of the Surplus Fund. On each valuation date commencing December 31, 2047, and thereafter, in the event that the amount on deposit in the Operating and Administrative Expense Account exceeds \$6,000,000, the Trustee is directed to transfer such excess, first, in an amount not to exceed \$500,000 to the Bond Redemption Account of the Surplus Fund and second, any remaining amounts in excess of \$6,000,000 to the Excess Funds Account of the Surplus Fund.

(b) Excess Funds Account. The Excess Funds Account of the Surplus Fund shall consist of monies transferred to the Excess Funds Account by the Trustee pursuant to subparagraph (a) above.

The Trustee is authorized to transfer money from the Excess Funds Account, if any, to (a) the Hotel Tax Revenue Fund to the extent that the money in the Hotel Tax Revenue Fund may at any time be insufficient to make any of the payments or transfers required by the Indenture and (b) the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to make any of the payments or transfers required by the Indenture, as the same shall become due and payable.

In the event that on any valuation date performed pursuant to subparagraph (a) above, the amount on deposit in the Operating and Administrative Expense Account (i) on or prior to December 31, 2046, falls below \$1,750,000, the Trustee shall transfer any amounts on deposit in the Excess Funds Account to restore the balance in the Operating and Administrative Expense Account to \$1,750,000 and (ii) on or after January 31, 2047, falls below \$6,000,000, the Trustee shall transfer any amounts on

deposit in the Excess Funds Account to restore the balance in the Operating and Administrative Expense Account to \$6,000,000.

Funds on deposit in the Excess Funds Account may also be used at the Authority's discretion to pay the obligations of the Authority to Discover Lancaster under the Memo of Understanding and for any other lawful purpose of the Authority, upon delivery to the Trustee of a written order of an Authorized Representative of the Authority detailing the amount of the requested payment.

(c) Bond Redemption Account. The Bond Redemption Account of the Surplus Fund shall consist of monies transferred to the Bond Redemption Account by the Trustee pursuant to subparagraph (a) above.

As of March 1 of each year commencing March 1, 2048, the Trustee is directed, without any direction from the Authority, to apply any monies in the Bond Redemption Account of the Surplus Fund in denominations of \$5,000 and any integral multiple thereof to the optional redemption of outstanding 2022B Bonds on May 1 of such year in compliance with the optional redemption provisions of the Indenture. Such optional redemption shall be completed upon delivery of all required notices in compliance with the provisions of the Indenture. Each such redemption of the 2022B Bonds shall be in inverse order of maturity.

See Appendix C – "THE TRUST INDENTURE".

The Guaranty Agreement

Concurrently with the issuance of the 2022 Bonds, the County of Lancaster, Pennsylvania (the "County") will execute and deliver a Guaranty Agreement with the Trustee (the "Guaranty Agreement") pursuant to which the County will guaranty, unconditionally and irrevocably, to the Trustee, the full and prompt payment of the Authority's obligation to replenish the Debt Service Reserve Fund under the Indenture. The County's obligations under the Guaranty Agreement constitutes lease rental debt of the County under the Pennsylvania Local Government Unit Debt Act, Act 117, approved December 19, 1996 (the "Debt Act").

Pursuant to the terms of the Guaranty Agreement, on any date that the Authority fails to honor its payment obligations under the Replenishment Note, the County shall promptly pay to the Trustee, upon demand of the Trustee, on the dates and in the amounts required under the Replenishment Note and the Indenture, an amount which, together with other monies available to the Trustee in the Debt Service Reserve Fund, will be sufficient to restore each Account within the Debt Service Reserve Fund to the minimum level required under the Indenture.

Pursuant to the terms of the Guaranty Agreement, the County covenants to and agrees with the Trustee, the Authority and the registered Owners, from time to time, of the Bonds that the County shall (a) include in its budget for each Fiscal Year in which the Authority's obligations with respect to the Replenishment Note (beginning with its 2023 Fiscal Year) are due and payable (the "Annual Replenishment Obligations"), an amount equal to the Annual Replenishment Obligations for such Fiscal Year less the amount on deposit in the Debt Service Reserve Fund (as hereinafter set forth) on December 15 of the immediately preceding Fiscal Year, but in no event shall the budgeted amount exceed the amount of the Annual Replenishment Obligations for such Fiscal Year, and (b) appropriate such amounts from its general revenues for payment to the Trustee of its obligations under the Guaranty Agreement, and (c) duly and punctually pay or cause to be paid from its sinking fund or any of its

revenues or funds to the Trustee such amounts, at the times and in the manner provided for in the Guaranty Agreement. For such budgeting, appropriation and payment, the County has pledged its full faith, credit and taxing power. As provided in the Debt Act, this covenant shall be enforceable specifically against the County.

Parity Indebtedness

Pursuant to the terms of the Indenture, the Authority may incur new Long Term Indebtedness or Short Term Indebtedness which may be secured by a lien on and security interest in the Revenues of equal rank and priority with the lien and security interest granted to the Owners of the 2022 Bonds under the Indenture (“Parity Indebtedness”); provided however, that funds on deposit in the Debt Service Reserve Fund, including any funds advanced by the County under the Guaranty Agreement, may only be used to pay the principal of or the interest due on the 2022 Bonds and are not available to pay debt service on Parity Indebtedness. See Appendix C – “THE TRUST INDENTURE”.

BONDHOLDERS RISKS

The 2022 Bonds are limited obligations of the Authority payable solely from the Trust Estate pledged under the Indenture. **Neither the credit nor the taxing power the County (other than to the extent provided in the Guaranty Agreement), the Commonwealth or any political subdivision thereof is pledged for the payment of the 2022 Bonds. The Authority has no taxing power.**

An investment in the 2022 Bonds involves certain risks of nonpayment of interest or principal and an investment in the 2022 Bonds may not be suitable for all investors. Prospective purchasers of the 2022 Bonds should give careful consideration to the matters referred to in the following summary of risks as well as to other information set forth in this Official Statement. However, the following summary of bondholders’ risks should not be considered an exhaustive discussion of all aspects of economics and law which may affect the Authority and its payment of the 2022 Bonds, but rather is intended to be informational only.

The 2022 Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Preliminary Official Statement does not purport to describe all of the risks of an investment in the Bonds; both the Authority and the Underwriters disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Preliminary Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds, and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Preliminary Official Statement inclusive of its Appendices.

THE PURCHASE OF THE 2022 BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE 2022 BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, INCLUDING ALL APPENDICES HERETO. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW THAT, AMONG OTHERS, COULD AFFECT THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE 2022 BONDS AND THAT COULD ALSO AFFECT THE MARKET PRICE OF THE 2022 BONDS TO AN EXTENT THAT CANNOT BE DETERMINED.

General

In general, the ability of the Authority to pay principal of and interest on the 2022 Bonds when due could be adversely affected by a variety of future events and conditions, including but not limited to: (1) the efficiency with which the County levies, collects and pays over that portion of the Hotel Room Rental Tax; and (2) the economic conditions of the County and of the nation and the effect of those conditions on the hotel industry locally and nationally.

Global Health Emergency – COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “COVID-19 Pandemic”) by the World Health Organization and continues to affect many parts of the world, including the United States and the Commonwealth of Pennsylvania. In March, 2020, the President of the United States declared the COVID-19 Pandemic in the United States a national emergency. Also in March, 2020, pursuant to section 7301(c) of the Emergency Management Services Code, 35 Pa. C.S. § 7301(c), the Governor of the Commonwealth (the “Governor”) proclaimed the existence of a disaster emergency throughout Pennsylvania as a result of the COVID-19 pandemic, and has since issued, amended and rescinded various executive orders, proclamations and regulations having the force and effect of law, for the purpose of mitigating the spread of the disease. Additionally, the Secretary of Health of the Commonwealth (the “Secretary”) has since ordered, modified and rescinded, general control measures, including, but not limited to, closure, isolation, and quarantine, to the same end. These orders, which have frequently applied to different areas of Pennsylvania (often on a county-by-county basis, depending on the local prevalence of the disease), and the disease itself, have significantly and adversely affected the personal and economic life of the people and businesses of Pennsylvania, including those in the County and the region surrounding it.

While most Pennsylvania COVID-19 mitigation measures were lifted on May 31, 2021 (the main exceptions involving masking), the pertinent regulations have changed significantly over the past year, sometimes being tightened and sometimes loosened, sometimes with little warning, and could change further at any time. The Delta variant, which the Centers for Disease Control and Prevention reported on July 22, 2021 to account for over 80% of new cases in the United States, is causing increasing concern, as is the Omicron variant first identified in November 2021. At this time, however, the Authority cannot know to what degree, if any, the Delta variant, the Omicron variant or other SARS-CoV-2 variants will bring about further restrictions or economic dislocation that might affect the Hotel Tax revenues, and therefore the security for the 2022 Bonds.

The COVID-19 Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. In particular, the negative impacts on travel, local business activity and local consumer spending have resulted in reduced Hotel Tax revenues as shown in Appendix A to this Official Statement. There can be no assurances regarding the extent to which the COVID-19 Pandemic will continue to impact the national and Commonwealth economies and, accordingly, how it may adversely impact Hotel Tax revenues in the future.

Potential purchasers of the 2022 Bonds should be aware that information set forth herein (particularly the tabular information set forth in Appendix A attached hereto, much of which is inherently historical in nature) may therefore be materially outdated or no longer applicable shortly

after issuance of the 2022 Bonds; and such purchasers should bear this in mind when assessing future trends on the basis of that information.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on Commonwealth websites, including but not limited to the Governor's office (<http://www.pa.gov/>), the Pennsylvania Department of Health (<http://www.health.pa.gov/>). *The Authority has not incorporated by reference the information on such websites and the Authority does not assume any responsibility for the accuracy of the information on such websites.*

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Authority cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The Authority has not experienced increases in extreme weather events but maintains a comprehensive insurance policy.

Collection History of Hotel Taxes

The source of payment of the principal of and interest on the 2022 Bonds will be Hotel Room Rental Tax Revenues, which are assigned to the Trustee as part of the Trust Estate.

The amount of revenue to be collected from the Hotel Room Rental Tax is expected to be sufficient to pay required debt service on the 2022 Bonds. However, no assurances can be given that such expected results will in fact be achieved. Nor can there be any assurance that the sufficiency of historic Hotel Room Rental Tax revenue collections portends the sufficiency of future Hotel Room Rental Tax revenue collections.

Reliance on Hotel Room Rental Tax to Pay Debt Service on Bonds

The Authority relies solely on the Hotel Room Rental Tax to make debt service payments on the 2022 Bonds. In the event of a reduction or termination of or delay in the payment of the Hotel Room Rental Tax to the Authority, there is no guarantee that the Authority will have sufficient funds available to make debt service payments on the 2022 Bonds.

Receipts and revenues generated from the operation of the Convention Center may not be used to pay the principal of and interest on the 2022 Bonds and are not included in the Trust Estate (as defined herein). See "SEE SECURITY FOR THE 2022 BONDS – Pledge of Trust Estate" herein.

Economy of the County and the Nation

In addition to the factors cited above relating to COVID-19, the amount of the Hotel Room Rental Tax revenues could be adversely affected by economic conditions in the County and the nation. In the event of economic downturn, it is possible that Hotel Room Rental Tax collections will decline due to a variety of factors including but not limited to lower hotel occupancy rates, lower room rates, and a reduction in the number of hotels and/or hotel rooms. No assurances can be given that Hotel Room Rental Tax revenues will be sufficient to satisfy debt service on the 2022 Bonds.

Continuing Authorization of Hotel Room Excise Tax

The Hotel Room Rental Tax is imposed by the County. The Act provides that to the extent that the Authority has pledged its share of the proceeds of the Hotel Room Rental Tax as security for the payment of bonds issued by the Authority for convention center purposes, the Commonwealth will not, nor will it permit the County to, reduce the rate of tax imposed for convention center purposes until all bonds so secured by the pledge, together with interest, are fully met and discharged.

Cybersecurity

The Authority and the County, like many other governmental entities, rely on a technology environment to conduct its operations. As such, the Authority and the County each may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the Authority or the County will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. The Authority and the County hold cyber-security insurance policies.

Other Risk Factors

Other factors may adversely affect the availability and sufficiency of the Hotel Room Rental Tax to pay debt service on the 2022 Bonds to an extent that cannot be determined at this time. These may include, without limitation: (i) inflation, deflation or other adverse economic conditions; or (ii) developments adversely affecting federal or state tax-exempt municipal bonds..

Forward-Looking Statements

Information included in this Official Statement includes forward-looking statements about the future that are necessarily subject to various risks and uncertainties (the “Forward-Looking Statements”). These Forward-Looking Statements are (i) based on the beliefs and assumptions of management of the Authority and on information currently available to such management; and (ii) generally identifiable by words such as estimates , expects , anticipates , plans , believes and similar expressions.

Events that could cause future results to differ materially from those expressed or implied by Forward-Looking Statements or historical experience include the impact or outcome of many factors that are described throughout this Official Statement (including without limitation the factors summarized in Bondholders Risks above).

Although the ultimate impact of such factors is uncertain, they may cause future performance to differ materially from results or outcomes that are currently sought or expected by the Authority.

Miscellaneous

There follows herein brief descriptions of the Authority, together with summaries of the Reimbursement Agreement, and the Indenture. The Indenture is set forth in APPENDIX C hereto. Information regarding the Authority is included in APPENDIX A hereto. The description and summaries of the Reimbursement Agreement, and the Indenture and other documents contained herein

do not purport to be comprehensive and are qualified in their entirety by reference to such documents, and all references to the 2022 Bonds are qualified in their entirety by the definitive form thereof included in the Indenture. Words and terms defined in such documents and not defined herein shall have the meanings set forth in such documents. Copies of such documents, together with additional information about the Authority, will be available for inspection during the initial offering period and will be available for inspection at the designated, corporate trust office of the Trustee in Harrisburg, Pennsylvania.

THE AUTHORITY

The Authority, created on September 15, 1999 by the Board of Commissioners of the County of Lancaster, Pennsylvania (the “County”), pursuant to the provisions of the Act, is a body politic and corporate. The Authority has the power to exercise any and all powers granted under the Act, which include the power to acquire, hold, construct, improve, maintain, own, operate and lease, in the capacity of lessor or lessee, a convention center located within Lancaster County, Pennsylvania.

The governing body of the Authority consists of a board of seven (7) members appointed by the City of Lancaster (the “City”) officials and County officials. Members of the Authority’s Board are appointed for staggered four-year terms and may be reappointed. Present members of the Authority Board and the offices they hold are shown below:

<u>Member</u>	<u>Office</u>
Sharron V. Nelson	Chairman
Thomas Showers	1st Vice Chairman
Darcy Pollock	Treasurer
Patrick Snyder	Secretary
C. Ted Darcus	Assistant Secretary
Scott Bowser	Member
Zachary Peirson	Member

There is no litigation of any nature pending or, to the Authority’s knowledge, threatened against the Authority at the date of this Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the 2022 Bonds, or in any way contesting or affecting the validity of the 2022 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or the security provided for the payment of the Bonds or the existence or powers of the Authority, except as described under the caption CERTAIN LITIGATION herein.

The Bonds shall not be or be deemed an obligation of the County, the Commonwealth of Pennsylvania or any other political subdivision thereof. None of the County (other than to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania nor any other political subdivision thereof is or shall be obligated to pay the principal, purchase price or premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the County (other than to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any other political subdivision thereof is pledged to such payment. The Authority has no taxing power.

No covenant or agreement contained in the Indenture or the 2022 Bonds shall be deemed to be the covenant or agreement of any member, director, officer, attorney, agent or employee of the Authority in an individual capacity. No recourse shall be had for the payment of any claim based thereon against any member, director, officer, agent, attorney or employee of the Authority past, present or future, or its successors or assigns, as such, either directly or through the Authority, or any such successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

TAX MATTERS

Federal Income Tax Treatment of the 2022B Bonds

Numerous provisions of the Code affect the issuers of state and local government bonds, such as the Authority, and impair or restrict the ability of the Authority to finance projects on a tax-exempt basis. Failure on the part of the Authority to comply with any one or more of such provisions of the Code, or any regulations under the Code, could render amounts treated as interest on the 2022B Bonds includable in gross income of the owner thereof for purposes of federal income tax retroactively to the date of issuance of the 2022B Bonds. Among these provisions are rules relating to: (a) investment of funds treated as proceeds of the 2022B Bonds; (b) the advance refunding of tax-exempt bonds; and (c) the use of proceeds of the 2022B Bonds to benefit private activities. In addition, under the Code, the Authority is required to file an information return with respect to the 2022B Bonds and to rebate to the federal government certain arbitrage profits on an ongoing basis throughout the term of the 2022B Bonds. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2022B Bonds may affect the tax status of interest on the 2022B Bonds.

Other provisions of the Code affect the purchasers and holders of certain state and local government bonds such as the 2022B Bonds. Prospective purchasers of the 2022B Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on debt incurred or continued to purchase or carry state or local government bonds such as the 2022B Bonds, or in the case of a financial institution, that portion of a financial institution's interest expense allocated to interest on certain state or local government bonds such as the 2022B Bonds, unless the issuer of the state or local government bonds designates each of the 2022B Bonds as a qualified tax-exempt obligation for the purpose and effect contemplated by Section 265(b)(3)(B) of the Code (the 2022B Bonds are not and have not been designated as qualified tax-exempt obligations for purposes of Section 265(b)(3)(B) of the Code, as such phrase is defined in the Code); (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 825(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest and amounts treated as such on certain state or local government bonds, such as the 2022B Bonds; (iii) interest on certain state or local government bonds, such as the 2022B Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (iv) if a Subchapter S corporation has passive investment income (which passive investment income will include interest on state or local government bonds, such as the 2022B Bonds) which exceeds 25% of such Subchapter S corporation's gross receipts and if such Subchapter S corporation has Subchapter C earnings and profits, then interest income derived from state or local government bonds, such as the 2022B Bonds, may be subject to federal income tax under the Code; and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on certain state or local government bonds, such as the 2022B Bonds.

Tax Exemption

In the opinion of Stevens & Lee, P.C., Lancaster, Pennsylvania, Bond Counsel, assuming continuing compliance by the Authority with certain covenants and agreements relating to the use of Bond proceeds and covenants to comply with the provisions of the Code and any applicable regulations thereunder, now or hereafter enacted, interest on the 2022B Bonds is not includable in gross income for federal tax purposes under Section 103(a) of the Code, and interest on the 2022B Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals and corporations; however, for tax years beginning after December 31, 2022, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Other provisions of the Code will affect certain purchasers and holders of the 2022B Bonds. See Tax Matters below.

The Authority will issue its certifications regarding the facts, estimates and circumstances in existence on the date of delivery of the 2022B Bonds and regarding the anticipated use of the proceeds of the 2022B Bonds. In addition, the Authority will certify that, on the basis of the facts, estimates and circumstances in existence on the date of issuance of the 2022B Bonds, the Authority does not reasonably expect to use the proceeds of the 2022B Bonds in a manner that would cause the 2022B Bonds to be or become arbitrage bonds, as defined in Section 148 of the Code.

Regulations, Future Legislation

Under the provisions of the Code, the Treasury Department is authorized and empowered to promulgate regulations implementing the intent of Congress under the Code which could affect the tax exemption and/or tax consequences of holding tax-exempt obligations, such as the 2022B Bonds. In addition, legislation may be introduced and enacted in the future which could change the provisions of the Code relating to tax-exempt bonds of a state or local government unit, such as the Authority or the taxability of interest in general.

No representation is made or can be made by the Authority or any other party associated with the issuance of the 2022B Bonds as to whether or not any other legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the 2022B Bonds to federal income taxes or so as to otherwise affect the marketability or market value of the 2022B Bonds.

Bond Counsel's engagement with respect to the 2022B Bonds ends with the issuance of the 2022B Bonds.

The proposed form of opinion of Bond Counsel with respect to the 2022B Bonds is included in Appendix G to this Official Statement.

PROSPECTIVE PURCHASERS OF THE 2022B BONDS SHOULD CONSULT THEIR OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE 2022B BONDS.

Federal Income Tax Treatment of the 2022A Bonds

Interest on the 2022A Bonds is includible in gross income for federal income tax purposes.

Additional Federal Income Tax Considerations Relating to the 2022A Bonds

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the 2022A Bonds. The summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change, possibly with retroactive effect, or differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding a 2022A Bond as a hedge against currency risks or as a position in a “straddle” for tax purposes, or persons whose functional currency is not the United States dollar. This summary focuses primarily on investors who will hold the 2022A Bonds as “capital assets” (generally, property held for investment within the meaning of Code Section 1221), but much of the discussion is applicable to other investors. Potential purchasers of the 2022A Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the 2022A Bonds.

Taxability of Stated Interest and Principal of 2022A Bonds. In general, interest payable to holders of 2022A Bonds who are not exempt from federal income tax will be treated as ordinary income, in the year paid, in the case of cash basis taxpayers, or the year accrued, in the case of accrual basis taxpayers. Principal payments on the 2022A Bonds, other than those attributable to any market discount, will be treated as a return of capital.

Acquisition Premium. The holder of a 2022A Bond will be treated as having amortizable bond premium to the extent (if any) by which the holder’s initial basis in the 2022A Bond exceeds the outstanding principal amount of the 2022A Bond. Provided that the holder makes an election under Section 171 of the Code (or made such an election after October 22, 1986), the amount of any amortizable bond premium may be amortized over the term of the 2022A Bond and treated as a reduction of such holder’s taxable interest income from the 2022A Bond each year, in which case the holder’s basis in the 2022A Bonds will be reduced by the amortized amount.

The election under Section 171 of the Code to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by a holder of a 2022A Bond, and may be revoked only with the consent of the Internal Revenue Service. **HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE ADVISABILITY OF MAKING AN ELECTION TO DEDUCT AMORTIZABLE BOND PREMIUM AND THE APPROPRIATE METHOD OF MAKING SUCH AN ELECTION.**

Market Discount. A holder who purchases a 2022A Bond from a prior holder for a price below the adjusted issue price of the 2022A Bond (which generally will equal the remaining principal amount of such 2022A Bond) will, subject to certain de minimis rules, be treated as having purchased the 2022A Bond for a market discount. The amount of any market discount will be deemed to accrue over the remaining maturity of the 2022A Bond on a ratable basis each day unless the holder elects to accrue the market discount in accordance with the constant yield to maturity method of accounting, and will have to be taken into account by the holder of a 2022A Bond as ordinary income for federal income tax purposes. Accrued market discount generally only has to be taken into account as ordinary income as principal payments are received, or upon the recognition of gain from the disposition of the 2022A Bonds, provided that the holder may elect to include market discount in income as it accrues.

A holder of a 2022A Bond acquired at a market discount may also be required to defer, until the maturity date of such 2022A Bond or its earlier disposition in a taxable disposition, the deduction of a portion of interest that the holder paid or accrued on indebtedness incurred or maintained to purchase or carry the 2022A Bonds. This deferral rule does not apply if the holder of such 2022A Bond elects to include the market discount in income for the tax years to which it relates. Prospective purchasers who intend to purchase 2022A Bonds from an existing holder at a market discount should consult their own tax advisors regarding the inclusion of market discount in taxable income as ordinary income, the election to include market discount in income as it accrues, and the possible deferral of a portion of the interest deductions attributable to indebtedness incurred or maintained to purchase or carry 2022A Bonds purchased at a market discount.

Sale or Redemption of the 2022A Bonds. A holder of a 2022A Bond's tax basis for such 2022A Bond is the price such holder pays for the 2022A Bond, increased by any accruals of market discount, if applicable, and reduced by (a) payments received other than "qualified periodic interest" and (b) amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a 2022A Bond, measured by the difference between the amount realized and the 2022A Bond's basis as so adjusted, will generally give rise to capital gain or loss if the 2022A Bond is held as a capital asset. Defeasance of the 2022A Bonds may result in a reissuance thereof, in which event a holder will also recognize taxable gain or loss as discussed in the previous sentence. In the case of a subsequent holder, a portion of any gain will generally be treated as ordinary income to the extent of any market discount accrued to the date of disposition which was not previously reported as ordinary income.

Medicare Tax. Under the "Health Care and Education Reconciliation Act of 2010," income from the 2022A Bonds may also be subject to a new 3.8 percent "medicare tax" imposed for taxable years beginning after 2012. This tax will generally apply to your net investment income if your modified adjusted gross income exceeds certain threshold amounts, which are \$250,000 in the case of married couples filing joint returns, \$125,000 in the case of married individuals filing separately, and \$200,000 in the case of single individuals.

Backup Withholding. A holder of a 2022A Bond may, under certain circumstances, be subject to "backup withholding" at a specified rate prescribed in the Code with respect to interest on the 2022A Bonds. This withholding generally applies if the holder of a 2022A Bond (a) fails to furnish the Paying Agent with its taxpayer identification number ("TIN"); (b) furnishes the Paying Agent an incorrect TIN; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code, or (d) under certain circumstances, fails to provide the Paying Agent or its securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is his correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to payments made to certain holders of 2022A Bonds, including payment to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as defined below). Owners of the 2022A Bonds should consult their tax advisors as to the qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The Paying Agent will report to the holders of 2022A Bonds and to the IRS for each calendar year the amount of any "reportable payments" during such year and the amount of tax withheld, if any, with respect to payments on the 2022A Bonds.

Foreign Holders. Under the Code, interest with respect to 2022A Bonds held by nonresident alien individuals, foreign corporations or other non-United States persons ("Nonresidents") generally will not be subject to the United States backup withholding tax if the Paying Agent (or other person

who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of a 2022A Bond is a Nonresident. Under present United States federal income tax law, if you are a non-United States holder of a 2022A Bond the Paying Agent will not be required to deduct United States income withholding tax from payments of principal and interest to you if, in the case of interest, (a) in general, you are not a bank or controlled foreign corporation that is related to the issuer through stock ownership, and (b) you provide to the Paying Agent or a U.S. payor, a Form W 8BEN, Certificate of Foreign Status of Beneficial Owner for United States withholding, signed under penalties of perjury, that you are not a United States holder and provide your name and address and such other certificates as may be necessary to support the facts under (a). The withholding tax, if applicable, may be reduced or eliminated by an applicable tax treaty. However, interest that is effectively connected with a United States business conducted by a Nonresident holder of a 2022A Bond will generally be subject to the regular United States income tax.

INVESTORS WHO ARE NONRESIDENTS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES TO THEM OF OWNING 2022A BONDS.

THE FOREGOING SUMMARY AS TO 2022A BONDS IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF OWNING THE 2022A BONDS. PROSPECTIVE PURCHASERS OF THE 2022A BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNING THE 2022A BONDS. BOND COUNSEL WILL NOT DELIVER ANY OPINION WITH RESPECT TO ANY FEDERAL TAX CONSEQUENCES OF OWNING THE 2022A BONDS AND WILL NOT DELIVER ANY OPINION AS TO STATE OR LOCAL TAX CONSEQUENCES EXCEPT FOR THE MATTERS SET FORTH UNDER THE CAPTION “STATE TAX MATTERS” BELOW.

The proposed form of opinion of Bond Counsel with respect to the 2022A Bonds is included in Appendix F to this Official Statement.

State Tax Matters

In the opinion of Bond Counsel under the laws of the Commonwealth, the 2022 Bonds and interest on the 2022 Bonds shall be free from taxation for State and local purposes within the Commonwealth, but this exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the 2022 Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of the 2022 Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE 2022 BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE 2022 BONDS. ANY STATEMENTS REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

OTHER LEGAL OPINIONS

Legal matters incident to the authorization, issuance and sale of the 2022 Bonds are subject to the approval of Stevens & Lee, PC, Reading, Pennsylvania, Bond Counsel. A signed copy of their opinions dated and premised on facts existing and law in effect as of the date of original issuance and delivery of the 2022 Bonds, will be delivered to the Trustee at the time of such original issuance.

Certain legal matters will be passed upon for the Underwriters by its counsel, Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania; for the Authority by its counsel, Russell, Kraft & Gruber, LLP, Lancaster, Pennsylvania; and for the County by Jacquelyn E. Pfursich, Esquire, County Solicitor.

AUTHORITY LITIGATION

No litigation is pending or, to the knowledge of the Authority, threatened against the Authority (a) seeking to restrain or enjoin the issuance, sale or delivery of any of the 2022 Bonds or the application of proceeds of the 2022 Bonds as provided in the Indenture or the collection of revenues pledged to secure the 2022 Bonds, (b) in any way contesting or affecting any authority for the issuance of the 2022 Bonds or the validity or binding effect of the 2022 Bonds, or the Indenture or (c) in any way contesting the creation, existence, powers or jurisdiction of the Authority.

The Authority is currently involved in litigation on matters arising in the course of conducting normal Authority business, none of which litigation is believed by the Authority to adversely affect the availability of the revenues pledged to pay principal of and interest on the 2022 Bonds.

COUNTY LITIGATION

No litigation is pending or, to the knowledge of the County, threatened against the County (a) relating to the 2022 Bonds, (b) in any way related to the Guaranty Agreement or (c) in any way contesting the creation, existence, powers or jurisdiction of the County.

UNDERWRITING

The 2022 Bonds are being purchased by Raymond James & Associates, Inc., as Representative of itself and RBC Capital Markets LLC, (collectively, the "Underwriters"). The Underwriters have agreed to purchase the 2022 Bonds at an aggregate price of \$66,993,198.10 (consisting of an aggregate principal amount of \$69,485,000.00 less an underwriter's discount of \$392,783.75 and less a net original issue discount of \$2,099,018.15) from the initial offering price set forth on the cover of this Official Statement. The Bond Purchase Agreement by and among the Underwriters and the Authority provides that the Underwriters will purchase all of the 2022 Bonds, if any 2022 Bonds are purchased, and contains the agreement of the Authority to indemnify the Underwriters against losses, claims, damages and liabilities to third parties arising out of any materially incorrect or incomplete statements of information contained in this Official Statement pertaining to the Authority and the Project. The initial public offering price set forth on the inside front cover page may be changed by the Underwriters, and the Underwriters may offer and sell the 2022 Bonds to certain dealers (including dealers depositing 2022 Bonds into investment trusts) and others at prices lower than the offering price set forth on the inside front cover page hereof.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer [and/or Borrower]. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer [and/or Borrower].

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12, as amended (the “Rule”) promulgated by the Securities and Exchange Commission (“SEC”), the Authority and County will execute and deliver a written continuing disclosure undertaking with respect to the 2022 Bonds.

The Authority, pursuant to a Continuing Disclosure Agreement among the Authority, the County and the Trustee (the "Agreement"), a form of which is attached hereto as Appendix H, will undertake to file with the Municipal Securities Rulemaking Board (“MSRB”) certain financial and other information concerning the Authority (including a copy of its annual audited financial statements, other financial information and operating data and notice of certain events affecting the Authority and the 2022 Bonds as further set forth therein).

Pursuant to the Agreement, the County will undertake to file with the MSRB certain financial and other information concerning the County (including a copy of its annual audited financial statements, other financial information and operating data and notices of certain events affecting the County and the 2022 Bonds as further set forth therein).

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other “obligated persons” with respect to municipal securities issues) are made available through the MSRB’s Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

The Authority and the County may modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary, as a result of a change in legal requirements or change in the nature of the Authority and the County; provided that any such modification will be done in a manner consistent with the Rule and will not, in the opinion of nationally recognized bond counsel, substantially impair the interest of the holders of the 2022 Bonds or violate the Rule.

The Authority and the County reserve the right to terminate their respective obligations to provide annual financial information and notices of material events, as set forth above, if and when they no longer remain an “obligated person” with respect to the 2022 Bonds within the meaning of the Rule. The Authority and the County acknowledge that their respective undertakings pursuant to the Rule described under this heading are intended to be for the benefit of the holders of the 2022 Bonds

and shall be enforceable by the holders of such 2022 Bonds; provided that the Bondholders' right to enforce the provisions of such undertakings shall be limited to a right to obtain specific enforcement of the obligations thereunder and any failure by the Authority or the County to comply with the provisions of such undertakings shall not be an event of default with respect to the 2022 Bonds.

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned the rating of "Aa2" to the 2022 Bonds. Any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. Certain information and materials not included in this Official Statement were furnished to the rating agency. Generally rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. The Underwriters have undertaken no responsibility to bring to the attention of the Holders of the 2022 Bonds any proposed revision or withdrawal of the ratings of the 2022 Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of a rating could have an adverse effect on the market price of the 2022 Bonds.

CERTAIN RELATIONSHIPS AMONG THE PARTIES

In this transaction, Stevens & Lee, P.C., is serving as Bond Counsel to the Authority. Stevens & Lee, P.C., from time to time has been engaged by RBC Capital Markets, LLC and Raymond James to act as counsel in transactions that are unrelated to the 2022 Bonds (and may be so engaged currently or in the future).

FSL Public Finance, LLC, an affiliated business of Stevens & Lee, P.C., Bond Counsel, is serving as financial advisor to the Authority in connection with the authorization and issuance of the 2022 Bonds.

FINANCIAL ADVISOR

The Authority has retained FSL Public Finance LLC, Reading, Pennsylvania, (the "Financial Advisor"), as financial advisor in connection with the authorization and issuance of the 2022 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

FUTURE AUTHORITY FINANCINGS

The Authority does not contemplate any financing in the near future.

MISCELLANEOUS

All summaries of the provisions of the 2022 Bonds, the Code, the Third Class County Convention Center Authority Act, the Indenture, the Guaranty Agreement and the documents set forth herein are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and do not purport to be complete statements of any or all of such provisions.

All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. As far as any statements herein invoke matters of opinion, whether or not expressly so stated, they are intended merely as such and not representations of fact.

This Official Statement, including the front pages and attached Appendices, has been duly approved by the Authority and its distribution has been authorized in connection with the offering for the sale of the 2022 Bonds.

**LANCASTER COUNTY CONVENTION
CENTER AUTHORITY**

/s/ Sharron V. Nelson

Sharron V. Nelson, Chairman

Dated: November 15, 2022

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APPENDIX A – CERTAIN INFORMATION OF THE AUTHORITY

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Origins

The Lancaster County Convention Center and Lancaster Marriott at Penn Square, a seamlessly integrated facility that opened in June of 2009, is a cultural and economic centerpiece of vibrant Downtown Lancaster and the surrounding Lancaster County.

Considered by many to be one of the most important economic development projects in Central Pennsylvania in decades, the project brought jobs and additional, ongoing financial strength to Lancaster. In 2016 Freedom Hall, the 46,407 square foot exhibit hall, celebrated hosting over one million guests since the opening in 2009

Project History

In creating a downtown convention center and hotel, community leaders sought to leverage Lancaster's position as one of the most popular tourist destinations on the East Coast. Lancaster County's wholesome variety of family entertainment, historic sites, and reputation for quality and value draws millions of leisure tourists each year. It restored Lancaster's most historic streetscape and brought new life to its treasured landmark, the former Watt & Shand Building.

Lancaster's Economic Development Action Agenda

In 1997, a group of community leaders comprising The Lancaster Campaign and The Economic Development Action Group contracted with LDR International, Inc., to create a plan to stimulate the economic revitalization of the City of Lancaster.

Through a comprehensive process involving community participation, research, urban design, and strategic planning, LDR International, Inc. developed Lancaster's Economic Development Action Agenda for Prince and South Duke streets and downtown Lancaster. The plan identified almost 60 projects and strategies important to the development of these downtown commerce areas. This list was reduced to seventeen strategies, including separate proposals to develop a state-of-the-art downtown conference center and to revitalize Lancaster's historic Watt & Shand Building.

As proposed, the action agenda envisioned the conference center as part of a redevelopment of Lancaster Square, including the former Armstrong/Lancaster Square Building and the Hotel Brunswick, now the Hotel Lancaster. Separately, the plan recommended adaptive reuse of the Watt & Shand Building to include a mix of retail stores and offices, with one or more tourism attraction venues.

Task Force Evaluates Strategy and Project Evolves

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Convention Center Authority is Formed, Partners with Private Sector

On September 15, 1999, the Lancaster County Convention Center Authority was established under the Municipal Authority Act of 1945 and the Third-Class County Convention Center Authority Act.

The Convention Center Authority was, and continues to be, run by a seven-member volunteer board appointed by city and county officials.

The board was charged by local officials with developing a unique and inviting convention venue for this area and to work with a private-sector partner to develop a first-class lodging facility to enable the convention center to achieve its goals. In addition, the Convention Center Authority was encouraged to work with local experts to preserve any significant historical buildings that may be located at the site.

In 2001, the Lancaster County Convention Center Authority and Penn Square Partners formalized their relationship for the purpose of developing, designing, building, and operating a convention center and hotel. The partnership agreements between Penn Square Partners and the Lancaster County Convention Center Authority established performance covenants and were designed to carefully protect the interests of the community.

Convention Center Project Funded with Hotel Room Rental Tax

In January 2000, Lancaster County imposed a 3.9-percent tax on hotel room rentals to generate funding to construct and market a publicly owned convention center. Twenty percent of this funding is distributed to Discover Lancaster (formerly the Pennsylvania Dutch Convention and Visitors Bureau) to promote Lancaster County as a convention and meeting destination.

Project Benefits

In late 2000, the Lancaster County Convention Center Authority commissioned an independent study to evaluate and quantify the community benefits of the project. The analysis found that the convention center and hotel would:

- Create 520 to 590 construction jobs.
- Create 200 to 300 full-time jobs to staff the hotel and convention center.
- Increase Lancaster County tourism by an additional 114,000 to 147,500 visitors annually.
- Inject \$150 million into the local economy during construction: \$110 million in sales of Lancaster County-produced goods and services and \$40 million in personal income.

- Inject \$42 million per year into the local economy during operation: \$31 million per year in sales of Lancaster County-produced goods and services and \$11 million per year in personal income.
- Generate additional tax revenue for Lancaster City, Lancaster County, and the School District of Lancaster.

FINANCIAL REVIEW

The table on the following page is a summary only and is not intended to be a complete report. For more complete information, the individual financial statements and budgets of the Authority should be reviewed at the offices of the Authority, Lancaster, Pennsylvania.

Accounting Method

The Authority keeps its books and prepares its financial reports according to the accrual basis. Its financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of Maher Duessel serves as the Authority auditor.

Summary Financial Information

The following is a summary of the Authority's balance sheet for the calendar years 2018 through 2021, and a summary of the Authority's revenues and expenditures for the calendar years 2018 through 2021, which are derived from the audited financial statements of the Authority for 2018 through 2021 and the 2022 budget. Such information is a summary only and is not intended to be a complete report. For more complete information, the individual financial statements and budget should be reviewed at the Lancaster County Convention Center Authority, 25 South Queen Street, Lancaster, Pennsylvania.

LANCASTER COUNTY CONVENTION CENTER
Summary of Balance Sheet

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
CURRENT ASSETS				
Cash and Investments	\$2,215,359	\$2,601,064	\$4,082,167	\$2,759,436
Receivables:				
Taxes	1,010,394	1,137,024	554,321	1,215,821
Other	132,426	146,907	53,654	74,666
Inventory	18,220	18,043	5,770	10,417
Other prepaid expenses	58,604	76,744	268,838	151,569
Other asset	--	--	13,650	13,650
TOTAL CURRENT ASSETS	<u>\$3,435,003</u>	<u>\$3,979,782</u>	<u>\$4,978,400</u>	<u>\$4,225,559</u>
RESTRICTED ASSETS				
Cash and investments	\$10,634,912	\$12,317,872	\$10,500,506	\$12,822,583
Current portion of accounts receivable	<u>1,000,000</u>	<u>100,000</u>	<u>50,000</u>	<u>-</u>
TOTAL RESTRICTED ASSETS	<u>\$11,634,912</u>	<u>\$12,417,872</u>	<u>\$10,550,506</u>	<u>\$12,822,583</u>
CAPITAL ASSETS				
Land	\$1,579,621	\$1,607,517	\$1,607,517	\$1,607,517
Building	75,376,869	75,390,396	75,651,101	76,293,976
Furniture				
Convention Center	5,066,419	5,338,516	5,683,384	5,814,495
Penn Square Condominium Association	441,931	516,024	515,292	515,292
Office	<u>\$36,865</u>	<u>\$36,865</u>	<u>\$8,451</u>	<u>\$8,451</u>
	\$82,501,705	\$82,889,318	\$83,465,745	\$84,239,731
Less: Accumulated depreciation	<u>\$22,953,131</u>	<u>\$25,295,788</u>	<u>\$27,466,091</u>	<u>\$29,858,107</u>
Net capital Assets	<u>\$59,548,574</u>	<u>\$57,593,530</u>	<u>\$55,999,654</u>	<u>\$54,381,624</u>
Other restricted assets:				
Accounts receivable	<u>\$1,050,000</u>	<u>\$50,000</u>	<u>\$-</u>	<u>\$-</u>
Total other restricted assets	<u>\$1,050,000</u>	<u>\$50,000</u>	<u>\$-</u>	<u>\$-</u>
TOTAL ASSETS	<u>\$75,668,489</u>	<u>\$74,041,184</u>	<u>\$71,528,560</u>	<u>\$71,429,766</u>

(Continued)

CURRENT LIABILITIES				
Accounts payable	\$4,502	\$32,740	\$66,572	\$71,357
Accrued payroll and payroll expense	10,106	7,843	2,974	4,233
Other accrued expenses	265,863	378,161	206,713	230,486
Due to Interstate Hotels & Resorts	165,757	147,579	43,246	23,445
Current portion of bonds payable	570,000	630,000	655,000	670,000
Unearned revenue	162,150	263,112	130,210	127,577
Contingency fee payable	50,000	50,000	50,000	50,000
Total current liabilities	<u>1,228,378</u>	<u>\$1,509,435</u>	<u>\$1,154,715</u>	<u>\$1,177,098</u>
Current liabilities (payable from restricted assets)				
Accrued interest payable	255,226	250,318	248,769	248,154
Due to Discover Lancaster	<u>1,329,604</u>	<u>1,347,849</u>	<u>--</u>	<u>1,412,861</u>
Total current liabilities (payable from restricted assets)	<u>\$1,584,830</u>	<u>\$1,598,167</u>	<u>\$248,769</u>	<u>\$1,661,015</u>
Long-term liabilities				
Reimbursement for contingency payable	450,000	400,000	300,000	300,000
Bonds payable	60,275,000	59,645,000	58,990,000	58,320,000
Interest rate swap liability	723,318	6,903,256	13,789,710	9,172,186
Swap borrowing, net of accumulated amortization	<u>17,006,228</u>	<u>16,344,601</u>	<u>15,682,974</u>	<u>15,021,347</u>
Total long-term liabilities	<u>\$78,454,546</u>	<u>\$83,292,857</u>	<u>\$88,762,684</u>	<u>\$82,813,533</u>
TOTAL LIABILITIES	<u>\$81,267,754</u>	<u>\$86,400,459</u>	<u>\$90,166,168</u>	<u>\$85,651,646</u>
NET POSITION				
Net invested in capital assets	2,771,023	1,493,068	442,136	(\$520,002)
Restricted	6,787,859	6,495,485	6,113,024	6,971,348
Unrestricted	<u>(\$15,158,147)</u>	<u>(\$20,347,828)</u>	<u>(\$25,192,768)</u>	<u>(\$20,673,226)</u>
Total Net Position	<u>(\$5,599,265)</u>	<u>(\$12,359,275)</u>	<u>(\$18,637,608)</u>	<u>(\$14,221,880)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$75,668,489</u>	<u>\$74,041,184</u>	<u>\$71,528,560</u>	<u>\$71,429,766</u>
				(Concluded)

Source: Authority Audited Financial Statements (2018-2021)

LANCASTER COUNTY CONVENTION CENTER
Comparative Statement of General Fund Revenues and Expenditures

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
OPERATING REVENUES				
Conference service	\$1,924,805	\$2,306,822	\$405,050	\$1,030,026
Concession	129,613	229,824	16,059	99,160
Other	5,827	28,140	5,605	21,695
TOTAL OPERATING REVENUES	<u>\$2,060,245</u>	<u>\$2,564,786</u>	<u>\$426,714</u>	<u>\$1,150,881</u>
OPERATING EXPENDITURES				
Department expenses	\$866,170	\$1,189,422	\$242,760	\$553,464
Undistributed operating expenses	1,703,109	1,755,691	1,201,928	1,481,175
Management fees	192,083	217,119	178,744	226,559
Fixed Charges	83,495	83,661	263,232	72,138
Capital/development costs	24,294	12,344	13,587	14,043
Repairs and maintenance	101,635	31,933	551	-
TOTAL OPERATING EXPENDITURES	<u>\$2,970,786</u>	<u>\$3,290,170</u>	<u>\$1,900,802</u>	<u>\$2,347,379</u>
OTHER OPERATING EXPENDITURES				
Administrative expenses	\$483,054	\$466,946	\$343,760	\$370,003
Collaboration Agreement – Marketing Consortium	328,386	370,013	202,928	251,770
Depreciation	<u>\$2,628,962</u>	<u>\$2,342,657</u>	<u>\$2,198,717</u>	<u>2,392,016</u>
TOTAL OTHER OPERATING EXPENDITURES	<u>\$3,440,402</u>	<u>\$3,179,616</u>	<u>\$2,745,405</u>	<u>\$3,013,789</u>
OPERATING LOSS	<u>(\$4,350,943)</u>	<u>(\$3,905,000)</u>	<u>(\$4,219,493)</u>	<u>(\$4,210,287)</u>
NON-OPERATING REVENUES (EXPENSES)				
Hotel room rental tax income	\$5,365,425	\$5,518,026	\$3,801,239	\$6,312,944
Investment income	100,430	147,265	33,371	4,498
Amounts received from the County of Lancaster	-	-	3,324,000	-
Other income	16,241	12,255	5,393	4,287
Interest expense, net of amortization of swap borrowings	(2,382,348)	(2,352,618)	(2,336,388)	(\$2,313,238)
Change in fair value of interest rate swap	<u>\$2,288,878</u>	<u>(\$6,886,455)</u>	<u>(\$6,886,455)</u>	<u>\$4,617,524</u>
TOTAL NON- OPERATING REVENUES (EXPENSES)	<u>\$5,388,626</u>	<u>(\$2,855,010)</u>	<u>(\$2,058,840)</u>	<u>\$8,626,015</u>
CHANGE IN NET POSITION	<u>\$1,037,683</u>	<u>(\$6,760,010)</u>	<u>(\$6,278,333)</u>	<u>\$4,415,728</u>
NET POSITION				
Beginning of Period	<u>(\$6,636,948)</u>	<u>(\$12,359,275)</u>	<u>(\$12,359,275)</u>	<u>(\$18,637,608)</u>
End of Period	<u>(\$5,599,265)</u>	<u>(18,637,608)</u>	<u>(\$18,637,608)</u>	<u>(\$14,221,880)</u>

Source: Authority Audited Financial Statements (2018-2021)

	<u>2022 Budget</u>
CONVENTION CENTER OPERATIONS	
Ambridge Hospitality: Convention Center Operating Revenues	
Food & Beverage Revenue	\$2,312,410
Miscellaneous Income	27,960
Other Operated Departments Revenues	-
TOTAL CONVENTION CENTER OPERATING REVENUE	<u>\$2,340,370</u>
AMBRIDGE HOSPITALITY CONVENTION CENTER OPERATING EXPENSES	
Rooms Expense	\$113,237
Food & Beverage Expenses	812,939
Other Operated Departments Expenses	69,541
Administration & General	304,429
Information & Telecommunication	132,316
Sales & Marketing	315,158
Repairs & Maintenance	498,427
Utilities	508,893
Management Fees	210,024
Rent Expenses	2,484
Insurance Expenses	78,052
Audit	18,202
Operating Supply & Equipment	-
TOTAL AMBRIDGE HOSPITALITY CONVENTION CENTER OPERATING EXPENSES	<u>\$3,063,702</u>
AMBRIDGE HOSPITALITY CONVENTION CENTER OPERATING PROFIT/(LOSS)	(\$723,332)
CONVENTION CENTER AUTHORITY OBLIGATIONS	
Collaboration Agreement	
FF&E Reserve	\$1,000,000
Additional Marketing	440,170
Total Collaboration Agreement Obligations	<u>\$1,440,170</u>
Joint Development Agreement	
Penn Square Partners	50,000
Total Joint Development Agreement Obligations	<u>\$50,000</u>
Total Convention Center Authority Obligations	\$1,490,170
TOTAL CONVENTION CENTER OPERATING LOSS AND OBLIGATIONS	<u>(\$2,213,502)</u>
Total Authority Administrative Expenses	<u>\$585,988</u>
TOTAL LCCC OPERATING LOSS, ADMINISTRATIVE EXPENSE, AND OBLIGATIONS	(\$2,799,490)

Source: Authority Budget (2022)

ANNUAL HOTEL TAX REVENUE RECEIPTS

Monthly Hotel Tax Revenues Receipts

Month	Month	100% HRRT				
Received	Earned	2012	2013	2014	2015	2016
January	November	\$ 256,705	\$ 280,273	\$ 388,365	\$ 446,411	\$ 457,654
February	December	234,946	205,426	268,550	285,750	324,955
March	January	170,763	179,735	223,195	231,655	304,105
April	February	229,944	237,359	261,102	293,746	295,119
May	March	331,679	364,698	334,311	404,365	407,767
June	April	384,668	374,460	437,635	449,273	515,150
July	May	432,012	434,138	460,779	502,085	522,963
August	June	551,846	575,108	611,731	586,732	620,830
September	July	547,621	602,188	661,591	742,271	729,155
October	August	649,067	629,508	760,704	702,388	739,218
November	September	542,085	539,891	556,345	543,306	608,399
December	October	493,087	491,852	529,533	585,423	677,307
YTD:	YTD: July	\$ 3,140,184	\$ 3,253,385	\$ 3,647,259	\$ 3,942,288	\$ 4,177,698
12 Months	Year Total:	\$ 4,824,425	\$ 4,914,635	\$ 5,493,842	\$ 5,773,404	\$ 6,202,621

Month	Month	100% HRRT					
Received	Earned	2017	2018	2019	2020	2021	2022
January	November	\$ 454,370	\$ 447,478	\$ 521,069	\$ 668,556	\$ 321,918	\$ 631,897
February	December	316,977	449,593	405,995	452,996	187,742	518,515
March	January	259,233	293,231	279,049	367,912	252,429	419,396
April	February	357,371	339,857	302,130	355,666	340,076	534,439
May	March	424,392	438,620	463,839	206,381	426,976	557,074
June	April	504,868	547,324	608,880	116,382	520,699	798,969
July	May	477,153	601,968	649,154	114,178	621,482	843,603
August	June	677,735	728,377	689,885	204,259	809,191	924,201
September	July	754,446	690,631	777,076	368,693	1,061,705	1,075,071
October	August	723,998	862,183	813,415	581,821	933,578	
November	September	655,882	637,359	649,243	441,572	731,705	
December	October	633,441	611,401	579,510	505,525	856,806	
YTD:	YTD: July	\$4,226,545	\$4,537,079	\$4,697,077	\$2,855,023	\$4,542,218	\$6,303,165
12 Months	Year Total:	\$6,239,865	\$6,648,022	\$6,739,244	\$4,383,942	\$7,064,306	\$6,303,165

APPENDIX B - SUMMARY OF CERTAIN INFORMATION OF THE COUNTY

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County Government

The County is a third-class county existing under the laws of the Commonwealth. The governing body of the County is a board of three County Commissioners who are each elected at large for a four-year term. The Board of Commissioners, being the executive and legislative officers of the County, are empowered to enact and enforce ordinances and resolutions, adopt budgets, make appropriations, levy taxes, incur debt and direct the administration of county government.

The County is served by other elected officers including the Controller, District Attorney, Treasurer, Clerk of Courts, Prothonotary, Sheriff, Recorder of Deeds, Register of Wills and Coroner.

The following Boards and Commissions are currently an active part of county government: The Youth Intervention Center Board of Managers (juvenile detention); Board of Assessment Appeals; Prison Board; County Salary Board; Registration Commission; County Board of Election; and the Retirement Board. In addition, the following advisory boards are also active: Behavioral Health/Developmental Services; Children and Youth Services; the Agency on Aging; and the Drug and Alcohol Advisory Board.

FINANCIAL REVIEW

The table on the following page is a summary only and is not intended to be a complete report. For more complete information, the individual financial statements and budgets of the County should be reviewed at the County Courthouse, Lancaster, Pennsylvania.

Accounting Method

The County keeps its books and prepares its financial reports according to a modified accrual basis. Its financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of SB & Company, LLC serves as the County auditor.

Budgeting Process

The County prepares its budgets according to procedures mandated in the County Code of Pennsylvania. A budget is prepared by the Board of County Commissioners and adopted on a preliminary basis in November of each year. The preliminary budget is then made available for public comment throughout December and adopted in its final form before the beginning of the calendar year.

Summary Financial Information

The following is a summary of the County's General Fund balance sheet for the calendar years 2017 through 2021, and a summary of the County's revenues and expenditures for the calendar years 2018 through 2021, which are derived from the audited financial statements of the County for 2017 through 2021 and the 2022 budget. Such information is a summary only and is not intended to be a complete report. For more complete information, the individual financial statements and budget should be reviewed at the Government Center, 150 North Queen Street, Lancaster, Pennsylvania.

COUNTY OF LANCASTER
Summary of General Fund Balance Sheet

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
ASSETS					
Cash and Investments	\$30,415,227	\$38,325,953	\$42,538,458	\$63,400,651	\$139,021,634
Cash with Fiscal Agents	136	136	136	136	136
Receivables:					
Taxes	2,698,610	2,637,585	2,225,207	2,313,340	1,773,510
Less Allowance for Uncollectible Taxes	(80,958)	(79,128)	(66,756)	(69,400)	(53,205)
Fines and Costs	40,746,894	41,317,224	43,198,639	41,908,934	41,040,287
Less Allowance for Uncollectible Fines & Costs	(35,818,927)	(36,021,104)	(37,490,011)	(36,941,169)	(36,585,745)
Accounts Due From Other Funds	3,040,016	3,015,123	2,939,577	2,580,607	2,922,960
Due From Other Governments	1,496,987	1,348,827	1,390,555	1,629,208	1,605,045
	1,221,189	1,561,708	1,975,578	5,757,021	4,671,831
TOTAL ASSETS	<u>\$43,719,174</u>	<u>\$52,106,324</u>	<u>\$56,711,383</u>	<u>\$80,573,328</u>	<u>\$154,396,453</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$1,508,862	\$2,555,740	\$2,630,376	\$5,875,959	\$7,574,900
Retainage Payable	-	34,096	-	8,021	-
Unearned Revenue – Intergovernmental	-	-	-	15,436,782	77,298,830
Payroll Related Accruals	3,933,102	4,478,951	4,672,974	3,423,953	3,404,668
Arbitrage Rebate Liability	-	-	-	-	-
Total Liabilities	<u>\$5,441,964</u>	<u>\$7,068,787</u>	<u>\$7,303,350</u>	<u>\$24,744,715</u>	<u>88,278,398</u>

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Deferred Inflows of Resources:					
Unavailable Revenue:					
Property Taxes and Fines & Costs	<u>\$5,805,220</u>	<u>\$6,349,556</u>	<u>\$6,270,340</u>	<u>\$5,497,869</u>	<u>\$4,883,695</u>
Total Deferred Inflows of Resources	\$5,805,220	\$6,349,556	\$6,270,340	\$5,497,869	\$4,883,605
Fund Balances:					
Restricted:					
Capital Projects	\$2,668,380	\$627,051	\$46	\$-	\$-
Roads & Bridges	2,452,086	2,608,700	2,489,093	1,354,422	1,188,605
General Government	1,643,674	2,003,966	1,923,884	1,895,170	1,210,463
Public Safety	614,273	4,041,083	1,714,607	2,617,106	1,185,590
Judicial	695,666	777,530	670,722	1,033,229	1,158,590
Assigned:					
Capital Projects	-	-	-	-	-
Future Benefits	1,106,718	1,014,267	1,030,640	1,029,327	1,070,183
Healthcare Benefits	1,921,684	2,028,402	2,042,669	2,073,309	2,102,636
Postemployment Benefits	559,689	-	-	-	-
Corrections	-	1,380,972	1,408,387	1,832,801	381,862
Judicial	-	-	591,891	215,127	-
Unassigned	<u>20,809,820</u>	<u>24,206,010</u>	<u>31,265,754</u>	<u>38,280,253</u>	<u>49,649,874</u>
Total Fund Balances	\$32,471,990	\$38,687,981	\$43,137,693	\$50,330,744	\$61,234,360
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$43,719,174	\$52,106,324	\$56,711,383	\$80,573,328	\$154,396,453

Source: County Audited Financial Statements (2017-2021)

COUNTY OF LANCASTER
Comparative Statement of General Fund Revenues and Expenditures

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
REVENUES				
Real Estate Taxes	\$121,488,947	\$122,914,746	\$123,876,011	\$125,593,195
Intergovernmental Revenues	5,300,099	5,063,260	89,445,356	58,753,179
Departmental Revenues	26,452,598	26,091,481	26,188,532	28,440,341
Fines and Costs	3,437,868	3,481,423	2,870,590	2,950,879
Interest Revenue	1,209,180	1,655,309	264,161	254,842
Other	1,583,985	1,522,144	1,501,573	1,314,006
TOTAL REVENUES	<u>\$159,472,677</u>	<u>\$160,728,363</u>	<u>\$244,146,223</u>	<u>\$217,306,442</u>
EXPENDITURES				
General Government	\$28,814,022	\$29,586,708	\$110,879,887	\$66,721,272
Public Safety	11,315,166	9,246,079	12,132,068	11,166,686
Roads and Bridges	--	--	--	--
Health, Educ. & Welfare	--	--	--	--
Judicial	43,384,802	44,577,965	44,476,604	45,945,763
Corrections	26,883,888	27,766,818	25,279,538	29,325,948
Cultural & Recreation	2,168,802	2,233,046	2,195,785	2,427,147
Capital Outlay	3,202,523	9,081,205	4,840,754	3,087,804
Debt Service	24,855,389	24,022,774	24,312,446	21,517,962
TOTAL EXPENDITURES	<u>\$140,624,592</u>	<u>\$146,514,595</u>	<u>\$224,117,082</u>	<u>\$180,192,582</u>
Excess of Revenue Over (Under) Expenditures	\$18,848,085	\$14,213,768	\$20,029,141	\$37,113,860
Indirect Revenue	--	--	--	--
Other Financing Sources(Uses)	(\$12,632,094)	(\$9,764,056)	(\$12,836,090)	(26,210,244)
Excess of Revenues & Other Sources Over (Under) Expenditures	\$6,215,991	\$4,449,712	\$7,193,051	\$10,903,616
Beginning Fund Balance	\$32,471,990	\$38,687,981	\$43,137,693	\$50,330,744
ENDING FUND BALANCE	<u>\$38,687,981</u>	<u>\$43,137,693</u>	<u>\$50,330,744</u>	<u>\$61,234,360</u>
Restricted Fund Balance	\$10,058,330	\$6,798,352	\$12,050,491	\$11,584,486
Unrestricted Fund Balance	28,629,651	\$36,339,341	\$38,280,253	\$49,649,874

Source: County Audited Financial Statements (2018-2021)

	<u>2022 Budget</u>
REVENUES	
Real Estate Taxes	\$123,969,026
State and Federal Grants	5,534,852
Fines and Costs	37,112,822
Interest Revenue	110,000
TOTAL REVENUES	<u>\$168,800,700</u>
EXPENDITURES	
Payroll and Fringe Benefits	\$88,956,445
Other Operating Expenditures	34,925,880
Capital Outlay	2,089,393
Debt Service	21,619,534
Radio Project Lease & Interest	2,226,973
Voting Machine Lease	595,258
County Match	14,512,834
Affiliated Agency/Capital Project Grants	3,333,195
RRTA Funding	441,187
TOTAL EXPENDITURES	<u>\$168,700,700</u>

Source: County Budget (2022)

Taxing Powers of the County

As a third-class county under the County Code, the County may levy the following taxes:

1. An annual tax on all taxable real estate, not to exceed 25 mills, for general County purposes;
2. Unlimited millage for debt service incurred pursuant to the Debt Act;
3. 10 mills for lease rental payments to authorities;
4. 10 mills for institution districts;
5. 2 mills for County roads, 2 mills for borough and township roads and 2 mills for tunnels and subways;
6. 6.5 mills for community colleges; and
7. 1.2 mills for libraries and parks.

Largest Taxpayers

The following table indicates the 10 largest taxpayers in the County during calendar year 2021.

<u>Taxpayer</u>	<u>Business</u>	2021 <u>Assessed</u> <u>Valuation</u>	% of Total <u>Assessed</u> <u>Valuation</u>
Willow Valley Communities	Retirement Community	\$ 238,523,100	0.54%
Lancaster General	Medical Services	159,813,800	0.36%
High Properties	Construction/Real Estate	143,053,500	0.33%
Park City Center	Retailing	142,325,700	0.32%
High Properties	Construction/Real Estate	141,646,500	0.32%
Mennonite Home	Retirement Community	75,851,600	0.17%
Granite Properties	Real Estate	70,730,400	0.16%
Garden Spot Village Inc	Retirement Community	61,948,100	0.14%
Dart Container	Industrial	54,094,900	0.12%
Landis Homes Retirement	Retirement Community	47,997,900	0.11%
Total		<u>\$1,135,985,500</u>	2.54%

Source: County Officials

Real Property Tax Collection Data

Millage Rates and Collection Data

The following shows certain real estate tax collection data for the County for each of the calendar years 2011 through 2021.

<u>Year</u>	<u>Assessed</u> <u>Valuation</u>	<u>Millage</u> <u>Rate</u>	<u>Total Tax</u>	<u>Current</u> <u>Year</u> <u>Collections</u>	<u>Current</u> <u>Year</u> <u>Collections</u> as Percent of Total <u>Total Tax</u>	<u>Total</u> <u>Current</u> <u>Plus</u> <u>Delinquent</u> <u>Collections</u>	<u>Total</u> <u>Collection</u> as Percent of Total <u>Tax</u>
2011	31,275,212,500	3.416	106,893,877	103,293,221	96.63	105,737,161	98.92
2012	31,416,491,700	3.416	107,408,660	103,802,744	96.64	106,278,888	98.95
2013	31,700,851,400	3.735	118,074,023	114,128,781	96.66	116,588,240	98.74
2014	31,936,268,900	3.735	118,926,603	115,041,984	96.73	117,245,174	98.59
2015	32,239,497,600	3.735	119,919,429	115,819,600	96.58	118,023,537	98.42
2016	32,488,933,300	3.735	121,075,405	117,104,809	96.72	119,377,713	98.60
2017	32,529,382,500	3.735	121,832,122	118,253,252	97.06	120,414,501	98.84
2018 ⁽¹⁾	42,491,409,700	2.911	123,299,052	119,572,950	96.98	121,648,100	98.66
2019	42,930,915,600	2.911	124,502,933	120,780,705	97.01	122,712,196	98.56
2020	43,307,825,800	2.911	126,069,081	121,794,520	96.01	123,639,358	97.47
2021	43,801,745,500	2.911	127,506,896	123,332,935	96.09	125,994,320	98.16

Source: County Officials

⁽¹⁾ County-wide reassessment in 2017 for 2018.

Property Assessments

Land use in the County for the calendar years 2019 through 2021 appears below:

Assessment by Land Use

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential	\$30,213,741,300	\$30,721,161,500	\$30,985,098,900
Commercial	8,287,542,700	8,565,489,000	8,743,718,900
Agriculture	2,200,825,200	2,253,294,600	2,266,371,800
Industrial	1,542,891,000	1,504,339,000	1,536,559,000
Other	246,409,500	263,541,700	269,996,900
	<u>\$42,491,409,700</u>	<u>\$43,307,825,800</u>	<u>\$43,801,745,500</u>

Source: Lancaster County CAFR

Real Property Assessment Data

	<u>Market Value</u>	<u>Assessed Value</u>	<u>Common Level Ratio</u>
2012	\$39,868,644,289	\$31,416,491,700	.7880
2013	39,331,081,141	31,700,851,400	.8060
2014	40,374,549,810	31,936,268,900	.7910
2015	41,599,351,742	32,239,497,600	.7750
2016	43,031,699,735	32,488,933,300	.7550
2017	44,137,561,058	32,529,382,500	.7370
2018 ⁽¹⁾	42,491,409,700	42,491,409,700	.0000
2019**	49,402,664,672	42,930,915,600	.8690
2020**	51,990,187,035	43,307,825,800	.8330
2021	56,084,181,178	43,801,745,500	.7810

⁽¹⁾ County-wide reassessment in 2017.

**Corrected Common Level Ratio from 2019 & 2020.

Source: 2011-2021 County CAFR

County Indebtedness

Debt Statement

The County has never defaulted on payment of principal or interest on any of its obligations. A summary of the County's Direct and Overlapping Debt is included on the following page.

LCCCA Guaranty

The County agreed to guaranty certain debt of the Lancaster County Convention Center Authority (LCCCA) to the extent that LCCCA fails to provide necessary funding as required by such debt. Such debt is secured by, inter alia, hotel room rental tax revenues collected by LCCCA.

As a result of travel and business restrictions due to the Pandemic, hotel tax collections for the months of March, April, May and June of 2020 were significantly below historical collection levels and projections contained in LCCCA's fiscal year 2020 budget. Further, there is no assurance that hotel room tax collections will return to historical collection levels prior to the Pandemic. If such revenues are insufficient to cover the debt service on such LCCCA debt, the County guarantee may be drawn upon.

LCCCA applied for and received \$3,134,000 of CARES Act funding received by the County. Such portion of the CARES Act funding was sufficient to cover debt service payments on such debt for the fiscal year 2020. In addition, LCCCA received \$4,220,366 from the American Rescue Plan Act of 2021. There is no assurance that hotel room tax collections will be sufficient to cover debt service on such LCCCA debt in future years.

Redevelopment Authority Guaranty

A portion of the County's Lease Rental Debt in the Debt Statement on the next page includes a County guaranty (the "2013 County Guaranty") of The Redevelopment Authority of the County of Lancaster (the "Redevelopment Authority"), \$6,720,000 outstanding principal amount Federally Taxable Guaranteed Multi-Purpose Stadium Facility Revenue Bonds, Series of 2013 (the "2013 Redevelopment Authority Bonds"). Lancaster Baseball Club, LLC (the "Club"), which leases the baseball stadium refinanced by the 2013 Redevelopment Authority Bonds from the Redevelopment Authority, and which is responsible for making lease payments sufficient to pay the debt service on the 2013 Redevelopment Authority Bonds, requested the assistance of the County to make payments of a portion of the debt service on the 2013 Redevelopment Authority Bonds from 2017 through 2023, which payments, in a principal amount not to exceed \$2,700,000, have the economic effect of lessening, dollar for dollar, the lease payments made by the Club during such period. The County approved a loan in a principal amount not to exceed \$2,700,000 to the Club for such purposes (the "2017 Loan") which was closed on February 17, 2017. The advances made by the County to the Club constitute advances by the County under the 2013 County Guaranty of the 2013 Redevelopment Authority Bonds. The first advance under the 2017 Loan occurred in November 2017, at which time, the lease rental debt evidenced by the 2013 County Guaranty related to the 2013 Redevelopment Authority Bonds was no longer treated as self-liquidating debt under the Act. To date, the County has made payments to the Club totaling \$1,300,000 under the 2017 Loan.

Debt Statement

Nonelectoral Debt

Gross Outstanding

General Obligation Bonds, Series C of 2020	\$ 12,020,000.00
General Obligation Bonds, Series A of 2020	14,915,000.00
General Obligation Bonds, Series B of 2020	10,555,000.00
General Obligation Bonds, Series of 2019	19,235,000.00
General Obligation Bonds, Series of 2018	9,530,000.00
General Obligation Bonds, Series C of 2017	16,015,000.00
General Obligation Bonds, Series A of 2017	15,820,000.00
General Obligation Bonds, Series B of 2017	5,950,000.00
General Obligation Bonds, Series A of 2016	12,670,000.00
General Obligation Bonds, Series B of 2016	9,135,000.00
General Obligation Bonds, Series A of 2015	1,785,000.00
General Obligation Bonds, Series of 2015	7,610,000.00
General Obligation Bonds, Series A of 2013	135,000.00
Federally Taxable General Obligation Bonds, Series B of 2013 (QECB's)	5,200,000.00
General Obligation Note, Series A of 2002	<u>17,640,000.00</u>
Total Nonelectoral Debt	\$ 158,215,000.00
 Lease Rental Debt	
Lancaster County Convention Center Authority ⁽¹⁾	\$ 69,485,000.00
The Redevelopment Authority of the County of Lancaster	5,114,966.00
Lancaster Industrial Development Authority	100,000.00
Total Lease Rental Debt	\$ 74,699,966.00
 Less Debt Deemed to be Self Liquidating ⁽²⁾	\$ 69,485,000.00
 Total Direct Debt	\$ 163,429,966.00
 Overlapping Debt	
Municipal Debt ⁽³⁾	\$1,153,507,896.00
School District ⁽³⁾	993,117,489.00
Total Overlapping Debt	\$2,146,625,385.00
 Total Direct and Overlapping Debt	<u>\$2,310,055,351.00</u>

⁽¹⁾ The Bonds offered in this Official Statement.

⁽²⁾ Consists of \$69,485,000 related to debt issued by the Lancaster County Convention Center Authority.

⁽³⁾ Overlapping debt information is derived from Lancaster County's CAFR.

Debt Ratios

Total Direct Debt Ratios

Per Capita	\$300.95
Assessed Value	0.373%
Market Value	0.291%

Total Direct and Overlapping Debt Ratios

Per Capita	\$4,253.85
Assessed Value	5.274%
Market Value	4.119%

Types of Indebtedness under the Debt Act

The Debt Act establishes debt limits for local government units on the basis of adjusted revenues received in the most recent three fiscal year time period.

The Debt Act establishes three classes of debt for a county: (i) electoral debt (debt incurred with the approval of the electors of the municipality, for which there is no limitation on the amount that may be so incurred); (ii) nonelectoral debt (debt of a local government unit not being electoral or lease rental debt, for which the limitation on all such net debt which may be incurred is 300% of the borrowing base); and (iii) lease rental debt (the principal amount of municipal authority debt or debt of another local government unit to be repaid by the local government unit through a lease, subsidy contract, guarantee or other form of agreement payable or which may be payable out of tax revenue and other general revenues for which the limitation on all such net debt which may be incurred, including any net nonelectoral debt incurred, is 400% of the borrowing base).

Borrowing Capacity

The Debt Act establishes debt limits for local government units. The basis for determining nonelectoral borrowing capacity is related to adjusted revenues received over the most recent three fiscal years. The following is a calculation of the current “borrowing base,” which is the arithmetic average of the total revenues of the County after adjustments by the exclusion of certain subsidies, reimbursements, pledged revenues and non-recurring items:

Revenues for 2019	\$ 158,785,543
Revenues for 2020	158,159,443
Revenues for 2021	161,862,156
Total Revenues, Past Three Years	<u>\$ 478,807,142</u>
Annual arithmetic average (Borrowing Base)	\$159,602,381

Net Nonelectoral Debt Limit

Borrowing Base:	\$159,602,381
Multiplier:	300%
Net Nonelectoral Debt Limit:	\$478,807,142
Total Nonelectoral Debt Outstanding:	<u>158,215,000</u>
Total Remaining Nonelectoral Debt Capacity:	<u>\$320,592,142</u>

Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit	
Borrowing Base:	\$159,602,381
Multiplier:	400%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit:	\$ 638,409,523
Total Nonelectoral and Net Lease Rental Debt Outstanding:	<u>163,429,966</u>
Total Remaining Nonelectoral and Net Lease Rental Debt Capacity:	\$ 474,979,557

Source: County Officials.

Qualified Interest Rate Management Agreements

The County is authorized, under the Act, to enter into “qualified interest rate management agreements,” defined in the Act to be agreements determined in the judgment of the County to be designed to manage interest rate risk of interest cost of the County on any debt which the County is authorized to incur under the Act. The Act requires that, prior to entering into a qualified interest rate management agreement, the County adopt a written interest rate management plan prepared or reviewed by an independent financial advisor.

As of the date of this Official Statement, the County has one outstanding qualified interest rate management agreement as follows:

- A floating-to-fixed interest rate swap agreement (the “2002A Swap”) with an original notional amount of \$24,900,000 executed in November 2001 with Bear Stearns Financial Products, Inc. (now JPMorgan Chase Bank), for the purpose of hedging interest rate exposure with respect to the County’s General Obligation Note, Series A of 2002. The termination date of the 2002A Swap is October 25, 2030 and the current termination value is approximately - \$2.2 million.

Qualified interest rate management agreements expose the County to certain financial risks, including interest rate risk, basis risk, tax risk, termination risk, credit risk, market access risk, and other risks more fully described in the interest rate management plan of the County. The County believes these risks are manageable.

Labor Relations

As of December 31, 2021, the County employs 1,494 full-time and 184 part-time employees, 607 County employees are represented across six unions.

87 employees at the Children and Youth Agency are represented by the Pennsylvania Social Services Union (PSSU), Local #668. The employees are covered under a bargaining agreement that extends through December 31, 2023.

The Prison and Youth Intervention Center employees 173 correction officers are represented by the American Federation of State, County and Municipal Employees (AFSCME), Council #89. The employees were covered under a bargaining agreement that extended through December 31, 2022.

The Court Appointed Professional unit consists of 170 employees who are represented by Teamster's Local #771. The current contract with this bargaining unit expires on December 31, 2023.

The County's 15 detectives in the District Attorney's Office are represented by the Lancaster County Detective Association. The current contract with this bargaining unit expires on December 31, 2023.

The County's 126 court-related non-professional employees consisting of the deputy sheriffs and clerical staff in the Sheriff's Office, Clerk of Courts Office, Prothonotary's Office, District Attorney's Office, Register of Wills' Office, Coroner's Office and Public Defenders' Office organized in 2013 and are represented by the Laborers' International Union of North America Local 1310. The current contract with this bargaining unit expires on December 31, 2023.

The County's 36 Court-Related professionals consisting Attorneys in the District Attorney's office and the Public Defender's office are represented by Teamster's Local #771. Their contract term is January 1, 2020, to December 31, 2022.

Pension Plan

The County has a contributory retirement system (the "Pension Plan") for all full-time County employees. The County's annual retirement plan contributions for the past ten years are shown below.

<u>Year</u>	<u>Contribution</u>	<u>Year</u>	<u>Contribution</u>
2012	\$ 7,142,834	2017	\$ 4,424,334
2013	7,001,128	2018	4,399,055
2014	5,962,997	2019	5,048,537
2015	5,228,813	2020	4,918,872
2016	4,580,199	2021	5,142,723

The Pension Plan had an actuarial value in the amount of \$348,780,651 and accrued liability of \$353,363,617 as of December 31, 2020. The Pension Plan was 98.70% funded.

Other Post-Employment Benefits

The County maintains a defined benefit plan to provide certain postretirement healthcare benefits ("OPEB") for all full-time employees hired before January 1, 2012 once they are eligible to receive retirement income and have five years of service, and for full-time employees hired between January 1, 2012 and December 31, 2018 who are eligible for retiree health benefits until Medicare eligibility once they are eligible to receive retirement income and have 20 years of service. The plan is not offered to employees hired on or after January 1, 2019.

The County funds its OPEB on a pay-as-you-go basis, so the plan has no assets used specifically for paying the post-retirement medical benefits. For the year ending December 31, 2020, the annual contribution made was \$2,352,103, and the year-end net OPEB obligation was \$110,146,185.

Demographic and Economic Information Relating to the County of Lancaster

Introduction

The County totals 946 square miles in area and is located in Southeastern Pennsylvania, approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh. There are 60 municipalities in the County, including the City of Lancaster, 18 boroughs and 41 townships. The County is one of the most fertile agricultural regions in the nation, ranking first in agricultural production among counties east of the Mississippi River and first among non-irrigated counties nationwide. The County has enjoyed excellent growth or well-diversified industries during the past twenty years and this growth is expected to continue.

History

Named for Lancaster, England, the County was settled in 1709 by a group of Mennonites from the German Palatinate who accepted William Penn's invitation to seek religious freedom in his domain. Other settlers that followed included the Swiss, French, Scotch-Irish, Welsh, English and German religious sects known as the Amish, Dunkards, Mennonites and Moravians. These latter groups formed the cultural basis known as the Pennsylvania Dutch, whose language, customs, dress and cooking are still important elements of the County environment.

Illustrious residents of the County have included: George Ross, a signer of the Declaration of Independence; General Edward Hand, who settled in the County and practiced medicine after the Revolutionary War; Thaddeus Stevens, whose opposition to slavery influenced Congress; Robert Fulton and President James Buchanan. Artisans here developed the important Pennsylvania rifle. William ("Baron") Stiegel produced his Stiegel glass in Manheim. Canon and ammunition were produced for the Revolution at Windsor Forge and Martic Forge. At Lititz, pretzels became a distinctive major product, and throughout the County, silk production was an important industry during the eighteenth century.

Over the past decade, much has been done to preserve the historic beauty of the County. With the help of the Historic Preservation Trust of Lancaster County, a large part of the City of Lancaster, the County seat of Lancaster County, has been restored to its original colonial setting. Many of the County's oldest buildings and homes are on the National Register of Historic Places and are featured in the "Lancaster Candlelight Walking Tours."

Demographic Characteristics

The County's population increased by 23,605 residents, or 4.5%, between 2010 and 2020, according to the final 2020 Census figures.

The following tables provide population trends, age, wealth and housing indices for Lancaster County and the Commonwealth of Pennsylvania.

Population and Density

	<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
Lancaster County	543,050	519,445	470,658	422,822	362,346
Pennsylvania	12,794,885	12,702,379	12,281,054	11,881,643	11,863,895

Source: U.S. Census Bureau

Age Composition (2020)

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>	<u>Persons Per Household</u>
Lancaster County	23.5%	58.5%	18.0%	2.61
Pennsylvania	20.7	61.0	18.3	2.42

Source: U.S. Census Bureau, Census 2020.

Housing

The table below describes the housing characteristics of the County as of year-end 2020.

	<u>Lancaster County</u>	<u>Pennsylvania</u>
Total Housing Units	212,160	5,713,345
Percent Vacant	3.8%	10.6%
Percent Occupied	96.2%	89.4%
Percent Owner Occupied	69.4%	69.0%
Percent Renter Occupied	30.6%	31.0%

Source: U.S. Census Bureau, Census 2020.

Major Employers

The following is a list of the top employers in the County as of December 31, 2020.

<u>Name</u>	<u>Product or Service</u>	<u>Number of Employees</u>
Lancaster General Health	Health Care	7,970
Giant Food Stores	Supermarkets	not available
County of Lancaster	Government	1,815
Dart Container Corporation	Manufacturing	not available
School District of Lancaster	Education	1,672
Eurofin Lancaster Laboratories Inc.	Laboratory Services	not available
Masonic Villages	Retirement Living	1,815
Fulton Bank NA	Banking	1,320
Nordstrom Inc.	Manufacturing & Retail Trade	1,645
LSC Communications	Publishing	not available

Source: 2020 CAFR / Individual Employers

Recent Trends in Employment and Unemployment*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Lancaster County						
Civilian Labor Force	278,300	283,600	288,700	278,400	284,900	284,200
Employment	268,200	274,300	277,800	236,000	270,900	273,900
Unemployment	10,100	9,200	10,900	42,500	14,000	10,300
Unemployment Rate	3.6%	3.3%	3.8%	15.3%	4.9%	3.6%
Pennsylvania						
Civilian Labor Force	6,405,000	6,454,000	6,538,000	6,447,000	6,406,000	6,381,000
Employment	6,109,000	6,189,000	6,235,000	5,410,000	5,999,000	6,113,000
Unemployment	297,000	265,000	303,000	1,037,000	407,000	268,000
Unemployment Rate	4.6%	4.1%	4.6%	16.1%	6.3%	4.2%

** Figures are as of December of each year, except 2022 which are as of April. Totals may not add due to rounding.*

Source: Pennsylvania Department of Labor & Industry.

Distribution of Employment

The industry employment distribution for the County in 2022 is detailed below:

LANCASTER METROPOLITAN STATISTICAL AREA						
(Lancaster County)						
March 2022						
NONFARM JOBS – NOT SEASONALLY ADJUSTED						
ESTABLISHMENT DATA	Industry Employment				Net Change Form	
	Mar 2022	Feb 2022	Mar 2021	Mar 2020	Feb 2022	Mar 2021
TOTAL NONFARM	252,500	251,400	246,300	258,800	1,100	6,200
TOTAL PRIVATE	232,900	231,900	227,000	238,000	1,000	5,900
GOODS-PRODUCING	55,900	55,300	53,900	55,400	600	2,000
Mining, Logging, and Construction	18,000	17,700	17,800	18,300	300	200
Manufacturing	37,900	37,600	36,100	37,100	300	1,800
Durable Goods	20,000	19,900	19,200	19,700	100	800
Non-Durable Goods	17,900	17,700	16,900	17,400	200	1,000
Food mfg.	8,800	8,700	7,900	7,700	100	900
SERVICE-PROVIDING	196,600	196,100	192,400	203,400	500	4,200
PRIVATE SERVICE-PROVIDING	177,000	176,600	173,100	182,600	400	3,900
Trade, Transportation, and Utilities	60,200	60,300	57,300	59,900	-100	2,900
Wholesale Trade	13,600	13,400	12,700	15,200	200	900
Retail Trade	29,400	29,600	28,800	29,400	-200	600
General merchandise stores	3,200	3,300	3,200	3,300	-100	0
Transportation, Warehousing, and Utilities	17,200	17,300	15,800	15,300	-100	1,400
Information	2,600	2,600	2,500	2,600	0	100
Financial Activities	9,900	9,900	9,700	9,700	0	200
Professional and Business Services	26,300	26,300	26,000	25,500	0	300
Education and Health Services	45,400	45,100	47,200	48,700	300	-1,800
Health care and social assistance	39,500	39,400	40,600	41,100	100	-1,100
Hospitals	8,800	8,800	9,100	8,900	0	-300
Leisure and Hospitality	20,200	20,100	18,600	23,400	100	1,600
Accommodation and food services	16,900	17,100	15,800	19,600	-200	1,100
Food services and drinking places	14,600	14,900	13,500	16,300	-300	1,100
Other Services	12,400	12,300	11,800	12,800	100	600
Government	19,600	19,500	19,300	20,800	100	300
Federal Government	1,200	1,200	1,200	1,300	0	0
State Government	2,900	2,900	2,800	3,500	0	100
Local Government	15,500	15,400	15,300	16,000	100	200
Data benchmarked to March 2021	***Data changes of 100 may be due to rounding***					

Source: PA Department of Labor & Industry

Agriculture

One of the best agricultural areas in the nation, the County ranks first among Pennsylvania counties, first among counties east of the Mississippi River, and first among non-irrigated counties in the country in production. Many factors account for the County's agricultural leadership: some of the richest soils in the nation; relatively little slope; moderate climate; and evenly distributed rainfall. The Swiss-German farmers who originally settled in the County had great farming ability and their successors have continued to keep the County as one of the most productive counties in the nation.

From the beginning, the County demonstrated its agricultural strength with the many diverse products grown in its fertile soil. Among the leading agricultural products today are milk, eggs, poultry, corn, hay, tobacco, wheat, barley, oats and potatoes. The newest cash crop being grown in Lancaster County soil is grapes. The balance between farming and industry has been a major factor in maintaining the stable economy which has marked the County's history for over two and one-half centuries.

Tourism

Approximately 10 million visitors come to Lancaster annually, spending \$1.8 billion on a wide variety of goods and services. These dollars translate into about \$818 million in direct economic impact and nearly \$460 million in indirect economic impact. Additionally, travel and tourism generates approximately \$330 million in tax revenues.

Travel and tourism is among the Commonwealth's and the County's leading industries employing, both directly and indirectly, nearly 40,000 people in Lancaster County (22,000 directly).

Source: Discover Lancaster

Medical Facilities

There are four (4) general acute care hospitals, one rehabilitation hospital, and one psychiatric hospital that serve Lancaster County. These hospitals, their licensed bed capacities and number of employees (full-time and part-time) are as follows:

<u>Institution</u>	<u>Location</u>	<u>Licensed Beds</u>	<u>Staff</u>	
			<u>Full-Time</u>	<u>Part-Time</u>
UPMC Pinnacle Lititz	Lititz	148	465	154
Penn Medicine Lancaster General Health	Lancaster	620	5,707	1,713
Lancaster Rehabilitation Hospital	Lancaster	59	148	81
Lancaster Behavioral Health Hospital	Lancaster	126	239	68
WellSpan Ephrata Community Hospital	Ephrata	141	710	269

Source: Pennsylvania Department of Health, 2020 Reporting Period

Higher Education

Lancaster County has a number of institutions of higher learning. Elizabethtown College, a privately owned institution in Elizabethtown, which offers an undergraduate liberal arts education, has an approximate enrollment of 1,800 undergraduates. Franklin and Marshall College, a coeducational liberal arts college in Lancaster, has an approximate enrollment of 2,300 undergraduates. Millersville University, a State-owned institution in Millersville, has an approximate enrollment of 7,000 undergraduates and 1,000 graduate students. The Lancaster campus of Harrisburg Area Community College has enrolled approximately 5,000 students. The Pennsylvania College of Art and Design, a member of the National Association of Schools of Art & Design, has enrolled approximately 250 students. The Lancaster Bible College, a four-year Christian career college unaffiliated with any denomination, has enrolled approximately 1,100 students. Thaddeus Stevens College of Technology

has enrolled approximately 900 students. The Lancaster General College of Nursing and Health Sciences has enrolled approximately 1,100 students.

In addition, the Lancaster Theological Seminary and three vocational-technical schools are located within the County.

Source: Individual Admissions Offices.

Transportation

All of the County's major highways converge on the City of Lancaster with the exception of the Pennsylvania Turnpike which traverses the County in an east-west direction, 15 miles to the north. U.S. Route 30 crosses the Susquehanna River at Columbia, Pennsylvania, and meets Interstate Route 83 at York, Pennsylvania, 23 miles west of Lancaster. Interstate Route 83 provides a route to Washington and Baltimore. U.S. Route 222 runs in a north-south direction and connects with Reading, Allentown and Easton, and intersects the Pennsylvania Turnpike approximately 15 miles north of the City of Lancaster. Other major highways include U.S. Route 283 connecting Lancaster to Harrisburg and State Route 501 which intersects the area providing access to Allentown, Bethlehem and Easton via the northeast extension of the Pennsylvania Turnpike to the east, and Wilkes-Barre, Scranton and Binghamton, New York, via U.S. Route 81 to the north.

Utilities and Communications

The County has been furnished with electric energy and related services by Pennsylvania Power and Light Company since 1930. PP&L, the second largest electric utility in the state, services approximately 900,000 customers throughout 10,000 square miles of central eastern Pennsylvania. PP&L and eleven neighboring electric utilities have formed the Pennsylvania-New Jersey-Maryland interconnection which serves as a high capacity power pool fully integrating the generation and transmission systems of the participating utilities.

Natural gas is delivered to the County by UGI Corporation. UGI has been in operation for more than eighty years and has over 356 miles of distribution in the County.

Residents of the County have access to several local newspapers. LNP is published daily and has the largest circulation in the County. Lancaster radio stations which serve the area include WLPA, WROZ, WLAN, WIOV and WSBA. Local television stations which serve the area are: WGAL-TV, Channel 8 out of Lancaster; WLYH-TV, Channel 15 out of Lebanon; WHP-TV, Channel 21, WHTM-TV, Channel 27 and public broadcasting WITF-TV, Channel 33, each out of Harrisburg, Pennsylvania. Cable TV is provided to the area by Comcast, Verizon and Blue Ridge. Telephone service is provided to the area by Verizon and Windstream.

APPENDIX C - SUBSTANTIAL FORM OF TRUST INDENTURE

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TRUST INDENTURE

by and between

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,

as Trustee

Dated as of December 1, 2022

Relating to the Issuance of

\$6,755,000

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS,
SERIES A OF 2022 (FEDERALLY TAXABLE)**

AND

\$62,730,000

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS,
SERIES B OF 2022**

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

Section 1.01	Defined Terms	3
Section 1.02	Rules of Construction	11

ARTICLE II

THE BONDS

Section 2.01	Authorized Amount of Bonds	12
Section 2.02	Issuance of Bonds	12
Section 2.03	Designation, Denominations, Interest Rates and Maturity	13
Section 2.04	Execution; Source of Payment of Bonds	14
Section 2.05	Certificate of Authentication.....	15
Section 2.06	Form of Bonds	15
Section 2.07	Delivery of Bonds	15
Section 2.08	Disposition of the Proceeds of the Bonds	16
Section 2.09	Mutilated, Lost, Stolen or Destroyed Bonds.....	17
Section 2.10	Exchangeability and Transfer of Bonds; Persons Treated as Owners	17
Section 2.11	Cancellation	18
Section 2.12	Ratably Secured	18
Section 2.13	Redemption of Bonds; Partial Redemption of Bonds.....	18
Section 2.14	Notice of Redemption	20
Section 2.15	Book Entry System	21

ARTICLE III

SECURITY; COVENANTS OF ISSUER

Section 3.01	Security	22
Section 3.02	Payment of Bonds and Performance of Covenants.....	23
Section 3.03	Authority	23
Section 3.04	No Litigation	23
Section 3.05	Further Assurances.....	23
Section 3.06	No Other Encumbrances; Limitations on Creation of Liens	24
Section 3.07	Parity Indebtedness	24
Section 3.08	Security for Parity Indebtedness	25
Section 3.09	No Personal Liability	25
Section 3.10	Corporate Existence; Compliance with Laws.....	25
Section 3.11	Indemnification	25

ARTICLE IV

DISCHARGE OF LIEN

Section 4.01	Discharge of Lien and Security Interest.....	26
--------------	--	----

Section 4.02	Provision for Payment of Bonds	27
--------------	--------------------------------------	----

ARTICLE V

FUNDS

Section 5.01	Hotel Tax Revenue Fund and Bond Fund.....	27
Section 5.02	Investment of Funds.....	31
Section 5.03	Bond Fund Moneys to be Held in Trust.....	32
Section 5.04	Nonpresentment of Bonds.....	33
Section 5.05	Debt Service Reserve Fund.....	33
Section 5.06	Surplus Fund	35
Section 5.07	Non-presentment of Bonds	37
Section 5.08	Records	37

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES

Section 6.01	Events of Default	37
Section 6.02	Remedies; Rights of Holders	37
Section 6.03	Right of Holders to Direct Proceedings.....	38
Section 6.04	Discontinuance of Default Proceedings.....	39
Section 6.05	Waiver.....	39
Section 6.06	Application of Monies	39
Section 6.07	Notification to County Treasurer.....	40

ARTICLE VII

THE TRUSTEE

Section 7.01	Appointment of Trustee	41
Section 7.02	Compensation and Indemnification of Trustee; Trustee's Prior Claim.....	45
Section 7.03	Intervention in Litigation	45
Section 7.04	Resignation; Successor Trustees.....	46
Section 7.05	Removal of Trustee.....	46
Section 7.06	Paying Agent.....	46
Section 7.07	Qualifications of Paying Agent.....	47
Section 7.08	Resignation of Paying Agent; Removal; Successors	47
Section 7.09	Instruments of Holders.....	48
Section 7.10	Power to Appoint Co-Trustees.....	48
Section 7.11	Filing of Financing Statements	50

ARTICLE VIII

AMENDMENTS, SUPPLEMENTAL INDENTURES

Section 8.01	Supplemental Indentures.....	50
Section 8.02	Amendments to Indenture; Consent of Holders.....	51
Section 8.03	Amendments to the Security Documents Not Requiring Consent of Holders.....	52
Section 8.04	Other Amendment Provisions.....	52

Section 8.05 Notice to and Consent of Holders	52
Section 8.06 Approving Opinion Required	53

ARTICLE IX

MISCELLANEOUS

Section 9.01 Limitation of Rights; No Personal Recourse	53
Section 9.02 Severability	53
Section 9.03 Notices	53
Section 9.04 Payments Due on Non-Business Days.....	54
Section 9.05 Binding Effect.....	54
Section 9.06 Captions	54
Section 9.07 Governing Law	55
Section 9.08 Waiver of Trial by Jury.....	55
Section 9.09 Notices to Rating Agency	55
Section 9.10 Execution in Counterparts.....	55
Section 9.11 Patriot Act Compliance.....	55
Section 9.12 Electronic Signatures	55
Section 9.13 Entire Agreement.....	56

EXHIBIT A	Form of Series A Bond	A-1
EXHIBIT B	Form of Series B Bond	B-1

TRUST INDENTURE

THIS TRUST INDENTURE (the “Indenture”), dated as of December 1, 2022, is made and entered into by and between LANCASTER COUNTY CONVENTION CENTER AUTHORITY, a body public and corporate and a public instrumentality of the Commonwealth of Pennsylvania (the “Issuer”), and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association with trust powers, as trustee, and its successors and assignees in trust (the “Trustee”).

W I T N E S S E T H:

WHEREAS, the Issuer is a body politic and corporate and a public instrumentality of the Commonwealth, organized and existing under the Act; and

WHEREAS, in furtherance of the public purpose for which the Issuer was created, the Issuer previously issued its \$62,595,000 principal amount Hotel Room Rental Tax Revenue Bonds, Series of 2014 (the “Prior Bonds”) pursuant to a Trust Indenture dated as of August 1, 2014, as amended and supplemented (the “Prior Indenture”), by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Prior Trustee”), to finance a project of the Issuer, which consisted of, the refunding of certain indebtedness of the Issuer originally issued to finance, among other things, the design, acquisition, construction, furnishing and equipping of the Convention Center; and

WHEREAS, the Issuer, by resolution duly adopted, has determined to undertake a project consisting of (i) the current refunding of the Prior Bonds; (ii) the payment of the cost of terminating certain interest rate swaps (the “Existing Swaps”); (iii) the funding of a debt service reserve fund; and (iv) the payment of the costs of issuance of the Bonds (hereinafter defined); and

WHEREAS, concurrently with the execution and delivery of this Indenture, the Issuer will execute and deliver its (i) Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the “Series A of 2022 Bonds”); and (ii) Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “Series B of 2022 Bonds” and together with the Series A of 2022 Bonds, the “Bonds”); and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, have been done and performed, and the creation, execution and delivery of this Indenture, and the issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, the parties hereto hereby agree that to secure the payment of principal of, redemption premium, if any, and interest on the Bonds and any other cost or pecuniary liability of the Issuer relating to the Bonds or any proceeding, document or certification incidental to the issuance of the Bonds according to their true intent and meaning, and all other amounts due from time to time under this Indenture, including those due to the Trustee, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained in the Bonds and in this Indenture,

and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and as collateral trustee for each payee and obligee thereunder to secure the payment of all amounts due from time to time by the Issuer under any other Bond Document, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Holders and for other good and valuable consideration, the receipt of which is acknowledged, the Issuer has executed and delivered this Indenture and absolutely and irrevocably pledges and assigns, without recourse, to the Trustee and to its successors in trust forever, and grants a Security Interest in, on the basis set forth herein, and its and their assigns, all right, title and interest of the Issuer in and to the Trust Estate as defined in Section 1.01;

TO HAVE AND TO HOLD unto the Trustee and its successors in trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions hereof,

(a) for the equal and proportionate benefit, security and protection of the Holders of any and all of the Bonds,

(b) for the enforcement of the payment of the principal of, redemption premium, if any, and interest on the Bonds, and all other amounts due from time to time under this Indenture, including those due to the Trustee, when payable, according to the true intent and meaning thereof and of this Indenture, and

(c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture and the other Bond Documents;

provided, however, that payments required to be made in each case, without preference, priority or distinction, as to lien or otherwise except as provided herein, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under this Indenture and shall be secured equally and proportionately by this Indenture, it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value; provided, however, that, upon satisfaction of and in accordance with the provisions of Article IV, the rights assigned hereby shall cease, determine and be void to the extent described therein; otherwise, such rights shall be and remain in full force and effect;

IT IS DECLARED that all Bonds issued under and secured by this Indenture are to be issued, authenticated and delivered, and that all moneys assigned or pledged hereby are to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture; and the Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Holders, as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Defined Terms. In addition to terms defined elsewhere in this Indenture, the following words and terms as used in this Indenture and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

“Act” means the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented.

“Annual Trustee Fee” shall have the meaning given such term in Section 5.01(b)(i)(4) hereof.

“Approving Opinion” shall mean, with respect to any action relating to the Series B of 2022 Bonds, the occurrence of which requires an Opinion of Counsel, delivered by Bond Counsel, to the effect that such action (a) is permitted by this Indenture and the Act and (b) will not adversely affect the exclusion of interest on the Series B of 2022 Bonds from gross income of the Holders for purposes of federal income taxation.

“Authorized Denomination” means \$5,000 and integral multiples thereof.

“Beneficial Owner” means the Person in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository or a Participant or an Indirect Participant on the records of such Securities Depository, Participant or Indirect Participant, as the case may be, or such Person’s subrogee.

“Bond” or *“Bonds”* has the meaning assigned to such term in the recitals hereto.

“Bond Counsel” means an attorney, or firm of attorneys, nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds.

“Bond Documents” means collectively (without limitation) this Indenture, the Bonds, the Security Documents and the Tax Certificate, and any and all extensions, renewals, modifications, amendments, supplements and substitutions thereof.

“Bond Fund” means the fund of that name created pursuant to Section 5.01.

“Bond Proceeds” means the principal of the Bonds and any investment earnings thereon.

“Book Entry System” means a book entry system established and operated for the recordation of Beneficial Owners of the Bonds pursuant to Section 2.15.

“Business Day” means any day on which (a) the office of the Trustee is open for business, (b) the Federal Reserve System is operational, (c) the New York Stock Exchange is not closed and (d) banks in the city in which the principal office of the Trustee are open for business.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

“*Commonwealth*” means the Commonwealth of Pennsylvania.

“*Convention Center*” shall mean the land, improvements, structures, buildings, or part thereof, or property interests therein, owned by the Issuer and used for large public assemblies, the holding of conventions, conferences, trade exhibitions, sporting events and other business, social, cultural, scientific and public interest events, and all facilities, furniture, fixtures and equipment necessary or incident thereto, including meeting rooms, dining rooms, kitchens, ballrooms, reception areas, registration and pre-function areas, truck loading areas, including access thereto, access ways, common areas, lobbies, offices and areas appurtenant to any of the preceding, and also including other buildings, structures or facilities for use in conjunction with the foregoing, including, but not limited to, provision for off-street parking, retail areas and other improvements related to the center owned by the Issuer.

“*Counsel*” means an attorney, or firm of attorneys, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, including any Bond Counsel.

“*County*” means the County of Lancaster, Pennsylvania.

“*County Treasurer*” means the duly appointed and acting treasurer of the County.

“*Debt Service Reserve Fund*” shall mean the fund of that name created pursuant to Section 5.05 hereof.

“*Debt Service Requirements*”, with reference to a specified period, and with respect to the Bonds or other Parity Indebtedness under consideration, shall mean:

(i) interest payable on Bonds or other Parity Indebtedness during the period, subject to reduction for funded interest;

(ii) amounts required to pay the principal of Bonds or other Parity Indebtedness maturing during the period and not to be redeemed prior to or at maturity through any sinking fund account; and

(iii) amounts required to pay the principal of Bonds or other Parity Indebtedness subject to mandatory sinking fund redemption.

“*Discover Lancaster*” means the Pennsylvania Dutch Tourist Bureau (d/b/a Discover Lancaster), and its successors and assigns.

“Eligible Investments” means any one or more of the following which at the time of investment are legal investments under the applicable laws of the Commonwealth for the monies proposed to be invested therein:

(i) Direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(ii) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself);

(iii) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself);

(iv) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AA-Am-G; AAA-m; or AA-m or if rated by Moody’s rated Aaa-mf, Aa-mf or A-mf;

(v) Certificates of deposit secured at all times by collateral described in (i) and/or (ii) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(vi) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC;

(vii) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P;

(viii) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies;

(ix) Bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P;

(x) Repurchase Agreements with primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and “A2” or better by Moody’s, or banks rated “A” or above by S&P and “A2” or above by Moody’s. Purchased securities will be limited to those in paragraph (i), (ii) or (iii) above at a margin percentage of 102%. Purchased securities must be held in a separate, segregated account by either the Trustee or tri-party custodian for the benefit of the Issuer, and the Issuer or Trustee must have a first perfected security interest in all purchased securities;

(xi) Investment Agreements with providers initially rated at least “AA-” and “Aa3” by S&P and Moody’s, with the provision that (i) if the provider is downgraded below “AA-” or

“Aa3” by S&P or Moody’s, the provider must deliver collateral of the type described in paragraph (i) above at a margin percentage of 103%, or that described in paragraph (ii) or (iii) above at a margin percentage of 104%, and (ii) if the provider is further downgraded below “A-” or “A3” by S&P or Moody’s, the Issuer will have the right to terminate the agreement and receive all invested amounts plus accrued but unpaid interest without penalty; and

(xii) any other investments to the extent at the time permitted by then applicable law for the investment of public funds, including without limitation, one or more money market mutual fund portfolios of the Wells Fargo Advantage Funds or any other mutual fund for which the Trustee or any of its affiliates serve as an investment manager, administrator, servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates.

“Event of Default” means any of the events specified in Section 6.01.

“Financing Statements” means any and all financing statements (including continuation statements) or other instruments filed or recorded to perfect the Security Interest created in this Indenture and in the Security Documents (or any of them).

“Fitch” means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with notice to the Trustee.

“Government Obligations” means (i) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity.

“Guaranty Agreement” shall mean the Guaranty Agreement dated as of December 1, 2022, between the County, as guarantor, and the Issuer and the Trustee, whereunder, among other things, the County guarantees, unconditionally, the payment of the Issuer’s obligations under the Replenishment Note, all as more fully provided for therein, and any amendments, restatements, supplements or other modifications thereto permitted pursuant to the terms thereof and hereof.

“Historic Hotel Tax Revenues” means the Hotel Tax Revenues deposited to the Hotel Tax Revenue Fund under Section 5.01 hereof as shown in the audited financial report of the Issuer for the Fiscal Year immediately preceding the Fiscal Year in which the relevant

calculation is being made which are available for the payment of debt service on the Bonds and any Parity Indebtedness incurred under Section 3.07 hereof.

“Holder” or “Owner” or “Registered Owner” means the Person who shall be the registered owner of any Bond, provided that, if any Bond is held pursuant to the Book Entry System, Holder shall mean, with respect to such Bond, the Beneficial Owner thereof.

“Hotel Room Rental Tax” means the Hotel Room Rental Tax imposed by the County pursuant to the provisions of Section 3 of the Act and the Hotel Tax Ordinance.

“Hotel Tax Ordinance” means Ordinance No. 45 Lancaster County Hotel Room Rental Tax enacted by the Lancaster County Board of County Commissioners on September 15, 1999 with an effective date of January 1, 2000.

“Hotel Tax Revenues” means all monies transferred by the County Treasurer to the Issuer pursuant to Section C of the Hotel Tax Ordinance and derived from the revenues received by the County Treasurer from the Hotel Room Rental Tax.

“Hotel Tax Revenue Fund” shall mean the fund of that name created pursuant to Section 5.01(a) hereof.

“Indebtedness” shall mean Long Term Indebtedness and Short Term Indebtedness.

“Indenture” means this Trust Indenture, as the same may be amended or supplemented from time to time as permitted hereby.

“Indirect Participant” means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant.

“Interest Payment Date” means each May 1 and November 1 of each year commencing May 1, 2023.

“Issue Date” means the date on which the Bonds are delivered to the purchaser or purchasers thereof upon original issuance.

“Issuer” means Lancaster County Convention Center Authority, a body public and corporate and a public instrumentality of the Commonwealth duly organized and existing under the Constitution and laws of the Commonwealth, including the Act, or any successor to its rights and obligations under this Indenture.

“Issuer Representative” means any one of the persons at the time designated to act on behalf of the Issuer by written certificate furnished to the Trustee containing the specimen signatures of such persons and signed on behalf of the Issuer by its Chairman, Vice Chairman, Secretary, Assistant Secretary or Executive Director.

“Lien” means any mortgage, deed of trust or pledge of, security interest in or encumbrance on the Convention Center or the Hotel Tax Revenues which secures any obligation of the Issuer or which secures any obligation of any Person.

“Long Term Indebtedness” shall mean the amount of all obligations for the payment of money incurred, assumed or guaranteed by the Issuer, including but not limited to its obligations with respect to all Bonds issued under this Indenture, whether due and payable in all events, or upon the performance of work, possession of property as lessee or rendering of services by others except:

- (i) Short Term Indebtedness;
- (ii) Current obligations payable out of current revenues, including current payments for the funding of pension plans;
- (iii) Obligations under contracts for supplies, services and pensions, allocable to current operating expenses of future years in which the supplies are to be furnished, the services rendered or the pension benefits paid; and
- (iv) Amounts payable in future years under Issuer leases, other than such leases properly capitalized under Generally Accepted Accounting Principles.

“Maximum Annual Debt Service Requirements” means the largest Debt Service Requirement to be paid by the Issuer with respect to the Bonds issued under this Indenture and any Parity Indebtedness incurred pursuant to Section 3.07 hereof.

“Memo of Understanding” means the Memo of Understanding dated as of July 28, 2022, between the Issuer and Discover Lancaster.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *“Moody’s”* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with notice to the Trustee.

“Opinion of Counsel” means any opinion of Counsel delivered pursuant to this Indenture. Each such opinion shall be addressed to the Trustee, the Issuer and the Paying Agent.

“Outstanding” means, when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, all Bonds that have been authenticated and delivered by the Trustee hereunder, except:

- (i) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
- (ii) Bonds deemed to be paid in accordance with Section 4.02;
- (iii) Bonds in lieu of which others have been authenticated under Sections 2.09 and 2.10; and
- (iv) For purposes of any consent, request, demand, authorization, direction, notice, waiver or other action to be taken by the Holders of a specified percentage of Outstanding Bonds

hereunder, all Bonds held by or for the account of the Issuer or any affiliate of the Issuer; provided, however, that for purposes of any such consent, request, demand, authorization, direction, notice, waiver or action the Trustee shall be obligated to consider as not being Outstanding only Bonds known by the Trustee by actual notice thereof to be so held.

“Parity Indebtedness” shall mean any Indebtedness incurred, assumed or guaranteed by the Issuer, other than the Bonds, which the Issuer is permitted to incur and which shall be equally and ratably secured with the Bonds to the extent provided in Section 3.07(a), 3.07(b) or 3.07(c) of this Indenture.

“Parity Indebtedness Agreement” shall mean any agreement of any sort entered into by the Issuer for the purpose of incurring, securing or guaranteeing Parity Indebtedness.

“Parity Lender” shall mean the financial institution providing any Parity Indebtedness to the Issuer pursuant to Section 3.07 hereof.

“Participant” means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

“Paying Agent” means Wilmington Trust, National Association, and its successors appointed and serving under this Indenture.

“Person” means any natural person, firm, partnership, association, corporation, limited liability company or public body.

“Project” has the meaning ascribed to such term in the recitals hereto.

“Rating Agency” means Moody’s (if Moody’s assigns a rating to the long-term unenhanced general obligation debt of the County) or S&P (if S&P assigns a rating to the long-term unenhanced general obligation debt of the County).

“Record Date” means with respect to each Interest Payment Date, the Trustee’s close of business on April 15 or October 15 immediately preceding the applicable Interest Payment Date, regardless of whether such day is a Business Day.

“Register” means the register of the record owners of Bonds maintained by the Trustee.

“Replenishment Note” means the Guaranteed Debt Service Reserve Fund Replenishment Note of the Issuer delivered pursuant to Section 5.05 hereof.

“Reserve Fund Credit Facility” means (i) an irrevocable letter of credit, naming the Trustee as beneficiary, issued by any domestic or foreign bank, or any branch or agency thereof, whose long-term debt obligations are rated in one of the two highest rating categories by Moody’s and S&P or (ii) a policy of reserve fund insurance naming the Trustee as beneficiary, issued by an insurance company whose claims paying ability is rated in one of the two highest rating categories by Moody’s and S&P, in either case (A) in an amount not less than the Series A Bonds Required Reserve Amount or the Series B Bonds Required Reserve Amount, as

applicable, and (B) the terms of which allow the Trustee to make the draws required by Section 5.05.

“Revenues” means (a) the Hotel Tax Revenues, (b) any proceeds of Bonds originally deposited with the Trustee for the payment of interest accrued on the Bonds or otherwise paid to the Trustee by or on behalf of the Issuer for deposit in the Bond Fund, (c) investment income with respect to any moneys held by the Trustee under this Indenture, and (d) any moneys paid to the Trustee under the Guaranty Agreement.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with notice to the Trustee.

“Securities Depository” means The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book Entry System with respect to the Bonds.

“Securities Depository Nominee” means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Register the Bonds to be delivered to such Securities Depository during the continuation with such Securities Depository of participation in its Book Entry System.

“Security Documents” means, as applicable, the Guaranty Agreement and the Replenishment Note.

“Security Interest” or *“Security Interests”* means the security interests created herein and in the Security Documents (or any of them) and has the meanings set forth in the U.C.C.

“Series A Bonds Required Reserve Amount” means \$384,401.93.

“Series B Bonds Required Reserve Amount” means (i) from the date hereof through and including May 1, 2030, \$3,569,731.07; and (ii) from May 2, 2030 through the final maturity of the Series B of 2022 Bonds, \$3,954,133.00.

“Settlement Fund” shall mean the special fund created under Section 2.08.

“Short Term Indebtedness” shall mean indebtedness of the Issuer payable on demand or otherwise maturing not more than 365 days after it is incurred, but not including accounts payable and accrued expenses.

“Surplus Fund” shall mean the fund of that name created pursuant to Section 5.06 hereof.

“Tax Certificate” means the Nonarbitrage Certificate and Compliance Agreement of the Issuer dated the Issue Date.

“*Trustee*” means Wilmington Trust, National Association, as trustee hereunder, and any successor trustee appointed under this Indenture.

“*Trust Estate*” means all of the Trustee’s right, title and interest in, to and under the Security Documents and all collateral pledged or hypothecated thereunder, all products and proceeds thereof, and all cash, funds and other property (real and personal) realized, collected or obtained upon the exercise of the Trustee’s rights and remedies hereunder and thereunder, and all right, title and interest of the Issuer in and to:

- (i) the Revenues;
- (ii) all moneys in the Hotel Tax Revenue Fund, the Bond Fund, the Surplus Fund and the Debt Service Reserve Fund, including proceeds of the Bonds pending disbursement thereof;
- (iii) payments received from the County pursuant to the Guaranty Agreement;
- (iv) all of the Issuer’s rights, title and interest in the Security Documents;
- (v) all of the proceeds of the foregoing, including without limitation investments thereof; and
- (vi) all other property of every name and nature from time to time hereafter by delivery or by writing mortgaged, pledged, delivered or hypothecated as and for additional security under this Indenture by the Issuer or by anyone on its behalf or with its written consent in favor of the Trustee.

“*U.C.C.*” means the Uniform Commercial Code of the Commonwealth as now in effect or hereafter amended.

“*Unsecured Indebtedness*” means any Indebtedness not secured by any Lien.

Section 1.02 Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The table of contents, captions, and headings herein are for convenience of reference only and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.
- (c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.
- (d) All references in this Indenture to particular Articles, Exhibits or Sections are references to Articles or Sections of this Indenture, unless otherwise indicated.

ARTICLE II

THE BONDS

Section 2.01 Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total aggregate principal amount of Bonds that may be issued and Outstanding hereunder is expressly limited to \$69,485,000. The Bonds shall be issued as two series of Bonds and shall be designated “\$6,755,000 Lancaster County Convention Center Authority Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)” and “\$62,730,000 Lancaster County Convention Center Authority Hotel Room Rental Tax Revenue Bonds, Series B of 2022”.

Section 2.02 Issuance of Bonds. The Bonds shall bear interest from the Issue Date, until paid, at the rates set forth in Section 2.03. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall mature, unless sooner paid, on the dates set forth in Section 2.03.

The Bonds shall be issued initially in definitive form, shall be dated December 1, 2022, shall be in fully registered form, without coupons, and shall be issuable in denominations of \$5,000 principal amount and any integral multiple thereof.

The Bonds shall be dated the Issue Date. Each of the Bonds shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date; or (b) such Bond is registered and authenticated after a Record Date and before the next succeeding Interest Payment Date, in which event the Bond shall bear interest from such Interest Payment Date; or (c) such Bond is registered and authenticated on or prior to the Record Date preceding May 1, 2023, in which event such Bond shall bear interest from December 1, 2022; or (d) as shown by the records of the Trustee, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date on which interest was last paid on such Bond, payable semiannually on May 1 and November 1 of each year, beginning May 1, 2023, until the principal sum thereof is paid. Except as to distinguishing numbers, series designation, denominations, maturity dates and interest rates, the Bonds and the Trustee’s certificates of authentication shall be substantially in the forms and shall be of the tenor and purport hereinbefore set forth, with such insertions and variations (including CUSIP numbers) approved by the Trustee, as may be appropriate for different series designations, denominations and maturity dates.

The principal of, premium, if any, and interest on all Bonds shall be payable in lawful money of the United States, and such principal, premium, if any, and interest shall be payable at the places set forth in the Bonds. Payment of interest on any Bond on any Interest Payment Date shall be made to the Person appearing on the registration books of the Issuer, maintained by the Trustee in behalf of the Issuer, as the Registered Owner thereof on the Record Date and shall be paid by check mailed to the Registered Owner at his address as it appears on such registration books, unless the Issuer shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the Persons in whose names the Bonds are registered at the close of business on a special record date for the

payment of such defaulted interest established by notice mailed by the Trustee in behalf of the Issuer to the Registered Owners of Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the Persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. Payment of the principal of all Bonds shall be made upon presentation and surrender of such Bonds as the same shall become due and payable.

If the date for payment of the principal of, premium, if any, or interest on the Bonds shall not be a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the stated date of payment.

The Issuer in issuing its Bonds may use “CUSIP” numbers (if then generally in use), and the Trustee shall use such “CUSIP” numbers in notices of redemption as a convenience to Registered Owners, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers prefixed “R” printed on the Bonds.

Section 2.03 Designation, Denominations, Interest Rates and Maturity.

(a) Series A of 2022 Bonds shall be numbered consecutively as issued, without regard to denomination or maturity, and shall bear interest (for the period specified) at the rates per annum and shall mature on the dates and in the aggregate principal amounts, all as follows:

<u>Interest Rate</u>	<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>
4.870%	2023	\$1,000,000
4.920	2024	840,000
4.740	2025	885,000
4.730	2026	925,000
4.780	2027	970,000
4.940	2028	1,020,000
5.090	2029	1,070,000
5.170	2030	45,000

(b) Series B of 2022 Bonds shall be numbered consecutively as issued, without regard to denomination or maturity, and shall bear interest (for the period specified) at the rates per annum and shall mature on the dates and in the aggregate principal amounts, all as follows:

<u>Interest Rate</u>	<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>
5.000%	2030	\$1,080,000
5.000	2031	1,185,000
5.000	2032	1,245,000
5.000	2033	1,310,000
5.000	2034	1,375,000
5.000	2035	1,445,000
5.000	2036	1,520,000
5.000	2037	1,600,000
4.000	2038	1,670,000
5.000	2039	1,750,000
4.250	2040	1,510,000
5.000	2040	325,000
4.250	2041	1,915,000
4.375	2042	2,000,000
4.000	2049	16,500,000
4.750	2053	11,905,000
4.750	2057	14,395,000

Section 2.04 Execution; Source of Payment of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chair or Vice Chair of the Issuer and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Issuer and shall have impressed or imprinted thereon the seal (or a facsimile thereof), if any, of the Issuer.

In case any officer whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such manual or facsimile signatures shall nevertheless be valid and sufficient for all purposes.

TO THE EXTENT PROVIDED IN AND EXCEPT AS OTHERWISE PERMITTED BY THIS INDENTURE, (I) THE BONDS SHALL BE LIMITED OBLIGATIONS OF THE ISSUER AND THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON AND INTEREST ON THE BONDS SHALL BE PAYABLE EQUALLY AND RATABLY SOLELY FROM THE REVENUES AND (II) THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON AND INTEREST ON THE BONDS SHALL BE SECURED BY THE TRUST ESTATE PURSUANT TO THE GRANTING CLAUSES OF THIS INDENTURE. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT, NEITHER THE GENERAL CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS, AND THE BONDS SHALL NOT BE OR BE DEEMED OBLIGATIONS OF THE COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

The Issuer covenants and agrees that the only moneys it shall deposit into or transfer to the various funds and accounts hereunder, shall be (i) Hotel Tax Revenues; (ii) the proceeds of the Bonds issued hereunder; and (iii) any other Revenues, as defined herein. The Issuer is prohibited from making payments into any Fund established and created under this Indenture hereto for the Bonds issued hereunder other than from the sources described in the immediately preceding sentence without first obtaining and delivering to the Trustee an opinion of Bond Counsel to the effect that the same is permitted under applicable law and the Indenture and that the same will not adversely affect the tax-exempt status of the interest payment on the Bonds.

Section 2.05 Certificate of Authentication. No Bonds shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon a certificate of authentication, substantially in the form as set forth in the form of Bond referred to in Section 2.06, executed by an authorized representative of the Trustee; and such certificate on any Bond issued by the Issuer shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

Section 2.06 Form of Bonds.

(a) The Bonds, the Trustee's certificate of authentication and the form of assignment shall be in substantially the forms set forth as Exhibit A and Exhibit B hereto, with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or are required by law and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations.

(b) The Bonds shall be in either typewritten or printed form, as the Issuer shall direct, with approval of the Trustee; provided that any expenses, including but not limited to expenses of printing, incurred in connection therewith shall be paid by the Issuer.

Section 2.07 Delivery of Bonds. Upon the execution and delivery hereof, the Issuer shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to such purchaser or purchasers as shall be directed in writing by the Issuer as hereinafter provided in this Section.

Prior to the authentication of and initial delivery by the Trustee of any of the Bonds, there shall be filed with the Trustee:

(a) A certified copy of all resolutions adopted and proceedings had by the Issuer authorizing execution of the Indenture and the issuance of the Bonds;

(b) An original executed counterpart of this Indenture and each of the Bond Documents;

(c) Copies of any Financing Statements filed to perfect the Security Interests;

(d) An original executed counterpart of the Tax Certificate;

(e) An Opinion of Bond Counsel to the effect that the Bonds have been duly authorized and validly issued, are legal, valid and binding obligations of the Issuer enforceable against the

Issuer in accordance with their terms and that interest on the Series B of 2022 Bonds will not be included in gross income of the Holders thereof for federal tax purposes;

(f) An Opinion of Counsel for the Issuer to the effect that the Indenture, the Security Documents and the other Bond Documents to which the Issuer is a party have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their terms and that the Indenture creates a valid lien on the Trust Estate; and

(g) An Opinion of Counsel for the County to the effect that the Guaranty Agreement has been duly authorized, executed and delivered by the County and is the legal, valid and binding agreement of the County and is enforceable against the County in accordance with its terms; and

(h) A request and authorization to the Trustee on behalf of the Issuer and signed by a duly authorized officer of the Issuer directing the Trustee to authenticate and deliver the Bonds in such specified denominations as permitted herein to the initial purchaser or purchasers upon payment to the Trustee, but for the account of the Issuer, of a specified sum of money.

Upon receipt of the foregoing, the Trustee shall authenticate and deliver the Bonds as provided above.

Section 2.08 Disposition of the Proceeds of the Bonds. The net proceeds of the Bonds and any other funds received on the date of delivery of the Bonds as described in this Section 2.08 shall be deposited by the Trustee in the Settlement Fund, which is hereby created, and paid or transferred therefrom in accordance with written instructions of the Issuer delivered to the Trustee on the Issue Date. The Trustee shall establish within the Settlement Fund a “Series A Bonds Account” and a “Series B Bonds Account”.

The net proceeds of the Series A of 2022 Bonds in the amount of \$6,722,913.75, which is equal to the principal amount thereof less the Underwriter’s discount of \$32,086.25, shall be deposited into the Series A Bonds Account of the Settlement Fund. The Trustee is hereby directed to apply the monies deposited to the Series A Bonds Account of the Settlement Fund as follows:

(a) the sum of \$6,306,451.00 shall be applied to pay a portion of the costs of terminating the Existing Swaps;

(b) the sum of \$384,401.93 shall be transferred to the Series A Bonds Account of the Debt Service Reserve Fund; and

(c) the sum of \$32,060.82 shall be applied to pay the costs of issuance of the Series A of 2022 Bonds pursuant to the written direction of the Issuer.

The net proceeds of the Series B of 2022 Bonds in the amount of \$60,270,284.35, which is equal to the principal amount thereof less net original issue discount of \$2,099,018.15, and less the Underwriter’s discount of \$360,697.50, shall be deposited into the Series B Bonds Account of the Settlement Fund. The Trustee is also directed to deposit \$5,801,710.92 from monies on deposit under the Trust Indenture for the Prior Bonds into the Series B Bonds Account of the

Settlement Fund, as more specifically provided in the Closing Statement of the Issuer dated the date of issuance of the Series B of 2022 Bonds.

The Trustee is hereby directed to apply the monies deposited to the Series B Bonds Account of the Settlement Fund as follows:

(a) the sum of \$59,186,633.33 shall be applied to pay the cost of refunding the Prior Bonds;

(b) the sum of \$3,031,549.00 shall be applied to pay a portion of the costs of terminating the Existing Swaps;

(c) the sum of \$3,569,731.07 shall be transferred to the Series B Bonds Account of the Debt Service Reserve Fund; and

(d) the sum of \$_____ shall be applied to pay the costs of issuance of the Series B of 2022 Bonds pursuant to the written direction of the Issuer; and

(e) the sum of \$_____ shall be deposited into the Bond Fund.

In the event any balance of money reserved in the Settlement Fund shall remain in the Settlement Fund after all payments and transfers authorized in this Section 2.08 shall have been made, the Trustee shall transfer such balance to the Bond Fund.

Section 2.09 Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond of the same maturity, interest rate, principal amount and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided, that there shall be first furnished to the Trustee evidence satisfactory to it and the Issuer of the ownership of such Bond and of such loss, theft or destruction (or, in the case of a mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee), together with indemnity satisfactory to the Trustee and the Issuer and compliance with such other reasonable regulations as the Issuer and the Trustee may prescribe. If any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond the Issuer may pay the same without surrender thereof, upon receipt of such evidence, indemnification and payment of fees and expenses as described herein. The Issuer and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in connection with this Section.

Section 2.10 Exchangeability and Transfer of Bonds; Persons Treated as Owners. Books for the registration of the Bonds and for the registration of transfer of the Bonds as provided herein shall be kept by the Trustee.

Any Holder of a Bond, in person or by such Holder's duly authorized attorney, may transfer title to such Holder's Bond on the Register upon surrender thereof at the designated office of the Trustee, and by providing the Trustee with a written instrument of transfer (in substantially the form of assignment attached to the Bond) executed by the Holder or such Holder's duly authorized attorney, and thereupon, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the

same aggregate principal amount tenor as the Bond surrendered (or for which transfer of registration has been effected) and of any Authorized Denomination or Authorized Denominations.

Bonds may be exchanged upon surrender thereof at the designated office of the Trustee with a written instrument of transfer satisfactory to the Trustee executed by the Holder or such Holder's attorney duly authorized in writing, for an equal aggregate principal amount of Bonds of the same tenor as the Bonds being exchanged and of any Authorized Denomination or Authorized Denominations. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds that the Holder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

Such registrations of transfer or exchanges of Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service charge made by the Trustee for any such registration of transfer or exchange and all reasonable expenses of the Trustee shall be paid by the Issuer.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal or interest shall be made only to or upon the order of the registered owner thereof or such Holder's duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

All Bonds issued upon any registration of transfer or exchange of Bonds shall be legal, valid and binding limited obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such registration of transfer or exchange.

Notwithstanding the foregoing, for so long as the Bonds are held under the Book Entry System, transfers of beneficial ownership will be effected pursuant to rules and procedures established by the Securities Depository.

Section 2.11 Cancellation. All Bonds that have been surrendered to the Trustee pursuant to Sections 2.09 or 2.10 of this Indenture or for payment upon maturity or redemption prior to maturity, shall be cancelled and destroyed by the Trustee and a certificate of destruction shall be delivered to the Issuer.

Section 2.12 Ratably Secured. All Bonds issued hereunder are and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication, delivery or maturity of the Bonds so that subject as aforesaid, all Bonds at any time Outstanding shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same, or any of them,

shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date.

Section 2.13 Redemption of Bonds; Partial Redemption of Bonds.

(a) ***Optional Redemption.*** The Series A of 2022 Bonds are not subject to optional redemption prior to maturity.

The Series B of 2022 Bonds maturing on and after May 1, 2033 are subject to redemption prior to maturity, at the option of the Issuer, in whole or in part (and, if in part, as selected by the Issuer, in authorized denominations), on May 1, 2032, or on any date thereafter, upon payment of the principal amount of the Series B of 2022 Bonds to be redeemed, together with accrued interest to the date fixed for redemption. In the event less than all of the Series B of 2022 Bonds of any particular maturity are to be redeemed, the Series B of 2022 Bonds to be redeemed shall be drawn by lot by the Trustee.

(b) ***Mandatory Sinking Fund Redemption.*** The Series A of 2022 Bonds are not subject to mandatory sinking fund redemption.

The Series B of 2022 Bonds stated to mature on May 1, 2049 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$2,085,000	2043
2,170,000	2044
2,255,000	2045
2,350,000	2046
2,445,000	2047
2,545,000	2048
2,650,000	2049*

* Final maturity

The Series B of 2022 Bonds stated to mature on May 1, 2053 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$2,770,000	2050
2,900,000	2051
3,045,000	2052
3,190,000	2053*

* Final maturity

The Series B of 2022 Bonds stated to mature on May 1, 2057 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$3,345,000	2054
3,510,000	2055
3,680,000	2056
3,860,000	2057*

* Final maturity

(c) ***Selection of Bonds to be Redeemed.*** Except as otherwise provided herein or in the Bonds, if less than all the Bonds are to be redeemed, the particular Bonds to be called for redemption shall be selected from the maturities designated in writing by the Issuer and within a maturity by any method determined by the Trustee to be fair and reasonable. The Trustee shall treat any Bond of a denomination greater than the minimum authorized denomination as representing that number of separate Bonds each of that minimum authorized denomination as can be obtained by dividing the actual principal amount of such Bond by that minimum authorized denomination; provided that no Bond shall be redeemed in part if it results in the unredeemed portion of the Bond being in a principal amount other than an authorized denomination.

(d) ***Bonds Redeemed in Part.*** Any Bond which is to be redeemed only in part shall be surrendered at a place stated for the surrender of Bonds called for redemption in the notice provided for in Section 2.14 (with due endorsement by, or a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Owner thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond without service charge, a new Bond or Bonds, of any authorized

denomination as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 2.14 Notice of Redemption.

(a) The Issuer shall exercise its option to prepay the Bonds pursuant to Section 2.13(a) hereof by giving written notice to the Trustee and the Paying Agent, not less than forty-five (45) days prior to the date selected for redemption.

The notice of the call for redemption of Bonds shall identify (i) the complete official name of the issue, (ii) the Bonds or portions thereof to be redeemed by designation, letters, CUSIP numbers, numbers or other distinguishing marks, interest rate, maturity date and principal amount, (iii) the redemption price to be paid, (iv) the date fixed for redemption, (v) the place or places, by name and address, where the amounts due upon redemption are payable and (vi) the name and telephone number of the person to whom inquiries regarding the redemption may be directed; provided, however, that the failure to identify a CUSIP number for said Bonds in the redemption notice, or the inclusion of an incorrect CUSIP number, shall not affect the validity of such redemption notice. The notice shall be given by the Trustee on behalf of the Issuer by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days, but no more than 60 days, prior to the date fixed for redemption, to the Owner of each Bond subject to redemption in whole or in part at the Owner's address shown on the Register. Failure to mail notice pursuant to this Section, or any defect in that notice, as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond.

(b) The Trustee shall take the following additional actions with respect to such redemption notice, but no defect in the following actions or any failure to take the same shall defeat the effectiveness of the foregoing redemption notice:

(i) At least 30 days prior to the date fixed for redemption, such redemption notice shall be given by (i) registered or certified mail, postage prepaid, (ii) legible facsimile transmission, (iii) electronic mail, or (iv) overnight delivery service to:

The Depository Trust Company
55 Water Street
New York, New York 10041
Facsimile transmission: (212) 855-7232
(212) 855-7234
E-mail: redemptionnotification@dtcc.com

(ii) At least 30 days before the date fixed for redemption, such redemption notice shall be given to the Municipal Securities Rulemaking Board ("MSRB") through its the Electronic Municipal Market Access system ("EMMA") as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to or as may be prescribed by the MSRB (or, if such system is no longer in existence, to such other information service of national recognition that disseminates redemption information as is specified in writing by the Issuer to the Trustee).

(iii) In undertaking the requirements of this subsection (b), the Trustee does so as a courtesy to the Owners and to the institutions listed herein and the Trustee shall not incur any liability as a result of the failure to provide such notice to any Owner or to any such institution or as a result of any defect therein.

(c) If at the time of mailing of notice of any optional redemption, the Issuer shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional in that it is subject to the deposit of the sufficient moneys with the Trustee not later than 2:00 PM eastern time on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 2.15 Book Entry System.

(a) The Bonds of each series shall initially be issued in the form of one typewritten fully registered Bond for the aggregate principal amount of the Bonds of each maturity, which Bond shall be registered in the name of the Securities Depository or its nominee provided that if the Securities Depository shall request that the Bond be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the Bond for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of the Securities Depository. No Person other than the Securities Depository or its nominee shall be entitled to receive from the Issuer or the Trustee either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless the Securities Depository or its nominee shall transfer record ownership of all or any portion of the Bonds, in connection with discontinuing the Book Entry System as provided in this Section 2.15.

(b) So long as the Book Entry System is in effect, the Trustee shall comply with the terms of any agreement with the Securities Depository, and notwithstanding anything in this Indenture to the contrary, such agreement shall govern with respect to notices, voting, payment, and delivery of Bonds.

(c) The Book Entry System may be terminated upon the happening of any of the following:

(i) The Securities Depository or the Issuer, based upon advice from the Securities Depository, advises the Trustee in writing that the Securities Depository is no longer willing or able to properly discharge its responsibilities under any agreement(s) with the Issuer and the Trustee, and the Issuer is unable to locate a qualified successor Securities Depository satisfactory to the Trustee;

(ii) The Issuer may elect to terminate the Book Entry System by written notice to the Securities Depository and the Trustee; or

(iii) After the occurrence of an Event of Default, the Beneficial Owners of a majority in aggregate Outstanding principal amount of the Bonds, through the Participants and the Securities Depository, may elect to discontinue the Book Entry System and so advise the Trustee, the Issuer and the Securities Depository in writing.

Upon the occurrence of any event hereinabove described, the Trustee shall notify the Securities Depository of the occurrence of such event and of the availability of definitive or temporary certificated Bonds to Beneficial Owners, in an aggregate Outstanding principal amount representing the ownership interest of each such Beneficial Owner, making such adjustments and allowances as it may find necessary or appropriate as to accrued interest and previous payments of principal or redemption price. Definitive certificated Bonds shall be issued only upon surrender to the Trustee of the Bond held by the Securities Depository, accompanied by registration instructions for the definitive certificated Bonds. Neither the Issuer nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon issuance of definitive certificated Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such definitive certificated Bonds.

(d) Except for payment of principal at maturity, any provision of this Indenture permitting or requiring the delivery of Bonds shall, while the Book Entry System is in effect, be satisfied by the notation on the books of the Securities Depository or a Participant, if applicable, of the transfer of the Beneficial Owner's interest in such Bond.

(e) Neither the Issuer nor the Trustee will have any responsibility or obligation to Participants, to indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by the Securities Depository, any Participant, or any indirect Participant; (ii) the payment by the Securities Depository, any Participant or indirect Participant of any amount with respect to the principal of, or premium, if any, or interest on the Bonds; (iii) any notice which is permitted or required to be given by Beneficial Owners under this Indenture; (iv) the selection by the Securities Depository or any direct or indirect Participant of any Person to receive payment in the event of a partial redemption of the Bonds, or (v) any consent given or other action taken by the Securities Depository as Bondholder.

(f) Payments by the Participants or indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant or indirect Participant and not of the Securities Depository, the Trustee or the Issuer, subject to any statutory and regulatory requirements as may be in effect from time to time.

ARTICLE III

SECURITY; COVENANTS OF ISSUER

Section 3.01 Security. The Bonds and the interest and any premium thereon shall be a limited obligation of the Issuer as provided in Section 2.04, and shall be secured by and payable from the Trust Estate.

Section 3.02 Payment of Bonds and Performance of Covenants. The Issuer shall pay or cause to be paid solely from the sources and to the extent provided herein the principal of and interest on every Bond on the date and at the places and in the manner mentioned in such

Bonds according to the true intent and meaning thereof, but shall make such payment on the Bonds only out of Revenues and the amounts on deposit in the funds established hereunder representing proceeds of the Bonds, Revenues and the earnings thereon. The Issuer shall conduct its affairs in such a manner as to meet its obligations in full under this Indenture.

Except as provided in Section 5.01(a) hereof, the Issuer covenants and agrees that the only moneys it shall deposit into or transfer to the various funds and accounts hereunder, shall be (i) Hotel Tax Revenues; (ii) the proceeds of the Bonds issued hereunder; and (iii) any other Revenues, as defined herein. The Issuer is prohibited from making payments into any Fund established and created under this Indenture hereto for the Bonds issued hereunder other than from the sources described in the immediately preceding sentence without first obtaining and delivering to the Trustee an opinion of Bond Counsel to the effect that the same is permitted under applicable law and the Indenture and that the same will not adversely affect the tax-exempt status of the interest payment on the Bonds.

Section 3.03 Authority. The Issuer represents and warrants that (i) it is duly authorized under the Constitution and laws of the Commonwealth to issue the Bonds, and to execute, deliver and perform the terms of this Indenture; (ii) all action on its part for the issuance of the Bonds and execution and delivery of this Indenture has been duly taken; (iii) the Bonds, upon issuance and authentication, and this Indenture upon delivery, assuming that they are the respective legal, valid, binding and enforceable obligations of the other parties thereto, shall be valid and enforceable obligations of the Issuer in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and general equitable principles; (iv) it has not heretofore conveyed, assigned, pledged, granted a Security Interest in or otherwise disposed of the Trust Estate; and (v) the execution, delivery and performance of this Indenture and issuance of the Bonds are not in contravention of law or any agreement, instrument, indenture or other undertaking to which it is a party or by which it is bound and no other approval, consent or notice from any governmental agency is required on the part of the Issuer.

Section 3.04 No Litigation. The Issuer represents and warrants that there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds or this Indenture or (ii) the tax-exempt status of interest on the Series B of 2022 Bonds.

Section 3.05 Further Assurances. The Issuer covenants that it will cooperate to the extent necessary with the Trustee in its defenses of the Trust Estate against the claims and demands of all Persons and, upon payment or provision for payment of the fees and expenses to be incurred by the Issuer in connection therewith, will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging of the Trust Estate.

Section 3.06 No Other Encumbrances; Limitations on Creation of Liens.

(a) The Issuer covenants that, except as otherwise provided herein, it will not sell, convey, mortgage, encumber or otherwise dispose of any portion of the Trust Estate.

(b) The Bonds and any Parity Indebtedness incurred pursuant to Section 3.07 shall be equally and ratably secured by a first lien on the Revenues. The Issuer agrees that it will not create or suffer to be created or permit the existence of any security interest, lien or encumbrance upon the Revenues, except the liens created by this Indenture and as otherwise permitted by this Section 3.06.

Section 3.07 Parity Indebtedness. The Issuer hereby agrees that after the date hereof it may not create, incur, assume or suffer to exist any Long Term Indebtedness or Short Term Indebtedness, except the following:

(a) Long Term Indebtedness may be incurred or assumed by the Issuer if at the time of such incurring or assumption thereof:

(i) a certificate of an Issuer Representative is first delivered to the Trustee concluding that to the best of such person's knowledge, no Event of Default under this Indenture, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing;

(ii) the Issuer shall have delivered to the Trustee a certified resolution of the Issuer, (1) approving the incurring of such additional Long Term Indebtedness, (2) specifying in reasonable detail the purpose for which such Long Term Indebtedness is to be incurred or assumed, and (3) authorizing the execution of any required financing documents;

(iii) the Issuer shall have delivered to the Trustee an Opinion or Opinions of Counsel that (1) the purpose of the Long Term Indebtedness, as stated in the certified resolution, is one for which Long Term Indebtedness may be incurred under law, (2) all conditions prescribed herein as precedent to such incurrence have been fulfilled, and (3) the additional Long Term Indebtedness has been validly authorized; and

(iv) the Issuer shall have delivered to the Trustee a certificate of an Issuer Representative demonstrating and concluding that for the immediately preceding Fiscal Year, the Historic Hotel Tax Revenues was not less than 125% of the Maximum Annual Debt Service Requirements with respect to the Bonds Outstanding under this Indenture, including any Parity Indebtedness previously incurred under this Section 3.07 and the proposed Parity Indebtedness proposed to be incurred as if it had been issued on the first day of such Fiscal Year, for such Fiscal Year.

(b) Short Term Indebtedness may be incurred or assumed by the Issuer if at the time thereof the aggregate principal amount of all Short Term Indebtedness of the Issuer then outstanding, including such Indebtedness to be incurred or assumed (other than Short Term Indebtedness to be paid from sources other than the Issuer's Hotel Tax Revenues), does not exceed 25% of the annual arithmetic average of the Issuer's Hotel Tax Revenues for the three immediately preceding Fiscal Years.

(c) The certificates referred to in clauses (i) and (iv) of Section 3.07(a) shall not be required if the Indebtedness referred to in said clauses is to be incurred or assumed to refund Long Term Indebtedness in whole or in part.

(d) Unsecured Indebtedness may be incurred without limit.

Section 3.08 Security for Parity Indebtedness. Any Parity Indebtedness incurred pursuant to clauses (a), (b) or (c) of Section 3.07 may be secured by a lien on and security interest in the Revenues of equal rank and priority with the lien and security interest granted to the Owners of the Bonds hereunder; provided however, that (i) funds on deposit in the Debt Service Reserve Fund, including any funds advanced by the County under the Guaranty Agreement, may only be used to pay the principal of or the interest due on the Bonds and are not available to pay debt service on Parity Indebtedness; and (ii) any Parity Indebtedness Agreement for the repayment of such Parity Indebtedness and instruments evidencing or securing the same shall provide that, if any event of default shall have occurred in respect of such Parity Indebtedness, the holder or holders thereof shall not be entitled to exercise any rights or remedies with respect to the Revenues and that all such rights or remedies are, except as otherwise provided herein, to be exercised solely by the Trustee as long as any of the Bonds remain outstanding under this Indenture, all for the equal and ratable benefit of the Owners of the Bonds and all holders of Parity Indebtedness having a security interest in the Revenues of equal rank and priority.

In the event that any funds hereunder shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting any such funds, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the parties hereto or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Section 3.09 No Personal Liability. No recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the Bonds or the other Bond Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, member, officer, agent, attorney or employee, as such, in his or her individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any director, member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such director, member, officer, agent, attorney and employee is, by the execution of this

Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

Section 3.10 Corporate Existence; Compliance with Laws. The Issuer shall maintain its corporate existence; shall use its best efforts to maintain and renew all its rights, powers, privileges and franchises; and shall comply with all valid and applicable laws, rules, regulations, orders, requirements and directions of any legislative, executive, administrative or judicial body relating to the issuance of the Bonds.

Section 3.11 Indemnification. The Issuer will indemnify and hold the Trustee and its directors, officers, agents and employees harmless from and against any and all claims, liabilities, losses, damages, fines, penalties and expenses (including out-of-pocket, incidental expenses, legal fees and expenses, and the allocated costs and expenses of in-house counsel and legal staff) that may be imposed on, incurred by, or asserted against, the Trustee and its directors, officers, agents and employees or any of them for following any instruction or other direction upon which the Trustee is authorized to rely pursuant to the terms of this Indenture and the Bonds. In addition to and not in limitation of the immediately preceding sentence, the Issuer will indemnify and hold the Trustee and its directors, officers, agents and employees and each of them harmless from and against any and all claims, liabilities, losses, damages, fines, penalties and expenses (including out-of-pocket, incidental expenses, legal fees and expenses, and the allocated costs and expenses of in-house counsel and legal staff) that may be imposed on, incurred by, or asserted against the Trustee and its directors, officers, agents and employees or any of them in connection with or arising out of the Trustee's performance under this Indenture and the Bonds; provided the Trustee has not acted with gross negligence or engaged in willful misconduct. The provisions of this paragraph shall survive the termination of this Indenture and the resignation or removal of the Trustee for any reason. In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The indemnification set forth above is intended to and shall (i) include the indemnification of all affected directors, officers, agents and employees of the Trustee, and (ii) be enforceable by the Trustee to the full extent permitted by law.

ARTICLE IV

DISCHARGE OF LIEN

Section 4.01 Discharge of Lien and Security Interest. Upon the payment in full of the principal of and interest on the Bonds and all Parity Indebtedness these presents and the Security Interests shall cease, determine and be discharged, and thereupon the Trustee, upon receipt by the Trustee of an Opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with shall (a) cancel and discharge this Indenture, the lien upon the Trust Estate and the Security Interests; and (b) execute and deliver to the Issuer, at the Issuer's expense, such instruments in writing, prepared by the Issuer, as shall be required to cancel and discharge this Indenture and the Security Interests and

reconvey to the Issuer the Trust Estate, and assign and deliver to the Issuer so much of the Trust Estate as may be in its possession or subject to its control, except for moneys and Government Obligations held in the Bond Fund for the purpose of paying Bonds; provided, however, that the cancellation and discharge of this Indenture pursuant to this Section 4.01, (i) shall not terminate the powers and rights granted to the Trustee with respect to the payment, registration of transfer and exchange of the Bonds and (ii) shall not impair or limit the rights of the Issuer and the Trustee to indemnity, non-liability and payment of all reasonable fees and expenses, which rights shall survive the cancellation and discharge of this Indenture pursuant to this Section or Section 4.02. If the Bonds are rated by a Rating Agency, notice of payment in full of the Bonds shall be furnished by the Trustee to such Rating Agency.

Section 4.02 Provision for Payment of Bonds. Bonds shall be deemed to have been paid within the meaning of Section 4.01 if:

(a) there shall have been irrevocably deposited in the Bond Fund, either (1) sufficient cash, or (2) Government Obligations of such maturities and interest payment dates and bearing such interest as will, in the opinion of an independent certified public accountant or a nationally recognized firm with experience in preparing verification reports, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings also to be held in trust), be sufficient together with any cash deposit, for the payment at their respective maturities or redemption and the redemption premium, if any, and interest to accrue thereon at such maturity or redemption, as the case may be;

(b) there shall have been paid or provision duly made for the payment of all fees and expenses of the Issuer and the Trustee due or to become due; and

(c) if any Bonds are to be redeemed on any date prior to their maturity, the Trustee shall have received in form satisfactory to it irrevocable instructions from an Issuer Representative to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices has been granted to the Trustee.

Limitations set forth elsewhere herein regarding the investment of moneys held by the Trustee in the Bond Fund shall not be construed to prevent the depositing and holding in the Bond Fund of the obligations described in paragraph (a) of this Section for the purpose of defeasing the lien of this Indenture as to Bonds which have not yet become due and payable. Notwithstanding any other provision of this Indenture to the contrary, all cash deposited with the Trustee as provided in this Section may be invested and reinvested, at the direction of the Issuer, in Government Obligations (or, in the case of a deposit under paragraph (a) of this Section, in a money market fund that invests solely in Government Obligations and is rated in the highest category by one of Fitch, Moody's or S&P and, if more than one of such rating agencies then rates such money market fund, is rated no less than the highest rating category by each of such rating agencies then rating such money market fund) maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations (or money market fund) in the hands of the Trustee pursuant to this Section which is not required for the payment of the Bonds and interest and redemption premium, if any, thereon with respect to which such moneys

shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund.

ARTICLE V

FUNDS

Section 5.01 Hotel Tax Revenue Fund and Bond Fund.

(a) Hotel Tax Revenue Fund. There is hereby established with the Trustee a trust fund designated as the “Hotel Tax Revenue Fund.” The Issuer covenants to cause the County Treasurer to transfer into the Hotel Tax Revenue Fund, within thirty (30) days of receipt, all Hotel Tax Revenues received by the County Treasurer and initially deposited in the Convention Center Authority Fund established pursuant to Section C(1) of the Hotel Tax Ordinance. Money in the Hotel Tax Revenue Fund, from time to time, including, without limitation, all Hotel Tax Revenues received by the County Treasurer, shall be and is irrevocably pledged by the Issuer to the Trustee for prompt and full satisfaction of all obligations of the Issuer under this Indenture, the Bonds and any Parity Indebtedness incurred pursuant to Section 3.07 hereof, and shall be transferred, from time to time, by the Trustee to satisfy such obligations, as more fully provided in this Section 5.01.

In addition to the Hotel Tax Revenues, the Issuer is authorized to deposit into the Hotel Tax Revenue Fund at its discretion any monies for which the Trustee has received an opinion of Bond Counsel to the effect that the deposit of such monies into the Hotel Tax Revenue Fund and application of such monies to pay the principal of and interest on the Bonds will not adversely affect any applicable exemption from federal income taxation of the interest on any Outstanding Bonds. For the avoidance of doubt, any such additional monies deposited into the Hotel Tax Revenue Fund shall be subject to the pledge and security interest created by this Section 5.01(a) and shall be transferred from the Hotel Tax Revenue Fund in accordance with Section 5.01(b) hereof.

As security for its obligations hereunder and any Parity Indebtedness, the Issuer hereby pledges, assigns, transfers and sets over to the Trustee as a first priority security interest in all of the Issuer’s right, title and interest in and to the Hotel Tax Revenues and the Hotel Tax Revenue Fund, as such fund may be evidenced from time to time as accounts, deposits and/or deposit accounts, and hereby grants a security interest to the Trustee in any and all renewals, substitutions and proceeds of the foregoing (collectively, the “Deposits”). The foregoing pledge constitutes a security agreement under the terms of the Pennsylvania Uniform Commercial Code, and the Trustee shall have all of the rights and remedies available to secured parties under the Uniform Commercial Code. The Issuer agrees that at any time or times, promptly upon request by the Trustee, the Issuer will execute and deliver such further documents (including, without limitation, control agreements and financing statements) and do such further acts as may, in the reasonable opinion of the Trustee, be necessary to assure that all Deposits are subject to the valid and subsisting first priority security interest of the Trustee, and will, at the Issuer’s expense cause all such documents to be filed and recorded in the manner required by law to insure their effectiveness and the continuation of all such security interests.

(b) Transfers from Hotel Tax Revenue Fund. On the last Business Day of each month, the Trustee shall transfer money from the Hotel Tax Revenue Fund in the amounts and in the order of priority as follows:

(i) *First*, to the Bond Fund established under Section 5.01(c) hereof, the following amounts:

(1) *Interest:* Commencing December 30, 2022, and continuing on the last Business Day of each month thereafter, an amount equal to one fifth (1/5th) of the amount necessary to pay interest to become due on the Bonds on May 1, 2023; and thereafter, commencing May 31, 2023 and continuing on the last Business Day of each month thereafter, an amount equal to one sixth (1/6th) of the amount necessary to pay interest to become due on the Bonds on the next succeeding Interest Payment Date.

(2) *Principal on Bonds:* Commencing December 30, 2022, and continuing on the last Business Day of each month thereafter, one fifth (1/5th) of the amount necessary to pay principal due on the Bonds (whether upon maturity or upon a scheduled mandatory sinking fund redemption date) on May 1, 2023; and thereafter commencing May 31, 2023, and continuing on the last Business Day of each month thereafter, one twelfth (1/12th) of the amount necessary to pay principal due on the Bonds (whether upon maturity or upon a scheduled mandatory sinking fund redemption date) on the next succeeding May 1, after applying any applicable credits from the Debt Service Reserve Fund pursuant to the following paragraphs.

On October 31, 2056, and on April 30, 2057, the Trustee is hereby authorized to transfer funds on deposit in the Series B Bonds Account of the Debt Service Reserve Fund, in an amount equal to one half (1/2) of the amount then on deposit in the Series B Bonds Account of the Debt Service Reserve Fund, to the Bond Fund, to pay principal and interest on the Series B of 2022 Bonds due on May 1, 2057.

(3) *Redemption:* The amount required to redeem the Bonds then Outstanding if the Issuer exercises its right to redeem Bonds under any provision of this Indenture or if any Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of this Indenture.

(4) *Trustee Fee.* Commencing December 31, 2022, and continuing the last Business Day of each month thereafter, one twelfth (1/12th) of the amount necessary to pay the annual fees and expenses of the Trustee (the “Annual Trustee Fee”) in its capacity as trustee for the holders of the Bonds.

(5) *Parity Indebtedness.* An amount sufficient to make the scheduled payment of principal of and interest on any Parity Indebtedness, as certified to the Trustee by the Parity Lender.

(ii) *Second*, after the transfers required by Section 5.01(b)(i) hereof have been made, the amount necessary to replenish a deficiency in any account within the Debt Service Reserve Fund in the amounts required pursuant to Section 5.05 hereof;

(iii) *Third*, after the transfers required by Section 5.01(b)(i) through (ii) hereof have been made, the amount necessary to reimburse the County for any advances made under the Guaranty Agreement; and

(iv) *Fourth*, after the transfers required by Section 5.01(b)(i) through (iii) hereof have been made, any funds remaining in the Hotel Tax Revenue Fund, shall be transferred to the Operating and Administrative Expense Account of the Surplus Fund established under Section 5.06 hereof.

If, on any date that monies are required to be withdrawn from the Hotel Tax Revenue Fund as specified in Section 5.01(b)(i) above, there are insufficient monies to make all transfers or disbursements, the Trustee shall be authorized, without any direction from the Issuer, to transfer money first from monies on deposit in the Excess Funds Account of the Surplus Fund, if any, and second from monies on deposit in the Operating and Administrative Expense Account of the Surplus Fund, if any, to the Hotel Tax Revenue Fund to make up such deficiencies. Any monies transferred to the Hotel Tax Revenue Fund pursuant to this paragraph shall be applied by the Trustee to make the transfers and disbursements required by Section 5.01(b)(i) on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer on such date to the Bond Fund on account of each particular purpose falling within such level of priority.

If, on any date that monies are required to be withdrawn from the Hotel Tax Revenue Fund as specified above, (i) no transfer or disbursement is required to be made to a particular Fund or for a particular purpose specified above, the Trustee shall nevertheless make any other transfers or disbursements as may be required on such date as specified above next in order of priority; or (ii) there are insufficient monies to make all transfers or disbursements falling within a particular level of priority and then required to be made by the Trustee, and the transfers required by the preceding paragraph have been made, the Trustee shall allocate the available monies to such transfers or disbursements within such level of priority on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer or disburse on such date to each particular Person or on account of each particular purpose falling within such level of priority.

(c) Creation of Bond Fund. There is hereby established with the Trustee a trust fund designated as the "Bond Fund". Moneys held by the Trustee in the Bond Fund shall be applied in accordance with Section 5.01(d) and the other provisions of this Indenture.

(d) Application of Bond Fund. Except as otherwise provided in Section 6.06, moneys in the Bond Fund shall be applied, on a pro rata basis, as follows:

(i) to the payment when due of principal of, premium, if any, on and interest on the Bonds;

(ii) to the payment when due of the Annual Trustee fee; and

(iii) to the payment when due of principal of, premium, if any, on and interest on any other Parity Indebtedness.

In applying moneys pursuant to this Section 5.01(d), the Trustee shall transfer such moneys by wire transfer of immediately available funds, if adequate wire instructions have been provided to the Trustee for Holders of a minimum of \$1,000,000.00 in Bonds.

If, on any date that monies are required to be withdrawn from the Bond Fund as specified above, there are insufficient monies to make all transfers or disbursements then required to be made by the Trustee, the Trustee shall allocate the available monies to such transfers or disbursements on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer or disburse on such date to each particular Person or on account of each particular purpose specified above.

(e) If, on any date that monies are required to be withdrawn from the Bond Fund as specified in Section 5.01(d) above, there are insufficient monies to make all transfers or disbursements, the Trustee shall be authorized, without any direction from the Issuer, to transfer money first from monies on deposit in the Excess Funds Account of the Surplus Fund, if any, and second from monies on deposit in the Operating and Administrative Expense Account of the Surplus Fund, if any, to the Bond Fund to make up such deficiencies. Any monies transferred to the Bond Fund pursuant to this Section 5.01(e) shall be applied by the Trustee to make the transfers and disbursements required by Section 5.01(d) on a pro rata basis, based upon the respective amounts which the Trustee would otherwise be required to transfer or disburse on such date to each particular Person or on account of each particular purpose falling within such level of priority.

If, after the transfers required by this Section 5.01(e) have been made, there are still insufficient monies in the Bond Fund to make the transfers or disbursements required by Section 5.01(d)(i) with respect to the Series A of 2022 Bonds, the Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series A Bonds Account of the Debt Service Reserve Fund created hereunder to the Bond Fund to make up such deficiency.

If, after the transfers required by this Section 5.01(e) have been made, there are still insufficient monies in the Bond Fund to make the transfers or disbursements required by Section 5.01(d)(i) with respect to the Series B of 2022 Bonds, the Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series B Bonds Account of the Debt Service Reserve Fund created hereunder to the Bond Fund to make up such deficiency.

(f) Payment in Full. Whenever the amount in the Bond Fund available for the payment of principal or redemption price and interest in accordance with Subsection 5.01(d) is sufficient to redeem all of the outstanding Bonds and to pay interest accrued to the redemption date, the Issuer will cause the Trustee to redeem all such Bonds on the redemption date specified by the Issuer pursuant to the Bonds and this Indenture. Any amounts remaining in any fund or account hereunder after payment in full of the principal of and premium, if any, and interest on the Bonds (or provision for payment thereof) and the fees, charges and expenses of the Issuer and the Trustee shall be paid to the Person entitled thereto in accordance with Article IV hereof.

Section 5.02 Investment of Funds. All moneys received by the Trustee under this Indenture shall be deposited with the Trustee, until or unless invested or deposited as provided in this Section. All deposits with the Trustee (whether original deposits or deposits or redeposits in

time accounts) shall be secured as required by applicable law for such trust deposits. The Issuer acknowledges that the Trustee is not providing investment supervision, recommendations or advice.

Moneys in the Bond Fund (except moneys held to pay principal of, or premium, if any, or interest on, any Bonds which are deemed paid under Article IV), the Hotel Tax Revenue Fund, the Surplus Fund and the Debt Service Reserve Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of an Authorized Representative of the Issuer. Moneys in the Bond Fund held to pay principal of, or premium, if any, or interest on, any Bonds which are deemed paid under Article IV shall be invested only if and as provided in Article IV.

Investments pursuant to this Section of moneys in the Bond Fund shall mature or be redeemable at the written direction of the Issuer at the times and in the amounts necessary to provide moneys to make payments of the principal of, premium, if any, on and interest on the Bonds as they become due on Interest Payment Dates, at stated maturity or by redemption. The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient moneys available hereunder at the times required for the purpose of paying the principal of, premium, if any, on and interest on the Bonds when due as aforesaid, and shall do so without necessity for any order by or on behalf of the Issuer and without restriction by reason of any order. Subject to any written directions from an Authorized Representative of the Issuer with respect thereto, the Trustee may, from time to time, sell investments in the Bond Fund made pursuant to this Section and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable as aforesaid. In the event the Trustee is required to sell investments from any Fund which holds multiple investments, the Trustee may request direction from the Issuer as to which investment(s) to sell. The Trustee shall not be deemed to have investment discretion related to any of the Funds created herein.

Any investment of moneys in any Fund established under this Indenture may be purchased from or through, or sold to, the Trustee or any affiliate of the Trustee; and any such investment made through the purchase of shares in a fund described in clause (i), (ii) or (v) of the definition of Eligible Investments may be in a fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates.

An investment made from moneys credited to the Bond Fund, the Hotel Tax Revenue Fund, the Surplus Fund or the Debt Service Reserve Fund shall constitute part of that respective Fund, and each respective Fund shall be credited with all proceeds of sale and income from investment of moneys credited thereto. Unless otherwise provided in this Indenture, those investments shall be valued at face amount or market value, whichever is less.

If the Issuer shall not give directions as to investments of moneys held by the Trustee in the Bond Fund, the Hotel Tax Revenue Fund, the Surplus Fund or the Debt Service Reserve

Fund, or if an Event of Default has occurred and is continuing hereunder, the Trustee shall make such investments in the Federated Government Obligations Fund #395 (CUSIP #60934N807).

The Trustee shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Indenture.

Section 5.03 Bond Fund Moneys to be Held in Trust. Revenues and investments thereof in the Bond Fund shall, until applied as provided in this Indenture, be held by the Trustee for the benefit of the Holders of all outstanding Bonds in the order of priority set forth in the granting clauses of this Indenture, except that any portion of the Revenues representing principal of, and premium, if any, and interest on, any Bonds which have matured or been called for redemption in accordance with Article II or which are otherwise deemed paid under Article IV, shall be held for the benefit of the Holders of such Bonds only.

Section 5.04 Nonpresentment of Bonds. In the event that any Bond shall not be presented for payment when the principal thereof becomes due in whole or in part, either at stated maturity or by redemption or a check for interest is uncashed, all liability of the Issuer to that Holder for such Bond or such check thereupon shall cease and be discharged completely; provided that moneys sufficient to pay the principal and accrued interest then due of that Bond or such check shall have been delivered to the Trustee for the benefit of its Holder. Thereupon, it shall be the duty of the Trustee to hold those moneys subject to the provisions of Article IV without requirement for interest.

Section 5.05 Debt Service Reserve Fund. There is hereby created, solely for the benefit and security of the Bonds, a special fund to be known as the “Debt Service Reserve Fund” which shall be held in trust by the Trustee until applied as hereinafter provided, within which there shall be established a “Series A Bonds Account” and a “Series B Bonds Account”. The Series A Bonds Account of the Debt Service Reserve Fund shall be funded in an amount not less than the Series A Bonds Required Reserve Amount. The Series B Bonds Account of the Debt Service Reserve Fund shall be funded in an amount not less than the Series B Bonds Required Reserve Amount. The Debt Service Reserve Fund may consist of cash or Eligible Investments of the type described in paragraphs (i), (ii), (iii), (iv) and (xiii) of the definition of “Eligible Investments”. Eligible Investments in the Debt Service Reserve Fund shall be valued in the manner provided in this Section.

The Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series A Bonds Account of the Debt Service Reserve Fund to the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to pay the principal of or the interest due on the Series A of 2022 Bonds, as the same shall become due and payable.

The Trustee shall be authorized, without any direction from the Issuer, to transfer money from the Series B Bonds Account of the Debt Service Reserve Fund to the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to pay the principal of or the interest due on the Series B of 2022 Bonds, as the same shall become due and payable.

Each account within the Debt Service Reserve Fund shall be valued initially upon issuance of the Bonds and thereafter quarterly on each January 1, April 1, July 1 and October 1,

beginning on April 1, 2023. Eligible Investments then constituting part of the Debt Service Reserve Fund shall be valued at the then fair market value thereof. If on any valuation date (i) the amount in the Series A Bonds Account of the Debt Service Reserve Fund, as so valued, is less than the Series A Bonds Required Reserve Amount or (ii) the amount in the Series B Bonds Account of the Debt Service Reserve Fund, as so valued, is less than the Series B Bonds Required Reserve Amount, the Trustee shall give notice of such deficiency to the Issuer and the County; provided, however, that failure to give such notice or any defect therein shall not affect the obligations of the Issuer to make good a deficiency in any account within the Debt Service Reserve Fund as herein provided.

On the last Business Day of each month following (1) any withdrawal of money from the Series A Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series A Bonds Account of the Debt Service Reserve Fund is less than the Series A Bonds Required Reserve Amount, the Issuer shall cause to be transferred to the Series A Bonds Account of the Debt Service Reserve Fund an amount in three equal monthly payments until the value of the Series A Bonds Account of the Debt Service Reserve Fund is not less than the Series A Bonds Required Reserve Amount.

On the last Business Day of each month following (1) any withdrawal of money from the Series B Bonds Account of the Debt Service Reserve Fund to eliminate any deficiency in the Bond Fund, or (2) any valuation date on which the value of the Series B Bonds Account of the Debt Service Reserve Fund is less than the Series B Bonds Required Reserve Amount, the Issuer shall cause to be transferred to the Series B Bonds Account of the Debt Service Reserve Fund an amount in three equal monthly payments until the value of the Series B Bonds Account of the Debt Service Reserve Fund is not less than the Series B Bonds Required Reserve Amount.

To evidence its obligation to replenish each account within the Debt Service Reserve Fund pursuant to this Section 5.05, the Issuer has executed and delivered to the Trustee its Replenishment Note. In the event that the Issuer fails to make any monthly installment required to restore the value of each account within the Debt Service Reserve Fund as required by this Section 5.05 and the Replenishment Note, the Trustee shall promptly notify the County in writing of such failure, and the County, under the provisions of the Guaranty Agreement, shall promptly pay to the Trustee an amount which will satisfy such deficiency.

On December 1, 2023, and on December 1 of each Fiscal Year thereafter, the Trustee shall give written notice to the County of any deficiency which shall exist in either account within the Debt Service Reserve Fund, and, unless the Issuer shall satisfy such deficiency on or before December 15 of such Fiscal Year, the Trustee shall again provide written notice to the County of such deficiency. In the event that the County has advanced funds pursuant to the Guaranty Agreement to cure a deficiency in either account within the Debt Service Reserve Fund, in whole or in part, such action shall not operate to relieve the Issuer from its obligations under this Section 5.05 to replenish the Debt Service Reserve Fund.

If on any valuation date the amount on deposit in the Series A Bonds Account of the Debt Service Reserve Fund exceeds the Series A Bonds Required Reserve Amount, the Trustee, upon the written request of the Issuer, shall transfer such excess to the Bond Fund.

If on any valuation date the amount on deposit in the Series B Bonds Account of the Debt Service Reserve Fund exceeds the Series B Bonds Required Reserve Amount, the Trustee, upon the written request of the Issuer, shall transfer such excess to the Bond Fund.

The Issuer may deliver to the Trustee a Reserve Fund Credit Facility. If any Reserve Fund Credit Facility is issued to replace moneys then on deposit in an account within the Debt Service Reserve Fund, such moneys shall be applied in such a manner as may be directed in writing to the Trustee, by an Authorized Representative of the Issuer, which direction shall be accompanied by an opinion of nationally recognized bond counsel to the effect that such application will not adversely affect any applicable exemption from federal income taxation of the interest on any Outstanding Bonds.

Upon payment in full of all principal of and interest on the Series A of 2022 Bonds pursuant to Article IV hereof, any monies remaining in the Series A Bonds Account of the Debt Service Reserve Fund shall be transferred to the Series B Bonds Account of the Debt Service Reserve Fund.

Section 5.06 Surplus Fund. There is hereby established with the Trustee a special fund designated as the “Surplus Fund” and within which there shall be established an “Operating and Administrative Expense Account”, an “Excess Funds Account” and a “Bond Redemption Account”.

(a) Operating and Administrative Expense Account. The Operating and Administrative Expense Account of the Surplus Fund shall consist of monies transferred to the Operating and Administrative Expense Account by the Trustee pursuant to Section 5.01(b)(iv) hereof.

Funds on deposit in the Operating and Administrative Expense Account may be used by the Issuer at its discretion to pay any lawful expenditures of the Issuer including, but not limited to, (a) operating expenses of the Issuer and the Convention Center; (b) the management fees of the Person contracted by the Issuer to manage the Convention Center; (c) working capital expenses of the Issuer; (d) capital expenditures or reserves related to the Convention Center including the acquisitions of furniture, fixtures and equipment; (e) to pay the marketing and sales expenses of the Issuer under the Memo of Understanding; or (f) any expenditures for non-routine repairs, alterations, maintenance and refurbishment to the Convention Center, upon delivery to the Trustee of a written order of an Authorized Representative of the Issuer detailing the amount and payment instructions of the requested payment.

The Trustee shall also be authorized, without any direction from the Issuer, to transfer money from the Operating and Administrative Expense Account, if any, to (a) the Hotel Tax Revenue Fund to the extent that the money in the Hotel Tax Revenue Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(b)(i) hereof and (b) the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(d) hereof, as the same shall become due and payable.

Funds on deposit in the Operating and Administrative Expense Account may consist of cash or Eligible Investments with maturities not longer than six (6) months.

The Trustee shall value the amount on deposit in the Operating and Administrative Expense Account at face amount or market value, whichever is less, on the last Business Day of December each year commencing December 30, 2022. On each valuation date through and including December 31, 2046, in the event that the amount on deposit in the Operating and Administrative Expense Account exceeds \$1,750,000, the Trustee is hereby directed to transfer such excess, without any direction from the Issuer, to the Excess Funds Account of the Surplus Fund. On each valuation date commencing the last Business Day of December, 2047, and thereafter, in the event that the amount on deposit in the Operating and Administrative Expense Account exceeds \$6,000,000, the Trustee is hereby directed to transfer such excess, first, in an amount not to exceed \$500,000 to the Bond Redemption Account of the Surplus Fund and second, any remaining amounts in excess of \$6,000,000 to the Excess Funds Account of the Surplus Fund.

(b) Excess Funds Account. The Excess Funds Account of the Surplus Fund shall consist of monies transferred to the Excess Funds Account by the Trustee pursuant to Section 5.06(a) hereof.

The Trustee is hereby authorized, without any direction from the Issuer, to transfer money from the Excess Funds Account, if any, to (a) the Hotel Tax Revenue Fund to the extent that the money in the Hotel Tax Revenue Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(b)(i) hereof and (b) the Bond Fund to the extent that the money in the Bond Fund may at any time be insufficient to make any of the payments or transfers required by Section 5.01(d) hereof, as the same shall become due and payable.

In the event that on any valuation date performed pursuant to subparagraph (a) above, the amount on deposit in the Operating and Administrative Expense Account (i) on or prior to December 31, 2046, falls below \$1,750,000, the Trustee shall also be authorized, without any direction from the Issuer, to transfer any amounts on deposit in the Excess Funds Account to restore the balance in the Operating and Administrative Expense Account to \$1,750,000 and (ii) on or after January 31, 2047, falls below \$6,000,000, the Trustee shall also be authorized, without any direction from the Issuer, to transfer any amounts on deposit in the Excess Funds Account to restore the balance in the Operating and Administrative Expense Account to \$6,000,000.

Funds on deposit in the Excess Funds Account may also be used at the Issuer's discretion to pay the obligations of the Issuer to Discover Lancaster under the Memo of Understanding and for any other lawful purpose of the Authority, upon delivery to the Trustee of a written order of an Authorized Representative of the Issuer detailing the amount and payment instructions of the requested payment.

Funds on deposit in the Excess Funds Account may consist of cash or Eligible Investments with maturities not longer than six (6) months.

(c) Bond Redemption Account. The Bond Redemption Account of the Surplus Fund shall consist of monies transferred to the Bond Redemption Account by the Trustee pursuant to Section 5.06(a) hereof.

As of March 1 of each year commencing March 1, 2048, the Trustee is hereby directed, without any direction from the Issuer, to apply any monies in the Bond Redemption Account of the Surplus Fund in denominations of \$5,000 and any integral multiple thereof to the optional redemption of outstanding Series B of 2022 Bonds on May 1 of such year in compliance with the provisions of Section 2.13(a) hereof. Such optional redemption shall be completed upon delivery of all required notices in compliance with the provisions of Section 2.14 hereof. Each such redemption of the Series B of 2022 Bonds shall be in inverse order of maturity.

Funds on deposit in the Bond Redemption Account may consist of cash or Eligible Investments with maturities not longer than three (3) months.

Section 5.07 Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay the principal of, premium (if any) and interest on such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, payment of such Bond or portion thereof as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee, subject to any applicable escheat laws, to hold such fund or funds uninvested in the Bond Fund, without liability to the Holder of such Bond for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on such Holder's part on, or with respect to, said Bond, or portion thereof, or premium, if any.

Section 5.08 Records. The Trustee shall cause to be kept and maintained records pertaining to the Hotel Tax Revenue Fund, the Bond Fund, the Surplus Fund and the Debt Service Reserve Fund and all disbursements therefrom and shall deliver to the Issuer each month statements of activity and statements indicating the investments, if applicable, made with moneys in all such funds during the applicable period. Upon written request and at the expense of the Issuer, the Trustee shall provide the Issuer, within a reasonable period of time, with a report stating the principal amount of Bonds Outstanding and a list of the registered owners of the Bonds as of the date specified by the Issuer in its request.

The Trustee shall provide the Issuer with a written report, on a monthly basis through the calendar month in which the last obligation of the Bonds is retired, identifying the Eligible Investments in which the moneys held as part of the Bond Fund were invested during the preceding period and the dates of such investments, together with such other information as the Trustee ordinarily provides to Persons such as the Issuer in its regular monthly investment reports.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES

Section 6.01 Events of Default. Any one of the following shall constitute an Event of Default hereunder:

- (a) Failure to pay interest on any Bond when and as the same shall have become due;

(b) Failure to pay the principal of or any premium on any Bond when and as the same shall become due, whether at the stated maturity or redemption date thereof; or

(c) The County shall default in performance of the Guaranty Agreement.

Section 6.02 Remedies; Rights of Holders. Upon the occurrence and continuance of an Event of Default hereunder the Trustee may (1) if the Issuer is not collecting 100% of the Hotel Tax Revenues, notify the County Treasurer that an Event of Default has occurred and is continuing under this Indenture and direct the County Treasurer to transfer 100% of the Hotel Tax Revenues to the Issuer; and (2) pursue any available remedy to enforce the performance of or compliance with any other obligation or requirement of this Indenture or any of the Security Documents.

Subject to the provisions of Section 6.03, upon the happening and continuance of an Event of Default, and if requested to do so by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if the Trustee is indemnified as provided in Section 7.01(i), the Trustee shall exercise such of the rights and powers conferred by this Section as the Trustee, being advised by Counsel, shall deem most effective to enforce and protect the interests of the Holders and any Parity Lender and, except to the extent inconsistent with the interests of the Holders.

Upon the occurrence and continuance of an Event of Default under Section 6.01(c) hereof, the Trustee may, and if requested to do so by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if the Trustee is indemnified as provided in Section 7.01(i), the Trustee shall, exercise such of the rights and remedies conferred by the provision of the Act of the General Assembly of the Commonwealth, known as the Local Government Unit Debt Act, 53 Pa. C.S. § 8001 et. seq., as amended and supplemented, from time to time.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Holders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Holders hereunder or now or hereafter existing.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 6.03 Right of Holders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all

proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture and the Security Documents, or any other proceedings hereunder or thereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law, this Indenture and the Security Documents, and provided that the Trustee shall be indemnified to its satisfaction and the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

No Holder shall have the right to institute any proceeding for the enforcement of this Indenture unless such Holder has given the Trustee and the Issuer written notice of an Event of Default, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have requested the Trustee in writing to institute such proceeding, the Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, there shall have been offered to the Trustee indemnity satisfactory to it against the cost, expense and liability to be incurred in connection with such request and the Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within sixty (60) days after receipt of notice with no inconsistent direction given during such sixty (60) days by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding. Nothing in this Indenture shall affect or impair any right of enforcement conferred on any Holder by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on Bonds at and after the maturity thereof, or (ii) the obligation of the Issuer to pay the principal of, premium, if any, and interest on Bonds to such Holder at the time, place, from the sources and in the manner as provided in this Indenture.

Section 6.04 Discontinuance of Default Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Issuer and the Trustee shall continue as if no such proceedings had been taken subject to the limits of any adverse determination.

Section 6.05 Waiver. The Trustee may waive any default or Event of Default hereunder and its consequences; provided, however, that the Trustee shall not cause such a waiver unless and until all principal, premium, if any, and interest on the Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate of interest borne by the Bonds and all fees and expenses of the Trustee and the Issuer shall have been paid or provided for.

Section 6.06 Application of Monies. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Indenture, or under any of the other Bond Documents including any proceeding at law or in equity to enforce the provisions of and foreclose, realize, levy or execute upon all items of collateral thereunder, shall be deposited in the Bond Fund and, after payment (out of moneys derived from a source other than moneys held for the redemption of Bonds) of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, including reasonable attorneys' fees, and all other outstanding fees and expenses of the Trustee, such moneys shall be applied in the order set forth below:

(a) Unless the principal of all Bonds shall have become or been declared due and payable, all such moneys shall be applied:

First: To the ratable payment of (i) all installments of interest then due on the Bonds, and (ii) all installments of interest then due on any Parity Indebtedness, and, if the amount available shall not be sufficient to pay in full all such amounts described in clauses (i) and (ii) of this paragraph, then to the ratable payment of all such amounts so due and the portion thereof allocable to the installments of interest shall be applied in order of priority first to installments past due for the greatest period; and

Second: To the ratable payment of (i) the unpaid principal of and premium, if any, which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds from the respective dates upon which they became due (at the rate borne by the Bonds, to the extent permitted by law), and (ii) the unpaid principal of and premium, if any, on any Parity Indebtedness, and, if the amount available shall not be sufficient to pay in full all such amounts described in clauses (i) and (ii) of this paragraph due on any particular date, then to the ratable payment of the amounts due on such date.

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds and any Parity Indebtedness, without preference or priority as between principal, premium, interest, installments of interest or Bonds, ratably according to the amounts due to the persons entitled thereto.

(c) If the principal on all Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded under this Article then, subject to paragraph (b) of this Section in the event that the principal of all the Bonds shall again become or be declared due and payable, the moneys shall be applied in accordance with paragraph (a) of this Section.

Section 6.07 Notification to County Treasurer. As provided in Section 6.02 hereof, upon the happening and continuance of an Event of Default hereunder, if the Issuer is not collecting 100% of the Hotel Tax Revenues, the Trustee may notify the County Treasurer that an Event of Default has occurred and is continuing under this Indenture and direct the County Treasurer to transfer 100% of the Hotel Tax Revenues to the Issuer.

If, after an Event of Default has occurred, all arrears of principal of and interest on the Bonds outstanding, if any, are paid, and the Issuer also performs all other things in respect of which it may have been in default hereunder and pays the reasonable charges of the Trustee, the Holders and any trustee appointed under the Act, including reasonable attorney's fees and expenses, then, and in every such case, the Trustee shall notify the County Treasurer that such Event of Default has been cured and direct the County Treasurer to reinstitute payment of twenty percent (20%) of the Hotel Tax Revenues to Discover Lancaster.

ARTICLE VII

THE TRUSTEE

Section 7.01 Appointment of Trustee. The Trustee is hereby appointed and does hereby agree to act in such capacity, and to perform the duties of the Trustee under this Indenture, but only upon and subject to the following express terms and conditions (and no implied covenants or other obligations shall be read into this Indenture against the Trustee):

(a) The Trustee may execute any of its trusts or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be held liable for their actions if such agents are selected with reasonable care. The Trustee shall be entitled to advice of Counsel concerning all matters hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees. The Trustee may act upon the opinion or advice of Counsel, accountants, engineers or surveyors selected by it in the exercise of reasonable care or, if the same are selected by the Issuer, approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein or in the Bonds, or for the recording, re-recording, filing or re-filing of this Indenture or the Security Documents or Financing Statements or for insuring the Trust Estate or the Convention Center or collecting any insurance moneys, or for the validity of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Convention Center or otherwise as to the maintenance of the Trust Estate. The Trustee shall not be liable to any Holder, any Beneficial Owner or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with Section 5.02. The Trustee shall not be liable to the Issuer for any loss suffered as a result of or in connection with any investment of funds made by the Trustee in good faith as instructed by or approved by an Issuer Representative. The Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted to or delivered to any Holder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer or for the use by the Issuer of the proceeds of the Bonds or for the use or application of any moneys received by the Paying Agent. The Trustee may become the owner of Bonds secured hereby with the same rights as any other Holder.

(d) The Trustee shall be protected in acting upon Opinions of Counsel and upon any resolution, statement, instrument, report, direction, notice, request, consent, certificate, order, affidavit, letter, telegram, bond debenture, note, or other evidence of indebtedness or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. Any action taken by the Trustee pursuant to

this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) The Trustee shall be entitled to request and receive written instructions from the Issuer and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of the Issuer. The Trustee may, at the expense of the Issuer, request, rely on and act in accordance with officer's certificates and/or opinions of counsel, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such officer's certificates and opinions of counsel.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as duties. The Trustee shall be responsible only for the performance of the duties expressly set forth herein and shall not be answerable for other than its gross negligence or willful misconduct in the performance of those express duties.

(g) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Project.

(h) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trust and powers or otherwise in respect of this Indenture.

(i) Before taking any action requested hereunder by the Holders (except with respect to the payment of principal, interest, and premium, if any, to Holders), the Trustee may require satisfactory security or indemnity for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own gross negligence or willful misconduct by reason of any action so taken.

(j) All moneys received by the Trustee or the Paying Agent, until used or applied or invested as herein provided, shall be held as special trust funds for the purposes specified in this Indenture and for the benefit and security of the Holders of the Bonds as herein provided. Such moneys need not be segregated from other funds except to the extent required by law or herein provided, and neither the Trustee nor the Paying Agent shall otherwise be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(k) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Issuer under this Indenture, and shall not be deemed to have, or be required to take, notice of default under this Indenture (unless notice thereof has been received from the Paying Agent), except (i) in the event of an insufficient amount in the Bond Fund (or any account therein) to make a principal or interest or premium, if any, payment on the Bonds, or (ii) written notification of such default by any Holder is received by a responsible officer of the Trustee, and in the absence of such notice the Trustee may conclusively presume no default except as aforesaid. The Trustee may nevertheless require the Issuer to furnish information regarding performance of its obligations under this Indenture, but is not obligated to do so.

(l) The Trustee shall, prior to any Event of Default and after the curing of all Events of Default which may have occurred, perform such duties and only such duties of the Trustee as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured, exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

(m) In addition to the Trustee's other duties hereunder, the Trustee shall authenticate and cancel Bonds as provided herein, keep such books and records relating to such duties as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer at all reasonable times. All Bonds shall be made available for authentication, exchange and registration of transfer at the designated office of the Trustee.

(n) Without limiting the duties of the Trustee expressly set forth herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bonds or the interest thereon; (ii) the consequences of the investment or non-investment of any funds or accounts relating to the Series B of 2022 Bonds under Section 148 of the Code, or (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code.

(o) No provision of this Indenture or the Bonds shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(p) Whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of gross negligence or willful misconduct on its part, rely upon a written certificate of an Issuer Representative. The Trustee shall have no liability for any action taken, or errors in judgement made, in good faith by it or any of its officers, employees, agents, unless it shall have been negligent in ascertaining the pertinent facts.

(q) Except as provided in Section 7.09, in the event that the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, then the Trustee, in its sole discretion, may determine what action or actions, if any, shall be taken or not taken.

(r) The Trustee's immunities and protections from liability and its rights to indemnification in connection with the performance of its duties under this Indenture shall likewise extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's rights to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Bonds.

(s) The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold or deal in any of the Bonds and may join in any action that any Holder may be entitled to take with like effect as if it were not the Trustee. The Trustee, in its commercial

banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Issuer, and may act as depository, trustee or agent for any committee of Holders secured hereby or other obligations of the Issuer, as freely as if it were not the Trustee hereunder. The provisions of this paragraph shall extend to the affiliates of the Trustee.

(t) The Trustee shall have no responsibility or obligation to Participants, to Indirect Participants, or to the Persons for whom they act as nominees with respect to the Bonds, or to any Beneficial Owner of Bonds in respect of the accuracy of any records maintained by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant, the payment by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant of any amount in respect of the principal of or interest on the Bonds, any notice which is permitted or required to be given under this Indenture, the selection by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant of any Person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by the Securities Depository or the Securities Depository Nominee as Holder.

(u) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Issuer, or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such Persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person.

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; pandemics, riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

(w) Notwithstanding anything to the contrary herein, the Trustee shall have no duty to prepare or file any Federal or state tax report or return with respect to any funds held pursuant to this Indenture or any income earned thereon, except for the delivery and filing of tax information reporting forms required to be delivered and filed with the Internal Revenue Service. The Issuer agrees that, for tax reporting purposes, the Funds shall be deemed to be the property of Issuer and all interest and other income from investment of the Funds shall, as of the end of each calendar year and to the extent required by the Internal Revenue Service, be reported as having been earned by Issuer, whether or not such income was disbursed during such calendar year. With respect to the preparation, delivery and filing of such required tax information reporting forms and all matters pertaining to the reporting of earnings on funds held under this Indenture, the Trustee shall be entitled to request and receive written instructions from the Issuer, and the Trustee shall be entitled to rely conclusively and without further inquiry on such written

instructions. With respect to any other payments made under this Indenture, the Trustee shall not be deemed the payer and shall have no responsibility for performing tax reporting. The Trustee's function of making such payments is solely ministerial and upon express direction of the Issuer.

(x) The Trustee shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Indenture and the Guaranty Agreement, whether or not an original or a copy of such agreement has been provided to the Trustee. The Trustee shall have no duty to know or inquire as to the performance or nonperformance of any provision of any other agreement, instrument or document other than this Indenture and the Guaranty Agreement.

(y) Whether or not expressly so provided, each and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section 7.01.

Section 7.02 Compensation and Indemnification of Trustee; Trustee's Prior Claim.

The Issuer will pay the reasonable fees and expenses of the Trustee under this Indenture and all other amounts which may be payable to the Trustee under this Section and in accordance with any fee proposal executed by the Issuer and the Trustee, such fees and expenses to be paid when due and payable by the Issuer directly to the Trustee for its own account.

The Issuer shall (a) pay the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), (b) pay or reimburse the Trustee upon request for all reasonable expenses, disbursements and advances incurred or made, in accordance with any of the provisions of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its Counsel and of all agents and other persons not regularly in its employ), except to the extent that any such expense, disbursement or advance is due to its own gross negligence or willful misconduct, and (c) indemnify each of the Trustee for, and to hold it harmless against, any loss, liability or expense incurred by it, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder or the performance of its duties hereunder, including the reasonable costs and expenses of defending itself against or investigating any claim of liability in the premises, except to the extent that any such loss, liability or expense was due to its own gross negligence or willful misconduct. The obligations of the Issuer referred to in this Section shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. Such additional indebtedness shall be a senior claim to that of the Bonds upon all property and funds held or collected by the Trustee as such, except funds held with respect to unredeemed Bonds for which notice of redemption has been given, and except for any arbitrage rebate fund or account established pursuant to any arbitrage regulatory agreement. "Trustee", for purposes of this Section shall include any predecessor Trustee but the gross negligence or willful misconduct of any Trustee shall not affect the indemnification of any other Person. The obligations of the Issuer under this Section shall survive the termination of this Indenture and the resignation or removal of the Trustee.

Section 7.03 Intervention in Litigation. In any judicial proceedings to which the Issuer is a party, the Trustee may intervene on behalf of Holders, and shall intervene if requested

in writing by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and indemnified as provided in Section 7.01(i).

Section 7.04 Resignation; Successor Trustees. The Trustee and any successor Trustee may resign only upon giving thirty (30) days prior written notice to the Issuer and each Holder of Bonds then Outstanding as shown on the Register. Such resignation shall take effect only upon the appointment of a successor Trustee by the Issuer and the acceptance of such appointment by the successor Trustee. If no successor is appointed within thirty (30) days after the notice of resignation, the resigning party may appoint a successor or petition any court of competent jurisdiction to appoint a successor. Upon appointment of a successor Trustee, the resigning Trustee shall assign all of its right, title and interest in this Indenture and the Trust Estate to the successor Trustee. The successor Trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States, or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000. Any successor Trustee shall accept in writing its duties and responsibilities hereunder and such writing shall be filed with the Issuer and the resigning trustee.

Any corporation or association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or any material part of the corporate trust business of the Trustee that includes this Indenture, shall be the successor of the Trustee hereunder, without the execution or filing of any instrument or any further act on the part of any Person, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible to serve as Trustee under the provisions of this Indenture. If the Trustee is not the successor corporation or association in any such merger or consolidation, the Trustee shall give notice of such event to the Issuer and shall take such action as may be required to effect a transfer of the trust included in this Indenture to such successor corporation or association.

Section 7.05 Removal of Trustee. The Trustee may be removed at any time, upon at least 30 days' notice, by an instrument or concurrent instruments in writing delivered to the Trustee and the Issuer and signed by the Holders of a majority in aggregate principal amount of Bonds then Outstanding. During such time that no Event of Default has occurred and is continuing under this Indenture, the Trustee may also be removed by an instrument in writing delivered to the Trustee, upon at least 30 days' notice, and signed by an Issuer Representative. Such removal shall take effect only upon the appointment of a successor Trustee by the Issuer and the acceptance of such appointment by the successor Trustee. Upon such removal, the Trustee shall assign to the successor Trustee all of its right, title and interest in this Indenture and the Trust Estate in the same manner as provided in Section 7.04.

Section 7.06 Paying Agent. Wilmington Trust, National Association is hereby appointed by the Issuer as the initial Paying Agent. The Issuer shall appoint any successor Paying Agent for the Bonds, subject to the conditions set forth in Section 7.07. The Paying Agent shall designate to the Issuer and the Trustee its designated office for all purposes hereof and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which the Paying Agent shall agree, particularly:

(i) to hold all sums held by it for the payment of the principal of, premium, if any, or interest on the Bonds in trust for the benefit of the Holders of the Bonds until such sums shall be paid to such Holders of the Bonds or otherwise disposed of as herein provided;

(ii) to perform its obligations under this Indenture; and

(iii) to keep such books and records relating to its duties as Paying Agent as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer and the Trustee at all reasonable times.

The Issuer shall cooperate with the Trustee and the Paying Agent to cause the necessary arrangements to be made and to be thereafter continued whereby:

(a) funds derived from the sources specified in this Indenture will be made available at the designated office of the Paying Agent for the timely payment of principal of, premium, if any, and interest on the Bonds; and

(b) the Paying Agent shall be furnished such records and other information, at such times, as shall be required to enable the Paying Agent to perform the duties and obligations imposed upon it hereunder.

In carrying out its responsibilities hereunder the Paying Agent will act for the benefit of the Holders.

No purchase of Bonds by the Paying Agent shall constitute a redemption of Bonds or any extinguishment of the debt represented thereby or constitute the Paying Agent the owner of such Bonds for any purpose whatsoever. No delivery of Bonds to the Trustee shall constitute a redemption of Bonds or any extinguishment of the debt represented thereby or constitute the Trustee the owner of such Bonds for any purpose whatsoever unless the Trustee has purchased such Bonds for its own account.

Section 7.07 Qualifications of Paying Agent. The Paying Agent shall be a bank or trust company with trust powers duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The designated office of the Paying Agent for all purposes hereof shall be the office of the Paying Agent at which all deliveries to it hereunder shall be made and any and all notices and other communications in connection herewith shall be delivered. The Paying Agent may at any time resign and be discharged of its duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Issuer and the Trustee. The Paying Agent may be removed at any time, by an instrument, signed by the Issuer, upon at least 30 days' notice, filed with such Paying Agent and with the Trustee.

Section 7.08 Resignation of Paying Agent; Removal; Successors.

(a) In the event of the resignation or removal of the Paying Agent, the Paying Agent shall deliver any moneys and any related books and records held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(b) In the event that the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed a successor Paying Agent, the Trustee shall ipso facto be deemed to be the Paying Agent for all purposes of this Indenture until the appointment by the Issuer and acceptance of a successor Paying Agent.

Section 7.09 Instruments of Holders. Any instrument required by this Indenture to be executed by Holders may be in any number of writings of similar tenor and may be executed by Holders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds given in any of the following forms shall be sufficient for any of the purposes of this Indenture:

(i) A certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him/her the execution thereof;

(ii) A certificate executed by any trust company or bank stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank, as the property of such party, the Bonds therein mentioned.

The Trustee may rely on such an instrument of Holders unless and until the Trustee receives notice in the form specified in (i) or (ii) above that the original such instrument is no longer reliable. In the event that the Trustee shall receive conflicting directions from two or more groups of Holders, each with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, the directions given by the group of Holders which holds the largest percentage of Bonds shall be controlling and the Trustee shall follow such directions to the extent required herein.

Section 7.10 Power to Appoint Co-Trustees. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Convention Center may at the time be located, the Issuer and the Trustee shall have power to appoint and, upon the request of the Trustee or of the Holders of a majority of the aggregate principal amount of the Bonds then Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more persons approved by the Trustee either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the Convention Center, or to act as separate trustee or separate co-trustees of all or any part of the Convention Center, and to vest in such person or persons, in such capacity, such title to the Convention Center or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Any co-trustee or separate trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000.

The Trustee and co-trustee, if any, may by written instrument between them designate and assign either the Trustee or the co-trustee or both of them to perform all or any part of the responsibilities and duties of the Trustee under this Indenture.

If the Issuer shall not have joined in such appointment within thirty (30) days after the receipt by it of a written request to do so, or in case an Event of Default shall have occurred and be continuing, the Trustee shall have the power to make such appointment.

The Issuer shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee appointed pursuant to this Section, to the extent permitted by law or any applicable contract, shall be subject to the following terms, namely:

(a) This Indenture shall become effective at the time the Bonds shall be authenticated and delivered, and thereupon such co-trustee or separate trustee shall have all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees, or separate trustee or separate trustees, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee, to the extent permitted by law, may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Trustee at any time, by an instrument in writing, with the concurrence of the Issuer evidenced by a resolution, may accept the resignation of any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(f) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(g) Any moneys, paper, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with the Security Interest in the Trust Estate and with such rights, powers, duties, trusts or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as applicable law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the Security Interest in the Trust Estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the same manner as provided for with respect to the appointment of a successor Trustee pursuant to Section 7.04 hereof.

Section 7.11 Filing of Financing Statements. The Issuer shall file or record or cause to be filed or recorded all Financing Statements that are required, in order to fully protect and preserve the Security Interests and the priority thereof and the rights and powers of the Trustee in connection therewith. The Issuer, at the expense of the Issuer, shall file or record or cause to be filed or recorded all continuation statements for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the U.C.C., and (ii) any previously filed continuation statements that shall have been filed as required herein. The Issuer and the Trustee shall sign, if necessary, all such Financing Statements as may be required for the purposes specified in the preceding sentence. Upon the filing of any such Financing Statement, the Issuer shall immediately notify the Trustee that the same has been accomplished.

ARTICLE VIII

AMENDMENTS, SUPPLEMENTAL INDENTURES

Section 8.01 Supplemental Indentures. The Issuer and the Trustee, without the consent of or notice to any Holders may enter into an indenture or indentures supplemental to this Indenture that do not materially adversely affect the interest of the Holders for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(b) to grant or pledge to the Trustee for the benefit of Holders any additional security other than that granted or pledged under this Indenture;

(c) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute then in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;

(d) to appoint a successor Trustee, separate trustees or co-trustees in the manner provided in Article VII hereof;

(e) to modify, amend or supplement this Indenture for the purpose of obtaining or retaining a rating on the Bonds from a Rating Agency;

(f) to modify, amend or supplement this Indenture to permit a transfer of Bonds from one Securities Depository to another or the discontinuance of the Book Entry System and issuance of replacement Bonds to the Beneficial Owners;

(g) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not materially adversely affect the interest of the Holders; and

(h) to make any change herein necessary, in the opinion of Bond Counsel, to maintain the exclusion of the interest on any Outstanding Series B of 2022 Bonds from gross income of the Holders thereof for federal income tax purposes.

When requested by the Issuer, and if all conditions precedent under this Indenture have been met, the Trustee shall join the Issuer in the execution of any such supplemental indenture unless it imposes additional obligations on the Trustee or adversely affects the Trustee's rights and immunities under this Indenture or otherwise.

Section 8.02 Amendments to Indenture; Consent of Holders. Exclusive of supplemental indentures covered by Section 8.01 and subject to the terms and provisions contained in this Section, and not otherwise, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding and affected by such indenture or indentures supplemental hereto, shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and direct the execution by the Trustee of such other indenture or indentures supplemental hereto as shall be consented to by the Issuer in its sole discretion for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing contained in this Section shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Bonds, (a) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Bond, (b) a reduction in the principal amount of, or the premium or the rate of interest on, any Bond, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (d) the creation of a lien on the Trust Estate prior to or on parity with the lien of this Indenture, or (e) a reduction in the aggregate principal amount of the Bonds required for any consent to any supplemental indenture; provided further, however, that without the written consent of the Trustee, the Trustee

shall not be required to join in the execution of any supplemental indenture that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee. The giving of notice to and consent of the Holders to any such proposed supplemental indenture shall be obtained pursuant to Section 8.05.

Notwithstanding anything herein contained, no supplement or amendment shall be made to Section 8.05 of this Indenture without the prior written consent of the County.

Section 8.03 Amendments to the Security Documents Not Requiring Consent of Holders. The Issuer and the Trustee, as the case may be, may, without the consent of the Holders, enter into or permit (and the Trustee shall consent to) any amendment of any of the Security Documents as may be required (i) for the purpose of curing any ambiguity or formal defect or omission that shall not adversely affect the interest of the Holders (ii) to grant or pledge to the Trustee, for the benefit of the Holders any additional security, (iii) to modify, amend or supplement any of the Security Documents for the purpose of obtaining or retaining a rating on the Bonds from a Rating Agency, (iv) to make any change therein necessary, in the opinion of Bond Counsel, to maintain the exclusion of interest on any Outstanding Series B of 2022 Bonds from gross income of the Holders thereof for federal income tax purposes or (v) in connection with any other change therein which, in the judgment of the Trustee acting in reliance upon an Opinion of Counsel, is not materially prejudicial to the interests of the Trustee and the Holders of the Bonds; provided, however, that without the written consent of the Trustee, the Trustee shall not be required to join in the execution of any such amendment that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee.

Section 8.04 Other Amendment Provisions. Except as provided in this paragraph, the Issuer shall not enter into, and the Trustee shall not consent to, any modification or amendment of this Indenture or the Security Documents, nor shall any such modification or amendment become effective, without the consent of any Parity Lender, if such modification or amendment affects (a) the timing or amount of any payment or payments under any Parity Indebtedness, (b) a preference or priority of any payment with respect to any Bonds or Parity Indebtedness over any Parity Indebtedness, or (c) the creation of a lien on the Trust Estate prior to or on a parity with the lien of this Indenture.

Section 8.05 Notice to and Consent of Holders. If consent of the Holders is required under the terms of this Indenture for the amendment of this Indenture or any of the Bond Documents or the Security Documents or for any other similar purpose, the Trustee shall cause notice of the proposed execution of the amendment or supplemental indenture to be given by first-class mail, postage prepaid, to the Holders of the Outstanding Bonds then shown on the Register. Such notice shall briefly set forth the nature of the proposed amendment, supplemental indenture or other action and shall state that copies of any such amendment, supplemental indenture or other document are on file at the office of the Trustee administering this Indenture for inspection by all Holders. If, within sixty (60) days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Holders of a majority or all, as the case may be, of the principal amount of the Bonds Outstanding by instruments filed with the Trustee shall have consented to the amendment, supplemental indenture or other proposed action, then the Trustee may execute such amendment, supplemental indenture or other

document or take such proposed action and the consent of the Holders shall thereby be conclusively presumed.

Section 8.06 Approving Opinion Required. No supplemental indenture or amendment to this Indenture shall become effective without the delivery of an Approving Opinion.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Limitation of Rights; No Personal Recourse. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Holders, any Parity Lender and the Paying Agent any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders, any Parity Lender and the Paying Agent as herein provided.

This Indenture does not pledge the general credit nor the taxing power of the County (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision thereof. The liability of the Issuer hereunder and under the Bonds shall be limited to its interest in the Trust Estate.

No covenant or agreement contained in this Indenture or the Bonds shall be deemed to be the covenant or agreement of any member, director, officer, attorney, agent or employee of the Issuer in an individual capacity. No recourse shall be had for the payment of any claim based thereon against any member, director, officer, agent, attorney or employee of the Issuer past, present or future, or its successors or assigns, as such, either directly or through the Issuer, or any such successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

Section 9.02 Severability. If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

The invalidity of any one or more phrases, sentences, clauses or sections of this Indenture, shall not affect the remaining portions of this Indenture or any part thereof.

Section 9.03 Notices. Except as otherwise provided herein, all notices, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or facsimile transmitter (with confirmed receipt) to the address or facsimile number set forth below and shall be deemed to have been given on the date deposited in the mail, if mailed, by first-class, registered or certified mail, postage prepaid, addressed as set forth

below. Where required herein, notice shall be given by telephone, and promptly confirmed in writing, and shall be deemed given when given by telephone to the telephone numbers set forth below. The Issuer, the County, the Trustee and the Paying Agent may, by written notice given hereunder, designate any different addresses, phone numbers and facsimile numbers to which subsequent notices, certificates, approvals, consents, requests or other communications shall be sent.

To the Issuer:	LANCASTER COUNTY CONVENTION CENTER AUTHORITY 25 South Queen Street Lancaster, PA 17603 Attention: Executive Director Telephone: (717) 207-4100 Facsimile: (717) 207-4101
To the Trustee:	WILMINGTON TRUST, NATIONAL ASSOCIATION 213 Market Street, PA1-HM22 Harrisburg, Pennsylvania 17101 Attention: Corporate Trust Telephone: (717) 255-2264 Facsimile: (717) 231-2615
To the County:	COUNTY OF LANCASTER 150 North Queen Street Lancaster, Pennsylvania 17603 Attention: Chief Clerk Telephone: (717) 299-8300 Facsimile: (717) 293-7208

Section 9.04 Payments Due on Non-Business Days. In any case where the date of maturity of interest on or premium, if any, or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Section 9.05 Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this Indenture.

Section 9.06 Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

Section 9.07 Governing Law. This Indenture shall be governed by and interpreted in accordance with the laws of the Commonwealth. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Harrisburg, PA, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 9.08 Waiver of Trial by Jury. Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Indenture.

Section 9.09 Notices to Rating Agency. If the Bonds are rated by a Rating Agency, the Trustee shall provide written notice to such Rating Agency with respect to (i) the appointment of any successor Trustee or Paying Agent, (ii) the appointment of any agent by the Trustee to perform any material duties of the Trustee under this Indenture, (iii) any amendment or supplement to this Indenture, and (iv) the payment in full of all of the Bonds (whether at stated maturity or upon redemption or defeasance). Failure of the Trustee to provide any such notice shall not have any effect on the occurrence of such event.

Section 9.10 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.11 Patriot Act Compliance. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity the Trustee will ask for documentation to verify its formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification, and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Section 9.12 Electronic Signatures. The parties agree that the electronic signature of a party to this Indenture shall be as valid as an original signature of such party and shall be effective to bind such party to this Indenture. The parties agree that any electronically signed document (including this Indenture) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 9.13 Entire Agreement. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed, sealed and delivered in their names and on their behalf by their respective duly authorized representatives, all as of the day and year first above written.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____

Name Sharron V. Nelson

Title Chairman

(SEAL)

ATTEST:

Name: Patrick Snyder

Title: Secretary

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____

Name:

Title:

EXHIBIT A
FORM OF SERIES A BOND

No. R-____

\$_____

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”) to the Trustee for registration of transfer, exchange, or payment, with respect to any Bond issued that is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered Holder hereof, CEDE & Co., has an interest herein.

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BOND
SERIES A OF 2022 (FEDERALLY TAXABLE)

Interest Rate	Maturity Date	Issue Date	CUSIP
	May 1, ____	December 1, 2022	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLAR AMOUNT (\$_____))

LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the “Issuer”), a public body corporate and politic, duly created under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”), for value received, hereby promises to pay to the order of the Registered Owner of this Hotel Room Rental Tax Revenue Bond, Series A of 2022 (Federally Taxable) (this “Bond”), or registered assigns, on the maturity date stated hereon, upon surrender hereof, the Principal Amount stated above, and to pay semiannually on May 1 and November 1 of each year, beginning May 1, 2023 (each an “Interest Payment Date”), to the Registered Owner hereof, interest on said principal sum, at the rate per annum stated hereon, from the interest payment date next preceding the date of registration and authentication of this Bond, unless: (a) this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date; or (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event this Bond shall bear interest from such interest payment date; or (c) this Bond is registered and authenticated on

or prior to the Record Date preceding May 1, 2023, in which event this Bond shall bear interest from December 1, 2022; or (d) as shown by the records of the Trustee (hereinafter defined), interest on this Bond shall be in default, in which event this Bond shall bear interest from the date on which interest was last paid on this Bond, until said principal sum is paid.

Payment of the principal and interest on this Bond shall be made in lawful money of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts. Unless other arrangements are made pursuant to the Indenture (hereinafter defined), interest is payable by check drawn upon Wilmington Trust, National Association, as Paying Agent (the "Paying Agent"), mailed on the Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) to the Registered Owner hereof at the close of business on the Record Date immediately preceding each Interest Payment Date at the address of such Registered Owner as it appears on the Register. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve months of thirty day months. In any case where the date of maturity of interest on or premium, if any, or principal of this Bond shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Payment of the interest hereon shall be made to the Registered Owner hereof whose name and address shall appear, at the close of business on April 15 or October 15 immediately preceding the applicable Interest Payment Date regardless of whether such day is a Business Day (the "Record Date"), on the registration books maintained by the Trustee in behalf of the Issuer, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee in behalf of the Issuer to the Registered Owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

This Bond shall be a limited obligation of the Issuer, the principal, interest and premium (if any) of which are payable solely from and secured by the Trust Estate described in the Indenture, for the equal and ratable benefit of the Registered Owners, from time to time of this Bond. This Bond and the interest thereon shall not be deemed to constitute or create an indebtedness, liability or obligation of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision or agency thereof within the meaning of any state constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any such political subdivision or agency.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. THE BONDS ARE PAYABLE SOLELY FROM HOTEL TAX REVENUES AND OTHER SOURCES AVAILABLE

THEREFOR AS DESCRIBED IN THE INDENTURE. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS EXCEPT FROM SAID HOTEL TAX REVENUES AND OTHER SOURCES. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND, AND THIS BOND SHALL NOT BE OR BE DEEMED AN OBLIGATION OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR THE INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

No recourse shall be had for the payment of the principal of or interest or any premium on this Bond, or for any claim based hereon or on the Indenture, against any member, director, officer or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

This Bond is one of an authorized issue of Bonds issued in an aggregate principal amount of \$6,755,000. The Bonds are being issued under and secured by a Trust Indenture, dated as of December 1, 2022, between the Issuer and Wilmington Trust, National Association as Trustee (the "Trustee") (as amended and supplemented from time to time in accordance with the terms thereof, collectively, the "Indenture"). Concurrently with the issuance of the Bonds, the Issuer is also issuing its Hotel Room Rental Tax Revenue Bond, Series B of 2022 in the aggregate principal amount of \$62,730,000. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and interest on the Bonds, the nature and extent of the security for the Bonds, the terms and conditions under which the Bonds are or may be issued, the rights, duties and obligations of the Issuer and of the Trustee and the rights of the Registered Owners of the Bonds, and, by the acceptance of this Bond, the Registered Owner hereof assents to all of the provisions of the Indenture. Capitalized terms used herein and not defined shall have the meaning ascribed to them in the Indenture.

The Bonds are issuable as fully registered Bonds in the principal amount of \$5,000 and multiples of \$5,000 in excess thereof (each an "Authorized Denomination"). This Bond may be transferred or exchanged by the registered owner hereof upon surrender of this Bond to the Trustee, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Trustee shall enter any transfer of ownership or exchange of this Bond in the registration

books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity for the aggregate principal amount that the registered owner is entitled to receive at the earliest practicable time. The Issuer and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Indenture), is being issued and required to be deposited with the Securities Depository (as defined in the Indenture) and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal and interest payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal and interest payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of and interest on this Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Indenture and the Securities Depository.

The Bonds are not subject to redemption prior to maturity.

Certain modifications and alterations of the Indenture not adversely affecting rights of Registered Owners of Bonds Outstanding thereunder may be made without consent of Registered Owners of such Bonds in the manner and upon terms and conditions provided in the Indenture. Any other modification or alteration of the Indenture or of rights and obligations of the Issuer or of Registered Owners of Bonds outstanding thereunder may be made in the manner and upon terms and conditions provided in the Indenture. Any consent by the Registered Owners of this Bond, when required by the Indenture (unless revoked as provided in the Indenture), shall be conclusive and binding upon such Registered Owners and all future Registered Owners and owners of this Bond, irrespective of whether any notation of such consent is made upon this Bond.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond and in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Issuer, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Issuer.

This Bond shall not be entitled to any benefit under the Indenture and shall not be valid or obligatory for any purpose until this Bond shall have been authenticated by the Certificate of Authentication endorsed hereon duly signed by the Trustee or its successor in trust under the Indenture.

The Registered Owner of this Bond, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Indenture.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to a default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided under certain limited circumstances described in the Indenture; provided, however, that nothing contained in the Indenture shall affect or impair any right of enforcement conferred on the Registered Owner hereof by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on this Bond at and after the maturity hereof, or (ii) the obligation of the Issuer to pay the principal of and premium, if any, and interest on this Bond to the Registered Owner hereof at the time, place, from the source and in the manner as provided in the Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed in its name and in its behalf by its Chair or Vice Chair, and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, as of the 1st day of December, 2022.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____

Name: Sharron V. Nelson

Title: Chairman

Attest:

By: _____

Name: Patrick Snyder

Title: Secretary

(SEAL)

* * * * *

AUTHENTICATION CERTIFICATE

This Bond is one of the Bonds described in the within-mentioned Indenture and is hereby authenticated.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____

Authorized Representative

Date of Authentication: December 1, 2022

* * * * *

FORM FOR TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company or pursuant to a recognized signature medallion program.

[End of Form of Series A Bond]

EXHIBIT B

FORM OF SERIES B BOND

No. R-____

\$_____

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”) to the Trustee for registration of transfer, exchange, or payment, with respect to any Bond issued that is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered Holder hereof, CEDE & Co., has an interest herein.

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BOND
SERIES B OF 2022

Interest Rate	Maturity Date	Issue Date	CUSIP
	May 1, ____	December 1, 2022	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [DOLLAR AMOUNT (\$_____)]

LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the “Issuer”), a public body corporate and politic, duly created under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”), for value received, hereby promises to pay to the order of the Registered Owner hereof, or registered assigns, on the maturity date stated hereon, upon surrender hereof, the Principal Amount stated above, unless this Hotel Room Rental Tax Revenue Bond, Series B of 2022 (this “Bond”) duly shall have been called for earlier redemption and payment of the redemption price shall have been made or provided for, and to pay semiannually on May 1 and November 1 of each year, beginning May 1, 2023 (each an “Interest Payment Date”), to the Registered Owner hereof, interest on said principal sum, at the rate per annum stated hereon, from the interest payment date next preceding the date of registration and authentication of this Bond, unless: (a) this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date; or (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which

event this Bond shall bear interest from such interest payment date; or (c) this Bond is registered and authenticated on or prior to the Record Date preceding May 1, 2023, in which event this Bond shall bear interest from December 1, 2022; or (d) as shown by the records of the Trustee (hereinafter defined), interest on this Bond shall be in default, in which event this Bond shall bear interest from the date on which interest was last paid on this Bond, until said principal sum is paid.

Payment of the principal and redemption premium, if any, and interest on this Bond shall be made in lawful money of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts. Unless other arrangements are made pursuant to the Indenture (hereinafter defined), interest is payable by check drawn upon Wilmington Trust, National Association, as Paying Agent (the "Paying Agent"), mailed on the Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) to the Registered Owner hereof at the close of business on the Record Date immediately preceding each Interest Payment Date at the address of such Registered Owner as it appears on the Register. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve months of thirty day months. In any case where the date of maturity of interest on or premium, if any, or principal of this Bond or the date fixed for redemption of this Bond shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Payment of the interest hereon shall be made to the Registered Owner hereof whose name and address shall appear, at the close of business on April 15 or October 15 immediately preceding the applicable Interest Payment Date regardless of whether such day is a Business Day (the "Record Date"), on the registration books maintained by the Trustee in behalf of the Issuer, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee in behalf of the Issuer to the Registered Owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

This Bond shall be a limited obligation of the Issuer, the principal, interest and premium (if any) of which are payable solely from and secured by the Trust Estate described in the Indenture, for the equal and ratable benefit of the Registered Owners, from time to time of this Bond. This Bond and the interest thereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any political subdivision or agency thereof within the meaning of any state constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the County of Lancaster, Pennsylvania (except to the extent provided in the Guaranty Agreement), the Commonwealth of Pennsylvania or any such political subdivision or agency.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. THE BONDS ARE PAYABLE SOLELY FROM HOTEL TAX REVENUES AND OTHER SOURCES AVAILABLE THEREFOR AS DESCRIBED IN THE INDENTURE. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS EXCEPT FROM SAID HOTEL TAX REVENUES AND OTHER SOURCES. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND, AND THIS BOND SHALL NOT BE OR BE DEEMED AN OBLIGATION OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. EXCEPT AS PROVIDED UNDER THE TERMS OF THE GUARANTY AGREEMENT FROM THE COUNTY OF LANCASTER, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF LANCASTER, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR THE INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

No recourse shall be had for the payment of the principal of or interest or any premium on this Bond, or for any claim based hereon or on the Indenture, against any member, director, officer or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

This Bond is one of an authorized issue of Bonds issued in an aggregate principal amount of \$62,730,000. The Bonds are being issued under and secured by a Trust Indenture, dated as of December 1, 2022, between the Issuer and Wilmington Trust, National Association as Trustee (the "Trustee") (as amended and supplemented from time to time in accordance with the terms thereof, collectively, the "Indenture"). Concurrently with the issuance of the Bonds, the Issuer is also issuing its Hotel Room Rental Tax Revenue Bond, Series A of 2022 (Federally Taxable) in the aggregate principal amount of \$6,755,000. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and redemption premium, if any, and interest on the Bonds, the nature and extent of the security for the Bonds, the terms and conditions under which the Bonds are or may be issued, the rights, duties and obligations of the Issuer and of the Trustee and the rights of the Registered Owners of the Bonds, and, by the acceptance of this Bond, the Registered Owner hereof assents to all of the provisions of the Indenture. Capitalized terms used herein and not defined shall have the meaning ascribed to them in the Indenture.

The Bonds are issuable as fully registered Bonds in the principal amount of \$5,000 and multiples of \$5,000 in excess thereof (each an "Authorized Denomination"). This Bond may be transferred or exchanged by the registered owner hereof upon surrender of this Bond to the Trustee, at its principal corporate trust office, accompanied by a written instrument or

instruments in form, with instructions, and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Trustee shall enter any transfer of ownership or exchange of this Bond in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity for the aggregate principal amount that the registered owner is entitled to receive at the earliest practicable time. The Issuer and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Indenture), is being issued and required to be deposited with the Securities Depository (as defined in the Indenture) and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Indenture and the Securities Depository.

The Bonds maturing on and after May 1, 2033 are subject to redemption prior to maturity, at the option of the Issuer, in whole or in part (and, if in part, as selected by the Issuer, in authorized denominations), on May 1, 2032, or on any date thereafter, upon payment of the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption. In the event less than all of the Bonds of any particular maturity are to be redeemed, the Bonds to be redeemed shall be drawn by lot by the Trustee.

The Bonds stated to mature on May 1, 2049 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$2,085,000	2043
2,170,000	2044
2,255,000	2045
2,350,000	2046
2,445,000	2047
2,545,000	2048
2,650,000	2049*

* Final maturity

The Bonds stated to mature on May 1, 2053 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$2,770,000	2050
2,900,000	2051
3,045,000	2052
3,190,000	2053*

* Final maturity

The Bonds stated to mature on May 1, 2057 are subject to mandatory redemption prior to maturity in the amounts and on May 1 of the years set forth in the following schedule, as drawn by lot by the Trustee on behalf of the Issuer:

<u>Amounts</u>	<u>Year</u>
\$3,345,000	2054
3,510,000	2055
3,680,000	2056
3,860,000	2057*

* Final maturity

Any such redemption shall be upon application of money available for such purpose in the Bond Fund established under the Indenture and shall be upon payment of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

If this Bond is of a denomination larger than \$5,000, a portion of this Bond may be redeemed. For the purpose of redemption, this Bond shall be treated as representing that number of Bonds that is obtained by dividing the principal amount hereof by \$5,000, each \$5,000 portion of this Bond being subject to redemption. In the case of partial redemption of this Bond, payment of the redemption price shall be made only upon surrender of this Bond in exchange for Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount hereof.

Notice of any redemption, as hereinbefore authorized, shall be given by the Trustee by first class mail to the Registered Owners of Bonds to be redeemed in whole or in part not more than 60 days and not less than 30 days prior to the date fixed for redemption at the addresses shown on the registration books, in accordance with requirements of the Indenture. Failure to mail any notice of redemption or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption. Any such redemption shall be in the manner and upon terms and with the effect provided in the Indenture or after waiver of such notice shall have been filed in accordance with provisions of the Indenture.

Certain modifications and alterations of the Indenture not adversely affecting rights of Registered Owners of Bonds Outstanding thereunder may be made without consent of Registered Owners of such Bonds in the manner and upon terms and conditions provided in the Indenture. Any other modification or alteration of the Indenture or of rights and obligations of the Issuer or of Registered Owners of Bonds outstanding thereunder may be made in the manner and upon terms and conditions provided in the Indenture. Any consent by the Registered Owners of this Bond, when required by the Indenture (unless revoked as provided in the Indenture), shall be conclusive and binding upon such Registered Owners and all future Registered Owners and owners of this Bond, irrespective of whether any notation of such consent is made upon this Bond.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond and in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Issuer, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Issuer.

This Bond shall not be entitled to any benefit under the Indenture and shall not be valid or obligatory for any purpose until this Bond shall have been authenticated by the Certificate of Authentication endorsed hereon duly signed by the Trustee or its successor in trust under the Indenture.

The Registered Owner of this Bond, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Indenture.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to a default under the Indenture, or to institute, appear in or defend any suit or other

proceedings with respect thereto, except as provided under certain limited circumstances described in the Indenture; provided, however, that nothing contained in the Indenture shall affect or impair any right of enforcement conferred on the Registered Owner hereof by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on this Bond at and after the maturity hereof, or (ii) the obligation of the Issuer to pay the principal of and premium, if any, and interest on this Bond to the Registered Owner hereof at the time, place, from the source and in the manner as provided in the Indenture.

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IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed in its name and in its behalf by its Chair or Vice Chair, and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, as of the 1st day of December, 2022.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____

Name: Sharron V. Nelson

Title: Chairman

Attest:

By: _____

Name: Patrick Snyder

Title: Secretary

(SEAL)

* * * * *

AUTHENTICATION CERTIFICATE

This Bond is one of the Bonds described in the within-mentioned Indenture and is hereby authenticated.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____

Authorized Representative

Date of Authentication: December 1, 2022

* * * * *

FORM FOR TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company or pursuant to a recognized signature medallion program.

[End of Form of Series B Bond]

**APPENDIX D - AUTHORITY AUDITED FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2021**

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**Lancaster County Convention
Center Authority**

Financial Statements with
Supplementary Information

Years Ended December 31, 2021 and 2020
with Independent Auditor's Report

MaherDuessel

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

YEARS ENDED DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Balance Sheets	1
Statements of Revenues, Expenses, and Change in Net Position	3
Statements of Cash Flows	4
Notes to Financial Statements	6

Supplementary Information:

Combining Balance Sheet	29
Combining Schedule of Revenues, Expenses, and Changes in Net Position	31
Schedule of Expenses	32



Independent Auditor's Report

**Board of Directors
Lancaster County Convention
Center Authority**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Lancaster County Convention Center Authority (Authority), a component unit of the County of Lancaster, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2021 and 2020, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maher Duessel

Harrisburg, Pennsylvania
March 24, 2022

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LANCASTER COUNTY CONVENTION CENTER AUTHORITY

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

Assets	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 2,759,436	\$ 4,082,167
Receivables:		
Taxes	1,215,821	554,321
Other	74,666	53,654
Inventory	10,417	5,770
Prepaid expenses	151,569	268,838
Other asset	<u>13,650</u>	<u>13,650</u>
Total current assets	<u>4,225,559</u>	<u>4,978,400</u>
Restricted assets:		
Cash and investments	12,822,583	10,500,506
Current portion of accounts receivable - Redevelopment Authority of the City of Lancaster	<u>-</u>	<u>50,000</u>
Total restricted assets	<u>12,822,583</u>	<u>10,550,506</u>
Capital assets:		
Land	1,607,517	1,607,517
Building	76,293,976	75,651,101
Furniture, fixtures, and equipment:		
Convention Center	5,814,495	5,683,384
Penn Square Condominium Association	515,292	515,292
Office	<u>8,451</u>	<u>8,451</u>
	84,239,731	83,465,745
Less: accumulated depreciation	<u>29,858,107</u>	<u>27,466,091</u>
Net capital assets	<u>54,381,624</u>	<u>55,999,654</u>
Total Assets	<u><u>\$ 71,429,766</u></u>	<u><u>\$ 71,528,560</u></u>

(Continued)

	2021	2020
Liabilities and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 71,357	\$ 66,572
Accrued payroll and payroll expense	4,233	2,974
Other accrued expenses	230,486	206,713
Due to Interstate Hotels & Resorts	23,445	43,246
Current portion of bonds payable	670,000	655,000
Unearned revenue	127,577	130,210
Contingency fee payable	50,000	50,000
Total current liabilities	1,177,098	1,154,715
Current liabilities (payable from restricted assets):		
Accrued interest payable	248,154	248,769
Due to Discover Lancaster	1,412,861	-
Total current liabilities (payable from restricted assets)	1,661,015	248,769
Long-term liabilities:		
Reimbursement for contingency payable	300,000	300,000
Bonds payable	58,320,000	58,990,000
Interest rate swap liability	9,172,186	13,789,710
Swap borrowing, net of accumulated amortization of \$6,781,676 and \$6,120,049	15,021,347	15,682,974
Total long-term liabilities	82,813,533	88,762,684
Total Liabilities	85,651,646	90,166,168
Net Position:		
Net investment in capital assets	(520,002)	442,136
Restricted	6,971,348	6,113,024
Unrestricted	(20,673,226)	(25,192,768)
Total Net Position	(14,221,880)	(18,637,608)
Total Liabilities and Net Position	\$ 71,429,766	\$ 71,528,560
		(Concluded)

The accompanying notes are an integral part of these financial statements.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Operating Revenues:		
Conference services	\$ 1,030,026	\$ 405,050
Concession	99,160	16,059
Other	21,695	5,605
Total operating revenues	1,150,881	426,714
Operating Expenses:		
Departmental expenses	553,464	242,760
Undistributed operating expenses	1,481,175	1,201,928
Management fees	226,559	178,744
Fixed charges	72,138	263,232
Capital/development costs	14,043	13,587
Repairs and maintenance	-	551
Total operating expenses	2,347,379	1,900,802
Other Operating Expenses:		
Administrative expenses	370,003	343,760
Collaboration Agreement - Marketing Consortium	251,770	202,928
Depreciation	2,392,016	2,198,717
Total other operating expenses	3,013,789	2,745,405
Operating Loss	(4,210,287)	(4,219,493)
Non-Operating Revenues (Expenses):		
Hotel room rental tax income, net of \$1,421,861 and \$0 as required by the Collaboration Agreement	6,312,944	3,801,239
Investment income	4,498	33,371
Amounts received from the County of Lancaster	-	3,324,000
Other income	4,287	5,393
Interest expense, net of amortization of swap borrowings of \$661,627 and \$661,627	(2,313,238)	(2,336,388)
Change in fair value of interest rate swap	4,617,524	(6,886,455)
Total non-operating revenues (expenses)	8,626,015	(2,058,840)
Change in Net Position	4,415,728	(6,278,333)
Net Position:		
Beginning of period	(18,637,608)	(12,359,275)
End of period	\$(14,221,880)	\$(18,637,608)

The accompanying notes are an integral part of these financial statements.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Operating receipts	\$ 1,127,236	\$ 287,065
Payments to suppliers for operating expenses	(2,840,720)	(2,694,421)
Payments to suppliers for project development costs	(14,043)	(13,587)
Payments to employees	(186,124)	(179,771)
Net cash used in operating activities	(1,913,651)	(2,600,714)
Cash Flows From Noncapital Financing Activities:		
Marketing Consortium contribution	50,000	100,000
Cash Flows From Capital and Related Financing Activities:		
Purchase of capital assets	(579,613)	(604,841)
Principal payments on bonds payable	(655,000)	(630,000)
Receipts from hotel room rental tax	7,064,305	4,383,942
Payment to Discover Lancaster	-	(1,347,849)
Amounts received from the County of Lancaster	-	3,324,000
Other receipts	4,287	5,393
Interest expense paid	(2,975,480)	(2,999,564)
Net withdrawals from accounts restricted for capital replacement	(677,052)	(14,692)
Net cash provided by capital and related financing activities	2,181,447	2,116,389
Cash Flows From Investing Activities:		
Proceeds from the sale of investments	12,055,074	16,987,315
Purchase of investments	(13,700,099)	(15,155,258)
Interest income received	4,498	33,371
Net cash provided by (used in) investing activities	(1,640,527)	1,865,428
Net Increase (Decrease) in Cash and Cash Equivalents	(1,322,731)	1,481,103
Cash and Cash Equivalents		
Beginning of period	4,082,167	2,601,064
End of period	\$ 2,759,436	\$ 4,082,167

(Continued)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(Continued)

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	\$ (4,210,287)	\$ (4,219,493)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,392,016	2,198,717
(Increase) decrease in:		
Other receivables	(21,012)	93,253
Inventory	(4,647)	12,273
Other prepaid expenses	(77,104)	(192,094)
Other asset	-	(13,650)
Increase (decrease) in:		
Accounts payable	4,785	33,832
Accrued payroll and payroll expenses	1,259	(4,869)
Contingency fee payable	-	(100,000)
Other accrued expenses	23,773	(171,448)
Due to Interstate Hotels & Resorts	(19,801)	(104,333)
Unearned revenue	(2,633)	(132,902)
Total adjustments	<u>2,296,636</u>	<u>1,618,779</u>
Net cash used in operating activities	<u>\$ (1,913,651)</u>	<u>\$ (2,600,714)</u>
		(Concluded)

The accompanying notes are an integral part of these financial statements.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Significant Accounting Policies

Reporting Entity

The Lancaster County Convention Center Authority (Authority), a component unit of the County of Lancaster (County), was formed on September 15, 1999, under the Municipality Authorities Act of 1945 and the Third-Class County Convention Center Authority Act. The purpose of the Authority is to provide financing and arrange for the development, construction, and operation of convention center facilities for the public purpose of promoting, attracting, stimulating, developing, and expanding business, industry, commerce, and tourism in the Commonwealth of Pennsylvania.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Authority and any component units. Component units are separate legal entities that (1) governing officials of a primary government are financially accountable for or (2) the nature and significance of the relationship between the entity and a primary government are such that to exclude the separate legal entity from the financial reporting entity would render the financial statements misleading or incomplete.

The Authority is part of the County's reporting entity based on the above criteria. These are the separate component unit financial statements of the Authority. No other entities are required to be included based on the above criteria.

A business plan was developed, which allowed the construction of the Lancaster County Convention Center (Center) and the Lancaster Marriott at Penn Square. The plan was the result of a complex and cooperative effort among government and community leaders and public and private partners. Throughout 2007 – 2009, the Authority incurred construction costs associated with the project.

The Lancaster County Convention Center and the Lancaster Marriott at Penn Square opened for operations on June 19, 2009.

The Center began operations on June 19, 2009 under the Qualified Convention Center Management Agreement, dated January 23, 2002, between the Authority and Interstate Hotels & Resorts (IHR). The Qualified Convention Center Management Agreement is for the period commencing with the opening of the convention center and expiring on June 19,

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

2019. On June 9, 2019, the Authority and IHR entered into the Amended and Restated Qualified Convention Center Management Agreement. The term of the Amended and Restated Qualified Convention Center Management Agreement is June 9, 2019 through June 19, 2029. Thereafter, the Amended and Restated Qualified Convention Center Management Agreement may be renewed for one renewal period of five years if mutually agreed to, in writing, by both parties.

Penn Square Partners (PSP) and the Authority agreed to an amended and restated declaration of Condominium in April 2017, in which the Authority agreed to permit the new Marriott Tower to be included into the Penn Square Condominium Association. Construction on the new Marriott Tower began in 2017 and was completed in August 2019.

Basis of Accounting

The Authority's financial statements are presented using the accrual basis of accounting, under which revenues are recorded in the period that they are earned, and expenses are recorded when the liability is incurred.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The Authority measures and reports all assets, liabilities, revenues, expense, gains, and losses using the economic resources measurement focus and accrual basis of accounting.

The Authority is a member of the Penn Square Condominium Association, which is comprised of two ownership groups. The other ownership group is PSP, a private entity. Each ownership group has their own business operation with revenues and expenses, as described in the development agreements. Where tracking actual expenses would become too costly, approved allocation methodologies have been incorporated. These allocations are described in the IHR Operational Expense Guidelines (Guidelines). The Guidelines only interpret the governing documents and do not rewrite them.

Cash and Cash Equivalents

The Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Investments

The Authority accounts for investments at fair value. The fair value of the Authority's investments is based upon values provided by external investment managers and quoted market prices.

The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, Collaboration Agreement funds, and Marketing Consortium funds are classified as restricted assets on the balance sheet, because the use of the funds is limited by applicable trust indentures or other agreements.

Capital Assets

Capital assets are carried at cost, if purchased or constructed. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Building, furniture, fixtures, and equipment are depreciated over the estimated useful lives using the straight-line method.

The useful lives for purposes of computing depreciation are as follows:

Buildings	40 years
Furniture, fixtures, and equipment	3-10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. A portion of the interest incurred during the construction phase of capital assets is included as part of the capitalized value of the asset constructed.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Unearned Revenue

Unearned revenue represents deposits received by the Authority for future events. These deposits will be recognized as revenue in the period in which the event occurs.

Net Position

Net position comprises the various net earnings from operating and non-operating revenues and expenses and contributions of capital. Net position is classified in the following three components: Net investment in capital assets; restricted for various purposes; and unrestricted net position.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at the end of the reporting period, the portion of the debt attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent amount.

The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, upon settlement, actual results may differ from estimated amounts.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from non-operating items. Revenues and expenses from operations include departmental operating revenues, departmental operating expenses, undistributed operating expenses, management and incentive fees, Collaboration Agreement – Marketing Consortium, fixed charges, administrative expenses, and depreciation. The principal operating revenues of the Authority is conference services revenue. The principal operating expenses include energy, repairs and maintenance, conference services, administration and general, and sales and marketing expenses. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, if available, and then unrestricted resources as they are needed.

2. Hotel Room Rental Tax

The County receives a 3.9% hotel room rental tax and a 1.1% excise tax from the operators of each hotel within the County. Of the total 3.9% tax, 20% was originally allocated to Discover Lancaster (formerly known as the Pennsylvania Dutch Convention and Visitors Bureau) to be used to promote tourism in the County, and 80% was received by the Authority to be used for construction and operation of the convention center facility. If the Authority encountered an event of default on the Hotel Room Rental Tax Revenue Bonds, Series of 2003 or the Hotel Room Rental Tax Revenue Bonds, Series of 2007 (collectively, the Bonds), the 20% allocated to Discover Lancaster would be diverted to the trustee of the Authority's Bonds. Revenue is recognized in the period to which the County attributed collection.

As discussed in Note 14, Discover Lancaster, the County, the City of Lancaster (City), the Redevelopment Authority of the City of Lancaster (RACL), the Lancaster City Revitalization and Improvement Zone Authority (Lancaster CRIZ Authority), and the Authority entered into a Collaboration Agreement. Under the Collaboration Agreement, Discover Lancaster agreed to direct 100% of the hotel room rental tax revenue to the Authority for the period

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

July 2014 through June 2019. As of December 31, 2016, and each December 31 thereafter, if the Authority's funds on deposit with the trustee under the terms of the indenture exceed \$5,750,000 after all obligations have been paid, the Authority shall remit the lesser of any funds in excess of \$5,750,000 or 20% of the year's hotel room rental tax revenue by January 15 of the following year to Discover Lancaster.

In October 2018, the Authority and Discover Lancaster entered into a memorandum of understanding which extended Discover Lancaster's commitment to directing its 20% of the hotel room rental tax revenues to the Authority through December 31, 2023. Beginning in January 2024, the terms of the Lancaster County Ordinance No. 45 shall again govern the distribution of the hotel room rental tax revenue.

At December 31, 2021, the Authority's funds on deposit exceeded the established thresholds, and \$1,412,861 of the hotel room rental tax revenue was payable to Discover Lancaster under the terms of the Collaboration Agreement. At December 31, 2020, the Authority's funds on deposit did not exceed the established thresholds, and no hotel room rental tax revenue was payable to Discover Lancaster under the terms of the Collaboration Agreement.

3. Lease Agreement – LancasterHistory.Org

In December 2010, the Authority entered into a lease agreement with LancasterHistory.Org (LHO) for the lease of the Thaddeus Stevens House, Kleiss Saloon, Underground Historic Area, and other areas immediately outside the Stevens House, the Kleiss Saloon, and associated with the Underground Historic Area. LHO intends to develop a national historic exhibition on a portion of these properties. The remaining portion of the properties will be renovated and utilized by LHO. The lease commenced on December 21, 2010, for a period of twenty years. LHO is responsible for insurance and real property taxes. The basic rent for the leased properties is one dollar. Until LHO commences construction of the improvements, LHO shall pay monthly the sum of two hundred fifty dollars (\$250.00) for common area charges. After construction begins, these fees will be adjusted every three years based on actual charges.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

4. Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. government obligations, short term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow the pooling of governmental funds for investment purposes.

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk.

As of December 31, 2021, the book balance of the Authority was \$8,355,858 and the bank balance was \$8,205,742. At December 31, 2021, the book balance included \$5,596,422 and the bank balance included \$5,209,959 of cash held with a trustee or others that is presented as restricted cash and investments on the balance sheet. As of December 31, 2020, the book balance of the Authority was \$9,001,537 and the bank balance was \$7,549,421. At December 31, 2020, the book balance included \$4,919,370 and the bank balance included \$4,994,209 of cash held with a trustee or others that is presented as restricted cash and investments on the balance sheet. Of the bank balances, \$500,000 was covered by federal depository insurance at December 31, 2021 and 2020. At December 31, 2021 and 2020, the remainder of the bank balance was collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

Investments

The Authority's investments are considered Level 1 based on quoted market prices. Restricted investments of the Authority at December 31 were as follows:

	2021	2020
Money market funds	<u>\$ 7,226,161</u>	<u>\$ 5,581,136</u>

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Custodial Credit Risk – Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the Authority will not recover the value of the investment or collateral securities that are in possession of an outside party. The Authority does not have a formal policy for custodial credit risk. The Authority's investments in money market funds are not exposed to custodial credit risk because they are not evidenced by securities in book entry or paper form.

Concentration of Credit Risk - The Authority places no limit on the amount the Authority may invest in any one issuer. At December 31, 2021 and 2020, there were no investments held by the Authority that were subject to concentration of credit risk.

Credit Risk – With the exception of investments held in the debt service reserve fund, the Authority has no investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2021 and 2020, the Authority's investments in money market funds were rated AAAM by Standard & Poor's.

Interest Rate Risk – The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2021 and 2020, all of the Authority's investments had an average maturity of less than one year.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

5. Capital Assets

A summary of changes in capital assets for the year ending December 31 is as follows:

	Beginning Balance 1/1/2021	Additions/ Adjustments	Disposals/ Adjustments	Ending Balance 12/31/2021
Capital assets not being depreciated:				
Land	\$ 1,607,517	\$ -	\$ -	\$ 1,607,517
Total capital assets not being depreciated	<u>1,607,517</u>	<u>-</u>	<u>-</u>	<u>1,607,517</u>
Capital assets being depreciated:				
Building	75,651,101	642,875	-	76,293,976
Furniture, fixtures, and equipment:				
Convention Center	5,683,384	131,111	-	5,814,495
Penn Square Condominium Association	515,292	-	-	515,292
Office	8,451	-	-	8,451
Total capital assets, being depreciated	<u>81,858,228</u>	<u>773,986</u>	<u>-</u>	<u>82,632,214</u>
Less accumulated depreciation for:				
Building	22,608,964	2,000,362	-	24,609,326
Furniture, fixtures, and equipment	4,857,127	391,654	-	5,248,781
Total accumulated depreciation	<u>27,466,091</u>	<u>2,392,016</u>	<u>-</u>	<u>29,858,107</u>
Total capital assets being depreciated, net	<u>54,392,137</u>	<u>(1,618,030)</u>	<u>-</u>	<u>52,774,107</u>
Total capital assets, net	<u>\$ 55,999,654</u>	<u>\$ (1,618,030)</u>	<u>\$ -</u>	<u>\$ 54,381,624</u>

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	Beginning Balance 1/1/2020	Additions	Disposals	Ending Balance 12/31/2020
Capital assets not being depreciated:				
Land	\$ 1,607,517	\$ -	\$ -	\$ 1,607,517
Total capital assets not being depreciated	1,607,517	-	-	1,607,517
Capital assets being depreciated:				
Building	75,390,396	260,705	-	75,651,101
Furniture, fixtures, and equipment:				
Convention Center	5,338,516	344,868	-	5,683,384
Penn Square Condominium Association	516,024	(732)	-	515,292
Office	36,865	-	28,414	8,451
Total capital assets, being depreciated	81,281,801	604,841	28,414	81,858,228
Less accumulated depreciation for:				
Building	20,730,698	1,878,266	-	22,608,964
Furniture, fixtures, and equipment	4,565,090	320,451	28,414	4,857,127
Total accumulated depreciation	25,295,788	2,198,717	28,414	27,466,091
Total capital assets being depreciated, net	55,986,013	(1,593,876)	-	54,392,137
Total capital assets, net	\$ 57,593,530	\$ (1,593,876)	\$ -	\$ 55,999,654

6. Contingency Fee Payable

Per the second amendment to the Joint Development Agreement among the Authority, the RACL, and PSP, the Authority is to pay \$700,000 to PSP to reimburse the RACL/PSP contingency provided under the agreement. RACL/PSP agrees to use the funds received to either complete the project or to be deposited into the Furniture, Fixtures and Equipment (FF&E) Reserve Fund for the hotel. The agreement requires fourteen annual payments of \$50,000 beginning in March 2015. The Authority paid PSP \$0 and \$100,000 during the years ending December 31, 2021 and 2020, respectively.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

7. Bonds Payable

On August 1, 2014, the Authority's Hotel Room Rental Tax Bonds, Series 2003 (\$40,000,000) (Series of 2003 Bonds) and Hotel Room and Rental Tax Bonds, Series of 2007 (\$23,920,000) (Series of 2007 Bonds), (collectively the Bonds) were refunded through the issuance of the Hotel Room Rental Tax Revenue Bonds, Series of 2014 (2014 Bonds) in the amount of \$62,595,000.

The 2014 Bonds initially bear interest, through the mandatory tender date, at a rate equal to the sum of the index rate, SIFMA or 70% of LIBOR, plus the Applicable Spread, initially 75 basis points, fixed for five years. The 2014 Bonds debt service payments are guaranteed by the County.

A provision of the terms and conditions of the issuance of the 2014 Bonds allowed for a change in the index rate should the United States corporate tax rate change. Effective January 1, 2018, a decrease in the United States corporate tax rate resulted in an increase in index rate.

On December 3, 2018, the Authority and the Trustee entered into the First Supplemental Trust Indenture related to the 2014 Bonds. Under the First Supplemental Trust Indenture, the Index for the period December 3, 2018 through and including November 30, 2023 is 80% of LIBOR, and during any other Index Interest Rate period, 80% of LIBOR or such other percentage as may be designated by the Bank. In addition, under the First Supplemental Trust Indenture, the mandatory tender date was modified to December 1, 2023. At December 31, 2021 and 2020, the index rate was 80% of LIBOR plus Applicable Spread, 88 basis points through the mandatory tender date of December 1, 2023 provided that the County's bond ratings remain above certain thresholds.

The amount of outstanding 2014 Bonds at December 31, 2021 and 2020 is \$58,990,000 and \$59,645,000, respectively.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Long-term liability activity for the year ended was as follows:

<u>Direct Placement</u>					
<u>December 31, 2021</u>	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Current Portion</u>
Bonds payable:					
Series of 2014	<u>\$ 59,645,000</u>	<u>\$ -</u>	<u>\$ (655,000)</u>	<u>\$ 58,990,000</u>	<u>\$ 670,000</u>
<u>December 31, 2020</u>	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Current Portion</u>
Bonds payable:					
Series of 2014	<u>\$ 60,275,000</u>	<u>\$ -</u>	<u>\$ (630,000)</u>	<u>\$ 59,645,000</u>	<u>\$ 655,000</u>

In accordance with Section 7.02 of the Continuing Covenant Agreement, if an event of default, such as failure to pay principal and interest on bonds when due, and other events defined by Section 7.01 of the Continuing Covenant Agreement, occurs and is continuing, the Bank may 1) by written notice to the Trustee and the Authority, declare the outstanding amount of the bonds to be immediately due and payable; 2) deliver a written notice to the Trustee and Authority that an event of default has occurred and is continuing and direct the Trustee and the Authority to cause a mandatory tender or acceleration of the bonds; 3) by written notice to the Trustee, direct the Trustee to notify the Treasurer of the County (Treasurer) that an event of default has occurred and is continuing and direct the Treasurer to transfer 100% of the hotel tax revenues to the Authority for such period as is necessary to cure the event of default or take such other remedial actions as is provided for in the Indenture; 4) take whatever action at law or in equity may appear necessary to collect the amounts due and payable and to enforce performance or observation of any obligation, agreement, or covenant of the Authority; 5) cure any default, event of default, or even to nonperformance provided however that the bank will have no obligation to effect such a cure; 6) exercise or cause to be exercised any and all remedies available at law and at equity.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

The debt service requirements, through the mandatory tender date using the rate in effect as of December 31, 2021, adjusted for the change in the index rate noted above, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 670,000	\$ 574,767	\$ 1,244,767
2023	<u>58,320,000</u>	<u>9,573,016</u>	<u>67,893,016</u>
	<u>\$ 58,990,000</u>	<u>\$ 10,147,783</u>	<u>\$ 69,137,783</u>

Interest expense consisted of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest - bondholders	\$ 579,230	\$ 839,520
Interest - interest rate swap counterparty	2,395,635	2,158,495
Amortization of swap borrowing	<u>(661,627)</u>	<u>(661,627)</u>
	<u>\$ 2,313,238</u>	<u>\$ 2,336,388</u>

As further described in Note 8, the Authority entered into a pay fixed, receive variable interest rate swap on the applicable notional amounts of the Series of 2003 Bonds and Series of 2007 Bonds.

8. Derivatives – Interest Rate Swap

Objective - As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in March 2007, the Authority entered into an interest-rate swap (Swap) in connection with Hotel Room Rental Tax Revenue Bonds, Series 2003 (\$40,000,000) (Series 2003 Bonds), and Hotel Room Rental Tax Revenue Bonds, Series of 2007 (\$23,920,000) (Series of 2007 Bonds), (collectively, the Series 2003 and 2007 Bonds). The intention of the Swap was effectively to change the Authority's variable interest rate on the Series of 2003 and 2007 Bonds to a synthetic fixed rate of 3.65%. Pursuant to an amended and restated confirmation between the Authority and the Counterparty, Wells Fargo Bank, dated September 28, 2011, the amortization, maturity dates, and fixed payment rates on the Swap related to the Bonds were amended.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Terms - The Swap agreements mature on December 1, 2042 (Series of 2003 Bonds) and December 1, 2047 (Series of 2007 Bonds), and the Swap's notional amount of \$40,000,000 and \$23,920,000, respectively, was 100% of the total issue amount of the underlying bonds. The notional amount of the Swap agreement decreases as the outstanding principal amount of the corresponding Series of 2003 Bonds and Series of 2007 Bonds were scheduled to decrease through maturing principal. The Swap agreements were entered into in March 2007 and amended in September 2011. The Authority pays the counterparty a fixed payment related to the applicable notional amounts of the bonds and receives a computed variable payment.

Pursuant to an amended and restated confirmation between the Authority and the Bank, dated November 27, 2018, the fixed payment rates and the floating rates on the Swap related to the Series of 2003 and 2007 Bonds were amended. Effective December 1, 2018 and through the mandatory tender date of December 1, 2023, in conjunction with the Agreement and First Supplemental Trust Indenture disclosed in Note 7, the synthetic fixed rate on the Swap applicable to the notional amount of the Series 2003 Bonds is 4.07%, the synthetic fixed rate on the Swap applicable to the notional amount of the Series of 2007 Bonds is 3.97%, and the floating rate for both the Series of 2003 and Series of 2007 Bonds is 80% of the one-month LIBOR. All other terms of the Swap remained the same.

Pursuant to the Swap agreements, the Authority pays or receives to/from the counterparty a monthly net swap payment. For the year ended December 31, 2021, the Authority paid \$1,494,504 and \$949,624 fixed and received \$32,398 and \$21,105 variable with respect to the Swap on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds, respectively. For the year ended December 31, 2020, the Authority paid \$1,520,148 and \$949,624 fixed and received \$228,483 and \$146,306 variable with respect to the Swap on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds, respectively.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Authority's financial statements. The Swap is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the Swap's fair value.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Fair Value Risk - Fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received. The fair value is based upon mid-market quotations for the transactions. Mid-market quotations are based on bid/ask quotations shown on reliable electronic information screens as of close of business on the date specified. Such amount represents the present value difference between the floating rate receipt and fixed rate payment as of December 31, 2021 and the termination value fluctuates as the interest rates fluctuate.

Due to a 2011 amendment and restatement changed the critical terms of the Swap agreements, the original Swap was effectively terminated upon amendment. At the date of amendment, the swap liability was reclassified to a swap borrowing on the balance sheet. Governmental accounting standards require that the swap borrowing be amortized to offset interest expense, straight-line, over the life of the bonds.

The change in fair value for the interest rate swap is as follows:

Notional Amount	January 1, 2021 - Fair Value	Amortization of Swap Borrowing	Change in Fair Value	December 31, 2021 - Fair Value
\$ 36,030,000	\$ (14,736,785)	\$ 403,105	\$ 2,565,091	\$ (11,768,589)
23,920,000	(14,735,899)	258,522	2,052,433	(12,424,944)
Total	<u>\$ (29,472,684)</u>	<u>\$ 661,627</u>	<u>\$ 4,617,524</u>	<u>\$ (24,193,533)</u>

Notional Amount	January 1, 2020 - Fair Value	Amortization of Swap Borrowing	Change in Fair Value	December 31, 2020 - Fair Value
\$ 36,720,000	\$ (11,808,686)	\$ 403,105	\$ (3,331,204)	\$ (14,736,785)
23,920,000	(11,439,171)	258,522	(3,555,250)	(14,735,899)
Total	<u>\$ (23,247,857)</u>	<u>\$ 661,627</u>	<u>\$ (6,886,454)</u>	<u>\$ (29,472,684)</u>

Accounting and Risk Disclosures - As previously noted, the effect of the termination of the original Swap resulted in a swap borrowing. At December 31, 2021 and 2020, current period changes in fair value for the Swap are accounted for as an investment and are

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

recorded on the statements of revenues, expenses, and change in net position as change in fair value of interest rate swap. The fair value of the outstanding Swap as of December 31, 2021 and 2020 is reported on the statements of net position as a combination of interest rate swap liability and swap borrowing.

Credit Risk - As of December 31, 2021, the Authority's Swap agreements were not exposed to credit risk, because the Swaps had a negative fair value. However, should interest rates change and the fair value of the Swap become positive, the Authority would be exposed to credit risk in the amount of the Swap agreement's fair value. At December 31, 2021, the Bank was rated Aa2 by Moody's, A+ by Standard & Poor's, and AA- by Fitch.

Swap Payments and Associated Debt – Using rates as of December 31, 2021, net Swap payments on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds, assuming current interest rates and floating rates under the Swap agreement remain the same for their term, were as follows.

As these rates vary, net Swap payments on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds will vary:

Fiscal Year Ending December 31,	Series of 2007, Hotel Room Rental Tax Revenue Bonds	
	Notional Amount	Swap Agreement Payments, Net
2022	\$ 755,000	\$ 1,437,267
2023	830,000	1,407,120
2024	900,000	1,240,703
2025	980,000	1,208,291
2026	1,065,000	1,172,991
2027-2031	6,735,000	5,224,336
2032-2036	9,635,000	3,813,791
2037-2041	12,630,000	1,823,331
2042	2,500,000	90,050
	<u>\$ 36,030,000</u>	<u>\$ 17,417,880</u>

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Fiscal Year Ending December 31,	Series of 2007, Hotel Room Rental Tax Revenue Bonds	
	Notional Amount	Swap Agreement Payments, Net
2022	\$ -	\$ 930,249
2023	-	930,249
2024	-	837,675
2025	-	837,678
2026	-	837,678
2027-2031	-	4,188,388
2032-2036	-	4,188,384
2037-2041	370,000	4,188,388
2042-2046	17,475,000	2,929,246
2047	6,075,000	212,747
	<u>\$ 23,920,000</u>	<u>\$ 20,080,682</u>

Subsequent Event - As of February 28, 2022, the fair value of the Authority's interest rate swap was (\$21,509,778).

9. Retirement Plans

Effective September 30, 2016, the Authority sponsors a Savings Incentive Match Plan for Eligible Individual Retirement Account (SIMPLE IRA) plan covering all eligible employees. Contributions are matched by the Authority, dollar for dollar up to 3% of the employee's compensation. Amounts charged to retirement expense totaled \$5,504 and \$5,384 for the years ended December 31, 2021 and 2020, respectively.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

10. Restricted Assets

The restricted assets represent funds derived from the proceeds of the bonds and other agreements. The funds are restricted for payment of construction costs, debt service payments, settlement costs, and operating and administrative expenses. Restricted assets at December 31 are as follows:

	2021	2020
Cash and investments with trustee:		
Debt service reserve fund	\$ 3,936,142	\$ 3,935,250
Bond fund	500,000	500,000
Operating expense fund	2,340,019	695,886
Rate stabilization fund	450,000	450,000
Total cash and investments with trustee	7,226,161	5,581,136
Cash held by Authority:		
HRRT depository	2,130	2,130
Construction fund	102	102
Capital replacement fund	1,869,788	1,449,662
Lancaster CRIZ Authority - FF&E reserve	2,601,006	2,559,830
Marketing Consortium funds	1,123,396	907,646
Total cash and investments held by Authority	5,596,422	4,919,370
Other restricted assets:		
Accounts receivable - Redevelopment Authority of the City of Lancaster	-	50,000
	\$ 12,822,583	\$ 10,550,506

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

11. Net Investment in Capital Assets

Net investment in capital assets at December 31 is comprised of the following:

	2021	2020
Net capital assets	\$ 54,381,624	\$ 55,999,654
Debt service reserve fund	3,936,142	3,935,250
Bond fund	500,000	500,000
HRRT depository	2,130	2,130
Construction fund	102	102
Bonds payable	(58,990,000)	(59,645,000)
Contingency fee payable	(350,000)	(350,000)
Total net investment in capital assets	<u>\$ (520,002)</u>	<u>\$ 442,136</u>

12. Restricted Net Position

Net position is restricted at December 31 as follows:

	2021	2020
Rate stabilization fund	\$ 450,000	\$ 450,000
Operating expense fund	2,340,019	695,866
Capital replacement fund	1,869,788	1,449,662
Marketing Consortium funds	1,123,396	957,646
Lancaster CRIZ Authority - FF&E reserve	2,601,006	2,559,830
Due to Discover Lancaster	(1,412,861)	-
Total restricted net position	<u>\$ 6,971,348</u>	<u>\$ 6,113,004</u>

13. Risk Management

The Authority maintains insurance contracts to mitigate the risk of loss arising from the following events: torts; theft of, damage to, or destruction of certain assets; wrongful acts by directors and officers; job-related illness or injuries to employees; acts of God; and losses

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

resulting from providing medical benefits to employees and their dependents. Contracts are limited liability and limited to specific properties. Settled claims have not exceeded the commercial coverage insurance in any of the past three fiscal years.

14. Commitments, Contingencies, and Other Restricted Assets

Continuing Covenant Agreement

Under the continuing covenant agreement, as amended, the Authority is required to maintain certain minimum balances in the funds held at the Trustee Bank. Failure to meet this liquidity covenant for any quarterly period represents an event of default.

Collaboration Agreement

As part of the 2014 bond refinancing, the Authority executed a Collaboration Agreement effective July 2014 with other stakeholders in the community.

The participants in the agreement are the County, City, RACL, Lancaster CRIZ Authority, and Discover Lancaster. The Authority achieved a number of objectives as part of the agreement. The primary objectives were refinancing the bonds under more favorable terms, which required a full County guarantee, achieving a reliable source of funds for targeted marketing activities to attract Priority 1 and Priority 2 events, achieving a reliable source of funding for FF&E replacement costs, replenishing the required reserve accounts, and establishing a more reliable flow of funds, especially in the first half of each year due to the seasonal nature of the collection of the hotel room rental tax.

The 2014 Bonds were scheduled for mandatory tender on July 31, 2019. The agreement with Discover Lancaster, which has allowed the Authority to replenish bond and operating reserves as well as expand marketing efforts as discussed below, was also to expire in July 2019. As discussed in Note 2, in October 2018, the agreement with Discover Lancaster was amended to extend the term through December 2023, the modified mandatory tender date.

The City's participation in the Collaboration Agreement encouraged the participation of RACL and the Lancaster CRIZ Authority to make the commitments discussed in the Marketing Consortium (Consortium) and FF&E funding plans.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Marketing Funding

The Collaboration agreement called for the creation of a Consortium to perform the target marketing for Priority 1 and Priority 2 events, as defined in the Collaboration Agreement. The term of the Consortium under the agreement was through June 30, 2021.

Of the \$3,025,520 deposited in the Consortium accounts through December 31, 2021, \$1,900,124 had been expended, leaving a balance of \$1,123,396 of funds as of December 31, 2021, which is included in the restricted cash and investments of the Authority.

Additional funding to perform the target marketing for Priority 1 and Priority 2 events is required per the October 2018 memorandum of understanding with Discover Lancaster. During the year ended December 31, 2021, the Authority provided funding of \$417,250 as required by the memorandum of understanding. Additional Authority funding per the memorandum of understanding is as follows:

	Authority Administrative Budget	Authority 2014 Bond Funds	Total
2022	\$ 35,000	\$ 440,170	\$ 475,170
2023	35,000	448,974	483,974
Total	<u>\$ 70,000</u>	<u>\$ 889,144</u>	<u>\$ 959,144</u>

In addition to the funds provided by the Consortium and memorandum of understanding, the Authority continues to annually budget \$97,000 for the marketing of priority 1 and priority 2 events.

FF&E Funding

The Collaboration Agreement also required the Authority and the Lancaster CRIZ Authority to provide funding for capital reserves to replace FF&E. The Lancaster CRIZ Authority made payments to the Authority from 2014 through 2020 totaling \$5 million in accordance with the agreement.

Since 2012, the contributions to the capital replacement fund as required by the agreement were made by the Authority and/or the Lancaster CRIZ Authority. For 2021, the Authority made contributions of \$1,000,000 to the capital replacement fund from the bonds fund.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

The balance in the restricted capital replacement fund is \$1,869,788 and \$1,449,662 as of December 31, 2021 and 2020, respectively.

Additional Authority capital replacement fund contributions required under the October 2018 memorandum of understanding with Discover Lancaster as of December 31, 2021 are as follows:

2022	\$	1,000,000
2023		<u>1,000,000</u>
Total	\$	<u><u>2,000,000</u></u>

During the years ended December 31, 2021 and 2020, the Authority expended \$388,777 and \$424,136, respectively, of the Lancaster CRIZ Authority funds (CRIZ account). These expenses are initially paid from the Capital Replacement Fund and are subsequently reimbursed from the Lancaster CRIZ Authority account. At December 31, 2021 and 2020, the balance of the restricted Lancaster CRIZ Authority account is \$2,601,006 and \$2,559,830, respectively. At December 31, 2021, \$388,777 remained to be reimbursed to the Authority's Capital Replacement Fund. At December 31, 2020, \$39,557 in excess of eligible expenses was reimbursed from the CRIZ account. This excess was due to a change in allocation of certain expenses subsequent to reimbursement being made from the CRIZ account. The excess was paid back to the CRIZ account in November 2021.

The Lancaster CRIZ Authority FF&E reserve fund and the capital replacement fund have separate restrictions regarding what capital items can be purchased with the reserves.

Incentives

The Center offers incentives for certain future events in the form of discounts. The discounts are recognized in the period in which the event is held. At December 31, 2021 and 2020, the Center's commitment to provide incentives was \$95,000 and \$80,000, respectively.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

15. Negative Unrestricted Net Position

The Authority's negative unrestricted net position, as shown on the balance sheets as of December 31, 2021 and 2020, is due to a GASB requirement for governmental entities to terminate hedge accounting when a termination event has occurred on a derivative instrument (interest rate swap). A termination event occurs when a significant change in a critical term of an interest rate swap is made.

On October 3, 2011, the Authority, as a part of its bond restructuring, modified terms to its existing interest rate swap agreement. These changes were deemed significant and, according to GASB standards, the interest rate swap agreement was terminated, and a new interest rate swap agreement was put in place. The mark-to-market value at the time of termination was \$21,803,023, which was included in the statement of revenues, expenses, and change in net position as a special item during the year ended December 31, 2011 and is presented on the statements of net position as a swap borrowing, net of accumulated amortization. The \$21,803,023 liability is being amortized over the original life of the 2003/2007 bonds and will reduce interest expense for financial reporting purposes in future years. Additionally, the new interest rate swap agreement has been deemed to be ineffective and any changes in the mark-to-market value flow through non-operating revenue/expense.

Since the 2008 national financial crises, the Authority has had a significant interest rate swap liability and understood that liability would be realized if, or when, the Authority refinanced its bonds, or the hedge became ineffective. The October 2011 restructuring caused the Authority to account for the termination of hedge accounting as a liability on the balance sheet and recognize the swap loss during the year ended December 31, 2011 on the statement of revenues, expenses, and change in net position. The financial disclosures in prior audited financial statements and all public disclosure have always properly noted the existence of the swap liability and the impact that liability may have on the Authority's ability to refinance the bonds.

The December 31, 2021 fair value of the Authority's interest rate swap was (\$24,193,533), when compared to the December 31, 2020 fair value of (\$29,472,684) for a positive change in valuation of \$5,279,151. All changes (including this \$5,279,151) in the fair value of the Authority's interest rate swap are a reflection of market conditions and payments made under the swap agreement.

SUPPLEMENTARY INFORMATION

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

COMBINING BALANCE SHEET

DECEMBER 31, 2021

Assets	<u>Authority</u>	<u>Operations</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 1,440,852	\$ 1,318,584	\$ 2,759,436
Receivables:			
Taxes	1,215,821	-	1,215,821
Other	25,250	49,416	74,666
Due from Operations/Due to Authority	1,123,396	(1,123,396)	-
Inventory	-	10,417	10,417
Prepaid expenses	30,550	121,019	151,569
Other asset	-	13,650	13,650
Total current assets	<u>3,835,869</u>	<u>389,690</u>	<u>4,225,559</u>
Restricted assets:			
Cash and investments	<u>11,699,187</u>	<u>1,123,396</u>	<u>12,822,583</u>
Total restricted assets	<u>11,699,187</u>	<u>1,123,396</u>	<u>12,822,583</u>
Capital assets:			
Land	1,607,517	-	1,607,517
Building	76,293,976	-	76,293,976
Furniture, fixtures, and equipment:			
Convention Center	5,814,495	-	5,814,495
Penn Square Condominium Association	515,292	-	515,292
Office	8,451	-	8,451
	<u>84,239,731</u>	<u>-</u>	<u>84,239,731</u>
Less: accumulated depreciation	<u>29,858,107</u>	<u>-</u>	<u>29,858,107</u>
Net capital assets	<u>54,381,624</u>	<u>-</u>	<u>54,381,624</u>
Total Assets	<u><u>\$69,916,680</u></u>	<u><u>\$ 1,513,086</u></u>	<u><u>\$71,429,766</u></u>

(Continued)

Liabilities and Net Position	Authority	Operations	Total
Liabilities:			
Current liabilities:			
Accounts payable	\$ 66,389	\$ 4,968	\$ 71,357
Accrued payroll and payroll expense	4,233	-	4,233
Other accrued expenses	-	230,486	230,486
Due to Interstate Hotels & Resorts	-	23,445	23,445
Current portion of bonds payable	670,000	-	670,000
Unearned revenue	-	127,577	127,577
Contingency fee payable	50,000	-	50,000
Total current liabilities	790,622	386,476	1,177,098
Current liabilities (payable from restricted assets):			
Accrued interest payable	248,154	-	248,154
Due to Discover Lancaster	1,412,861	-	1,412,861
Total current liabilities (payable from restricted assets)	1,661,015	-	1,661,015
Long-term liabilities:			
Reimbursement for contingency payable	300,000	-	300,000
Bonds payable	58,320,000	-	58,320,000
Interest rate swap liability	9,172,186	-	9,172,186
Swap borrowing, net of accumulated amortization of \$6,120,049	15,021,347	-	15,021,347
Total long-term liabilities	82,813,533	-	82,813,533
Total Liabilities	85,265,170	386,476	85,651,646
Net Position:			
Net investment in capital assets	(520,002)	-	(520,002)
Restricted	6,971,348	-	6,971,348
Unrestricted	(21,799,836)	1,126,610	(20,673,226)
Total Net Position	(15,348,490)	1,126,610	(14,221,880)
Total Liabilities and Net Position	\$ 69,916,680	\$ 1,513,086	\$ 71,429,766
			(Concluded)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED DECEMBER 31, 2021

	Authority	Operations	Total
Operating Revenues:			
Conference services	\$ -	\$ 1,030,026	\$ 1,030,026
Concession	-	99,160	99,160
Other	-	21,695	21,695
Total operating revenues	-	1,150,881	1,150,881
Operating Expenses:			
Departmental expenses	-	553,464	553,464
Undistributed operating expenses	-	1,481,175	1,481,175
Management fees	-	226,559	226,559
Fixed charges	-	72,138	72,138
Capital/development costs	14,043	-	14,043
Total operating expenses	14,043	2,333,336	2,347,379
Other Operating Expenses:			
Administrative expenses	370,003	-	370,003
Collaboration Agreement - Marketing Consortium	251,770	-	251,770
Depreciation	2,392,016	-	2,392,016
Total other operating expenses	3,013,789	-	3,013,789
Operating Loss	(3,027,832)	(1,182,455)	(4,210,287)
Non-Operating Revenues (Expenses):			
Hotel room rental tax income, net of \$1,421,861 as required by the Collaboration Agreement	6,312,944	-	6,312,944
Investment income	4,498	-	4,498
Other income	4,287	-	4,287
Interest expense, net of amortization of swap borrowing of \$661,627	(2,313,238)	-	(2,313,238)
Change in fair value of interest rate swap	4,617,524	-	4,617,524
Total non-operating revenues (expenses)	8,626,015	-	8,626,015
Transfers	(400,000)	400,000	-
Change in Net Position	5,198,183	(782,455)	4,415,728
Net Position:			
Beginning of period	(20,546,673)	1,909,065	(18,637,608)
End of period	\$ (15,348,490)	\$ 1,126,610	\$ (14,221,880)

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

SCHEDULE OF EXPENSES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Operating Expenses:		
Departmental expenses:		
Conference service	\$ 400,238	\$ 144,026
Concession	-	16,193
Event management	56,856	23,238
Public space	96,370	59,303
Total departmental expenses	553,464	242,760
Undistributed operating expenses:		
Administrative and general	293,853	254,382
Sales and marketing	244,078	208,967
Repairs and maintenance	441,216	363,164
Energy	361,363	257,708
Information technology	90,689	80,847
Miscellaneous	49,976	36,860
Total undistributed operating expenses	1,481,175	1,201,928
Management fees	226,559	178,744
Collaboration Agreement - Marketing Consortium	251,770	202,928
Fixed charges:		
Insurance	72,138	61,835
Operating supplies and equipment	-	6,419
PPE non-capitalizable expenses	-	194,978
Total fixed charges	72,138	263,232
Administrative expenses:		
Solicitor fees and expense	11,534	9,474
Historic properties repairs	6,831	2,726
Renovation and minor equipment	5,158	8,999
Employee compensation	187,383	174,902
Executive director expenses, employee mileage and travel	1,469	619
Payroll taxes	13,858	12,383
Employee benefits	37,279	38,114
Office supplies and expense	1,845	1,099
Internet and computer service	10,726	11,044
Accounting fees	42,801	35,654
Business advisory fees	9,611	17,225
Insurance	17,605	18,106
Telephone expense	2,168	2,296
Advertising notices	417	-
Miscellaneous expense	21,318	11,119
Total administrative expenses	370,003	343,760

(Continued)

**LANCASTER COUNTY CONVENTION
CENTER AUTHORITY**

SCHEDULE OF EXPENSES

YEARS ENDED DECEMBER 31, 2021 AND 2020
(Continued)

	<u>2021</u>	<u>2020</u>
Depreciation	2,392,016	2,198,717
Capital/development costs:		
Accounting	8,043	7,587
Trustee fees	6,000	6,000
Total capital/development costs	<u>14,043</u>	<u>13,587</u>
Repairs and maintenance	-	551
Total operating expenses	<u><u>\$ 5,361,168</u></u>	<u><u>\$ 4,646,207</u></u>

(Concluded)

**APPENDIX E - COUNTY AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2021**

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County of Lancaster PENNSYLVANIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended December 31, 2021

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COUNTY OF LANCASTER, PENNSYLVANIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended December 31, 2021

PREPARED BY THE CONTROLLER'S OFFICE

Lisa K. Colón, Controller
Kathryn B. Kunkel, Chief Deputy Controller
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CONTROLLER'S SOLICITOR
George D. Alspach

COVER PHOTOGRAPH
Susquehanna River, Columbia Borough
Photo by Kathleen A. Harrison Photography

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COUNTY OF LANCASTER, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2021

TABLE OF CONTENTS

Page No.

INTRODUCTORY SECTION

Letter of Transmittal	1
GFOA Certificate of Achievement	7
Organizational Chart	8
List of Principal Officials	9

FINANCIAL SECTION

Report of Independent Public Accountants	11
Management's Discussion and Analysis	15

BASIC FINANCIAL STATEMENTS

Statement of Net Position.....	31
Statement of Activities.....	32
Balance Sheet – Governmental Funds.....	33
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Fiduciary Net Position – Fiduciary Funds.....	36
Statement of Changes in Fiduciary Net Position	37
Notes to Financial Statements	39

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the County's Net Other Post-Employment Benefits Liability and Related Ratios	121
Schedule of Changes in the County's Net Pension Liability and Related Ratios.....	122
Schedule of County Contributions	123
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – General Fund.....	124
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Children and Youth Services Fund	125
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Behavioral Health and Developmental Services Fund	126
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Domestic Relations Special Revenue Fund	127
Notes to Required Supplementary Information	128

COUNTY OF LANCASTER, PENNSYLVANIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the year ended December 31, 2021

TABLE OF CONTENTS
(continued)

	<u>Page No.</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Combining Balance Sheet – Nonmajor Governmental Funds	130
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	131
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Office of Aging Special Revenue Fund	132
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Drug and Alcohol Special Revenue Fund	133
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Liquid Fuels Special Revenue Fund	134
 <u>STATISTICAL SECTION</u>	
Net Position by Component – Table 1	137
Changes in Net Position – Table 2	138
Fund Balances of Governmental Funds – Table 3	139
Changes in Fund Balances of Governmental Funds – Table 4	140
Assessed and Estimated Actual Value of Taxable Property – Table 5	141
Property Tax Rates, Direct and Overlapping Governments – Table 6	142
Principal Property Taxpayers – Table 7	144
Property Tax Levies and Collections – Table 8	145
Ratio of Outstanding Debt by Type – Table 9	146
Ratios of General Debt Outstanding – Table 10	147
Direct and Overlapping Governmental Activities Debt – Table 11	148
Legal Debt Margin Information – Table 12	150
Demographic and Economic Statistics – Table 13	152
Principal Employers – Table 14	153
Full-time County Government Employees by Function – Table 15	154
Operating Indicators by Function – Table 16	155
Capital Asset by Function – Table 17	158
Salaries and Surety Bonds of Principal Officials – Table 18	159
Schedule of Insurance In-Force – Table 19	160



Lisa K. Colón

Controller

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Controller

Lisa Colón

June 29, 2022

To the Citizens of the County of Lancaster, Pennsylvania:

The Annual Comprehensive Financial Report of the County of Lancaster, Pennsylvania (the County), for the year ended December 31, 2021, is hereby submitted.

The County's management assumes full responsibility for the completeness and reliability of all the information presented in this report. Management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is accurate and complete in all material respects. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities are included.

State statutes require that an annual audit be performed by independent certified public accountants. The Lancaster County Commissioners selected SB & Company, LLC. The independent public accountants report on the basic financial statements and give an "in relation to" opinion on the combining and individual fund statements and schedules included in the financial section of this report. The independent public accountants have issued an unmodified report and disclaim an opinion on the introductory and statistical sections of the report.

In addition to meeting the requirements set forth in state statutes, this audit was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits". The single audit for 2021 will be completed by September 30, 2022. Information related to this single audit, including the supplementary schedule of expenditures of federal awards, findings, and recommendations; independent public accountants' reports on internal control and compliance with applicable laws and regulations; and major program requirements, will be included in a separately issued single audit report.

Management's Discussion and Analysis (MD&A) immediately follows the independent public accountants' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is a complement to this letter of transmittal and should be read in conjunction with it.

This report includes all funds and activities of the County and reflects the extensive range of countywide services including, but not limited to, emergency services; health care and social services; construction and maintenance of highways, streets, and infrastructure; recreational activities; and cultural events. The report includes the Lancaster County Convention Center Authority as a component unit.

Profile of the Government

Lancaster County was formed on May 10, 1729, becoming the fourth County in the Commonwealth of Pennsylvania. It was originally a part of Chester County and was named for Lancashire in England. Located in the south-central part of the state approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh, the County occupies a land area of 946 square miles. Lancaster consists of 60 municipal divisions including the City of Lancaster, 18 boroughs, and 41 townships and has been a third-class county since 1962. With approximately 553,652 people making it their home, Lancaster County is the sixth most populous in the state behind only Philadelphia, Allegheny, Montgomery, Bucks, and Delaware counties.

The County acts as an agent of the Commonwealth for those functions which are specified by state law. To carry out those functions, three county commissioners are elected every four years and may be re-elected. The County Code stipulates that each party may put up no more than two candidates and that each voter may cast a ballot for only two commissioner candidates. The three receiving the highest number of votes are elected. This ensures that the commissioners are not all from the same political party. In addition to having limited legislative powers, the commissioners serve as the managers and administrators of the county government; name residents to boards, commissions, and authorities; and award contracts. Assisting them are a number of officials elected for four-year terms, who fill the so-called row offices, and numerous appointed deputies and directors. To assist the commissioners with their administrative duties, they appoint a chief clerk who keeps the books and accounts of the Board of County Commissioners, records and files their proceedings and papers, attests all orders and voucher checks issued by them, and performs all other duties pertaining to the office of the chief clerk. Additionally, the chief clerk is responsible for the preparation and monitoring of the annual county budget, contract negotiations, and monitoring the departments under the scope of the county commissioners.

The annual budget serves as the foundation for the County's financial planning and control. The County Commissioners must adopt an annual budget for the County by December 31 of each year for the subsequent year. The annual budget estimates revenues and expenditures for all governmental funds except the Community Development Block Grant, the Human Services Block Grant, the Agricultural Land Preservation special revenue funds, and the Capital Projects fund. Project-length financial plans are adopted for all capital projects. The legal level of budgetary control is established by fund. It is the prerogative of management to also maintain an enhanced level of control

at the function and object level. Supplemental appropriations, which alter the total expenditures of any fund, require resolution by the county commissioners. Appropriations lapse at the end of each year and must be reappropriated.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy

Lancaster County's economy remains strong due to a heritage of innovation and entrepreneurial spirit along with a strong work ethic. Historically, the economy has always been very resilient and does not rely on one main sector or company. The County has a large base of manufacturing businesses, but farms, tourist attractions, downtown Lancaster, and many other industries have all helped to keep the economy growing over the years. New businesses continue to come to the county due to the steady growth in population over the decades which supply plenty of workers. The County's unemployment rate of 3.3% remains consistently lower than both the state and national averages of 5.5% and 3.9% respectively. Along with its diverse economy, the County is within 500 miles of half the buying power in the nation. Lancaster County's proximity to major metropolitan markets and the ports of Baltimore, Philadelphia, and Wilmington makes it an ideal location for business growth and success. In addition to these factors, Lancaster County's tradition of successful businesses built on strong values help the private sector continue to adapt to the ever-changing markets.

There is a strong awareness that agriculture has a major local economic impact well beyond the rural landscapes. From one perspective, Lancaster County is the land that time left behind. Carefully tilled farms are worked by horse-drawn equipment with animals cared for in cozy barns in much the same way as they have been for generations. But Lancaster County is also on the cutting edge with cows milked by robots and bio-digesters collecting methane gas from manure to produce electricity. It is a land where the productive soil is farmed with the latest precision technologies, using GPS and other tools to help put seed and fertilizer where it can most efficiently be utilized. With an increase in egg and poultry production, organic vegetables, meat goats, and industrial hemp, farmers have had to learn to diversify. They also use many conservation methods that include stream-bank fencing, riparian buffers, cover crops, and no-till planting to ensure that the land will be here for future generations. In addition to the rich soil, temperate climate, and adequate rainfall that help our farms to be successful, the County is home to many agribusinesses that help support the thriving farming community. From on-farm production to equipment repair, veterinarians, law firms, bankers, and accountants, all the way to food processing, the economic impact of agriculture spans a large spectrum.

After a year of serious economic struggles due to the pandemic, the tourism industry in Lancaster County exceeded pre-pandemic levels in terms of visitors and dollars spent and generated, setting a record. Lancaster County had 91.3 million visitors who spent \$2.3 billion. That's a record according to the study conducted by Tourism Economics. Visitation in the County was 32.1% higher than 2020 and 2.2% above 2019. Visitor spending

improved 53.9% over 2020 and 3.2% above 2019. Total business sales supported by tourism increased to \$3.25 billion, a rise of 33.1% over 2020 and 11% above 2019 levels. Leisure travel made up the bulk of travel in Lancaster County as business travel remained below pre-pandemic levels. Hopes are that group travel, particularly meetings and conventions, will return to normal levels in 2022. This is welcome news for the County's tourism sector which has been a mainstay of the community's ongoing economic success.

Major Initiatives

For the Year

- Lancaster County Office of Aging Senior Centers were impacted by COVID related closings during 2020 and 2021. Several strategies were implemented to engage isolated seniors. The most successful was the online activities for seniors. What started as 2 to 5 programs a week in the summer/fall of 2020 expanded rapidly in the winter/spring of 2021. Activities included painting, yoga and exercises, technology classes, ukulele and drumming sessions, nutrition education, and various games. By June, over 400 seniors participated in over 40 activities monthly. Despite the reopening of the senior centers in July, online classes continued to grow. Given the success of this new programming option, the Lancaster County Office of Aging virtual senior center became a permanent addition to the senior center program. In August, separate funds were allocated and a new full-time center manager was hired to handle the day-to-day operations. By December, over 800 unduplicated seniors were actively participating in this virtual program.
- The Lancaster County Sheriff's Department purchased 20 body cameras for use by some of its deputies. The cameras will increase evidence collection as well as provide accountability, transparency, and confirm the professionalism of the deputies. A de-escalation training course was developed by the training officers of the department. The training complies with their policy and provides deputies with an ongoing reminder of their priority when encountering emotionally charged situations.
- Work was completed on an approximately \$19 million dollar renovation project to the County's four-decade-old courthouse. Renovations of the 6th and 7th floors were completed in 2020 and occupied by the District Attorney. They house offices, a computer forensic lab, file storage, and conference and training rooms. The 5th floor was completed this year and is occupied by the Courts. It houses three judge's chambers, new courtrooms, and administrative offices.

For the Future

- Lancaster County received half of the approximately \$106 million in federal funding they were expecting under the American Rescue Plan Act (ARPA) and will receive the remaining half in 2022. The Lancaster County Board of Commissioners will come up with guidelines for proposals from both county agencies as well as the public on how the County should spend a portion of the money. Eligible proposals

for ARPA funds will need to focus on water, sewer, broadband, clean water, public safety projects, as well as technology modernization, workforce training, affordable housing, and public health improvements at hospitals or nursing homes. The County intends to use some of the funds for hiring and staff retention, as well as infrastructure projects, as stated in the approved guidelines. Proposals will be reviewed by county staff and recommendations will be made to the County Commissioners on which projects meet funding criteria. At this point, the board will hold public meetings for comment and final determination. The County must approve proposals and allocate its full ARPA budget by the end of 2024, but payments can continue until the end of 2026.

- The County Commissioners closed on the purchase of a 78-acre tract of land along the Conestoga River in February 2022. The land was purchased from the Kreider family for \$3 million and will be used to build a new prison to replace the existing facility, portions of which were built in the 19th century. The two parties are working on finalizing a deal that will allow the County to temporarily lease back the property to the Kreider family. The agreement would allow them to continue farming and using their residence on the property until the construction of the new prison begins. The Commissioners next step is to form a committee to lead the design process of the new prison. The design committee will pursue modern best practices for prisons, including an emphasis on reentry programs and recidivism prevention. Construction is not expected to begin until late 2023 or early 2024.
- Lancaster County Commissioners approved elevating the County's class status under Pennsylvania's local government code in February 2022. The decision, which was 10 years in the making, moves Lancaster County to "second class A", the same class that includes the three Philadelphia adjacent counties of Bucks, Montgomery, and Delaware. The change, which will have few effects on residents, simply denotes that the County's population falls in the 500,000 to 999,999 range. Among the few practical effects of the class change is a requirement to create an investment board, the option to create an airport authority, and the need to add citizen input to its Youth Intervention Center Advisory Board.

Financial Policies

The Lancaster County Commissioners have not formally adopted an investment policy governing County investments; however, the County follows the Pennsylvania County Code and Act 72 of the Commonwealth of Pennsylvania for the County's investments.

The Lancaster Retirement Board has formally adopted an investment policy governing the Pension Trust Fund investments.

The Lancaster County Commissioners have formally adopted purchasing policies encompassing legal compliance and encouraging competitive and economical procurement of goods and services.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Lancaster for its annual comprehensive financial report for the year ended December 31, 2020. To be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized annual comprehensive financial report, which conformed to program standards. This report satisfied both GAAP and applicable legal requirements. This is the 32nd consecutive year that the County has been awarded the Certificate of Achievement for Excellence in Financial Reporting.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated services of the Controller's office staff, the cooperation of all County departments, various elected and appointed officials, and the assistance of our independent public accountants, SB & Company, LLC. We appreciate the contributions made in the preparation of this report.

Lisa K. Colón

Lisa K. Colón
Controller

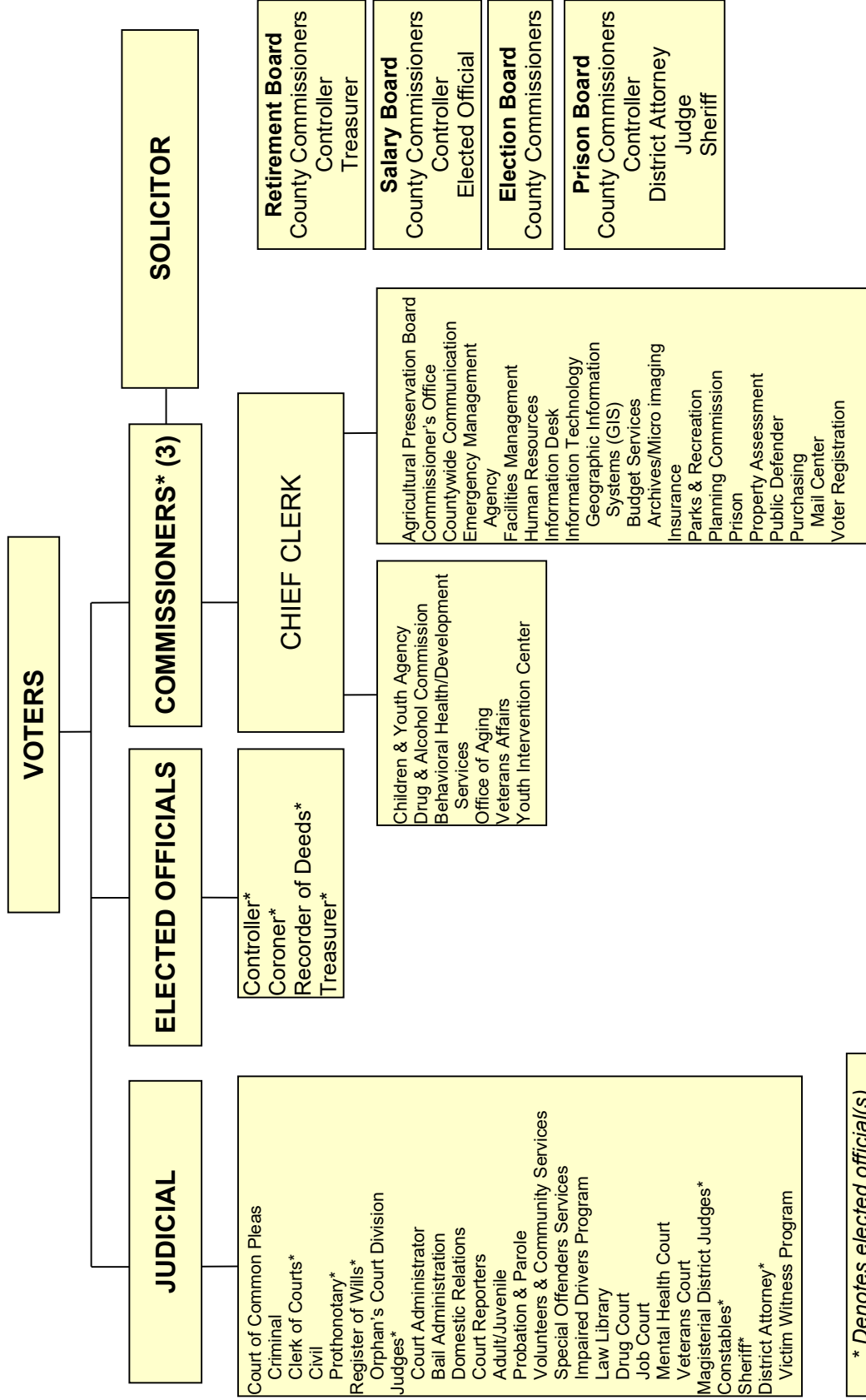
United Fruit Company
A Subsidiary of
American
Fruit Canners
and Processors
Company

United Fruit Company
A Subsidiary of
American
Fruit Canners
and Processors
Company

For United Fruit Company
Export Sales
Department
New York, N. Y.

December 2, 1951

LANCASTER COUNTY ORGANIZATIONAL CHART – THIRD-CLASS COUNTY



* Denotes elected official(s)

**2021
County of Lancaster
List of Principal Officials**

Elected Officials

COMMISSIONERS

Joshua G. Parsons, Chairman
Ray D'Agostino, Vice Chairman
Craig E. Lehman

CLERK OF COURTS OF COMMON PLEAS

Rhonda F. Allen, Acting

CONTROLLER

Brian K. Hurter

CORONER

Stephen G. Diamantoni

JUDGES OF COURT OF COMMON PLEAS

David L. Ashworth, President Judge
Leonard G. Brown, III
Jeffrey A. Conrad
Christopher A. Hackman
Howard F. Knisely
Margaret C. Miller
Jeffrey J. Reich
Dennis E. Reinaker
Merrill M. Spahn, Jr.
Thomas B. Sponaugle
Craig W. Stedman
Donald R. Totaro
David R. Workman
Jeffery D. Wright

DISTRICT ATTORNEY

Heather L. Adams

PROTHONOTARY

Andrew E. Spade

RECORDER OF DEEDS

Ann M. Hess

REGISTER OF WILLS

Anne L. Cooper

SHERIFF

Christopher R. Leppler

TREASURER

Amber L. Martin

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Management and County Commissioners County
of Lancaster

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Lancaster, Pennsylvania (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.


Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the County's net pension liability and related ratios, schedule of County contributions and schedule of investment returns for the County of Lancaster, Pennsylvania, Employee Retirement Plan, the schedule of changes in the County's net other post-employment benefits liability and related ratios, and the required supplementary schedules of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis for the General Fund, Children and Youth Services Fund, Behavioral Health and Developmental Services Fund and Domestic Relations Special Revenue Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, statistical section, and combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and are derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information Included in the ACFR

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Owings Mills, Maryland June 29, 2022

*SB * Company, LLC*

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This section of the County of Lancaster's (the County) Annual Comprehensive Financial Report presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2021. It is recommended that it be read in conjunction with the accompanying basic financial statements and notes to financial statements to obtain a thorough understanding of the County's financial condition as of December 31, 2021.

FINANCIAL HIGHLIGHTS

- ✓ The County's 2021 real estate property tax millage rate remained unchanged at 2.911.
- ✓ The County's adopted budget for 2021 was a balanced budget for the ninth consecutive year.
- ✓ The County maintained a bond rating of Aa2 during 2021.
- ✓ The County's net position increased \$60.7 million in 2021 to \$77.0 million.
- ✓ The County's unrestricted deficit was \$93.8 million as of December 31, 2021, compared to an unrestricted deficit of \$146.8 million as of December 31, 2020.
- ✓ The County's total General Fund balance increased \$10.9 million during 2021 to \$61.2 million.
- ✓ The County's total General Fund balance on December 31, 2021, included an unassigned fund balance of \$49.6 million. The unassigned fund balance increased \$11.3 million during 2021.
- ✓ The County's General Fund operating cash balance increased \$75.6 million during 2021 to \$139.0 million. Part of this balance is unspent ARPA and Emergency Rental Assistance Program (ERAP) funds that the County received to assist with the impact of the coronavirus pandemic.
- ✓ As of December 31, 2021, the County had \$161.8 million of total debt service commitments outstanding. This represents a decrease of \$14.4 million, or 8.2%, from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of four parts: management's discussion and analysis, the basic financial statements (including notes to the financial statements), other required supplementary information, and a section that presents combining and individual fund statements and schedules. The basic financial statements present two different views of the County using government-wide statements and fund financial statements. The diagram on the following page shows how the required components of the financial section of this Comprehensive Annual Financial Report are arranged and relate to one another.

The first two basic financial statements are *government-wide financial statements* that provide information about the County's overall financial status, as well as the financial status of the County's component unit. The remaining basic financial statements are *fund financial statements* that focus on major funds of County government, reporting the County's operations in more detail than the government-wide statements. The fund financial statements include:

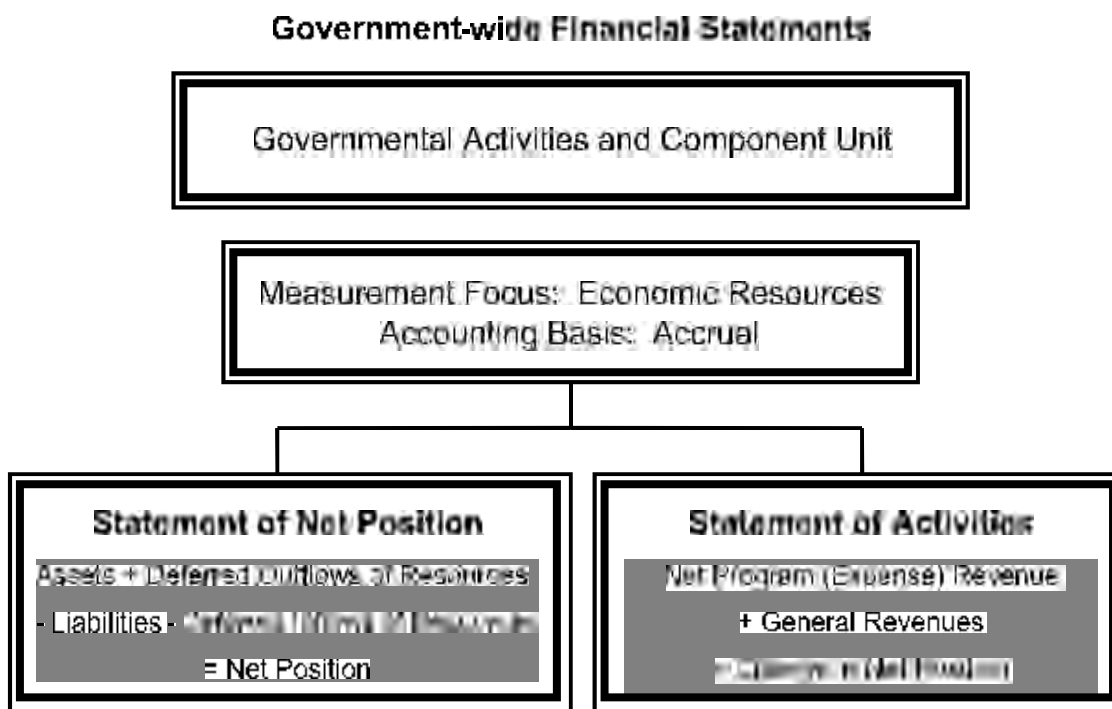
- ◆ *Governmental funds financial statements* which explain how services such as public safety were financed in the short term, as well as what remains for future spending.
- ◆ *Fiduciary funds financial statements* that reflect activities involving resources that are held by the County as a trustee or agent for parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the County's programs.

The basic financial statements also include notes to the financial statements that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. In addition to the basic financial statements and notes, the required supplementary information includes: the schedule of contributions to other post-employment benefits and other post-employment benefit funding progress; the schedule of contributions to the County pension plan, schedule of changes in the pension liability and related ratios, and investment returns; the County's budget for the General Fund; and the County's budget for each major budgeted special revenue fund. In addition to these required elements, a section is included with combining and individual fund statements that provide particulars about nonmajor governmental funds.

The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the County as a whole and its component unit using accounting methods similar to those used by private-sector companies. The primary features are reflected in the following diagram.



The statement of net position includes all the County's assets, liabilities, and deferred outflows and inflows of resources, except fiduciary funds, with the difference reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. The statement of activities focuses on how the County's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid. Net position is one way to measure the County's financial health, or position. Over time, increases or decreases in the County's net position are one indicator of whether the County's financial position is improving or deteriorating. However, other non-financial factors such as changes in the County's real property tax base and general economic conditions must be considered to assess the overall position of the County.

The government-wide financial statements of the County are divided into two categories:

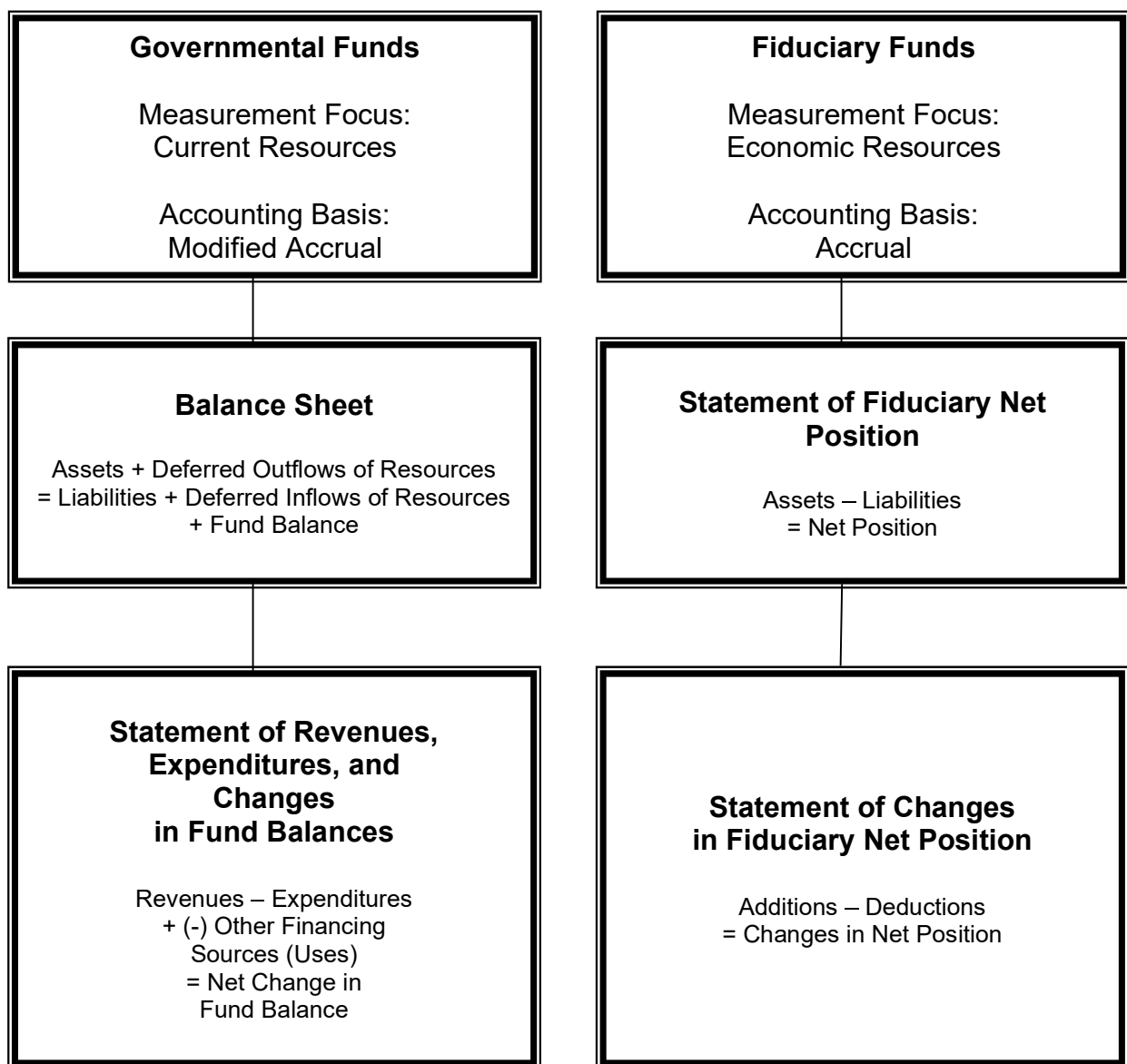
- ◆ *Governmental activities* – All the County’s basic services are included here, such as public safety, roads and bridges, health and welfare, and general government administration. Property and other such taxes, state and federal grants, and charges for services are the primary funding source of these activities.
- ◆ *Component Unit* – The County includes one other entity – the Lancaster County Convention Center Authority. *

*See separate report as mentioned in the notes to the financial statements.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the County's funds with an emphasis on major funds, not the County as a whole. Funds are accounting groups that the County uses to keep track of specific sources of funding and spending for particular purposes. State law requires some funds, while other funds are established to control and manage resources designated for specific purposes. The following diagram presents the major features of the fund financial statements, including the types of information contained therein.

Fund Financial Statements



The County has two types of funds:

- *Governmental funds* – Most of the County's basic services are included in governmental funds, which focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the County's programs. The County maintains the following major governmental funds: the General Fund, Behavioral Health and Developmental Services special revenue fund, Children and Youth Services special revenue fund, the Domestic Relations special revenue fund, the Capital Projects special revenue fund, and the Human Services Block Grant special revenue fund. The County also maintains five nonmajor special revenue funds that are combined into a single aggregated presentation. Because this information does not encompass the additional long-term focus of the government-wide statements, a detailed reconciliation provides additional information that explains the relationship (or differences) between the fund and government-wide financial statements.
- *Fiduciary funds* – The County is the trustee, or fiduciary, for its employees' pension plan. In addition, the County is also responsible for a custodial fund, which represents clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The County is responsible for ensuring that the assets reported in the fund are used for their intended purpose. All of the County's fiduciary asset and liability balances are reported in the statement of fiduciary net position. A statement of changes in fiduciary net position is also presented. All fiduciary activities are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County presents its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The statement of net position and the statement of activities report information about the County as a whole and about its activities to measure the results of the year's activities.

NET POSITION:

The County's net position as of December 31, 2021, and 2020 is presented below:

<p>Table A-1 County Net Position as of December 31, 2021, and 2020 (amounts in millions)</p>

	2021	2020
Capital assets, net	\$ 303.0	\$ 301.3
Other assets	235.3	125.5
Total assets	538.3	426.8
Deferred outflows of resources	27.2	33.6
Total deferred outflows of resources	27.2	33.6
Other liabilities	103.8	37.5
Long-term liabilities	269.6	331.6
Total liabilities	373.4	369.1
Deferred inflows of resources	115.1	75.0
Total deferred inflows of resources	115.1	75.0
Net position (deficit):		
Net investment in capital assets	138.6	125.4
Restricted	32.2	37.7
Unrestricted (deficit)	(93.8)	(146.8)
Total net position	\$ 77.0	\$ 16.3

Net position of the County's governmental activities increased \$60.7 million to \$77.0 million. This increase was primarily the result of a decrease in the County's net other postemployment benefits (OPEB) liability as well as having a net pension asset.

Of the \$77.0 million, \$138.6 million represents the balance of net investments in capital assets, while \$32.2 million is restricted for various purposes. The County has an unrestricted deficit balance of \$93.8 million at the end of the year. Lancaster County's total assets stand at \$538.3 million and deferred outflows of resources stand at \$27.2 million as of December 31, 2021. Of the total assets, \$303.0 million is accounted for by capital assets, which includes some infrastructure.

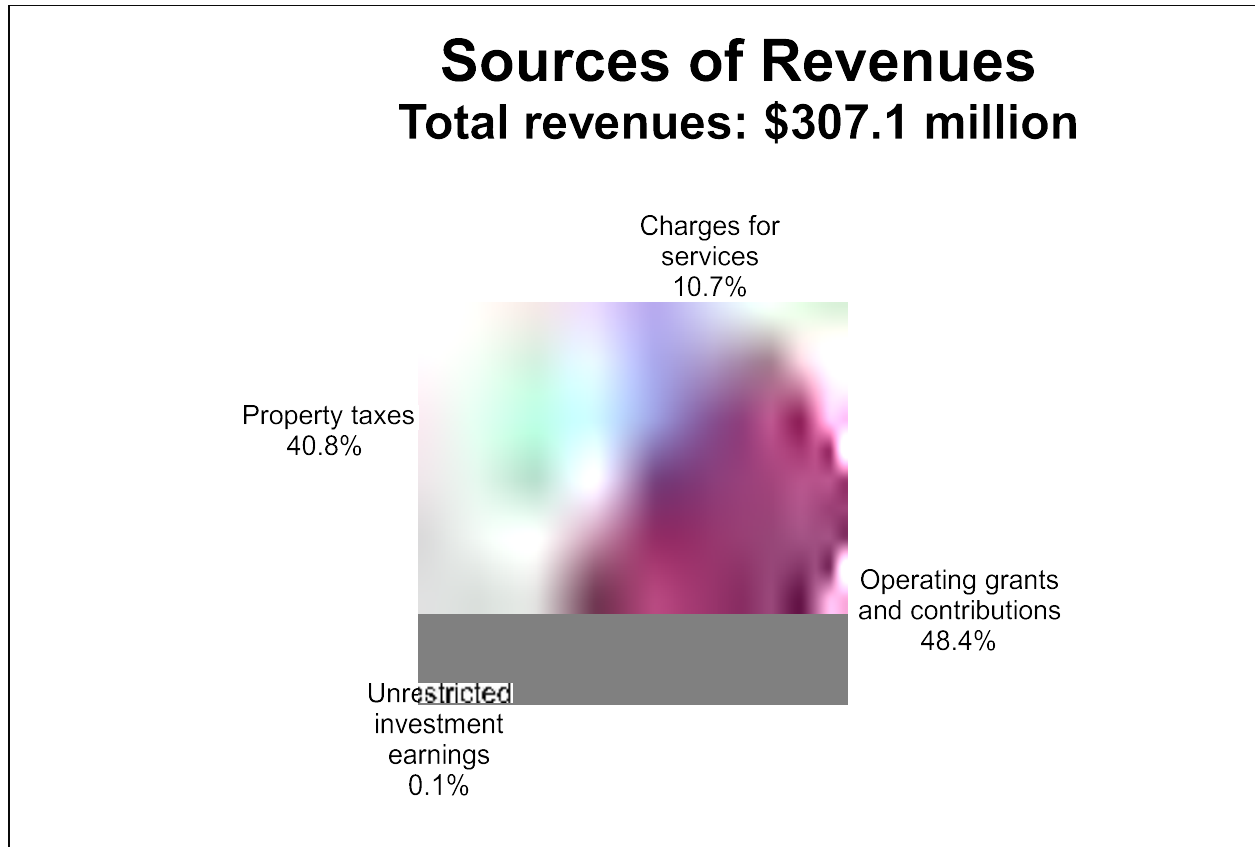
The following table presents the County's changes in net position for the fiscal years ending December 31, 2021, and 2020:

Table A-2 County's Changes in Net Position for the years ending December 31, 2021, and 2020 (amounts in millions)		
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 32.7	\$ 30.7
Operating grants and contributions	148.6	174.5
General revenues:		
Property taxes	125.5	123.7
Unrestricted investment earnings	0.3	0.5
Total revenues	307.1	329.4
Expenses:		
General government	62.5	121.7
Public safety	12.4	13.2
Roads and bridges	1.1	1.0
Health, education, and welfare	73.4	72.9
Judicial	50.3	50.5
Corrections	30.8	27.1
Cultural and recreation	2.7	2.6
Community development	6.2	3.2
Interest on long-term debt	7.0	7.2
Total expenses	246.4	299.4
Change in net position	60.7	30.0
Net position – beginning	16.3	(13.7)
Net position – ending	\$ 77.0	\$ 16.3

See pages 22 through 27 for details of these amounts and explanations of changes.

GOVERNMENTAL ACTIVITIES:

The following chart graphically depicts the sources of revenues for the year ended December 31, 2021:

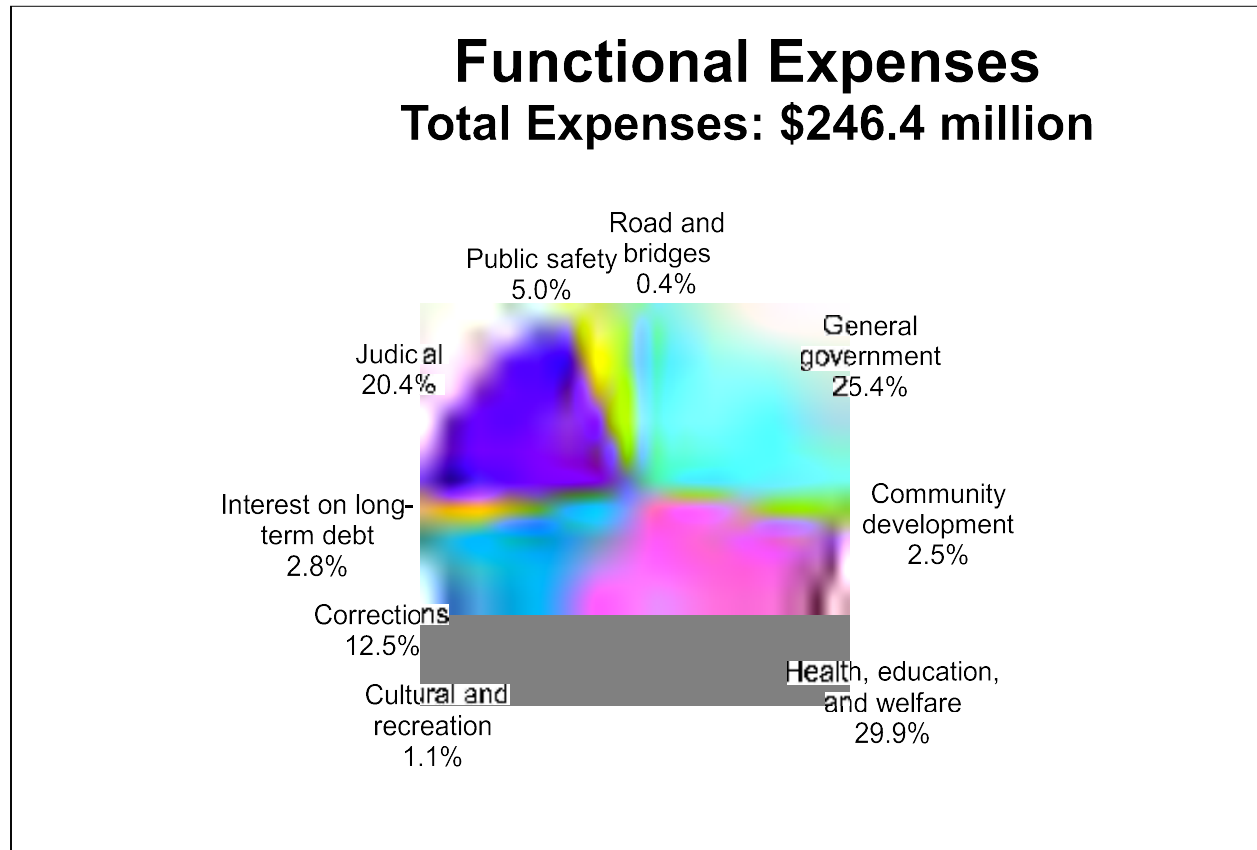


Total government-wide revenues of \$307.1 million were derived primarily from operating grants and contributions, representing 48.4% of the total. Property taxes made up the second largest source of revenue at 40.8%, followed by charges for services at 10.7%, and unrestricted investment earnings at 0.1%.

See pages 25 through 28 for details of these amounts and explanations of changes to revenues.

GOVERNMENTAL ACTIVITIES:

The following chart graphically depicts the functional expenses for the year ended December 31, 2021:



Total expenses for all programs in 2021 were \$246.4 million. The expenses cover a wide range of services, with the largest being health, education, and welfare at 29.9%. The second largest program area was general government at 25.4%, followed by judicial at 20.4%, corrections at 12.5%, public safety at 5.0%, interest on long term debt at 2.8%, community development at 2.5%, cultural and recreation at 1.1%, and road and bridges at 0.4%.

See pages 25 through 28 for details of these amounts and explanations of changes to expenses.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS:

The General Fund, the Children and Youth Services special revenue fund, the Behavioral Health and Developmental Services special revenue fund, the Domestic Relations special revenue fund, the Capital Projects special revenue fund, and the Human Services Block Grant special revenue fund make up the County's major governmental funds. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, spendable (both restricted and unrestricted) fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2021, the General Fund reported a fund balance of \$61.2 million, which was a \$10.9 million or 21.7% increase over the previous year's balance of \$50.3 million. This increase was the result of 66.5% of budgeted revenues being collected while only 53.5% of budgeted expenditures were spent. Revenues decreased from \$244.1 million to \$217.3 million, a \$26.8 million or 11.0% decrease. This decrease was the result of a reduction in CARES funds recognized as revenue. Expenditures decreased from \$224.1 million to \$180.2 million, which was a \$43.9 million or 19.6% decrease. This decrease was the result of a reduction in CARES funds spent as well as a reduction in debt service and capital outlay due to a decrease in Act 13 spending on bridges.

The fund balance in the Children and Youth Services special revenue fund decreased to \$2.0 million as of December 31, 2021, from \$2.3 million, a \$0.3 million or 13.0% decrease. This decrease was the result of Children and Youth Agency collecting 86.9% of their budgeted revenues while spending 90.8% of their budgeted expenses. Revenues decreased from \$33.6 million to \$33.2 million, a \$0.4 million or 1.2% decrease. Expenditures decreased from \$43.2 million to \$42.5 million, a decrease of \$0.7 million or 1.6%. The decreases are the result of less children being placed in out-of-home settings.

The Behavioral Health and Developmental Services special revenue fund has no fund balance to report. Revenues in this fund increased to \$29.2 million from \$27.6 million, an increase of \$1.6 million or 5.8%. Expenditures increased from \$28.6 million to \$30.1 million, a \$1.5 million or 5.2% increase. The increase in both the revenues and expenditures is due to increased activity in both federal and state grants.

As of December 31, 2021, the Domestic Relations special revenue fund balance was \$15.6 million, as compared to \$14.6 million last year, an increase of \$1.0 million or 6.8%. This increase was the result of Domestic Relations receiving 108.2% of their budgeted revenue while only spending 89.0% of their budgeted expenses. The revenues and expenses remained basically unchanged compared to the prior year.

The fund balance in the Capital Projects special revenue fund increased to \$18.6 million as of December 31, 2021, from \$10.3 million, an \$8.3 million or 80.6% increase. This increase was the result of the creation of the Capital Improvement Reserve Fund. Revenues decreased from \$0.1 million to \$0.0 million, a \$0.1 million or 100.0% decrease. This decrease was due to a decrease in interest earned for the year. Expenditures decreased from \$13.6 million to \$5.0 million, a decrease of \$8.6 million or 63.2%. This decrease was due to the completion of the courthouse renovation project.

The Human Services Block Grant special revenue fund has no fund balance to report. The revenues increased from \$0.05 million on December 31, 2020, to \$0.4 million on December 31, 2021, an increase of \$0.35 million or 700.0%. This increase was the result of transfers from the block grant exceeding transfers into the block grant, intergovernmental revenue, and interest earned. Expenditures were unchanged at \$0.0 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of County Commissioners revised the County budget several times. These budget amendments fall into two categories: amendments to appropriations approved shortly after the beginning of the year to reflect budget carryovers from the prior year and increases in appropriations based on supplemental funding sources.

The County's original revenue budget increased from \$165.9 million to \$333.8 million, an increase of \$167.9 million or 101.2%. This was the result of the County receiving \$53.0 million in ARPA funds, \$57.0 million in ERAP funds, and \$6.2 million in Hospitality Recovery funds. Actual revenues received totaled \$221.9 million or 66.5% of the final budget. Intergovernmental revenues were \$113.1 million lower than the final budgeted amounts due to not all the ARPA and ERAP funds being spent during the year. Fines and costs were \$0.9 million lower than the final budgeted amounts due to a reduction in fines and costs assessed and collected because of the pandemic.

The County's original operating expenditure budget, excluding transfers, increased from \$156.9 million to \$340.2 million, an increase of \$183.3 million or 116.8%. This was the result of the County receiving \$53.0 million in ARPA funds, \$55.0 million in ERAP funds, and \$6.2 million in Hospitality Recovery funds. Actual expenditures were \$182.0 million or 53.5% of the final budget due to not all the ARPA and ERAP funds being spent during the year, as well as cost saving measures implemented during 2021.

Other differences between the original General Fund budget and the final amended budget were primarily the result of budget resolutions for various grants that the County received.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS:

The County's investment in capital assets as of December 31, 2021, net of accumulated depreciation, amounted to \$303.0 million. Capital assets consist primarily of land and improvements, buildings and improvements, furniture and equipment, infrastructure, and easements. The following is a summary of capital assets as of December 31, 2021, and 2020:

Summary of Capital Assets		
	2021	2020
Land	\$ 5,375,585	\$ 5,275,585
Buildings and improvements	232,716,851	227,203,010
Improvements other than buildings	1,849,019	1,849,019
Furniture and equipment	59,210,513	57,297,766
Infrastructure	37,253,962	34,368,967
Easements	110,711,133	109,637,739
Less accumulated depreciation	(144,124,572)	(134,352,052)
Total	<u>\$ 302,992,491</u>	<u>\$ 301,280,034</u>

Total capital assets increased from \$301.3 million to \$303.0 million, an overall increase of \$1.7 million or 0.6%. The significant elements of this increase include a \$5.5 million increase in buildings and improvements due to renovations to the 6th and 7th floors of the courthouse, as well as roof replacement and security upgrades at the prison and a \$2.9 million increase in infrastructure due to the replacement of the Pequea #6 bridge and Mill #1 bridge. These increases were offset by regularly scheduled depreciation.

As of December 31, 2021, the County had \$4,013,681 in commitments outstanding related to contracts for the acquisition, construction, and renovation of various facilities.

More detailed information about the County's capital assets can be found in Note 7 of the notes to financial statements.

LONG-TERM DEBT:

As of December 31, 2021, the County had \$161.8 million of general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements outstanding. This was a decrease of \$14.4 million or 8.2% from the previous year. The following details activity related to general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements during 2021:

Summary of General Obligation Bond, General Obligation Note and Direct Borrowing, and Installment Purchase Agreement Activity
--

Beginning balance at 1/1/2021	\$ 176,152,600
Debt issued	-
Less principal refunded	-
Less principal payments	<u>(14,391,600)</u>
Ending balance at 12/31/2021	<u>\$ 161,761,000</u>

BOND RATING:

The County maintained a bond rating of Aa2 during 2021.

The County continues to aggressively reduce long-term debt.

More detailed information about the County's long-term debt can be found in Note 9 of the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key economic factors affecting the County include the following:

- The County's population has grown consistently over the past decade and most of the County's residents succeed in finding employment.
- The County's unemployment rate stands at 3.3%, which is a 36.5% decrease over the previous year's rate of 5.2%. This rate compares favorably with the state rate of 5.5% and the national rate of 3.9%. The decrease over the prior year is a result of people returning to work after the coronavirus pandemic.

These factors were considered in preparing the County's 2022 budget. Amounts available for appropriation in the General Fund budget are \$168.8 million, an increase of 1.7% over the final 2020 budget of \$165.9 million. Real estate tax receipts were budgeted to increase by \$1.7 million due to natural growth. Fees and fines were budgeted to increase by \$0.8 million due to an increase in Register of Wills and Recorder of Deeds fees.

Budgeted operating expenditures, excluding transfers, were increased 2.2% for 2022, to \$160.7 million, from \$157.2 million in 2021. This is due primarily to the increase in operating expenses, capital expenses, and affiliated agency/capital project grants.

For the 2022 budget year the Board of County Commissioners approved a balanced budget for the tenth consecutive year.

The County expects to receive approximately \$53 million additional ARPA funds in the summer of 2022 to assist the County in dealing with the continuing impacts of the coronavirus pandemic.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning this report or requests for additional information should be directed to:

Lancaster County Controller's Office
County of Lancaster, Pennsylvania
150 North Queen Street, Suite 710
Lancaster, PA 17603

Basic Financial Statements

County of Lancaster, Pennsylvania

Statement of Net Position

December 31, 2021

	Primary Government	Component Unit
		Lancaster County Convention Center Authority
	Governmental Activities	
ASSETS		
Cash and investments:		
Operating	\$ 181,410,769	\$ 2,759,436
Other	500,326	-
Cash with fiscal agents	136	-
Restricted cash and investments	-	12,822,583
Receivables:		
Room rental tax	-	1,215,821
Taxes, net of allowance for uncollectibles of \$53,205	1,720,305	-
Fines and costs, net of allowance for uncollectibles of \$36,585,745	4,454,542	-
Accounts	2,922,960	-
Due from other governments	17,524,300	-
Restricted	-	-
Other	2,354,693	88,316
Prepaid items	-	161,986
Net pension asset	24,396,495	-
Capital assets not being depreciated/amortized:		
Land	5,375,585	1,607,517
Easements	110,711,133	-
Capital assets being depreciated/amortized:		
Buildings and improvements	232,716,851	76,293,976
Improvements other than buildings	1,849,019	-
Furniture and equipment	59,210,513	6,338,238
Infrastructure	37,253,962	-
Less accumulated depreciation/amortization	(144,124,572)	(29,858,107)
Total assets	<u>538,277,017</u>	<u>71,429,766</u>
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in the fair value of hedging derivatives	1,300,943	-
Deferred charge on refunding	3,397,209	-
Deferred outflows related to pensions	16,635,782	-
Deferred outflows related to OPEB	5,913,656	-
Total deferred outflows of resources	<u>27,247,590</u>	<u>-</u>
LIABILITIES		
Accounts payable	14,938,748	1,788,149
Contracts payable	170,415	-
Retainage payable	247,950	-
Accrued interest payable	1,026,048	248,154
Unearned revenue	82,907,370	127,577
Payroll related accruals	4,463,320	4,233
Long-term liabilities:		
Due within one year	20,264,778	670,000
Due in more than one year	245,719,069	58,620,000
Derivative instruments - interest rate swap liability	2,716,783	9,172,186
Borrowing payable	921,738	15,021,347
Total liabilities	<u>373,376,219</u>	<u>85,651,646</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	37,910,758	-
Deferred inflows related to OPEB	77,199,946	-
Total deferred inflows of resources	<u>115,110,704</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	138,618,561	(520,002)
Restricted for:		
Federal and state grant programs	23,894,084	-
Capital projects	5,302,635	-
Public safety	1,962,353	-
Community development	1,036,562	-
Other	-	6,971,348
Unrestricted (deficit)	(93,776,511)	(20,673,226)
Total net position	<u>\$ 77,037,684</u>	<u>\$ (14,221,880)</u>

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Statement of Activities

For the Year Ended December 31, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	Component Unit
<u>Functions/Programs</u>					
Primary Government:					
Governmental activities:					
General government	\$ 62,541,277	\$ 10,656,561	\$ 58,874,886	\$ 6,990,170	\$ -
Public safety	12,353,393	10,541,822	283,015	(1,528,556)	-
Roads and bridges	1,073,484	-	3,062,132	1,988,648	-
Health, education, and welfare:					
Drug and alcohol	4,750,726	270,009	4,564,999	84,282	-
Behavioral health and developmental services	28,887,734	2,238,575	26,918,174	269,015	-
Office of aging	7,911,113	36,641	8,496,887	622,415	-
Children and youth	31,804,434	377,600	32,780,782	1,353,948	-
Other	2,000	354,873	3,301	356,174	-
Judicial	50,334,968	6,284,040	7,531,473	(36,519,455)	-
Corrections	30,764,447	1,732,120	16,325	(29,016,002)	-
Cultural and recreation	2,718,435	248,279	-	(2,470,156)	-
Community development	6,184,668	-	6,110,290	(74,378)	-
Interest on long-term debt	7,044,609	-	-	(7,044,609)	-
Total government activities	\$ 246,371,288	\$ 32,740,520	\$ 148,642,264	\$ (64,988,504)	\$ -
Component Unit:					
Convention center	\$ 7,674,406	\$ 1,155,168	\$ -		(6,519,238)
Total component unit	\$ 7,674,406	\$ 1,155,168	\$ -		(6,519,238)
General Revenues:					
Property taxes				125,470,686	-
Unrestricted investment earnings (loss)				292,285	4,622,022
Room rental tax				-	6,312,944
Total general revenues				125,762,971	10,934,966
Change in net position				60,774,467	4,415,728
Net position - beginning				16,263,217	(18,637,608)
Net position - ending				\$ 77,037,684	\$ (14,221,880)

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Balance Sheet - Governmental Funds

December 31, 2021

	General	Children and Youth Services	Behavioral Health and Developmental Services	Domestic Relations	Capital Projects	Human Services Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments:								
Operating	\$ 139,021,634	\$ 613,984	\$ -	\$ 14,661,252	\$ 19,038,755	\$ 4,348,686	\$ 3,726,458	\$ 181,410,769
Other	-	125,256	191,251	-	-	-	183,819	500,326
Cash with fiscal agents	136	-	-	-	-	-	-	136
Receivables:								
Taxes	1,773,510	-	-	-	-	-	-	1,773,510
Less allowance for uncollectible taxes	(53,205)	-	-	-	-	-	-	(53,205)
Fines and costs	41,040,287	-	-	-	-	-	-	41,040,287
Less allowance for uncollectible fines and costs	(36,585,745)	-	-	-	-	-	-	(36,585,745)
Accounts	2,922,960	-	-	-	-	-	-	2,922,960
Due from other funds	1,605,045	-	-	-	-	-	-	1,605,045
Due from other governments	4,671,831	4,894,278	4,704,755	1,140,597	-	-	2,112,839	17,524,300
Other	-	-	264,114	-	-	-	14,784	278,898
Total assets	\$ 154,396,453	\$ 5,633,518	\$ 5,160,120	\$ 15,801,849	\$ 19,038,755	\$ 4,348,686	\$ 6,037,900	\$ 210,417,281
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 7,574,900	\$ 3,182,902	\$ 3,214,125	\$ 7,749	\$ -	\$ -	\$ 959,072	\$ 14,938,748
Contracts payable	-	-	-	-	170,415	-	-	170,415
Retainage payable	-	-	-	-	247,950	-	-	247,950
Due to other funds	-	-	1,605,045	-	-	-	-	1,605,045
Unearned revenue - intergovernmental	77,298,830	-	-	-	-	4,348,686	1,259,854	82,907,370
Payroll related accruals	3,404,668	414,253	340,950	163,853	-	-	139,596	4,463,320
Total liabilities	88,278,398	3,597,155	5,160,120	171,602	418,365	4,348,686	2,358,522	104,332,848
Deferred inflows of resources:								
Unavailable revenue-property taxes and fines & costs	4,883,695	-	-	-	-	-	-	4,883,695
Total deferred inflows of resources	4,883,695	-	-	-	-	-	-	4,883,695
Fund Balances:								
Restricted:								
Health, education, and welfare	-	2,036,363	-	-	-	-	2,559,465	4,595,828
Capital projects	-	-	-	-	5,302,635	-	-	5,302,635
Roads and bridges	1,188,605	-	-	-	-	-	83,351	1,271,956
General government	1,210,463	-	-	-	-	-	-	1,210,463
Public safety	1,962,353	-	-	-	-	-	-	1,962,353
Judicial	1,185,590	-	-	15,630,247	-	-	-	16,815,837
Community development	-	-	-	-	-	-	1,036,562	1,036,562
Committed:								
Capital projects	-	-	-	-	13,317,755	-	-	13,317,755
Assigned:								
Future benefits	1,070,183	-	-	-	-	-	-	1,070,183
Healthcare benefits	2,102,636	-	-	-	-	-	-	2,102,636
Corrections	2,482,794	-	-	-	-	-	-	2,482,794
Judicial	381,862	-	-	-	-	-	-	381,862
Unassigned	49,649,874	-	-	-	-	-	-	49,649,874
Total fund balances	61,234,360	2,036,363	-	15,630,247	18,620,390	-	3,679,378	101,200,738
Total liabilities, deferred inflows of resources, and fund balances	\$ 154,396,453	\$ 5,633,518	\$ 5,160,120	\$ 15,801,849	\$ 19,038,755	\$ 4,348,686	\$ 6,037,900	\$ 210,417,281
Total fund balances								\$ 101,200,738
Amounts reported for governmental activities in the statement of net assets are different because:								
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. (Note 7)								302,992,491
Certain receivables are not available to pay for current-period expenditures and, therefore, are not recognized or unearned in the funds.								4,883,695
Long-term liabilities, including general obligation bonds, notes payable, net pension liabilities, net OPEB liabilities, and related deferred inflows and outflows, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. (Note 3)								(358,511,530)
Other long-term note receivable								2,075,795
Net pension asset								24,396,495
Total net position of governmental activities								\$ 77,037,684

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended December 31, 2021

	General	Children and Youth Services	Behavioral Health and Developmental Services	Domestic Relations	Capital Projects	Human Services Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Real estate taxes	\$ 125,593,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,593,195
Intergovernmental	58,753,179	32,780,782	26,918,174	5,170,586	-	3,301	22,234,308	145,860,330
Departmental	28,440,341	377,600	350,864	31,195	-	-	36,641	29,236,641
Fines and costs	2,950,879	-	-	-	-	-	-	2,950,879
Investment earnings	254,842	-	-	18,184	8,511	8,606	2,142	292,285
Other	1,314,006	-	-	-	-	354,873	270,009	1,938,888
Health Choices revenues	-	-	1,887,711	-	-	-	-	1,887,711
Total revenues	217,306,442	33,158,382	29,156,749	5,219,965	8,511	366,780	22,543,100	307,759,929
EXPENDITURES								
Current:								
General government	66,721,272	-	-	-	-	-	-	66,721,272
Public safety	11,166,686	-	-	-	-	-	-	11,166,686
Roads and bridges	-	-	-	-	-	-	189,086	189,086
Health, education, and welfare:								
Drug and alcohol	-	-	-	-	-	-	5,052,524	5,052,524
Behavioral Health and Developmental Services	-	-	29,695,783	-	-	-	-	29,695,783
Office of aging	-	-	-	-	-	-	9,147,159	9,147,159
Children and youth	-	42,513,360	-	-	-	-	-	42,513,360
Judicial	45,945,763	-	-	6,511,232	-	-	-	52,456,995
Corrections	29,325,948	-	-	-	-	-	-	29,325,948
Cultural and recreation	2,427,147	-	-	-	-	-	-	2,427,147
Community development	-	-	-	-	-	-	6,270,476	6,270,476
Capital outlay	3,087,804	12,774	360,388	-	4,960,047	-	2,812,185	11,233,198
Debt Service:								
Principal retirement	14,391,600	-	-	-	-	-	-	14,391,600
Interest and fiscal charges	7,126,362	-	-	-	-	-	-	7,126,362
Total expenditures	180,192,582	42,526,134	30,056,171	6,511,232	4,960,047	-	23,471,430	287,717,596
Excess (deficiency) of revenues over (under) expenditures	37,113,860	(9,367,752)	(899,422)	(1,291,267)	(4,951,536)	366,780	(928,330)	20,042,333
OTHER FINANCING SOURCES (USES)								
Transfers in	-	9,068,242	899,422	2,370,666	13,317,755	267,000	920,939	26,844,024
Transfers out	(26,210,244)	-	-	-	-	(633,780)	-	(26,844,024)
Face amount of refunding bonds issued	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	-
Face amount of bonds issued	-	-	-	-	-	-	-	-
Premium on bond issued	-	-	-	-	-	-	-	-
Issuance of capital leases	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(26,210,244)	9,068,242	899,422	2,370,666	13,317,755	(366,780)	920,939	-
Net change in fund balances	10,903,616	(299,510)	-	1,079,399	8,366,219	-	(7,391)	20,042,333
Fund balances, January 1	50,330,744	2,335,873	-	14,550,848	10,254,171	-	3,686,769	81,158,405
Fund balances, December 31	\$ 61,234,360	\$ 2,036,363	\$ -	\$ 15,630,247	\$ 18,620,390	\$ -	\$ 3,679,378	\$ 101,200,738

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds	\$ 20,042,333
The change in net assets reported for <i>governmental activities</i> in the statement of activities is different because:	
Governmental funds report capital outlays (including easements) as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which depreciation/amortization expense exceeded capital outlays in the current period. (Note 3)	
	1,712,457
Unearned revenues that do not provide current financial resources and activities which are not recognized as available in the governmental funds but are earned in the statement of activities.	(614,174)
The issuance of long-term debt (i.e., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (Note 3)	16,808,954
Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	1,291,223
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 3)	21,657,879
The repayment of a long-term note receivable provides current financial resources to governmental funds. This transaction, however, does not have any effect on net position. (Note 3)	<u>(124,205)</u>
Change in net position of governmental activities	<u>\$ 60,774,467</u>

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2021

	Pension Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 2,123,573	\$ 17,300,754
Investments, at fair value:		
U.S. Government securities	15,803,079	-
Domestic corporate bonds	14,330,422	-
International corporate bonds	2,993,092	-
Collateralized mortgage obligations	4,160,679	-
Real estate	25,129,323	-
Equity mutual funds	128,147,200	-
Global mutual funds	101,587,329	-
International equity mutual funds	38,485,592	-
Fixed income mutual funds	38,851,474	-
Exchange traded index funds	16,885,655	-
Brokered CDs	1,179,946	-
Total investments	387,553,791	-
Receivables	291,308	
Total assets	389,968,672	17,300,754
LIABILITIES		
Deposits and advances	-	3,367,044
Escrow liability	-	4,481,445
Other	-	2,891,469
Due to other governments	-	6,560,796
Total liabilities	-	17,300,754
NET POSITION		
Restricted for:		
Pensions	389,968,672	-
Total net position	\$ 389,968,672	\$ -

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2021

	Pension Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 5,142,723	\$ —
Plan members	6,270,764	—
Taxes	—	213,013,671
Fees, fines, and costs	—	36,453,030
Bail and advanced costs	—	1,655,475
Inmate funds	—	2,326,035
Child support	—	909,433
Miscellaneous	—	2,920,741
Total contributions	11,413,487	257,278,385
Investment income:		
Net appreciation in fair value of investments	42,720,617	—
Interest and dividends	8,159,350	—
Less investment expenses	(367,348)	—
Net investment income	50,512,619	—
Total additions	61,926,106	257,278,385
DEDUCTIONS		
Benefit payments, including refunds of member contributions	20,641,081	—
Administrative expenses	43,928	—
Taxes	—	213,013,671
Fees, fines, and costs	—	36,453,030
Bail and advanced costs	—	1,655,475
Inmate funds	—	2,326,035
Child support	—	909,433
Miscellaneous	53,076	2,920,741
Total deductions	20,738,085	257,278,385
Net increase in net position	41,188,021	—
NET POSITION		
Beginning of year	348,780,651	—
End of year	<u>\$ 389,968,672</u>	<u>\$ —</u>

The notes to the financial statements are an integral part of this statement.

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County of Lancaster, Pennsylvania

Notes to Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies

The financial statements of the County of Lancaster (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below:

Reporting Entity

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. GAAP defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. The primary government may also be financially accountable if a potential component unit is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Conditions that would indicate the ability to impose will by the primary government include, but are not limited to: the primary government's ability to remove appointed members of the organization's governing board at will; the ability to modify or approve the budget of the organization; the ability to modify or approve rate or fee changes affecting revenues; the ability to veto, overrule, or modify the decisions of the organization's governing body; and the ability to appoint, hire, reassign, or dismiss management of the organization. Conditions that would indicate the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government include, but are not limited to, the legal entitlement or access by the primary government to the organization's resources, legal obligation by the primary government to finance the deficits of or provide financial support to the organization, and the obligation by the primary government for the debt of the organization. Based upon the application of these criteria, one entity met the requirements to be included in the County's reporting entity.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Reporting Entity (continued)

Component Unit

The Lancaster County Convention Center Authority (the Convention Center Authority) was formed on September 15, 1999, under the Municipal Authority Act of 1945 and the Third-Class County Convention Center Authority Act. The purpose of the Convention Center Authority is to provide financing and arrange for the development, construction, and operation of the convention center facilities for the public purpose of promoting, attracting, stimulating, developing, and expanding business, industry, commerce, and tourism in the Commonwealth of Pennsylvania.

The Convention Center Authority is a legally separate organization administered by a seven-member Board, of which three Board Members are appointed by the County Commissioners, three Board Members are appointed by the City of Lancaster, and the remaining Board Member is appointed on an alternating basis between the aforementioned appointing entities.

The County is financially accountable for the Convention Center Authority because the Convention Center Authority is fiscally dependent on the County, based upon GAAP. The County has established a hotel room rental tax, applied to all hotel room rentals throughout the County; the Convention Center Authority relies on the County to levy these taxes or set rates or charges, as it does not have the power to do so on its own. The revenues derived from this hotel room rental tax provide substantially all operating revenues of the Convention Center Authority. The Convention Center Authority imposes an additional financial burden on the County by virtue of the County's guarantee to replenish the required reserve amounts associated with the Convention Center Authority's Hotel Room Tax Revenue Bonds.

As a result of the above criteria, the Convention Center Authority is considered to be a discretely presented component unit of the County. Complete financial statements of this component unit can be requested from the County Controller's Office of Lancaster County, 150 North Queen Street, Suite 710, Lancaster, Pennsylvania 17603.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Reporting Entity (continued)

Related Organizations

The County's Board of Commissioners is responsible for appointing some of the members of the boards of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments. These organizations include:

- Lancaster County Redevelopment Authority
- Lancaster Airport Authority
- Lancaster County Hospital Authority
- Lancaster County Housing Authority
- Lancaster County Solid Waste Management Authority
- Lancaster County Solid Waste Management Authority
Citizen Advisory
- Library System of Lancaster County
- Lancaster County Planning Commission
- Red Rose Transit Authority
- Lancaster County Conservation District
- Lancaster County Transportation Authority
- Lancaster County Vacant Property Reinvestment Board
- Lancaster County Workforce Development Board
- Lancaster County Land Bank Authority
- Lancaster County Agricultural Preservation Board
- Lancaster County Board of Assessment
- Speedwell Forge Advisory Council
- Lancaster County Behavioral Health and Developmental
Services Advisory Board
- Lancaster County Children and Youth Advisory Board
- Lancaster County Drug and Alcohol Advisory Board
- Lancaster County Office of Aging Advisory Board
- Lancaster County Public Safety Training Center Authority
- South Central Transit Authority
- Lancaster County Health Advisory Council
- Youth Intervention Center Board of Managers

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Reporting Entity (continued)

Other Organization

Capital Area Behavioral Health Collaborative, Inc. is a private, not-for-profit company formed out of the collaboration among Cumberland, Dauphin, Lancaster, Lebanon, and Perry Counties' programs of Mental Health and Drug and Alcohol. The County participates in Pennsylvania's innovative mandatory managed care program for Medical Assistance consumers, the Health Choices Behavioral Health Program. The program is designed to improve access and quality of care for Medical Assistance consumers throughout Pennsylvania.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements include both government-wide financial statements, which are based on the County as a whole, and fund financial statements.

Government-wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. The focus of the government-wide financial statements is more on sustainability of the County as an entity and the change in aggregate financial position resulting from activities of the fiscal period. As a general rule, the effect of interfund activity has been eliminated from these statements. The County's policy is to eliminate internal activity by distinguishing overhead costs through its cost allocation plan, which are eliminated during consolidation, from interfund services provided and used between functions, which are not eliminated. The County does not allocate indirect costs on the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Also, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis and is presented using the economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets, as well as long-term debt and obligations. Interfund balances between governmental funds are not included in the government-wide statement of net position.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Government-wide Financial Statements (continued)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category (public safety, general government, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Expenses reported for functional activities do not include allocated indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Taxes and other items that are not included among program revenues are reported instead as general revenues.

Fund Financial Statements

In accordance with GAAP, the financial transactions of the County are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Emphasis under the GAAP reporting model is on major funds in the governmental categories. GAAP sets forth minimum criteria for the determination of major funds. The nonmajor funds in each category are combined in a column in the fund financial statements and detailed in the combining and individual fund statements and schedules section.

The governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes as available if collected within 60 days after year-end.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

Property taxes, fines, and costs due but not collected within 60 days after year-end are reflected as a deferred inflow of resources. Licenses and permits are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure, or the amounts are deferred and recognized as an inflow of resources in the period that amounts become available. Interest earnings are recorded when earned. Real estate tax, intergovernmental, departmental, fines and costs, interest, Health Choices, and telephone subscriber revenues are all considered susceptible to accrual and, as a result, have been recognized as revenue in the current year.

Expenditures are generally recognized under the modified accrual basis of accounting when they are paid from current expendable financial resources. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized as fund liabilities when due and payable. As the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliations are presented which briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide financial statements.

Net position is restricted when constraints placed on it is either externally imposed or is imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The County's fiduciary funds are presented in the fund financial statements by type (Pension Trust Fund and Custodial Fund). Since by definition, the assets of these funds are held for the benefit of a third-party (third-parties, pension participants, etc.) and cannot be used to satisfy obligations of the County, these funds are not incorporated into the government-wide financial statements. The County's fiduciary funds are presented on the accrual basis of accounting and economic resources measurement focus, except for the Custodial Fund, which does not measure operations and does not have a measurement focus.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

The following major funds are used by the County:

Governmental Funds

The focus of governmental fund measurement in the fund financial statements is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the County:

- General Fund – The General Fund accounts for numerous County primary services (public safety, judicial, corrections, general government, cultural and recreation, debt service, etc.) and is the primary operating unit of the County. It accounts for all financial resources of the general government, except those required to be accounted for by another fund.
- Children and Youth Services Fund – This special revenue fund is used to account for amounts received from various federal, state, and local sources. Local sources include dependent support and revenues received from other counties for detention services. These funds are restricted to provide support services to underprivileged juveniles.
- Behavioral Health and Developmental Services Fund – This special revenue fund is used to account for amounts received from various federal, state, and local sources. Local sources include payments from third parties which include payments for rent. These funds are restricted to provide assistance and medical care to those individuals with mental health and developmental disabilities.
- Domestic Relations Fund – This special revenue fund is used to account for amounts received from various federal and local sources. Local sources include blood test fees and EFT support fees. These funds are restricted to enforce the support obligations owed by absent parents, locate absent parents, and establish paternity to obtain child and spousal support.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

Governmental Funds (continued)

- Capital Projects Fund – The Capital Projects Fund is used to account for the resources and expenditures related to construction within the County.
- Human Services Block Grant Fund – This special revenue fund is used to account for amounts received from various federal and state sources. These funds are restricted to provide assistance and care to individuals with mental health and developmental disabilities, individuals experiencing drug and alcohol addiction, individuals experiencing homelessness, and other programs within the Human Services Development Fund.

Other Funds

In addition to the major funds discussed above, the County reports the following fiduciary fund types:

- Pension Trust Fund – This fund is used to account for the accumulation of resources for pension payments to qualified County employees under a single-employer contributory defined benefit pension plan covering substantially all County employees.
- Custodial Fund – This fund is used to account for assets held by the County as an agent for individuals, private organizations, and other governmental units. The following County agencies collect fees, fines, and taxes for distribution to other governmental units and citizens for whom it was collected, and are collectively reported as a custodial fund:
 - Prothonotary
 - Recorder of Deeds
 - Treasurer
 - Register of Wills
 - Domestic Relations Office (Support Account)
 - Sheriff
 - Clerk of Courts
 - Magisterial District Judges

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting

Discretely Presented Component Unit

The Convention Center Authority utilizes the accrual basis of accounting, under which revenues are recorded in the period that they are earned, and expenses are recorded when the liability is incurred.

Hotel Room Rental Tax

Discretely Presented Component Unit

The County receives a 3.9% hotel room rental tax and a 1.1% excise tax from the operators of each hotel within the County. Of the 3.9% tax, 20% was originally allocated to Discover Lancaster to be used to promote tourism in Lancaster County, and 80% was received by the Convention Center Authority (Authority) to be used for the construction and operation of the convention center facility. If the Authority encountered an event of default on the Hotel Room Rental Tax Revenue Bonds, Series of 2003 or the Hotel Room Rental Tax Revenue Bonds, Series of 2007, the 20% allocated to Discover Lancaster would be diverted to the trustee of the Authority's Bonds. Revenue was recognized in the period to which the County attributed collection.

On July 31, 2014, the Convention Center Authority entered into a collaboration agreement with the County, Discover Lancaster, the City of Lancaster (City), the Redevelopment Authority of the City of Lancaster (RCAL), and the Lancaster City Revitalization and Improvement Zone Authority (Lancaster CRIZ Authority). Under the collaboration agreement, Discover Lancaster agreed to direct 100% of the hotel room rental tax revenue to the Convention Center Authority for the period July 2014 through June 2019. As of December 31, 2016, and each December 31 thereafter, if the funds on deposit with the trustee under the terms of the indenture exceed \$5,750,000 after all obligations have been paid, the Convention Center Authority shall remit the lesser of any funds in excess of \$5,750,000 or 20% of the hotel room rental tax revenue by January 15 of the following year to Discover Lancaster.

In October 2018, the Convention Center Authority and Discover Lancaster entered into a memorandum of understanding which extended Discover Lancaster's commitment to directing its 20% of the hotel room tax revenues, under the existing terms, to the Convention Center Authority through December 31, 2023. Beginning in January 2024, the terms of the Lancaster County Ordinance No. 45 shall again govern the distribution of the hotel room rental tax revenue.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Hotel Room Rental Tax (continued)

Discretely Presented Component Unit (continued)

For the year ended December 31, 2021, the Authority's funds on deposit with the trustee under the terms of the trust indenture exceed the established thresholds, and \$1,412,861 of the hotel room rental tax revenue was payable to Discover Lancaster under the terms of the Collaboration Agreement.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, "Leases". The primary objective of this Statement is to provide guidance by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and were recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The new pronouncement establishes a single model for lease accounting. Under this statement a lessee is required to recognize a lease liability and an intangible asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. This requirement includes an exception for short term leases, contracts that transfer ownership, leases of assets that are investments, and certain regulated leases. This statement excludes supply contracts and leases of inventory. The requirements of this statement will be effective for reporting periods beginning after June 15, 2021. The County is still evaluating the impact of this statement; however, it is expected to have a material impact to the County's financial statements.

In January of 2020, the GASB issued Statement No. 92, "Omnibus 2020". The objectives of this statement are to address a variety of topics and includes specific provisions about the following: the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits; the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments. The requirements of this statement related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of this statement will be effective for reporting periods beginning after June 15, 2021. This statement is not expected to have a material effect on the County's financial statements.

In March of 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates (IBOR)." The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate will be effective for reporting periods ending after December 31, 2021. All other requirements of this statement will be effective for reporting periods beginning after June 15, 2020. The County has yet to determine the impact of this statement.

In March of 2020, the GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this statement will be effective for reporting periods beginning after June 15, 2022. This statement is not expected to have a material effect on the County's financial statements.

In May 2020, the GASB issued Statement No. 96 "Subscription-Based Information Technology Arrangements." This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement will be effective for reporting periods beginning after June 15, 2022. The County has yet to determine the impact of this statement.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

In June 2020, the GASB issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB 97 requires that, for purposes of determining whether a primary government is financially accountable for a potential component unit (except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or other employee benefit plan), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically performs. Also, the financial burden criterion in GASB 84, Fiduciary Activities, applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in GASB 67, Financial Reporting for Pension Plans, para 3, or GASB 74, para 3, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. It also (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The component unit determination provisions of GASB 97 are effective immediately. All other requirements of this statement will be effective for reporting periods beginning after June 15, 2021. The County has yet to determine the impact of this statement.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

In April 2022, the GASB issued Statement No. 99, "Omnibus 2022". The issues addressed by this statement are as follows: Classification and reporting of derivative instruments within the scope of Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; Clarification of provisions in Statement No. 87, "Leases", as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; Clarification of provisions in Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; Clarification of provisions in Statement No. 96, "Subscription-Based Information Technology Arrangements", related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); Disclosures related to nonmonetary transactions; Pledges of future revenues when resources are not received by the pledging government; Clarification of provisions in Statement No. 34, "Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments", as amended, related to the focus of the government-wide financial statements; Terminology updates related to certain provisions of Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"; Terminology used in Statement 53 to refer to resource flows statements. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. This statement is not expected to have a material effect on the County's financial statements.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Pooled Cash and Temporary Investments

The majority of cash balances and temporary investments of most governmental funds and the Custodial Fund are pooled by the County. Balances are segregated by fund but accounted for centrally for receipt and disbursement purposes. Interest income is reported in the General Fund, except for amounts allocated to those funds where there is a statutory requirement to do so, as dictated in program and/or grant requirements. Individual fund pooled cash and temporary investment deficits are subsidized through transfers by the General Fund at year end.

Temporary investments are defined as short term with original maturities of three months or less that are readily convertible to known amounts of cash, which include money market investments.

Cash and Cash Equivalents

Discretely Presented Component Unit

The Convention Center Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

In accordance with authorized investment laws, the County invests in various fixed income securities, mutual funds, money market funds, brokered CDs, and equity securities. These securities are reported at fair value on the balance sheet. Unrealized appreciation or depreciation on investments due to changes in fair value is recognized in individual fund operations each year. Fair values are based on published market prices, quotations from national securities exchanges and securities pricing services, or by the respective fund managers for securities which are not actively traded.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Investments (continued)

Investments are reported at fair value in accordance with GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that are reasonably available.

Discretely Presented Component Unit

The Convention Center Authority accounts for investments at fair value. The fair value of the Convention Center Authority's investments is based upon values provided by external investment managers and quoted market prices.

The Convention Center Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The receivables and payables resulting from these transactions are classified as "due from other funds" or "due to other funds" on the fund balance sheet.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Restricted Assets

Discretely Presented Component Unit

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position, because their use is limited by applicable trust indentures or other agreements. As of December 31, 2021, restricted assets included cash and investments in the amount of \$12,822,583 and accounts receivable in the amount of \$0.

Capital Assets

The cost of capital assets acquired for general government purposes is recorded as an expenditure in the governmental funds and as an asset in the government-wide financial statements to the extent the County's capitalization threshold has been met. The County capitalizes assets valued over \$5,000 with a useful life longer than one year.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at acquisition value at the date of donation.

Maintenance, repairs, and minor renovations are charged to operations when incurred. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement, the cost and related accumulated depreciation is eliminated from the respective accounts, and any resulting gain or loss is included in the determination of net income for the period.

Capital assets of the County are depreciated using the straight-line method over the estimated useful lives of purchased and donated assets as follows:

Infrastructure	40 Years
Buildings and Improvements	40 Years
Furniture and Equipment	5-20 Years
Improvements other than buildings	20-30 Years

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Capital Assets (continued)

The County has an art collection that is not capitalized because the collection meets the criteria for non-capitalization in accordance with GAAP. Specifically, the collection is held for reasons other than financial gain. The collection is protected, kept unencumbered, cared for, and preserved; it is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

In order to preserve farmland and open space, the County purchases agricultural easements. An agricultural easement restricts the use of land from commercial development in perpetuity and encourages the continued agricultural use of land. An easement is thus considered an intangible asset of the County.

Discretely Presented Component Unit

Capital assets are carried at cost, if purchased or constructed. Capital assets are defined by the Convention Center Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Building, furniture, fixtures, and equipment are depreciated over the estimated useful lives using the straight-line method.

The useful lives for purposes of computing depreciation are as follows:

Buildings	40 Years
Furniture, Fixtures, and Equipment	3-10 Years

Major outlays for capital assets and improvements are capitalized as projects are constructed. A portion of the interest incurred during the construction phase of capital assets is included as part of the capitalized value of the asset constructed.

Unearned Revenue

Unearned revenue arises when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Unearned Revenue (continued)

Discretely Presented Component Unit

Unearned revenue represents deposits received by the Convention Center Authority for future events. These deposits will be recognized as revenue in the period in which the event occurs.

Deferred Outflows/Inflows of Resources

In accordance with GAAP, the County reports a deferred outflow of resources in the statement of net position resulting from the accumulated increase in the fair value of hedging derivatives and the deferred charge on debt refunding resulting from the difference between the carrying value of the refunded debt and its reacquisition price and amortized over the shorter of the life of the refunded or refunding debt.

The County recognizes deferred outflows and inflows of resources in the statement of net position resulting from differences in experience, changes of assumptions, and differences between actual and expected earnings relating to the County's pension plan.

The County reports a deferred inflow of resources in its governmental funds. A deferred inflow of resources arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period, such as property taxes, fines, and costs due but not collected within 60 days after year-end, or intergovernmental revenue not meeting the available criteria to be recognized as revenue in the funds.

Accrued Vacation and Sick Pay

In governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for all governmental fund-type vested accrued vacation and sick pay benefits is recorded as a liability in the government-wide statement of net position.

Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters, as well as from the self-insured employees' workers compensation program. The General Fund is used to account for the risks for all other risk financing activities.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Risk Management (continued)

The County purchases commercial insurance for risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. There have been no significant changes in insurance coverage in the past three years and settled claims have not exceeded the commercial coverage in those years.

The County is self-insured for workers' compensation in accordance with Article III of the Pennsylvania Workman's Compensation Act of 1915 as Reenacted and Amended. The exposure of risk is financed mostly through retention of all liability exposure, with limited purchase of commercial excess insurance.

The liability is recorded as estimated by the County's actuary. Claims are paid from the General Fund. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR).

Fund Balance

The County applies GAAP for governmental funds. The County's governmental fund financial statements reflect GAAP fund balance classifications that comprise a hierarchy based primarily on the extent of constraints imposed upon the use of net resources reported in governmental funds.

The County is limited to spending restricted fund balance on the activities allowed by the terms of a grant contract, bond covenants, or by applicable legislation.

With the exception of self-imposed constraints, consisting of (1) formal action taken by the County Commissioners to enact fund balance commitments, in the form of a formal Commissioner approved resolution to establish, modify, or rescind a fund balance commitment, or (2) fund balance assignments by the Commissioners, unrestricted fund balance may be spent on a wide variety of County activities.

The County considers the most restrictive governmental resources, including any committed or assigned fund balances, to have been spent first, unless applicable legislation, grant, or a formal action by the Commissioners mandates an exception.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Fund Balance (continued)

Nonspendable Fund Balance

Nonspendable fund balance is the component of fund balance that is not available for expenditure and typically represents prepaid items; however, no such amounts existed as of December 31, 2021.

Restricted Fund Balance

Restricted fund balance represents amounts that can be spent only for the specific purposes allowed by the resource providers, i.e., grantors, bond proceeds, or applicable legislation. The County's restrictions are as follows:

Health, education, and welfare – These funds are received from federal and state grants and are restricted to be used for the provision of human services and education activities for County residents.

Capital projects – These are the County's bond proceeds and are restricted to be used to pay for future capital-related projects of the County.

Roads and bridges – These funds are received and restricted due to state legislation including Act 13. These amounts are restricted for the purpose of maintaining and replacing County owned bridges and roads.

General government – These funds are collected per state statute, Act 8, and are restricted for records management and record improvements for certain row offices of the County (e.g., recorder of deeds, clerk of courts, prothonotary, register of wills).

Public safety – These funds are received from federal and state grants and are restricted to be used for capital projects for emergency services and to coordinate essential public safety activity among federal, state, regional, county, municipal agencies, and volunteer organizations to provide quick, reasoned responses to the needs of County citizens in times of emergency.

Judicial – These funds are collected per state statute and are restricted to be used for the provision of County judicial services. This amount includes Act 122 funds which are restricted to be used for training and equipment for the Coroner's Office. The amount also includes funds restricted for the use of the County's Drug Task Force.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Fund Balance (continued)

Restricted Fund Balance (continued)

Community Development – These funds are received from federal and state grants, as well as other sources, and are restricted to purchase easements from farmers within the County in an effort to preserve agricultural land.

Committed Fund Balance

Committed fund balance represents amounts that can be spent only for the specific purposes allowed by the formal action taken by the County Commissioners in the form of a Resolution.

Fund Balance Assigned

Assigned fund balance represents the County's plans for future use of the County's net financial resources which are not otherwise restricted or committed. All assigned fund balances must be authorized by the Board of County Commissioners. Assignments have been established in the General Fund as follows:

Future Benefits – this assignment is established to pay future payroll costs.

Healthcare Benefits – this assignment is established to pay future healthcare benefits.

Corrections – this assignment is established to pay future prison capital project and inmate general welfare expenditures.

Judicial – this assignment is established for the use of the County's Drug Task Force.

Unassigned Fund Balance

Unassigned fund balance represents the residual amount for the general fund that is not contained in other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)

Leases

For capital leases in the governmental fund types, acquisition costs are recorded as expenditures with an offsetting entry to other financing sources.

Intergovernmental Revenues

Intergovernmental revenues represent revenues received from the Commonwealth and federal agencies generally to fund specific programs. Awards made on the basis of entitlement periods are recorded as intergovernmental revenues when entitlement occurs, and the revenues are measurable and available. Reimbursement type grants are recorded as revenues in governmental funds when the related expenditures or expenses are incurred, and the related revenues are available. The amounts reported as due from other governments consist primarily of amounts due from the Commonwealth.

Departmental Revenues

Departmental revenues shown in the governmental funds represent revenues that are considered payment for services and are collected by departments that charge for services. Departmental revenues include licenses, fees, and other charges.

Investment Earnings

Investment earnings include interest, dividends, realized gains and losses, and the change in the fair value of investments, if any, during the fiscal year.

Derivatives – Interest Rate Swap/Swaptions

In accordance with GAAP, derivatives are stated at fair value on the statement of net position. The change in fair value of the derivative is recorded as deferred inflows or deferred outflows or as adjustments to investment earnings.

Also, in accordance with GAAP, up-front premiums received by the County related to swap or swaption agreements are considered borrowings for financial reporting purposes and are reported as a liability in the government-wide financial statements. The borrowing related to the swap, or hedging derivative instrument, is amortized over the life of the swap agreement. The interest related to the borrowing for the swaptions, or investment derivatives, is accreted to the balance of the liability from inception through the swaptions' exercise date (if applicable) or maturity.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

3. Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences between the Total Fund Balance – Governmental Fund Balance Sheet and the Total Net Position – Governmental Activities, Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *total fund balance – total governmental funds* and *total net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including general obligation bonds, notes payable, etc. are not due and payable in the current period and, therefore, are not reported as liabilities in the funds”. The detail of this \$358,511,530 difference is as follows:

General obligation bonds and notes payable	\$ 143,685,000
Plus: Issuance premium (amortized as income)	11,759,898
General obligation notes and direct borrowings payable	17,640,000
Installment purchase agreements payable	436,000
Accrued vacation and sick pay	6,655,229
Net OPEB liability	73,044,011
Accrued interest payable	1,026,048
Deferred outflow from refundings	(3,397,209)
Deferred outflow from interest rate swap	(1,300,943)
Net deferred inflows related to pensions	21,274,976
Net deferred inflows related to OPEB	71,286,290
Derivative instrument – interest rate swap/swaption liability	2,716,783
Borrowing payable	921,738
Capital leases	11,866,852
Contracts payable	31,113
Workers' compensation	415,744
Stadium loan payable	450,000
Net adjustment to <i>total fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 358,511,530</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

3. Reconciliation of Government-wide and Fund Financial Statements (continued)

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, Changes in Fund Balances, and the Change in Net Position – Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over its estimated useful lives and reported as depreciation expense.” The detail of this \$1,712,457 difference is as follows:

Capital outlay	\$ 12,149,392
Depreciation/amortization expense	(10,220,362)
Loss on disposal	<u>(216,573)</u>
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u><u>\$ 1,712,457</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, notes, capital leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The detail of this \$16,808,954 difference is as follows:

Principal repayments:	
Capital lease payment	\$ 2,417,354
General obligation debt	<u>14,391,600</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u><u>\$ 16,808,954</u></u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

3. Reconciliation of Government-wide and Fund Financial Statements (continued)

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, Changes in Fund Balances, and the Change in Net Position – Government-wide Statement of Activities (continued)

Another element of that reconciliation states that, “governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.” The detail of this \$1,291,223 difference is as follows:

Amortization of net bond premiums	\$ 1,291,223
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ 1,291,223</u>

Another element of that reconciliation states that, “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The detail of this \$21,657,879 difference is as follows:

Accrued vacation and sick pay	\$ 478,580
Contracts payable	85,808
Net pension asset	28,979,461
Net OPEB liability	37,102,174
Deferred outflows related to pensions	(5,191,767)
Deferred inflows related to pensions	(13,745,239)
Deferred outflows related to OPEB	447,687
Deferred inflows related to OPEB	(26,323,816)
Accrued interest payable	81,753
Amortization of loss on refunding	(382,654)
Workers’ compensation	(99,108)
Stadium loan payable	<u>225,000</u>
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ 21,657,879</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

3. Reconciliation of Government-wide and Fund Financial Statements (continued)

The repayment of a long-term note receivable provides current financial resources to governmental funds. This transaction, however, does not have any effect on net position. The detail of this \$(124,205) difference is as follows:

Stadium loan receivable	\$(124,205)
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4. Budgets and Budgetary Accounting

The County adopts budgets for the General Fund and all special revenue funds, except the Community Development Block Grant Fund, the Human Services Block Grant Fund, and the Agricultural Land Preservation Fund. Project-length financial plans are adopted for the Capital Projects Fund.

The legal level of budgetary control is established by fund. It is the prerogative of management to also maintain an enhanced level of control at the function and object level. Appropriations lapse at the end of each year and must be reappropriated. The Chief Clerk is authorized to transfer budget amounts between departments within any fund; however, any supplemental appropriations which alter the total expenditures of any fund require resolution of the County Commissioners. Budgeted amounts are as originally adopted or as amended by the Commissioners at various times. During the year, several supplemental appropriations were necessary for the General and special revenue funds as a result of additional revenues made available from state grants and other sources.

The budgetary schedules for the General Fund, Behavioral Health and Developmental Services, Children and Youth Services, and Domestic Relations special revenue funds are located in the required supplementary information. The budgetary schedules for Office of Aging, Drug and Alcohol, and Liquid Fuels nonmajor special revenue funds are located in the combining and individual fund statements and schedules.

5. Deposits and Investments

Deposits

As of December 31, 2021, the County's book balance was \$181,911,231 and the bank balances totaled \$190,998,301. Of the bank balances, \$1,800,042 was covered by federal depository insurance and the remainder was categorized as uninsured and collateralized with securities held by the pledging financial institution's agent but not in the County's name under Act 72 of the Commonwealth of Pennsylvania. Although the County follows the Pennsylvania County Code, the County does not have a formal policy relative to managing custodial credit risk.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Non-Pension Investments

The County utilizes various investment sources in an effort to maximize interest earnings on its non-pension cash balances. Commonwealth of Pennsylvania statutes limit the County to the types of investments it may make. Allowable investments include repurchase agreements, U.S. government and related custodial obligations, Commonwealth of Pennsylvania and related custodial obligations, and prime commercial paper. As of December 31, 2021, the County's non-pension investments included \$16,326,208 invested in U.S. Treasury Strips, U.S. Treasury Mutual Funds, and Certificates of Deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2021, the County's non-pension investments included \$16,326,208 invested in U.S. Treasury Strips, U.S. Treasury Mutual Funds, and Certificates of Deposit. The County's non-pension investments are categorized as uninsured and collateralized with securities held by the pledging financial institution's agent but not in the County's name under Act 72 of the Commonwealth of Pennsylvania. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk associated with changes in interest rates adversely affecting the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

As of December 31, 2021, the County's non-pension investments included \$16,326,208 invested in U.S. Treasury Strips, U.S. Treasury Mutual Funds, and Certificates of Deposit. The County manages its exposure to interest rate risk for non-pension investments by investing in fixed rate obligations. The non-pension investments with longer terms to maturity are inherently more sensitive to changes in interest rates as investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair value as a result of future changes in interest rates. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing interest rate risk.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Non-Pension Investments (continued)

Interest Rate Risk (continued)

As of December 31, 2021, the County's non-pension investments were subject to interest rate risk as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1 – 5	6 – 10	More Than 10 Years
Non-Pension Investments					
U.S. Treasury Strips	\$ 432,529	\$ 209,465	\$ 223,064	\$ -	\$ -
U.S. Treasury Mutual Funds	116,018	116,018	-	-	-
Certificates of Deposit	15,777,661	15,777,661	-	-	-
Total Non-Pension Investments	<u>\$ 16,326,208</u>	<u>\$ 16,103,144</u>	<u>\$ 223,064</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2021, the County's non-pension investments had the following fair value measurements:

Investments by Fair Value Level	Fair Value as of December 31, 2021	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Non-Pension Investments				
U.S. Treasury Strips	\$ 432,529	\$ 432,529	\$ -	\$ -
U.S. Treasury Mutual Funds	116,018	116,018	-	-
Certificates of Deposit	15,777,661	15,777,661	-	-
Total Non-Pension Investments	<u>\$ 16,326,208</u>	<u>\$ 16,326,208</u>	<u>\$ -</u>	<u>\$ -</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Non-Pension Investments (continued)

Interest Rate Risk (continued)

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Securities classified as Level 1 are valued using prices quoted in active markets for those securities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that are reasonably available.

Credit Risk

Credit risk is the risk associated with the counterparty failing to meet their obligations. The County follows the Pennsylvania County Code and Act 72 of the Commonwealth of Pennsylvania but does not have a formal policy relative to managing credit risk.

As of December 31, 2021, the County's non-pension investments include U.S. Treasury Strips with a fair value of \$432,529; U.S. Treasury Mutual Funds with a fair value of \$116,018; and Certificates of Deposit with a fair value of \$15,777,661, which are not rated.

Pension Investments

The County utilizes various investment options for the County's Pension Plan. As of December 31, 2021, the County's pension investments had a fair value of \$387,553,791. In addition to the pension investments, the County maintains Money Market Funds with a fair value of \$2,123,573, for the County's Pension Plan, which are reported as cash and cash equivalents and investments in the Statement of Fiduciary Net Position.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Pension Investments (continued)

Custodial Credit Risk

As of December 31, 2021, the County's pension investments were subject to custodial credit risk except for \$2,123,573 invested in Money Market Funds, which do not expose the County to custodial credit risk. All pension investments are held by the counterparty in the counterparty's name and not the name of the County and are recorded by the counterparty in book entry form only in the name of the County. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing custodial credit risk.

Interest Rate Risk

As of December 31, 2021, the County's pension investments were subject to interest rate risk as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1 – 5	6 – 10	More Than 10 Years
Pension Investments					
U.S. Government Securities	\$ 15,803,079	\$ -	\$ 8,774,992	\$ 4,738,303	\$ 2,289,784
Domestic Corporate Bonds	14,330,422	-	8,006,102	5,925,373	398,947
International Corporate Bonds	2,993,092	-	1,640,865	965,846	386,381
Collateralized Mortgage Obligations	4,160,679	-	2,572,524	99,776	1,488,379
Brokered CDs	1,179,946	-	1,179,946	-	-
Fixed Income Mutual Funds	38,851,474	38,851,474	-	-	-
Total Pension Investments	<u>\$ 77,318,692</u>	<u>\$ 38,851,474</u>	<u>\$ 22,174,429</u>	<u>\$ 11,729,298</u>	<u>\$ 4,563,491</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Pension Investments (continued)

Interest Rate Risk (continued)

As of December 31, 2021, the County's pension investments had the following fair value measurements:

Investments by Fair Value Level	Fair Value as of December 31, 2021	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Pension Investments				
U.S. Government Securities	\$ 15,803,079	\$ 9,817,833	\$ 5,985,246	\$ -
Domestic Corporate Bonds	14,330,422	14,330,422	-	-
International Corporate Bonds	2,993,092	2,606,711	386,381	-
Collateralized Mortgage Obligations	4,160,679	150,238	4,010,441	-
Brokered CDs	1,179,946	1,179,946	-	-
Fixed Income Mutual Funds	38,851,474	38,851,474	-	-
Equity Mutual Funds	128,147,200	128,147,200	-	-
Real Estate Funds	25,129,323	25,129,323	-	-
Global Mutual Funds	101,587,329	101,587,329	-	-
International Equity Mutual Funds	38,485,592	38,485,592	-	-
Exchange Traded Index Funds	16,885,655	16,885,655	-	-
Total Pension Investments	<u>\$ 387,553,791</u>	<u>\$ 377,171,723</u>	<u>\$ 10,382,068</u>	<u>\$ -</u>

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Securities classified as Level 1 are valued using prices quoted in active markets for those securities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Securities classified as Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund; and real estate securities are valued based on the appraised value of the holdings for each fund. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that are reasonably available.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Pension Investments (continued)

Interest Rate Risk (continued)

In addition to the pension investments, the County maintains Money Market Funds with a fair value of \$2,123,573. These investments are measured at Net Asset Value (NAV), have maturities of less than one year, and are reported as cash and temporary investments-operating in the Statement of Fiduciary Net Position.

The County manages its exposure to interest rate risk for pension investments by investing primarily in debt security instruments with fixed interest rates. The County's pension investment policy includes a desired annualized 7.00% real rate of return, though investment objectives are long-term in nature. The County does not have a formal investment policy relative to managing interest rate risk.

Pension investments with longer terms to maturity are inherently more sensitive to changes in interest rates as investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair value as a result of future changes in interest rates.

Pension investments in collateralized mortgage obligations and mortgage-backed securities are more sensitive to changes in interest rates. Declining interest rates may give rise to potential increases in prepayments of the underlying mortgages.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Pension Investments (continued)

Credit Risk

The following schedule details the County's exposure to credit risk with respect to pension investments as of December 31, 2021:

Investment Type	Fair Value	Credit Rating*
Pension Investments		
U.S. Government Securities	\$ 15,803,079	Aaa
Total U.S. Government Securities	15,803,079	
Domestic Corporate Bonds	1,003,456	Aa
Domestic Corporate Bonds	7,824,644	A
Domestic Corporate Bonds	5,502,322	Baa
Total Domestic Corporate Bonds	14,330,422	
International Corporate Bonds	943,159	Aa
International Corporate Bonds	1,349,462	A
International Corporate Bonds	700,471	Baa
Total International Corporate Bonds	2,993,092	
Collateralized Mortgage Obligations	2,740,675	Aaa
Collateralized Mortgage Obligations	25,439	Aa
Collateralized Mortgage Obligations	55,596	A
Collateralized Mortgage Obligations	1,338,969	NR
Total Collateralized Mortgage Obligations	4,160,679	
Brokered CDs	1,179,946	Aaa
Total Brokered CDs	1,179,946	
Fixed Income Mutual Funds	38,851,474	N/A
Equity Mutual Funds	128,147,200	N/A
Real Estate Funds	25,129,323	N/A
Global Mutual Funds	101,587,329	N/A
International Equity Mutual Funds	38,485,592	N/A
Exchange Traded Index Funds	16,885,655	N/A
Total Pension Investments	\$ 387,553,791	

*expressed as Moody's quality ratings

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Pension Investments (continued)

Credit Risk (continued)

Additionally, for the pension plan the County maintains Money Market Funds with a fair value of \$2,123,573, which are rated Aaa by Moody's. All of these investments are reported as cash and temporary investments-operating in the Statement of Fiduciary Net Position.

Per County policy, the County manages its exposure to credit risk relative to pension investments by restricting the average quality of fixed income securities to meet or exceed a rating of A2 as determined by Moody's, and by the insistence of the minimum quality investments below Baa, as determined by Moody's, may not constitute more than twenty percent of the fixed income portfolio.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of December 31, 2021, \$38,485,592 of the County's pension investments were held in international equity mutual funds, \$101,587,329 of the County's pension investments were held in global mutual funds, and \$2,993,092 of the County's pension investments were held in international corporate bonds. The holdings within these investments are of those companies located outside of the United States, denominated in other than U.S. dollars. The County's pension investment policy limits the County's exposure to foreign currency risk by ensuring that no more than 26% of total pension investments are invested in international equity securities.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Deposits

Discretely Presented Component Unit

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Convention Center Authority does not have a deposit policy for custodial credit risk. As of December 31, 2021, the Convention Center Authority's book balance was \$8,355,858 and the bank balance was \$8,205,742. Of the bank balance, \$500,000 was covered by federal depository insurance as of December 31, 2021. As of December 31, 2021, the remainder was exposed to custodial credit risk and categorized as collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

Investments

Discretely Presented Component Unit

Investments of the Convention Center Authority are subject to the same Pennsylvania statutes and limits as the County's non-pension investments. The Convention Center Authority's investments are considered Level 1 based on quoted market prices. As of December 31, 2021, the Convention Center Authority's investments included \$7,226,161 invested in money market funds.

Custodial Credit Risk

Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the Convention Center Authority will not recover the value of the investment or collateral securities that are in possession of an outside party. The Convention Center Authority does not have a formal policy for custodial credit risk. The Convention Center Authority's investments in money market funds are not exposed to custodial credit risk because they are not evidenced by securities in book entry or paper form.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

5. Deposits and Investments (continued)

Investments (continued)

Discretely Presented Component Unit (continued)

Interest Rate Risk

The Convention Center Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2021, all of the Convention Center Authority's investments had an average maturity of less than one year.

Credit Risk

With the exception of investments held in the Convention Center Authority's debt service reserve fund, the Convention Center Authority does not have a formal investment policy relative to managing credit risk. As of December 31, 2021, the Convention Center Authority's investment in money market funds were rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The Convention Center Authority places no limit on the amount it may invest in any one issuer. As of December 31, 2021, there were no investments held by the Convention Center Authority that were subject to concentration of credit risk.

6. Property Taxes

Property taxes attach an enforceable lien on property as of January 1 and are levied on or before March 1. Taxes are collected at a 2% discount until April 30, at their face amount from May 1 until June 30, and include a 10% penalty from July 1 until January 15 of the subsequent year. After January 15 of the subsequent year, the levies are sent to the Lancaster County Tax Claim Bureau for collection. The County bills and collects its own taxes relating to property within the City of Lancaster and certain other municipalities that do not have elected tax collectors. Taxes relating to all other municipalities in the County are collected by elected tax collectors. The Lancaster County Tax Claim Bureau collects delinquent taxes on behalf of the County and other taxing authorities. Delinquent tax collections and remittances are accounted for through the County's Custodial Fund.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

6. Property Taxes (continued)

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy property taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on funded debt. The property tax rate for 2021 was 2.911 mills.

County property tax revenues were reduced by \$302,815 because of legislation enacted by the Commonwealth of Pennsylvania under the following programs:

Local Economic Revitalization Tax Assistance (LERTA) Program

The LERTA Program authorizes local taxing authorities within the County to exempt property taxes of new construction in deteriorated areas of economically depressed communities and improvements to certain deteriorated properties. The LERTA tax exemptions are authorized under Act 76 of 1977 (72 P.S. section 4722 et seq.) which was passed by the General Assembly of Pennsylvania. A local taxing authority by ordinance or resolution may exempt from real property taxation, the assessed valuation of improvements to deteriorated properties and the assessed valuation of new construction within designated deteriorated areas. The County recognizes, supports, and approves any LERTA of any municipality located within the boundaries of the County that has established a standard LERTA from property tax for certain properties. Application to each local taxing authority for a tax exemption under a LERTA ordinance is to be made at the same time a building permit is secured or other official notification is made. A copy of the exemption request shall be forwarded to the Board of Assessment. The assessment agency shall assess separately the new construction or improvement and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the local taxing authorities and notify the taxpayer and the local taxing authorities of the reassessment and amounts of the assessment eligible for exemption. The LERTA properties have different abatement periods and terms for different improvements. The abatement periods range from 5 to 10 years. At the end of the abatement period the exemption shall terminate.

The exempted portion of the assessable improvement is not included on the property owner's tax bill. The exemption from taxes is upon the eligible property and does not terminate upon the sale or exchange of the property.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

6. Property Taxes (continued)

Local Economic Revitalization Tax Assistance (LERTA) Program (continued)

The exemption from real estate taxes provided for herein shall be forfeited by the applicant and/or any subsequent owner of the real estate upon the occurrence of failure to pay any non-exempt real estate taxes by the last day of the time period to pay such taxes in the penalty period.

The following local taxing authorities within the County have enacted LERTA ordinances or resolutions:

- Columbia Borough
- East Cocalico Township
- Lancaster City
- Millersville Borough
- Mount Joy Borough
- West Donegal Township

County forgone real estate tax revenue as a result of LERTA tax abatement agreements entered into by the Commonwealth of Pennsylvania was \$302,815 for the year ended December 31, 2021.

Keystone Opportunity Zone (KOZ) Program

The KOZ Program requires the County to exempt property taxes of revitalized properties that were once abandoned, unused, or underutilized once it has been approved by the Department of Community and Economic Development (DCED). The KOZ tax exemptions are authorized under Act 16 of 2012 (P.L. 705, No. 92) which were passed by the General Assembly of Pennsylvania. Applicants must apply online annually with DCED no later than December 31st of the year for which they are applying for benefits. Once DCED approves their application the local Economic Development Corporation (EDC) and the owner of the property receive an approval letter. The local EDC office then forwards the approval letter to the County. The Lancaster County Property Assessment office issues an Exoneration Notice to all the taxing bodies in the County.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

6. Property Taxes (continued)

Keystone Opportunity Zone (KOZ) Program (continued)

The exoneration is just for one year and applicants must re-apply annually. In order to qualify each year, a business shall own or lease real property in a KOZ and be in full compliance with all state and local tax laws and building and housing code provisions. Any existing qualified Pennsylvania business relocating into a KOZ must demonstrate a significant economic impact that will result from the relocation. Any qualified business that has received KOZ benefits and moves out of the KOZ within the first 5 years may be subject to penalties. In order for a resident to qualify, they must maintain compliance with all state and local tax laws and must reside 184 consecutive days at the property located in the KOZ during each tax year.

There was no county forgone real estate tax revenue as a result of KOZ tax abatement agreements entered into by the Commonwealth of Pennsylvania for the year ended December 31, 2021.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

7. Capital Assets

A summary of capital asset activity for the year ended December 31, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,275,585	\$ 100,000	\$ —	\$ 5,375,585
Easements	109,637,739	1,073,394	—	110,711,133
Total capital assets, not being depreciated	114,913,324	1,173,394	—	116,086,718
Capital assets, being depreciated:				
Buildings and improvements	227,203,010	5,513,841	—	232,716,851
Improvements other than buildings	1,849,019	—	—	1,849,019
Furniture and equipment	57,297,766	2,577,162	(664,415)	59,210,513
Infrastructure	34,368,967	2,884,995	—	37,253,962
Total capital assets being depreciated	320,718,762	10,975,998	(664,415)	331,030,345
Less accumulated depreciation for:				
Buildings and improvements	98,148,623	5,225,565	—	103,374,188
Improvements other than buildings	966,795	60,641	—	1,027,436
Furniture and equipment	27,691,760	4,006,905	(447,842)	31,250,823
Infrastructure	7,544,874	927,251	—	8,472,125
Total accumulated depreciation	134,352,052	10,220,362	(447,842)	144,124,572
Total capital assets, being depreciated, net	186,366,710	755,636	(216,573)	186,905,773
Governmental activities capital assets, net	\$ 301,280,034	\$ 1,929,030	\$ (216,573)	\$ 302,992,491

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

7. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:	
General government	\$ 3,517,988
Public safety	2,663,353
Roads and bridges	901,799
Health, education, and welfare	200,013
Judicial	1,022,287
Corrections	1,648,677
Cultural and recreation	266,245
Total depreciation expense – governmental activities	<u>\$ 10,220,362</u>

Commitment amounts of \$4,013,681 for the acquisition, construction, and renovation of various capital assets were encumbered at year end.

Discretely Presented Component Unit

A summary of capital asset activity for the year ended December 31, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,607,517	\$ -	\$ -	\$ 1,607,517
Total capital assets, not being depreciated	1,607,517	-	-	1,607,517
Capital assets, being depreciated:				
Building	75,651,101	642,875	-	76,293,976
Furniture and equipment	6,207,127	131,111	-	6,338,238
Total capital assets, being depreciated	81,858,228	773,986	-	82,632,214
Less accumulated depreciation for:				
Building	22,608,964	2,000,362	-	24,609,326
Furniture and equipment	4,857,127	391,654	-	5,248,781
Total accumulated depreciation	27,466,091	2,392,016	-	29,858,107
Total capital assets, being depreciated, net	54,392,137	(1,618,030)	-	52,774,107
Capital assets, net	<u>\$ 55,999,654</u>	<u>\$ (1,618,030)</u>	<u>\$ -</u>	<u>\$ 54,381,624</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

8. Lease Obligations

Capital Leases

In 2012, the County entered into a lease agreement as lessee for financing the acquisition of a new communications system. The County has acquired equipment towards that system valued at \$25,205,375. The equipment has a twenty-year estimated useful life. This year, \$1,260,269 was included in depreciation expense and \$9,700,064 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 2,226,973
2023	2,226,973
2024	2,226,973
2025	2,226,973
2026	2,033,609
Total minimum lease payments	10,941,501
Less: amount representing interest at 3.159%	881,155
Present value of minimum lease payments	<u>\$ 10,060,346</u>

In 2019, the County entered into a lease agreement as lessee for financing the acquisition of a new body scanner for the prison. The County has acquired equipment towards that system valued at \$121,163. The equipment has a seven-year estimated useful life. This year, \$17,309 was included in depreciation expense and \$51,927 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at inception date.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

8. Lease Obligations (continued)

Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 20,098
2023	20,098
2024	20,098
2025	20,098
2026	20,098
Total minimum lease payments	100,490
Less: amount representing interest at 3.889%	10,738
Present value of minimum lease payments	<u>\$ 89,752</u>

In 2019, the County entered into a lease agreement as lessee for financing the acquisition of new voting equipment. The County has acquired equipment towards that system valued at \$2,710,994. The equipment has a five-year estimated useful life. This year, \$542,199 was included in depreciation expense and \$1,626,597 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 595,258
2023	595,258
2024	595,258
Total minimum lease payments	1,785,774
Less: amount representing interest at 3.195%	108,314
Present value of minimum lease payments	<u>\$ 1,677,460</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

8. Lease Obligations (continued)

Capital Leases (continued)

In 2020, the County entered into a lease agreement as lessee for financing the acquisition of new hand-held radios. The County has acquired equipment towards that system valued at \$60,295. The equipment has a five-year estimated useful life. This year, \$12,059 was included in depreciation expense and \$24,118 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 13,062
2023	13,062
2024	13,062
2025	2,177
Total minimum lease payments	41,363
Less: amount representing interest at 3.19%	2,070
Present value of minimum lease payments	<u>\$ 39,293</u>

Operating Leases

The County is committed under various leases for building and office space and data processing and other equipment. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended December 31, 2021, amounted to \$3,689,368. Future minimum lease payments for these leases are as follows:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 3,473,505
2023	2,465,463
2024	2,215,284
2025	1,938,558
2026	1,712,382
2027-2031	6,623,562
2032-2036	5,101,890
2037-2041	3,462,639
2042-2046	1,205,385
2047-2051	1,079,480
Total	<u>\$ 29,278,150</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities

General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements

The County issues general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements for the purposes of providing funds for and toward the cost of capital projects, asset acquisition, and easements, of and in the County or to refinance existing debt. General obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements are direct obligations and pledge the full faith and credit of the government.

The County is subject to federal arbitrage laws governing the use of proceeds of tax-exempt debt.

As determined under the Commonwealth of Pennsylvania Local Government Unit Debt Act of 1972, the total legal debt limit of the County as of December 31, 2021, was \$478,807,142. The total amount of debt applicable to the debt limit, which does not include lease rental debt, is \$161,325,000. The remaining legal debt margin of the County as of December 31, 2021, was \$317,482,142. Refer to Statistical Table 12 for a detailed calculation.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)

General obligation bonds consisted of the following as of December 31, 2021:

3.375% General Obligation Bonds, Series A of 2013 in the principal amount of \$1,595,000 to finance certain capital projects dated August 7, 2013, principal payable annually, final principal amount of \$135,000 due November 1, 2022.	\$ 135,000
4.007% - 5.556% General Obligation Bonds, Series B of 2013 in the principal amount of \$5,200,000 to finance certain capital projects dated August 7, 2013, principal payable annually, varying in amounts from \$160,000 to \$630,000 from November 1, 2022, to November 1, 2033.	5,200,000
3.00% - 5.00% General Obligation Bonds, Series of 2015 in the principal amount of \$16,060,000 to advance refund the outstanding General Obligation Bonds, Series A of 2006 of the County dated March 12, 2015, principal payable annually, varying in amounts from \$1,570,000 to \$1,875,000 from May 1, 2022, to May 1, 2026.	8,610,000
2.50% - 4.625% General Obligation Bonds, Series A of 2015 in the principal amount of \$12,840,000 to refund the outstanding General Obligation Bonds, Series A of 2010 of the County dated September 2, 2015, principal payable annually, final principal amount of \$1,785,000 due November 1, 2022.	1,785,000
4.00% - 5.00% General Obligation Bonds, Series A of 2016 in the principal amount of \$17,130,000 to advance refund the outstanding General Obligation Bonds, Series of 2006 (Remarketing) of the County dated August 10, 2016, principal payable annually, varying in amounts from \$1,120,000 to \$1,640,000 from May 1, 2022, to May 1, 2031.	13,790,000
3.00% General Obligation Bonds, Series B of 2016 in the principal amount of \$9,365,000 to refund the outstanding General Obligation Bonds, Series of 2011 of the County dated August 10, 2016, principal payable annually, varying in amounts from \$1,410,000 to \$1,635,000 from November 1, 2022, to November 1, 2027.	9,135,000
3.10% - 5.00% General Obligation Bonds, Series A of 2017 in the principal amount of \$21,620,000 to advance refund a portion of the outstanding General Obligation Bonds, Series A of 2009 of the County dated April 10, 2017, principal payable annually, varying in amounts from \$475,000 to \$1,990,000 from November 1, 2022, to November 1, 2033.	15,820,000
2.00% - 3.65% General Obligation Bonds, Series B of 2017 in the principal amount of \$6,255,000 to finance certain capital projects dated April 10, 2017, principal payable annually, varying in amounts from \$295,000 to \$470,000 from November 1, 2022, to November 1, 2037.	5,950,000
2.00% - 5.00% General Obligation Bonds, Series C of 2017 in the principal amount of \$19,000,000 to advance refund the outstanding General Obligation Bonds, Series A of 2012 of the County dated December 13, 2017, principal payable annually, varying in amounts from \$1,190,000 to \$1,755,000 from November 1, 2022, to November 1, 2032.	16,015,000
2.00% - 5.00% General Obligation Bonds, Series of 2018 in the principal amount of \$13,320,000 to refund the outstanding General Obligation Bonds, Series C of 2013 of the County dated March 21, 2018, principal payable annually, varying in amounts from \$990,000 to \$1,370,000 from March 1, 2022, to March 1, 2030.	10,520,000

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)

2.00% - 4.00% General Obligation Bonds, Series of 2019 in the principal amount of \$20,255,000 to refund the outstanding General Obligation Bonds, Series A of 2009, to refund the outstanding General Obligation Bonds, Series of 2014, and to finance certain capital projects dated March 12, 2019, principal payable annually varying in amounts from \$500,000 to \$2,835,000 from November 1, 2022, to November 1, 2044.	19,235,000
1.05% - 4.00% General Obligation Bonds, Series A of 2020 in the principal amount of \$14,920,000 to refund the outstanding General Obligation Bonds, Series B of 2010 and to refund the outstanding General Series C of 2010, principal payable annually, varying in amounts from \$5,000 to \$2,115,000 from November 1, 2022, to November 1, 2030.	14,915,000
1.10% - 4.00% General Obligation Bonds, Series B of 2020 in the principal amount of \$10,560,000 to be used to finance certain capital projects of the County, principal payable annually, varying in the amounts from \$5,000 to \$1,360,000 from November 1, 2022, to November 1, 2035.	10,555,000
1.00% - 4.00% General Obligation Bonds, Series C of 2020 in the principal amount of \$13,630,000 to refund the outstanding General Obligation Bonds, Series E of 2012, principal payable annually, varying in amounts from \$530,000 to \$1,405,000 from November 1, 2022, to November 1, 2032.	12,020,000

General obligation notes and direct borrowings consisted of the following as of December 31, 2021:

Variable rate interest bearing General Obligation Note, Series A of 2002 in the principal amount of \$25,050,000 to current refund Series of 2000, dated September 13, 2002, principal payable annually, varying in amounts from \$1,545,000 to \$2,439,000 from October 25, 2022, to October 25, 2030. Interest is payable monthly, based upon monthly calculations remitted by the trustee that include amounts sufficient to pay payments and receipts under any interest rate swap agreements, payments due to holders of the note, and monthly finance charges. The interest on the note will never exceed 15%.	17,640,000
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Installment purchase agreements consisted of the following as of December 31, 2021:

5.50% Interest bearing installment purchase agreement in the amount of \$210,000, dated December 30, 2002, to finance the lease and subsequent purchase of an agricultural easement, principal payable in full on November 15, 2022.	210,000
5.85% Interest bearing installment purchase agreement in the amount of \$226,000, dated September 3, 2003, to finance the purchase of an agricultural easement, principal payable in full on November 15, 2023.	226,000

Total general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements as of December 31, 2021	<u>\$ 161,761,000</u>
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County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)

A summary of the County's general obligation bonds is as follows:

<u>Years</u>	Principal	Interest	Total
2022	\$ 13,395,000	\$ 5,584,534	\$ 18,979,534
2023	13,700,000	5,058,128	18,758,128
2024	12,510,000	4,508,352	17,018,352
2025	13,030,000	4,004,288	17,034,288
2026	13,545,000	3,476,390	17,021,390
2027-2031	56,470,000	9,921,282	66,391,282
2032-2036	15,405,000	2,388,207	17,793,207
2037-2041	3,515,000	746,305	4,261,305
2042-2044	2,115,000	155,150	2,270,150
	<u>\$ 143,685,000</u>	<u>\$ 35,842,636</u>	<u>\$ 179,527,636</u>

A summary of the County's total general obligation notes and direct borrowings is as follows:

<u>Years</u>	Principal	Interest	Total
2022	\$ 1,545,000	\$ 183,933	\$ 1,728,933
2023	1,635,000	167,378	1,802,378
2024	1,730,000	149,860	1,879,860
2025	1,830,000	131,324	1,961,324
2026	1,934,000	111,721	2,045,721
2027-2030	8,966,000	226,730	9,192,730
	<u>\$ 17,640,000</u>	<u>\$ 970,946</u>	<u>\$ 18,610,946</u>

A summary of the County's installment purchase agreements is as follows:

<u>Years</u>	Principal	Interest	Total
2022	\$ 210,000	\$ 24,771	\$ 234,771
2023	226,000	13,221	239,221
	<u>\$ 436,000</u>	<u>\$ 37,992</u>	<u>\$ 473,992</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)

A summary of the County's total debt service commitments is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 15,150,000	\$ 5,793,238	\$ 20,943,238
2023	15,561,000	5,238,727	20,799,727
2024	14,240,000	4,658,212	18,898,212
2025	14,860,000	4,135,612	18,995,612
2026	15,479,000	3,588,111	19,067,111
2027-2031	65,436,000	10,148,012	75,584,012
2032-2036	15,405,000	2,388,207	17,793,207
2037-2041	3,515,000	746,305	4,261,305
2042-2044	2,115,000	155,150	2,270,150
	<u>\$ 161,761,000</u>	<u>\$ 36,851,574</u>	<u>\$ 198,612,574</u>

General Obligation Notes and Direct Borrowings

In accordance with the Loan Agreement for the General Obligation Note, Series A of 2002, if an event of default shall have occurred and is continuing the Bank may (1) declare all repayments to be immediately due and payable, and (2) pursue any and all remedies now and hereafter existing under the debt act or otherwise at law or in equity to collect all amounts then due and thereafter to become due under the Loan Agreement or to enforce the performance and observance of any other obligation or agreement of the County under the Loan Agreement.

In accordance with the General Obligation Note, Series of 2007, the County shall have the right to prepay any amount at any time and from time to time, in whole or in part; subject, however, to payment of any break funding indemnification amounts owing pursuant to the following. The County agrees to indemnify the Bank against any liabilities, losses, or expenses which the Bank sustains or incurs as a consequence of either (1) the County's failure to make a payment on the due date thereof, (2) the County's revocation in whole or in part of any notice given to Bank to request, convert, renew, or prepay any amounts bearing interest, or (3) the County's payment or prepayment or conversion of any amounts bearing interest on a day other than the regularly scheduled due date therefore. A notice as to any amounts payable pursuant to this paragraph given the County by the Bank shall, in the absence of manifest error, be conclusive and shall be payable upon demand. The County's indemnification obligations hereunder shall survive the payment in full of all amounts payable hereunder.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

During the year ended December 31, 2021, the following changes occurred in long-term liabilities:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Governmental Activities:					
General obligation bonds payable	\$ 154,680,000	\$ —	\$ 10,995,000	\$ 143,685,000	\$ 13,395,000
Net premium (discount) on bonds payable	13,051,121	—	1,291,223	11,759,898	1,291,223
General obligation notes and direct borrowings payable	21,036,600	—	3,396,600	17,640,000	1,545,000
Installment purchase agreements payable	436,000	—	—	436,000	210,000
Accrued vacation and sick pay	7,133,809	277,892	756,472	6,655,229	756,472
Capital leases	14,284,206	—	2,417,354	11,866,852	2,494,498
Net pension liability	4,582,966	—	4,582,966	—	—
Net OPEB liability	110,146,185	7,047,185	44,149,359	73,044,011	—
Contracts payable	116,921	29,018	114,826	31,113	29,018
Workers' compensation	316,636	607,088	507,980	415,744	93,567
Stadium loan payable	900,000	—	450,000	450,000	450,000
Governmental activities long-term liabilities	<u>\$ 326,684,444</u>	<u>\$ 7,961,183</u>	<u>\$ 68,661,780</u>	<u>\$ 265,983,847</u>	<u>\$ 20,264,778</u>

All long-term liabilities are expected to be repaid primarily from General Fund tax revenues.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

Discretely Presented Component Unit

During the year ended March 31, 2007, the Convention Center Authority remarketed the Hotel Room Rental Tax Revenue Bonds, Series of 2003 (\$40,000,000), and issued the Hotel Room Rental Tax Revenue Bonds, Series of 2007 (\$23,920,000) for the purpose of paying, together with other available funds, the costs of (i) funding the design, acquisition, construction, furnishing, and equipping of that certain Lancaster County Convention Center, as defined in the indenture; (ii) funding necessary reserves for the project and the bonds; (iii) the establishment of necessary reserves and other funds under the indenture; (iv) payment of the costs and expenses of issuance of the bonds; and (v) refunding certain outstanding indebtedness of the issuer. The bonds were secured by a pledge of all current and future revenue derived by the Convention Center Authority from its share of hotel room rental tax and all monies and investments held by the Trustee Bank under the related indenture and are initially secured by an irrevocable, direct pay letter of credit issued by Wachovia Bank, National Association.

The bonds initially bore interest at a weekly rate. During the weekly mode, interest on the bonds was to be paid on the first business day of each calendar month, commencing on May 1, 2007. The weekly rate for the bonds was computed by Wachovia Bank, National Association for each weekly rate period. The weekly rate was not to exceed 12% per annum. At times specified in the indenture, the issuer had the ability to cause the bonds to be converted to a term mode. The bonds, if converted, were subject to mandatory purchase on the date of such conversion. The floating interest rate under the weekly mode was 67% of USD-LIBOR-BBA on the agreed-upon payment dates.

On October 3, 2011, the bonds were restructured, and the Convention Center Authority entered into a continuing covenant agreement with Wells Fargo Bank. Under the agreement, the bank paid the purchase price of \$63,590,000 to the bank for the bonds. The bonds were to be held by the bank until the mandatory purchase date of March 1, 2013, at which time the bonds were subject to mandatory tender for purchase at an amount equal to 100% of the principal amount of the bonds, plus accrued interest. On this date, the Convention Center Authority was to cause the bonds to be remarketed to the bank or to new investors at any of the interest rate options provided in the agreement.

The bank extended the mandatory purchase date related to the bonds to August 1, 2014. All other provisions of the agreement remain in effect through the mandatory purchase date.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

Discretely Presented Component Unit (continued)

Under the agreement, the interest rate was converted from the weekly rate to the index interest rate. The bonds were to bear interest at a per annum rate of interest equal to the sum of (i) the index, defined as 67% of LIBOR, and (ii) the applicable spread, commencing October 3, 2011. The applicable spread effective from October 3, 2011, through February 28, 2012, was defined as 95 basis points on the Series of 2003 bonds and 125 basis points on the Series of 2007 bonds. Effective March 1, 2012, the applicable spread increased to 175 basis points on the Series of 2003 bonds and 190 basis points on the Series of 2007 bonds. The applicable spread could be reduced if the Convention Center Authority was able to accomplish certain milestones as set forth in the agreement. At the option of the Convention Center Authority, the bonds could have been optionally redeemed or converted to another interest rate mode to be effective on the interest payment date prior to the mandatory purchase date upon 60 days written notice to the bank.

On August 1, 2014, the bonds were refunded through the issuance of the Hotel Room Rental Tax Revenue Bonds, Series of 2014 in the amount of \$62,595,000. The fee received from the termination of the guaranteed investment contracts, including accrued interest, along with funds realized from a reduction in the debt service reserve fund requirements associated with the 2014 bonds totaling \$995,000, was used to pay a portion of the principal due on the bonds. In addition, the debt service reserve requirement for the 2014 bonds was reduced from \$4.1 million to \$3.9 million. The 2014 bonds are subject to mandatory tender on July 31, 2019.

The 2014 bonds initially bear interest, through the mandatory tender date, at a rate equal to the sum of the index rate, SIFMA or 70% of LIBOR, plus the applicable spread, initially 75 basis points, fixed for five years. The bonds will bear interest at the index rate during the index rate period provided no event of default has occurred. At the option of the Convention Center 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 written notice to the bank and compliance with the applicable provisions of the related documents.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

Discretely Presented Component Unit (continued)

On December 3, 2018, the Convention Center Authority and the trustee entered into the First Supplemental Trust Indenture related to the 2014 bonds. Under the indenture the index for the period December 3, 2018, through and including November 30, 2023, is 80% of LIBOR, and during any other interest rate period, 80% of LIBOR or such other percentage as may be designated by the bank. In addition, the applicable spread for the period December 3, 2018, through and including November 30, 2023, is 88 basis points provided that the County's bond ratings remain above certain thresholds. Finally, under the indenture, the mandatory tender date was modified to December 1, 2023.

In accordance with the Continuing Covenant Agreement, if an event of default, such as failure to pay principal and interest on the bonds when due, and other events defined by the Continuing Covenant Agreement, occurs and is continuing, the Bank may (1) by written notice to the trustee and the Convention Center Authority, declare the outstanding amount of the bonds to be immediately due and payable; (2) deliver a written notice to the trustee and Convention Center Authority that an event of default has occurred and is continuing and direct the trustee and the Convention Center Authority to cause a mandatory tender of acceleration of the bonds; (3) by written notice to the trustee, direct the trustee to notify the Treasurer of the County of Lancaster that an event of default has occurred and is continuing and direct the Treasurer of the County to transfer 100% of the hotel tax revenues to the Convention Center Authority for such period as necessary to cure the event of default or take such other remedial actions as is provided for in the indenture; (4) take whatever action at law or in equity may appear necessary to collect the amounts due and payable and to enforce performance or observation of any obligation, agreement, or covenant of the Convention Center Authority; (5) cure any default, event of default, or even to nonperformance provided however that the bank will have no obligation to effect such a cure; (6) exercise or cause to be exercised any and all remedies available at law and at equity.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

9. Long-Term Liabilities (continued)

Discretely Presented Component Unit (continued)

Debt service requirements are as follows:

	Principal	Interest	Total
2022	\$ 670,000	\$ 574,767	\$ 1,244,767
2023	58,320,000	9,573,016	67,893,016
	<u>\$ 58,990,000</u>	<u>\$ 10,147,783</u>	<u>\$ 69,137,783</u>

During the year ended December 31, 2021, the following changes occurred with the Convention Center Authority's revenue bonds payable:

	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021	Due Within One Year
Revenue bonds payable	<u>\$ 59,645,000</u>	<u>\$ —</u>	<u>\$ 655,000</u>	<u>\$ 58,990,000</u>	<u>\$ 670,000</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

10. Self-Insurance Claims Liability

The County is self-insured for workers' compensation in accordance with Article III of the Pennsylvania Workers' Compensation Act of 1915 as reenacted and amended. The liability is recorded as estimated by the County's actuary; such claims are discounted at 4% for workers' compensation. The Bureau of Workers' Compensation issued an exemption permit renewing the County's self-insurance status on December 16, 2020.

The County is also self-insured for unemployment compensation; however, payments are made quarterly to the Commonwealth of Pennsylvania and any resulting liability is considered short term and included within accounts payable.

Changes in the County's self-insurance claims reserves for the years ending December 31, 2021, and 2020 were as follows:

	Reserve Balance as of January 1, 2021	Current Year Claims	Claim Payments	Reserve Balance as of December 31, 2021
Workers' Compensation	\$ 316,636	\$ 607,088	\$ 507,980	\$ 415,744

	Reserve Balance as of January 1, 2020	Current Year Claims	Claim Payments	Reserve Balance as of December 31, 2020
Workers' Compensation	\$ 320,659	\$ 442,904	\$ 446,927	\$ 316,636

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

11. Interfund Balances

Individual fund receivable and payable balances as of December 31, 2021, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,605,045	\$ —
Behavioral Health and Developmental Services Fund	—	1,605,045
Total	<u>\$ 1,605,045</u>	<u>\$ 1,605,045</u>

The balance due to the General Fund resulted from a cash deficit position in the Behavioral Health and Developmental Services Fund.

12. Interfund Transfers

Interfund transfers for the year ended December 31, 2021, consisted of the following:

	<u>Interfund Transfers-In</u>	<u>Interfund Transfers-Out</u>
General Fund	\$ —	\$ 26,210,244
Children and Youth Services Fund	9,068,242	—
Behavioral Health and Developmental Services Fund	899,422	—
Capital Projects Fund	13,317,755	—
Domestic Relations Fund	2,370,666	—
Human Services Block Grant	267,000	633,780
Nonmajor Governmental Funds	920,939	—
Total	<u>\$ 26,844,024</u>	<u>\$ 26,844,024</u>

Transfers are utilized to use unrestricted revenues collected in the General Fund and deferred inflows of resources in the Human Services Block Grant Fund. This is to finance various grant programs accounted for in other funds in accordance with budgetary and legal authorizations.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

13. Commitments and Contingent Liabilities

The County receives funds from the Commonwealth of Pennsylvania and various federal agencies to fund specific programs. Final determination of various amounts is subject to audit by the responsible agencies. County officials believe that any audit adjustments resulting from final settlements will be immaterial in relation to the County's financial resources.

The County is involved as either plaintiff or defendant in several lawsuits and claims. However, it is the opinion of County solicitors that there are no probable or estimateable claims against the County that would materially affect the financial position of the County.

On December 3, 2018, the Convention Center Authority entered into the First Supplemental Trust Indenture related to the issuance of the Hotel Room Rental Tax Revenue Bonds, Series of 2014. The 2014 bonds debt service payments are guaranteed by the County. As of December 31, 2021, \$58,990,000 of the bonds remained outstanding. The County does not expect to make a payment on the guarantee; therefore, the County has not recognized a liability.

On May 15, 2004, the County guaranteed revenue bonds issued by the Redevelopment Authority in the amount of \$13,505,000 to fund the site acquisition, design, construction, and operation of a multi-purpose stadium and related improvements. The bonds of the Redevelopment Authority are payable solely and exclusively from, and secured by, (1) the use of the multi-purpose stadium facilities, (2) restricted funds established under the indenture, and (3) to the extent necessary, sums the County is obligated to pay pursuant to the guaranty agreement. On January 15, 2013, the bonds were refunded through the issuance of the Redevelopment Authority of the County of Lancaster Taxable Guaranteed Stadium Bonds, Series of 2013, in the amount of \$10,950,000. As of December 31, 2021, \$4,015,000 of the bonds remained outstanding. The County guaranteed lease rental debt of the Redevelopment Authority for the stadium. As of December 31, 2021, the County's guarantee equaled a maximum annual debt service amount of \$1,097,590.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

13. Commitments and Contingent Liabilities (continued)

On December 21, 2016, the County approved a resolution where the Lancaster Baseball Club, LLC (the Club) requested assistance from the County for a portion of the debt service for a limited period of time on the Redevelopment Authority of the County of Lancaster Taxable Guaranteed Stadium Bonds, Series of 2013. The agreement was subsequently approved on February 17, 2017. Under the agreement the County will allocate an amount of up to \$450,000 per year for six years, from 2017 to 2022, to assist with debt service on the Redevelopment Authority's bonds. The amounts allocated by the County are not to exceed \$2,700,000 and are considered a loan to the Club which must be repaid. The loan will bear interest at 6% beginning on January 1, 2020. The Club will pay annual principal installments of \$270,000 beginning on January 1, 2023, until the principal and all accrued interest are paid in full. Commencing in 2017, the Club, or its partners, will pledge to the County, security in the form of mortgage liens on property in Lancaster County equal in value to the outstanding principal amount of the loan plus accrued interest. Effective January 1, 2023, the Club will assume responsibility for making all payments of debt service due on the Redevelopment Authority of the County of Lancaster Taxable Guaranteed Stadium Bonds, Series of 2013.

It was determined that the County is more likely than not to loan the Club an amount for a portion of the debt service of the bonds. The amount of the liability is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of this agreement.

The liability recognized for nonexchange financial guarantees by the County as of December 31, 2021, is as follows:

Balance as of January 1, 2021	Increases	Decreases	Balance as of December 31, 2021
\$ 900,000	\$ —	\$ 450,000	\$ 450,000

On September 2, 2005, the County guaranteed a note in the amount of \$100,000 issued by the Lancaster Industrial Development Authority to the Redevelopment Authority. Principal and interest on this note are due June 30, 2025.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

13. Commitments and Contingent Liabilities (continued)

Discretely Presented Component Unit

Under the continuing covenant agreement, the Convention Center Authority is required to maintain certain minimum balances in the funds held at the Trustee Bank. Failure to meet this liquidity covenant for any quarterly period represents an event of default.

14. Other Post-Employment Benefits

Summary of Significant Accounting Policies

The County has committed to provide other post-employment benefits (OPEB) to its retirees if they meet certain requirements. The financial information is prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the commitment. The total OPEB liability is calculated based on the entry age normal level percent of pay actuarial cost method. These benefits are not currently pre-funded by the County.

Description of Plan

The County, through its substantive commitment to provide OPEB benefits, maintains a single employer defined benefit plan to provide certain postretirement healthcare benefits to former full-time employees who meet certain eligibility requirements. The County is assumed to be a single employer without a special funding situation without a qualified trust for the purposes of reporting under GASB 75.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

Plan Administration

The County sponsors a medical and prescription drug plan for its employees. Eligible retirees may continue health coverage through the County for life or Medicare eligibility, depending on their hire date. The County funds its OPEB on a pay-as-you-go basis and has no plan assets (investments) used specifically for paying the post-retirement medical benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The County is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the plan consists solely of the County's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated. Benefit and contribution provisions of the plan are authorized and amended by the County Commissioners.

Plan Membership

As of December 31, 2021, the plan's membership consisted of the following:

Retirees receiving benefits	677
Active members	1,276
Total membership	<u>1,953</u>

Benefits Provided

The benefits cover eligible retirees who elect to participate and pay any required contributions. Specific details of the plan include the provision of certain hospitalization, major medical insurance, and prescription drug coverage. These benefits are provided through insurance companies. Such benefits are not available to members' spouses or dependents; rather, only to former employees as previously described. There are no employer-subsidized ancillary benefits (life insurance, dental, and/or vision) at retirement.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

Benefits Provided (continued)

To be eligible for the benefits full-time employees must meet certain eligibility requirements. Full-time employees hired before January 1, 2012, are eligible for lifetime retiree health benefits once they are eligible to receive retirement income from the Employee Retirement Plan and have five years of service. Full-time employees hired January 1, 2012, through December 31, 2018, are eligible for retiree health benefits until Medicare eligibility once they are eligible to receive retirement income from the Employee Retirement Plan and have 20 years of service. Employees hired on or after January 1, 2019, are not eligible for retiree health benefits. Eligibility requirements to receive retirement income from the Employee Retirement Plan are as follows:

- Normal Retirement: Earlier of (a) age 55 with 20 years of service or (b) age 60 (no service requirement).
- Early Retirement: 20 years of service.

Contributions

Since the County funds its OPEB on a pay-as-you-go basis and has no plan assets used specifically for paying the post-retirement medical benefits, premiums under the plan for post-employment healthcare benefits are funded by retirees desiring such coverage via co-pays paid to the County in accordance with rates established by the County and by the County itself from appropriate governmental funds. For 2021, contribution rates for plan members under 65 equaled \$27.82 per participant per month. Contribution rates for plan members 65 and over equaled \$85.20 per participant per month. For the year ended December 31, 2021, plan members receiving benefits paid \$565,599, which was used to offset the County's total outlays to insurance carriers equaling \$2,572,561 for current year premiums due. The net outlay from the County, which equaled \$2,006,962 represents the County's net cost paid for current year premiums due.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.05% for the current measurement period. GASB 75 specifies that the discount rate should be selected based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). As prescribed by GASB 75, since the County does not fund the plan, the discount rate is set equal to the 20-year municipal bond rate, which was 2.05% as of December 31, 2021.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the County, calculated using the discount rate of 2.05%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (1.05%) or one-percentage-point higher (3.05%) than the current rate:

	1% Decrease <u>(1.05%)</u>	Current Discount <u>Rate (2.05%)</u>	1% Increase <u>(3.05%)</u>
County's net OPEB liability	\$84,243,749	\$73,044,011	\$63,898,018

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend

The healthcare trend assumption used in the valuation was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The healthcare trend assumptions are shown below:

<u>Year</u>	<u>Annual Trend</u>
2021	5.65%
2022	5.75%
2023	5.50%
2024	5.40%
2025	5.36%
2030	5.18%
2035	5.18%
2040	5.18%
2050	5.18%
2060	4.83%
2070	4.38%
2075 & Ultimate	4.04%

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend (continued)

The following presents the net OPEB liability of the County, calculated using the annual healthcare cost trend assumption noted, as well as what the County's net OPEB liability would be if it were calculated using a trend rate that is one-percentage-point lower or one-percentage-point higher than the current trend:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
County's net OPEB liability	\$61,234,461	\$73,044,011	\$88,374,709

Total OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, and projected forward to December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.00%
Discount rate	2.05% measurement date
Mortality table	Pub-2010 General Employees / Retirees Headcount-Weighted projected fully generationally using MP-2019 improvement scale
Healthcare cost trends	5.75% for 2022, decreasing to an ultimate rate of 4.04% by 2075

The following assumptions have been updated since the last valuation:

- Health care trend rates applicable to per capita claims costs have been updated from 2019 Getzen to 2021 Getzen model, with an initial rate that is based on the actual premium increase. This change caused a significant decrease in the County's liability.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

Changes in Net OPEB Liability

During the year ended December 31, 2021, the following changes occurred in net OPEB liability:

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 12/31/2020	\$ 110,146,185	\$ -	\$ 110,146,185
Changes for the Year:			
Service Cost	2,874,612	-	2,874,612
Interest	2,374,879	-	2,374,879
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(42,142,397)	-	(42,142,397)
Changes in Assumptions or Other Inputs	1,797,694	-	1,797,694
Contributions	-	2,006,962	(2,006,962)
Benefit Payments	(2,006,962)	(2,006,962)	-
Administrative Expenses	-	-	-
Net Changes	(37,102,174)	-	(37,102,174)
Balances at 12/31/2020	\$ 73,044,011	\$ -	\$ 73,044,011

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the 2021 measurement period, the County recognized pension expense of \$(9,219,083) and reported deferred outflows of resources / (deferred inflows of resources) related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>(Deferred Inflows)</u>
Differences between expected and actual experience	\$ -	\$ (52,951,990)
Change of assumptions or other inputs	5,913,656	(24,247,956)
Total	<u>\$ 5,913,656</u>	<u>\$ (77,199,946)</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

14. Other Post-Employment Benefits (continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Years ending:	
2022	\$ (14,468,574)
2023	(14,468,574)
2024	(14,468,575)
2025	(12,139,193)
2026	(9,977,845)
Thereafter	<u>(5,763,529)</u>
	<u><u>\$ (71,286,290)</u></u>

For the 2021 measurement period, the County had no outstanding amount of contributions for the OPEB required for the year ended December 31, 2021.

15. Employee Retirement Plan (Pension Trust Fund)

Summary of Significant Accounting Policies

The Lancaster County Employee Retirement Plan's (the Plan) financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

Description of Plan

The County maintains a single-employer contributory defined benefit pension plan covering substantially all County employees. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Plan is considered part of the County's financial reporting entity and is included in the County's financial statements as a Pension Trust Fund. The Plan does not issue a stand-alone financial report.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Plan Administration

The Plan is governed by the 1971 County Pension Law, Act 96, of the General Assembly of the Commonwealth of Pennsylvania, as amended, cited as the County Pension Law (the Act). The Act provides for the creation, maintenance, and operation of this Plan. Benefit and contribution provisions of the Plan are established and can be amended as provided by the Act.

Management of the Plan is vested in the Retirement Board, which consists of five members – three elected County Commissioners, the County Controller and the County Treasurer.

Administrative costs of the Plan, in accordance with a 1991 amendment to the Act, may be paid from Plan assets unless it is determined by the actuary that such payment will impair the actuarial soundness of the Plan. During 2021, administrative costs totaling \$97,004 were paid from Plan assets.

The Act makes no provision for termination of the Plan.

Plan Membership

Membership in the Plan is mandatory for all full-time County employees. As of December 31, 2021, the Plan's membership consisted of the following:

Retirees and beneficiaries receiving benefits	1,454
Terminated Plan members enrolled but not yet receiving benefits	267
Active Plan members	<u>1,540</u>
Total members	<u><u>3,261</u></u>

Benefits Provided

The Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the members' highest three-year average salary times the member's years of service depending on class basis. Retirement benefits vest after five years of credited service. Employees who retire at age 60 or with 20 years of service, if at least 55 years of age, are entitled to an unreduced annual retirement benefit. Employees are eligible for a reduced annual retirement benefit after accumulating 20 years of service prior to reaching age 55.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Benefits Provided (continued)

All plan members are eligible for disability benefits after five years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25% of the highest average salary at time of retirement.

Death benefits for a member who dies with ten years of service prior to retirement is the total present value of member's retirement paid in a lump sum.

Employees that are involuntarily terminated from County employment are eligible for a reduced annual retirement benefit after accumulating eight years of service under certain circumstances.

A plan member who leaves County service with less than five years of service may withdraw their contributions, plus any accrued interest.

The general annual benefit is from 0.833% to 1.25% (depending on the date the employee entered the Plan) of the employee's highest three-year salary times years of service.

On an ad hoc basis, cost-of-living adjustments (COLA) to each member's retirement allowance shall be reviewed at least once every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index.

Contributions

Covered employees are required by the Act to contribute to the Plan at a rate of 5% of their annual covered salary. Employees may contribute up to an additional 10% of gross pay, at their option. The contributions are recorded in an individually identified account which is also credited with interest, calculated to yield between 4.0% - 5.5% (as determined by the Retirement Board) compounded annually. Accumulated employee contributions and credited interest, which amounted to \$76,811,544 as of December 31, 2021, vest immediately and are returned upon termination of service if the employee is not eligible for other benefits.

An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2021 measurement period, the active member contribution rate was 5.0% of annual pay, and the County average contribution rate was 6.10% of annual payroll.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Contributions (continued)

The Plan's funding policy provides for periodic member contributions as discussed above and employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The actuarial cost method used to determine the Plan's funding requirements is the entry age normal method. Under this method, an actuarial accrued liability is determined as the actuarial present value of projected benefits for all participants minus the actuarial present value of future normal costs. The normal cost is determined as the annual amount required to fund between entry age and assumed exit age the actuarial present value of projected benefits for each active participant under the assumed retirement age. Significant actuarial assumptions used to compute the annual employer required contributions for the current year are the same as those used to compute the net pension liability.

Discount Rate

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation for the 2021 measurement period are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	5.4-6.4%
International equity	5.5-6.5%
Fixed income	1.3-3.3%
Real estate/Alternative	4.5-5.5%
Cash	0.0-1.0%

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Discount Rate (continued)

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower, 6.00%, or one-percentage-point higher, 8.00%, than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
County's net pension liability	\$20,147,891	\$(24,396,495)	\$(59,512,504)

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Investments

The Plan's investments are held in a bank-administered trust fund. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's asset allocation policy for the 2021 measurement period:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	48%
International equity	22%
Fixed income	22%
Real estate	7%
Cash	1%

The Plan's investment policy does not allow for an investment of 5% or more of Plan investments in any single corporation or group of affiliated corporations.

For the 2021 measurement period, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.86%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Total Pension Liability

The total pension liability was determined by an actuarial valuation for the 2021 measurement period as of January 1 and rolled-forward to December 31 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.00% average, including inflation
Investment rate of return	7.00% net of pension plan investment expense, including inflation
Postretirement benefit increases	none

Mortality rates were based on the PubG-2010 Mortality Table for males and females with generational mortality improvement using MP19.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Net Pension Liability

The components of the net pension liability (asset) of the County for the 2021 measurement period were as follows:

Total pension liability	\$ 365,572,177
Plan fiduciary net pension	<u>389,968,672</u>
County's net pension liability (asset)	<u>\$ (24,396,495)</u>
Plan fiduciary net position as a percentage of the total pension liability	106.67%

The actuarial assumptions used in the valuation for the 2021 measurement period were based on past experience under the plan and reasonable future expectations, which represent our best estimate of anticipated experience under the plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result.

The amortization of the unfunded actuarial accrued liability is over a 30-year period on a closed basis. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Changes in Net Pension Liability (Asset)

During the year ended December 31, 2021, the following changes occurred in net pension liability (asset):

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balances at 12/31/2020	\$ 353,363,617	\$ 348,780,651	\$ 4,582,966
Changes for the Year:			
Service Cost	5,996,330	-	5,996,330
Interest	24,602,532	-	24,602,532
Differences Between Expected and Actual Experience	2,250,779	-	2,250,779
Changes in Assumptions	-	-	-
Contributions – Employer	-	5,142,723	(5,142,723)
Contributions – Member	-	6,270,764	(6,270,764)
Net Investment Income	-	50,512,619	(50,512,619)
Benefit Payments, Including Refunds of Member Contributions	(20,641,081)	(20,641,081)	-
Administrative Expenses	-	(43,928)	43,928
Other	-	(53,076)	53,076
Net Changes	12,208,560	41,188,021	(28,979,461)
Balances at 12/31/2021	\$ 365,572,177	\$ 389,968,672	\$ (24,396,495)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the 2021 measurement period, the County recognized pension income of \$(4,899,732) and reported deferred outflows of resources / (deferred inflows of resources) related to pensions from the following sources:

	Deferred Outflows	(Deferred Inflows)
Differences between expected and actual experience	\$ 2,073,471	\$ -
Change of assumptions	14,562,311	-
Net difference between projected and actual earnings on pension plan investments	-	(37,910,758)
Total	\$ 16,635,782	\$ (37,910,758)

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Employee Retirement Plan (Pension Trust Fund) (continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Years ending:	
2022	\$ (1,684,689)
2023	(9,293,675)
2024	(5,217,464)
2025	<u>(5,079,148)</u>
	<u>\$ (21,274,976)</u>

For the 2021 measurement period, the County had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

Legally Required Reserves

As of December 31, 2021, the Plan has a balance of \$76,811,544 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2021. Since these accumulations represent the present value as of December 31, 2021, of future benefits, the reserve balance and liability are identical.

The Plan has a balance of \$83,570,400 in the County Annuity Reserve Account as of December 31, 2021. This balance and the amounts expected to be credited in the future, plus investment earnings, represent the reserves set aside for the payment of the County's share of the retirement allowances.

This is the account out of which regular interest is credited to the Members' Annuity Reserve Account and Retired Members' Reserve Account, administrative expenses may be paid, and the pension obligations of the County are funded.

When a County annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County Annuity Reserve Account to the Retired Members' Reserve Account to provide for such County annuities actually entered upon.

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The assets allocated to this reserve account as of December 31, 2021, amount to \$179,049,811. The corresponding liability for those annuitants on the roll is identical.

16. Derivative Instruments

Objectives of the Interest Rate Swap

In order to take advantage of interest rate environments in the financial markets, the County has previously entered into a pay-fixed/receive-variable interest rate swap associated with the general obligation debt series listed below.

Significant Terms, Fair Values, and Credit Risk

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The fair value measurement level for the County's interest rate swap is considered Level 2 based on significant observable inputs.

The associated debt series (general obligation bonds or notes), terms, notional amounts, cash received at initiation, fair values, changes in fair values, classifications, and counterparty credit ratings of the outstanding swap as of December 31, 2021, are as follows. The swap agreement contains scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated original debt series.

Hedged Derivative Instruments – Floating to Fixed Swap

Associated Debt Series	Effective Date	Termination Date	Type	County Pays	County Receives	Swap Notional Amount	Cash Received at Initiation	Classification	Change in Fair Value	Classification	Fair Value 12/31/2021	Counterparty Credit Rating*
GON 2002A	1/1/2002	10/25/2030	Pay-fixed/ receive- variable swap	5.195%	60% 1m LIBOR +30.3bp	<u>\$24,697,000</u>	<u>\$3,000,000</u>	Deferred Outflows of Resources	<u>\$1,278,927</u>	Debt	<u>\$(3,638,522)</u>	Aa2 / A+ / AA

*Moody's, Standard & Poor's, and Fitch credit ratings

The unamortized portion of the up-front premium received by the County related to the swap or hedged derivative instrument is considered a borrowing for financial reporting purposes and is recorded as a liability in the government-wide financial statements in the amount of \$921,738, with the balance of \$2,716,783 recorded as an interest rate swap liability.

16. Derivative Instruments (continued)

Credit Risk

Because the hedged derivative has a negative fair value, the County is currently not exposed to credit risk. However, should interest rates change and the fair value of the swap become positive, the County would be exposed to credit risk in the amount of the derivative's fair value.

Basis Risk

Basis risk exists to the extent the County's variable rate debt coupon payments do not exactly equal the index on the associated swap. The swap exposes the County to basis risk, should there be a variance between the 1-Month LIBOR rate, the basis of the swap interest payments, and SIFMA, the basis of the associated debt's interest payments, converge, it will have an impact on the synthetic rate on the associated debt. The effect of this difference in basis is indicated by the differences between the intended synthetic rates and the actual synthetic rates as of December 31, 2021. As of December 31, 2021, the 1-Month LIBOR rate equaled .102% and SIFMA equaled .10%.

Interest Rate Risk

The County's interest rate swap serves to guard against a rise in variable interest rates associated with the outstanding variable rate debt series. However, if the LIBOR index decreases, the County's net payment on interest rate swap increases; therefore, the County is exposed to interest rate risk on its interest rate swap.

Termination Risk

The termination exposure of the County's swap agreement as of December 31, 2021, is limited only to the swap with negative fair values; the County would have to pay the respective amounts in order to terminate the associated swap. Either the County or the Counterparty can terminate the agreements if certain contractual events occur including the reduction of either party's credit rating below BBB+ as rated by Standard & Poor's or Baa1 as rated by Moody's.

16. Derivative Instruments (continued)

Swap Payments and Associated Debt

Using rates as of December 31, 2021, debt service requirements of the variable rate debt and net swap payments are illustrated as follows. As rates vary, variable rate debt interest payments and net swap payments will vary.

Fiscal Year Ending December 31	Variable Rate Debt		Interest Rate	
	Principal	Interest	Swap, Net	Total
2022	\$ 1,545,000	\$ 16,095	\$ 777,529	\$ 2,338,624
2023	1,635,000	14,460	698,544	2,348,004
2024	1,730,000	12,730	614,970	2,357,700
2025	1,830,000	10,900	526,565	2,367,465
2026	1,934,000	8,966	433,136	2,376,102
2027-2030	8,966,000	14,094	680,863	9,660,957
Total	<u>\$ 17,640,000</u>	<u>\$ 77,245</u>	<u>\$ 3,731,607</u>	<u>\$ 21,448,852</u>

Discretely Presented Component Unit

Objective of the Interest Rate Swap

As a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in March 2007, the Convention Center Authority entered into an interest-rate swap in connection with Series of 2003 and Series of 2007 variable rate hotel room rental tax revenue bonds. The intention of the swap was effectively to change the Convention Center Authority's variable interest rate on that portion of the bonds to a synthetic rate of 3.65%. Pursuant to an amended and restated confirmation between the Convention Center Authority and the Counterparty, Wells Fargo Bank, dated September 28, 2011, the amortization, maturity dates, and fixed payment rates on the swap related to the bonds were amended. Effective October 3, 2011, the fixed payment on the swap related to the Series of 2003 bonds was 3.67% and the fixed payment on the swap related to the Series of 2007 bonds was 3.57%.

16. Derivative Instruments (continued)

Discretely Presented Component Unit (continued)

Objective of the Interest Rate Swap (continued)

Pursuant to an amended and restated confirmation between the Convention Center Authority and the bank, dated November 27, 2018, the fixed payment rates and the floating rates on the swap related to the bonds were amended. Effective December 1, 2018, through the mandatory tender date of December 1, 2023, in conjunction with the agreement and the First Supplemental Trust Indenture, the synthetic fixed rate on the swap related to the Series of 2003 bonds is 4.07%, the synthetic fixed rate on the swap related to the Series of 2007 bonds is 3.97%, and the floating rate for both the Series of 2003 bonds and Series of 2007 bonds is 80% of the one-month LIBOR. All other terms of the swap remained the same.

Terms

The bonds and the related swap agreements mature on December 1, 2042 (Series of 2003) and December 1, 2047 (Series of 2007), and the swap's notional amount of \$40,000,000 and \$23,920,000, respectively, was 100% of the total issue amount of the underlying bonds. The notional amount of the swap agreement decreases as the outstanding principal amount of the corresponding Series of 2003 bonds and Series of 2007 bonds were scheduled to decrease through maturing principal. The swap agreements were entered into in March 2007. Prior to October 3, 2011, under the swap agreements, the Convention Center Authority paid the counterparty a fixed payment of 3.65% and received a variable payment computed as 67% of the one-month LIBOR. Conversely, the bonds' variable-rate was based on the weekly rate determined by the remarketing agent. Effective October 3, 2011, the Convention Center Authority pays the counterparty a fixed payment of 3.67% related to the applicable notional amounts of the Series of 2003 bonds and 3.57% related to the applicable notional amounts of the Series of 2007 bonds. Effective December 1, 2018, the Convention Center Authority pays the counterparty a fixed payment of 4.07% related to the applicable notional amounts of the Series of 2003 bonds and 3.97% related to the applicable notional amounts of the Series of 2007 bonds.

16. Derivative Instruments (continued)

Discretely Presented Component Unit (continued)

Terms (continued)

Pursuant to the swap agreements, the Convention Center Authority pays or receives to/from the counterparty a monthly net swap payment. For the year ended December 31, 2021, the Convention Center Authority paid \$1,494,504 and \$949,624 fixed and received \$32,398 and \$21,105 variable with respect to the swap on the applicable notional amounts of the Series of 2003 bonds and the applicable notional amounts of the Series of 2007 bonds, respectively.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Convention Center Authority's financial statements. The swap is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the swap's fair value.

Fair Value Risk

Fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received. The fair value is based upon mid-market quotations for the transactions. Mid-market quotations are based on bid/ask quotations shown on reliable electronic information screens as of close of business on the date specified. Such amounts represent the present value difference between the floating rate receipt and fixed rate payment as of December 31, 2021, and the termination value fluctuates as the interest rates fluctuate.

Because the 2011 amendment and restatement changed the critical terms of the swap agreements, the original swap was effectively terminated upon amendment. At the date of amendment, the swap liability was reclassified to a swap borrowing on the balance sheet. Governmental accounting standards require that the borrowing be amortized to offset interest expense over the life of the bonds.

16. Derivative Instruments (continued)

Discretely Presented Component Unit (continued)

Fair Value Risk (continued)

The change in fair value for the interest rate swaps is as follows:

Associated Debt Series	Notional Amount	January 1, 2021 Fair Value	Amortization of Swap Borrowing	Change in Fair Value Subsequent to Termination	December 31, 2021 Fair Value
Series of 2003 Bonds	\$36,030,000	\$(14,736,785)	\$403,105	\$2,565,091	\$(11,768,589)
Series of 2007 Bonds	23,920,000	(14,735,899)	258,522	2,052,433	(12,424,944)
		<u>\$(29,472,684)</u>	<u>\$661,627</u>	<u>\$4,617,524</u>	<u>\$(24,193,533)</u>

Accounting and Risk Disclosures

As noted in the fair value table, the effect of the termination of the original swap resulted in a swap borrowing. As of December 31, 2021, current period changes in fair value for the swap are accounted for as an investment and are recorded on the statements of revenues, expenses, and change in net position as change in fair value of interest rate swap. The fair value of the outstanding swap as of December 31, 2021, is reported on the statement of net position as a combination of interest rate swap liability and swap borrowing.

Credit Risk

As of December 31, 2021, the Convention Center Authority's swap agreements were not exposed to credit risk, because they had a negative fair value. However, should interest rates change and the fair value of the swaps become positive, the Convention Center Authority would be exposed to credit risk in the amount of the swap agreement's fair value. As of December 31, 2021, the counterparty was rated Aa2 by Moody's, A+ by Standard & Poor's, and AA- by Fitch.

Swap Payments and Associated Debt

Using rates as of December 31, 2021, net swap payments on the applicable notional amounts of the Series of 2003 bonds and the applicable notional amounts of the Series of 2007 bonds, assuming current interest rates and floating rates under the swap agreement remain the same for their term, were as follows.

16. Derivative Instruments (continued)

Discretely Presented Component Unit (continued)

Swap Payments and Associated Debt (continued)

As these rates vary, net swap payments on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds will vary.

Series of 2003, Hotel Room Rental Tax Revenue Bonds

Fiscal Years Ending December 31	Notional Amount	Swap Agreement Payments, Net
2022	\$ 755,000	\$ 1,437,267
2023	830,000	1,407,120
2024	900,000	1,240,703
2025	980,000	1,208,291
2026	1,065,000	1,172,991
2027-2031	6,735,000	5,224,336
2032-2036	9,635,000	3,813,791
2037-2041	12,630,000	1,823,331
2042	2,500,000	90,050
	<u>\$ 36,030,000</u>	<u>\$ 17,417,880</u>

Series of 2007, Hotel Room Rental Tax Revenue Bonds

Fiscal Years Ending December 31	Notional Amount	Swap Agreement Payments, Net
2022	\$ -	\$ 930,249
2023	-	930,249
2024	-	837,675
2025	-	837,678
2026	-	837,678
2027-2031	-	4,188,388
2032-2036	-	4,188,384
2037-2041	370,000	4,188,388
2042-2046	17,475,000	2,929,246
2047	6,075,000	212,747
	<u>\$ 23,920,000</u>	<u>\$ 20,080,682</u>

17. Negative Unrestricted Net Position

Discretely Presented Component Unit

The Convention Center Authority's negative unrestricted net position, as shown on the December 31, 2021, statement of net position, is due to a GAAP requirement for governmental entities to terminate hedge accounting when a termination event has occurred on a derivative instrument (interest rate swap). A termination event occurs when a significant change in a critical term of an interest rate swap is made.

Since the 2008 national financial crises, the Convention Center Authority has had a significant interest rate swap liability and understood that the liability would be realized if, or when, the Convention Center Authority refinanced its bonds, or the hedge became ineffective. The October 2011 restructuring caused the Convention Center Authority to account for the termination of the hedge accounting as a liability on the statement of net position and recognize the swap loss on the statement of activities.

The December 31, 2021, fair value of the Convention Center Authority's interest rate swap was \$(24,193,533), when compared to the December 31, 2020, fair value of \$(29,472,684) for a positive change in valuation of \$5,279,151. All changes, including this \$5,279,151, in the fair value of the Convention Center Authority's interest rate swap is a reflection of market conditions and payments made under the swap agreement.

Required Supplementary Information

County of Lancaster, Pennsylvania

Schedule of Changes in the County's Net

Other Post-Employment Benefits Liability and Related Ratios

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 4,564,894	\$ 3,968,035	\$ 3,701,022	\$ 2,874,612
Interest	5,305,611	5,955,015	3,755,842	2,374,879
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(22,781,809)	(5,336,460)	(42,142,397)
Changes of assumptions	(16,305,682)	7,652,357	(24,163,728)	1,797,694
Benefit payments	<u>(2,297,673)</u>	<u>(2,326,238)</u>	<u>(2,352,103)</u>	<u>(2,006,962)</u>
Net change in total OPEB liability	(8,732,850)	(7,532,640)	(24,395,427)	(37,102,174)
Total OPEB liability - beginning	<u>150,807,102</u>	<u>142,074,252</u>	<u>134,541,612</u>	<u>110,146,185</u>
Total OPEB liability - ending (a)	<u>\$ 142,074,252</u>	<u>\$ 134,541,612</u>	<u>\$ 110,146,185</u>	<u>\$ 73,044,011</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,297,673	\$ 2,326,238	\$ 2,352,103	\$ 2,006,962
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(2,297,673)	(2,326,238)	(2,352,103)	(2,006,962)
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's net OPEB liability (asset) - ending (a) - (b)	<u>\$ 142,074,252</u>	<u>\$ 134,541,612</u>	<u>\$ 110,146,185</u>	<u>\$ 73,044,011</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 82,059,110	\$ 79,099,450	\$ 71,863,769	\$ 67,403,970
County's net OPEB liability as a percentage of covered payroll	173.14%	170.09%	153.27%	108.37%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

Notes To Schedule:

Effective 12/31/21, the discount rate assumption decreased from 2.12% to 2.05%.

County of Lancaster, Pennsylvania

Schedule of Changes in the County's Net

Pension Liability and Related Ratios

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total pension liability								
Service cost	\$ 7,432,726	\$ 7,406,881	\$ 7,580,247	\$ 7,837,482	\$ 6,883,927	\$ 7,045,808	\$ 5,911,178	\$ 5,996,330
Interest	17,783,441	18,633,288	19,529,550	20,145,143	21,101,524	21,878,922	23,703,120	24,602,532
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,208,250)	(737,485)	56,883	(1,685,093)	(958,324)	1,308,820	41,328	2,250,779
Changes of assumptions	-	-	-	3,718,617	4,712,326	-	25,105,791	-
Benefit of payments, including refunds of member contributions	(12,955,244)	(13,356,419)	(15,177,732)	(15,958,384)	(17,178,995)	(17,535,471)	(17,613,126)	(20,641,081)
Other	-	-	-	-	-	-	-	-
Net change in total pension liability	11,052,673	11,946,265	11,988,948	14,057,765	14,560,458	12,798,079	37,148,291	12,208,560
Total pension liability - beginning	239,811,138	250,863,811	262,810,076	274,799,024	288,856,789	303,417,247	316,215,326	353,363,617
Total pension liability - ending (a)	\$ 250,863,811	\$ 262,810,076	\$ 274,799,024	\$ 288,856,789	\$ 303,417,247	\$ 316,215,326	\$ 353,363,617	\$ 365,572,177
Plan fiduciary net position								
Contributions - employer	\$ 5,962,997	\$ 5,228,813	\$ 4,580,199	\$ 4,424,334	\$ 4,399,055	\$ 5,048,537	\$ 4,918,872	\$ 5,142,723
Contributions - member	5,034,095	4,973,865	5,110,678	5,401,676	5,597,884	5,762,873	6,074,437	6,270,764
Net investment income (loss)	13,976,986	(954,010)	18,635,668	39,274,752	(14,027,352)	54,392,796	38,178,785	50,512,619
Benefit payments, including refunds of member contributions	(12,955,244)	(13,356,419)	(15,177,732)	(15,958,384)	(17,178,995)	(17,535,471)	(17,613,126)	(20,641,081)
Administrative expense	(42,755)	(44,558)	(71,633)	(47,599)	(48,413)	(56,025)	(61,597)	(43,928)
Other	(21,557)	(22,027)	63,908	46,555	(42,173)	(30,910)	(29,043)	(53,076)
Net change in plan fiduciary net position	11,954,522	(4,174,336)	13,141,088	33,141,334	(21,299,994)	47,581,800	31,468,328	41,188,021
Plan fiduciary net position - beginning	236,967,909	248,922,431	244,748,095	257,889,183	291,030,517	269,730,523	317,312,323	348,780,651
Plan fiduciary net position - ending (b)	\$ 248,922,431	\$ 244,748,095	\$ 257,889,183	\$ 291,030,517	\$ 269,730,523	\$ 317,312,323	\$ 348,780,651	\$ 389,968,672
County's net pension liability (asset) - ending (a) - (b)	\$ 1,941,380	\$ 18,061,981	\$ 16,909,841	\$ (2,173,728)	\$ 33,686,724	\$ (1,096,997)	\$ 4,582,966	\$ (24,396,495)
Plan fiduciary net position as a percentage of the total pension liability	99.23%	93.13%	93.85%	100.75%	88.90%	100.35%	98.70%	106.67%
Covered payroll	\$ 77,867,605	\$ 79,478,129	\$ 81,355,686	\$ 80,039,687	\$ 82,059,110	\$ 83,892,412	\$ 83,386,323	\$ 84,337,086
County's net pension liability as a percentage of covered payroll	2.49%	22.73%	20.79%	(2.72%)	41.05%	(1.31%)	5.50%	(28.93%)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

County of Lancaster, Pennsylvania

Schedule of County Contributions

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 5,962,997	\$ 5,228,813	\$ 4,580,199	\$ 4,424,334	\$ 4,399,055	\$ 5,048,537	\$ 4,918,872	\$ 5,142,723
Contributions in relation to the actuarially determined contribution	5,962,997	5,228,813	4,580,199	4,424,334	4,399,055	5,048,537	4,918,872	5,142,723
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Covered payroll	\$ 77,867,605	\$ 79,478,129	\$ 81,355,686	\$ 80,039,687	\$ 82,059,110	\$ 83,892,412	\$ 83,386,323	\$ 84,337,086
Contributions as a percentage of covered payroll	7.66%	6.58%	5.63%	5.53%	5.36%	6.02%	5.90%	6.10%

Notes to schedule

Valuation date January 1, 2014 January 1, 2015 January 1, 2016 January 1, 2017 January 1, 2018 January 1, 2019 January 1, 2020 January 1, 2021

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates.

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	19 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3.0%
Salary increases	4.00% average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years' service

Mortality PubG-2010 Mortality Table for males and females with generational mortality improvement using MP19

Schedule of Investment Returns

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	6.50%	0.00%	8.10%	15.87%	(4.55%)	20.84%	12.99%	14.86%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - General Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget -- Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Real estate taxes	\$ 124,280,605	\$ 124,280,605	\$ 125,994,321	\$ 1,713,716
Intergovernmental	5,183,253	172,941,477	59,832,369	(113,109,108)
Departmental	28,221,770	28,236,420	28,043,545	(192,875)
Fines and costs	3,824,650	3,824,650	2,972,437	(852,213)
Investment earnings	200,000	270,679	259,871	(10,808)
Other	4,237,890	4,237,890	4,797,193	559,303
Total revenues	165,948,168	333,791,721	221,899,736	(111,891,985)
EXPENDITURES				
Current:				
General government	34,770,146	217,832,087	68,726,054	149,106,033
Public Safety	13,730,684	13,725,987	11,115,005	2,610,982
Judicial	48,414,576	48,575,773	45,959,362	2,616,411
Corrections	32,121,157	32,022,357	29,023,403	2,998,954
Cultural and recreation	2,724,165	2,642,030	2,414,488	227,542
Capital outlay	2,829,487	3,074,645	3,198,446	(123,801)
Debt service:				
Principal retirement	14,391,600	14,391,600	14,391,600	-
Interest and fiscal charges	7,895,212	7,914,395	7,126,362	788,033
Total expenditures	156,877,027	340,178,874	181,954,720	158,224,154
Excess (deficiency) of revenues over (under) expenditures	9,071,141	(6,387,153)	39,945,016	46,332,169
Transfers out	(13,851,119)	(13,851,119)	(26,210,244)	(12,359,125)
Total other financing sources (uses)	(13,851,119)	(13,851,119)	(26,210,244)	(12,359,125)
Net change in fund balances	\$ (4,779,978)	\$ (20,238,272)	13,734,772	\$ 33,973,044
Net decrease in due from other funds			24,163	
Fund balance, January 1, cash basis			47,964,005	
Fund balance, December 31, cash basis			61,722,940	
Differences from modified accrual basis:				
Receivables:				
Taxes, net			1,720,305	
Fines and costs, net			4,454,542	
Accounts			2,922,960	
Due from other funds			1,605,045	
Due from other governments			4,671,831	
Accounts payable			(7,574,900)	
Deferred inflows of resources			(4,883,695)	
Payroll related accruals			(3,404,668)	
Fund balance at December 31, modified accrual basis			\$ 61,234,360	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Children and Youth Services Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	\$ 35,802,137	\$ 35,802,137	\$ 31,489,795	\$ (4,312,342)
Departmental	855,178	855,178	377,600	(477,578)
Total revenues	36,657,315	36,657,315	31,867,395	(4,789,920)
EXPENDITURES				
Current:				
Health, education, and welfare:				
Children and youth	46,674,601	46,652,801	42,526,947	4,125,854
Capital outlay	139,811	161,611	12,774	148,837
Total expenditures	46,814,412	46,814,412	42,539,721	4,274,691
Excess (deficiency) of revenues over (under) expenditures	(10,157,097)	(10,157,097)	(10,672,326)	(515,229)
OTHER FINANCING SOURCES (USES)				
Transfers in	9,968,876	9,968,876	9,068,242	(900,634)
Net change in fund balances	\$ (188,221)	\$ (188,221)	(1,604,084)	\$ (1,415,863)
Fund balance, January 1, cash basis			2,343,324	
Fund balance, December 31, cash basis			739,240	
Differences from modified accrual basis:				
Due from other governments			4,894,278	
Accounts payable			(3,182,902)	
Payroll related accruals			(414,253)	
Fund balance at December 31, modified accrual basis			\$ 2,036,363	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Behavioral Health and Developmental Services Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	\$ 27,069,165	\$ 27,069,165	\$ 25,622,293	\$ (1,446,872)
Departmental	2,322,362	2,322,362	2,209,577	(112,785)
Total revenues	29,391,527	29,391,527	27,831,870	(1,559,657)
EXPENDITURES				
Current:				
Health, education, and welfare:				
Behavioral Health & Developmental Services	30,213,248	29,567,383	28,327,910	1,239,473
Capital outlay	171,985	817,850	360,388	457,462
Total expenditures	30,385,233	30,385,233	28,688,298	1,696,935
Excess (deficiency) of revenues over (under) expenditures	(993,706)	(993,706)	(856,428)	137,278
OTHER FINANCING SOURCES (USES)				
Transfers in	957,000	957,000	899,422	(57,578)
Net change in fund balances	\$ (36,706)	\$ (36,706)	42,994	\$ 79,700
Net decrease in due to other funds			(24,163)	
Fund balance, January 1, cash basis			172,420	
Fund balance, December 31, cash basis			191,251	
Differences from modified accrual basis:				
Due from other governments			4,704,755	
Other receivables			264,114	
Due to other funds			(1,605,045)	
Accounts payable			(3,214,125)	
Payroll related accruals			(340,950)	
Fund balance at December 31, modified accrual basis			\$ -	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Domestic Relations Special Revenue Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	\$ 4,792,856	\$ 4,792,856	\$ 5,290,016	\$ 497,160
Departmental	45,000	45,000	31,195	(13,805)
Investment earnings	25,000	25,000	18,184	(6,816)
Total revenues	4,862,856	4,862,856	5,339,395	476,539
EXPENDITURES				
Current:				
Judicial	7,204,786	7,166,286	6,491,283	675,003
Capital outlay	64,000	102,500	-	102,500
Total expenditures	7,268,786	7,268,786	6,491,283	777,503
Excess (deficiency) of revenues over (under) expenditures	(2,405,930)	(2,405,930)	(1,151,888)	1,254,042
OTHER FINANCING SOURCES (USES)				
Transfers in	2,378,889	2,378,889	2,370,666	(8,223)
Net change in fund balances	\$ (27,041)	\$ (27,041)	1,218,778	\$ 1,245,819
Fund balance, January 1, cash basis			13,442,474	
Fund balance, December 31, cash basis			14,661,252	
Differences from modified accrual basis:				
Due from other governments			1,140,597	
Accounts payable			(7,749)	
Payroll related accruals			(163,853)	
Fund balance at December 31, modified accrual basis			\$ 15,630,247	

County of Lancaster, Pennsylvania

Notes to Required Supplementary Information

1. Budgetary Basis of Accounting

The County's budgetary basis is substantially on a cash basis but includes some payroll related accruals and related interfund transactions.

2. Budgetary Basis Differences

The County's basis of accounting for budgetary purposes differs from its basis of accounting for GAAP reporting purposes.

General Fund revenues per schedule of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis – General Fund	\$ 221,899,736
Net adjustment to General Fund revenues based on differences in revenue recognition between the budgetary basis and GAAP basis	<u>(4,593,294)</u>
General Fund revenues per statement of revenues, expenditures, and changes in fund balances – General Fund	<u>\$ 217,306,442</u>
General Fund expenditures per schedule of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis – General Fund	\$ 181,954,720
Net adjustment to General Fund expenditures based on differences in expenditure recognition between the budgetary basis and GAAP basis	<u>(1,762,138)</u>
General Fund expenditures per statement of revenues, expenditures, and changes in fund balances – General Fund	<u>\$ 180,192,582</u>

County of Lancaster, Pennsylvania

Combining and Individual Fund Statements and Schedules

The following nonmajor governmental funds include special revenue funds used to account for revenues that are legally restricted to expenditures for particular purposes.

Office of Aging Fund

This fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to operate programs which assist citizens age 60 and older to maintain maximum independence and dignity in a home environment.

Drug and Alcohol Fund

This fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to plan, coordinate and administer service programs for the control of alcohol and drug abuse.

Liquid Fuels Fund

This fund is used to account for amounts received from the Commonwealth. These funds are restricted to building and improving local roads and bridges.

Agricultural Land Preservation Fund

This fund is used to account for amounts restricted for payments of easements to farmers within the County in efforts to preserve agricultural land.

Community Development Block Grant Fund

This fund is used to account for amounts received from various federal and state sources. These funds are restricted and passed through to the Lancaster County Redevelopment Authority to be used for the development of decent housing, a suitable living environment, and expanded economic opportunities within the County.

County of Lancaster, Pennsylvania

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2021

	Office of Aging	Drug and Alcohol	Liquid Fuels	Agricultural Land Preservation	Community Development Block Grant	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments:						
Operating	\$ 959,713	\$ 351,069	\$ 1,393,898	\$ 1,021,778	\$ -	\$ 3,726,458
Other	183,819	-	-	-	-	183,819
Other receivables	-	-	-	14,784	-	14,784
Due from other governments	1,888,387	660	223,792	-	-	2,112,839
Total assets	\$ 3,031,919	\$ 351,729	\$ 1,617,690	\$ 1,036,562	\$ -	\$ 6,037,900
LIABILITIES						
Liabilities:						
Accounts payable	\$ 353,755	\$ 330,832	\$ 274,485	\$ -	\$ -	\$ 959,072
Retainage payable	-	-	-	-	-	-
Unearned revenue-intergovernmental	-	-	1,259,854	-	-	1,259,854
Payroll related accruals	118,699	20,897	-	-	-	139,596
Total liabilities	472,454	351,729	1,534,339	-	-	2,358,522
FUND BALANCES						
Restricted						
Health, education, and welfare	2,559,465	-	-	-	-	2,559,465
Roads and bridges	-	-	83,351	-	-	83,351
Community development	-	-	-	1,036,562	-	1,036,562
Total fund balances	2,559,465	-	83,351	1,036,562	-	3,679,378
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 3,031,919	\$ 351,729	\$ 1,617,690	\$ 1,036,562	\$ -	\$ 6,037,900

County of Lancaster, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2021

	Office of Aging	Drug and Alcohol	Liquid Fuels	Agricultural Land Preservation	Community Development Block Grant	Total Nonmajor Governmental Funds
REVENUES						
Intergovernmental	\$ 8,496,887	\$ 4,564,999	\$ 3,062,132	\$ -	\$ 6,110,290	\$ 22,234,308
Departmental	36,641	-	-	-	-	36,641
Investment earnings	-	265	1,877	-	-	2,142
Other	-	270,009	-	-	-	270,009
Total revenues	8,533,528	4,835,273	3,064,009	-	6,110,290	22,543,100
EXPENDITURES						
Current:						
Roads and bridges	-	-	189,086	-	-	189,086
Health, education, and welfare:						
Drug and alcohol	-	5,052,524	-	-	-	5,052,524
Office of aging	9,147,159	-	-	-	-	9,147,159
Community development	-	-	-	160,186	6,110,290	6,270,476
Capital outlay	11,084	9,529	2,791,572	-	-	2,812,185
Total expenditures	9,158,243	5,062,053	2,980,658	160,186	6,110,290	23,471,430
Excess (deficiency) of revenues over (under) expenditures	(624,715)	(226,780)	83,351	(160,186)	-	(928,330)
OTHER FINANCING SOURCES						
Transfers in	694,159	226,780	-	-	-	920,939
Total other financing sources	694,159	226,780	-	-	-	920,939
Net change in fund balances	69,444	-	83,351	(160,186)	-	(7,391)
Fund balances, January 1	2,490,021	-	-	1,196,748	-	3,686,769
Fund balances, December 31	\$ 2,559,465	\$ -	\$ 83,351	\$ 1,036,562	\$ -	\$ 3,679,378

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Office of Aging Special Revenue Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	\$ 12,088,139	\$ 12,208,309	\$ 6,875,614	\$ (5,332,695)
Departmental	430,240	430,240	32,927	(397,313)
Other	547,900	547,900	3,714	(544,186)
Total revenues	13,066,279	13,186,449	6,912,255	(6,274,194)
EXPENDITURES				
Current:				
Health, education, and welfare:				
Office of Aging	13,741,165	13,854,693	9,170,859	4,683,834
Capital outlay	42,035	48,677	11,084	37,593
Total expenditures	13,783,200	13,903,370	9,181,943	4,721,427
Excess (deficiency) of revenues over (under) expenditures	(716,921)	(716,921)	(2,269,688)	(1,552,767)
OTHER FINANCING SOURCES (USES)				
Transfers in	694,159	694,159	694,159	-
Net change in fund balances	\$ (22,762)	\$ (22,762)	(1,575,529)	\$ (1,552,767)
Fund balance, January 1, cash basis			2,719,061	
Fund balance, December 31, cash basis			1,143,532	
Differences from modified accrual basis:				
Due from other governments			1,888,387	
Accounts payable			(353,755)	
Payroll related accruals			(118,699)	
Fund balance at December 31, modified accrual basis			\$ 2,559,465	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Drug and Alcohol Special Revenue Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	\$ 5,296,373	\$ 5,296,373	\$ 4,873,947	\$ (422,426)
Departmental	713,547	713,547	363,135	(350,412)
Investment earnings	4,000	4,000	265	(3,735)
Other	25,000	25,000	7,829	(17,171)
Total revenues	6,038,920	6,038,920	5,245,176	(793,744)
EXPENDITURES				
Current:				
Health, education, and welfare:				
Drug and alcohol	6,312,178	6,302,178	5,207,839	1,094,339
Capital outlay	1,085	11,085	9,529	1,556
Total expenditures	6,313,263	6,313,263	5,217,368	1,095,895
Excess (deficiency) of revenues over (under) expenditures	(274,343)	(274,343)	27,808	302,151
OTHER FINANCING SOURCES (USES)				
Transfers in	244,000	244,000	226,780	(17,220)
Net change in fund balances	\$ (30,343)	\$ (30,343)	254,588	\$ 284,931
 Fund balance, January 1, cash basis			96,481	
Fund balance, December 31, cash basis			351,069	
Differences from modified accrual basis:				
Due from other governments			660	
Accounts payable			(330,832)	
Payroll related accruals			(20,897)	
Fund balance at December 31, modified accrual basis			\$ -	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis - Liquid Fuels Special Revenue Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 4,141,250	\$ 4,141,250	\$ 2,966,591	\$ (1,174,659)
Investment earnings	1,000	1,000	1,877	877
Total revenues	4,142,250	4,142,250	2,968,468	(1,173,782)
EXPENDITURES				
Current:				
Roads and bridges	432,618	438,019	183,884	254,135
Capital outlay	7,984,834	7,979,433	2,773,904	5,205,529
Total expenditures	8,417,452	8,417,452	2,957,788	5,459,664
Net change in fund balances	\$ (4,275,202)	\$ (4,275,202)	10,680	\$ 4,285,882
Fund balance, January 1, cash basis			1,383,218	
Fund balance, December 31, cash basis			1,393,898	
Differences from modified accrual basis:				
Due from other governments			223,792	
Accounts payable			(274,485)	
Unearned revenue - intergovernmental			(1,259,854)	
Fund balance at December 31, modified accrual basis			\$ 83,351	

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STATISTICAL SECTION

This section of the County of Lancaster's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page No.
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	137
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	141
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	146
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	152
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	154
Miscellaneous Information These schedules contain principal officials, salaries, amounts of surety bonds, and insurance information.	159
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

County of Lancaster, Pennsylvania
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 46,196,645	\$ 49,226,216	\$ 57,793,520	\$ 64,556,495	\$ 75,140,193	\$ 80,877,957	\$ 93,658,350	\$ 109,267,372	\$ 125,380,916	\$ 138,618,561
Restricted for:										
Federal and state grant programs	15,743,623	17,286,265	19,216,375	20,536,531	21,327,572	22,585,892	25,228,498	22,582,791	23,659,563	23,894,084
Capital projects	19,226,280	19,560,818	10,977,876	1,879,240	1,161,931	8,967,292	4,322,534	11,357,475	10,254,171	5,302,635
Public Safety	26,000,000	18,485,979	9,817,893	2,239,642	583,382	614,273	4,041,083	1,714,607	2,617,106	1,962,353
Community Development	1,884,223	1,883,214	1,725,871	1,880,814	1,468,899	1,698,379	1,878,548	1,607,534	1,196,748	1,036,562
Unrestricted (deficit)	(109,299,728)	(104,543,590)	(84,961,252)	(76,842,980)	(63,591,276)	(66,249,267)	(158,229,087)	(160,230,998)	(146,845,287)	(93,776,511)
Total governmental activities net position	\$ (248,957)	\$ 1,898,902	\$ 14,570,283	\$ 14,249,742	\$ 36,090,701	\$ 48,494,526	\$ (29,100,074)	\$ (13,701,219)	\$ 16,263,217	\$ 77,037,684

County of Lancaster, Pennsylvania
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 53,090,406	\$ 53,456,166	\$ 47,688,115	\$ 49,312,867	\$ 49,177,536	\$ 49,950,520	\$ 55,746,397	\$ 49,021,353	\$ 121,743,085	\$ 62,541,277
Public Safety	14,403,729	21,902,476	14,921,490	15,945,032	9,599,612	8,350,879	13,440,839	13,768,065	13,221,475	12,353,393
Roads and bridges	629,269	391,992	675,825	1,287,186	689,583	1,211,032	793,224	870,158	1,041,649	1,073,484
Health, education, and welfare	168,906,330	154,045,202	166,191,063	156,728,546	177,315,144	188,162,861	186,450,247	141,006,233	72,878,166	73,356,007
Judicial	45,303,625	44,553,349	42,421,056	41,693,823	44,902,740	47,799,112	49,770,156	49,770,156	50,527,621	50,334,968
Corrections	28,052,063	26,707,583	26,397,549	26,710,816	28,250,573	30,680,241	28,560,290	29,626,093	27,053,428	30,764,447
Cultural and recreation	2,749,572	2,881,009	2,441,711	1,560,006	2,182,493	3,038,838	2,511,087	2,387,887	2,541,811	2,718,435
Community development	4,398,384	3,485,997	4,305,998	6,855,988	4,173,840	3,819,420	3,094,339	5,599,461	3,204,230	6,164,688
Bond issuance costs	-	282,181	127,854	-	-	82,135	-	-	-	-
Interest on long-term debt	10,298,347	10,599,734	10,605,535	9,539,788	8,665,991	7,993,434	7,988,477	7,516,540	7,230,109	7,044,609
Total governmental activities expenses	317,831,725	318,105,689	305,776,196	309,524,032	324,937,512	341,095,707	346,384,012	299,545,946	299,441,574	246,371,288
Program Revenues										
Governmental activities:										
Charges for services:										
General government	9,711,321	10,444,728	5,896,650	9,111,789	15,650,427	5,988,278	8,847,608	8,602,524	9,272,750	10,656,561
Public Safety	6,551,111	12,711,899	5,108,919	5,827,034	5,551,904	9,857,390	10,258,066	10,159,895	10,436,521	10,541,822
Roads and bridges	9,819	7,875	10,509	15,653	2,910	1,200	-	7,032	82,726	-
Health, education, and welfare	3,369,213	3,532,301	4,546,721	4,115,277	5,297,066	3,701,464	4,049,782	3,056,680	3,304,717	3,277,698
Judicial	9,154,345	7,948,172	8,267,853	6,851,144	7,862,100	7,900,002	8,637,187	8,600,636	6,186,625	6,284,040
Corrections	214,594	579,462	1,176,571	1,245,477	1,437,909	1,715,839	1,237,516	1,217,984	1,291,998	1,732,120
Cultural and recreation	279,979	411,646	293,848	305,651	298,106	315,900	312,231	337,464	110,679	248,279
Community development	1,884,223	-	-	145,882	11,062	229,480	180,169	21,860	22,550	-
Operating grants and contributions:										
General government	6,061,463	5,043,465	4,789,553	5,322,572	2,977,602	3,263,623	4,126,082	4,372,584	88,307,954	58,874,886
Public Safety	184,980	90,315	251,141	168,559	73,584	326,179	172,690	325,797	171,169	283,015
Roads and bridges	1,612,936	2,576,440	1,541,697	1,472,544	1,323,720	2,388,908	1,154,552	1,453,746	1,460,292	3,062,132
Health, education, and welfare	156,510,054	152,763,381	155,048,253	154,564,650	174,008,002	183,982,988	186,589,930	138,648,506	72,658,897	72,764,143
Judicial	8,198,497	8,105,142	7,874,568	6,758,492	8,771,902	8,847,099	8,174,387	7,518,974	8,217,494	7,531,473
Corrections	174,656	261,805	58,301	264,310	323,313	378,845	239,044	412,232	398,271	16,325
Cultural and recreation	197,605	-	122,600	33,057	-	-	-	-	-	-
Community development	4,398,384	3,484,987	-	6,468,065	3,730,895	3,886,225	2,976,983	5,416,618	3,278,169	6,110,290
Total governmental activities program revenues	208,513,180	207,961,618	196,891,096	202,670,156	227,320,502	232,753,430	236,956,227	190,152,532	205,200,812	181,382,784
Total government net expense	\$ (109,318,545)	\$ (110,144,071)	\$ (106,885,100)	\$ (106,853,876)	\$ (97,617,010)	\$ (108,342,277)	\$ (109,427,785)	\$ (109,383,414)	\$ (94,240,762)	\$ (64,988,504)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 106,177,196	\$ 116,526,852	\$ 117,215,756	\$ 118,030,667	\$ 119,276,761	\$ 120,289,592	\$ 121,588,905	\$ 122,387,004	\$ 123,724,847	\$ 125,470,686
Unrestricted investment earnings(loss)	1,097,557	(1,368,543)	2,340,725	158,622	181,209	628,929	1,671,559	2,425,265	480,351	292,285
Gain on sale of capital assets	-	134,501	-	-	-	(172,419)	-	-	-	-
Total governmental activities	\$ 107,274,753	\$ 115,292,810	\$ 119,556,481	\$ 118,189,289	\$ 119,457,970	\$ 120,746,102	\$ 123,260,464	\$ 124,792,269	\$ 124,205,198	\$ 125,762,971
Change in Net Position										
Governmental activities	\$ (2,043,792)	\$ 5,148,739	\$ 12,671,381	\$ 11,335,413	\$ 21,840,960	\$ 12,403,825	\$ 13,832,679	\$ 15,388,855	\$ 29,964,438	\$ 60,774,467

County of Lancaster, Pennsylvania
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable										
Restricted:										
Roads and bridges										
Capital Projects			2,207,871	1,546,324	1,806,246	2,452,086	2,608,700	2,489,093	1,354,422	1,188,605
General government	1,522,986	2,913,790	1,689,808	2,201,107	2,176,792	1,643,674	2,003,966	1,923,884	1,895,170	1,210,463
Public safety	26,540,769	18,485,979	9,817,893	2,239,642	583,382	614,273	4,041,083	1,714,607	2,617,106	1,962,353
Judicial	1,592,649	1,956,679	1,749,827	1,403,881	1,013,222	695,666	777,530	670,722	1,033,229	1,185,590
Committed:										
Capital projects			560,614							
Assigned:										
Capital projects				560,614	560,614	2,668,380	627,051			
Future benefits			3,000,000	1,500,000	1,183,724	1,106,718	1,014,267	1,030,640	1,029,327	1,070,183
Healthcare benefits	1,259,264	1,687,275	1,725,871	1,773,084	1,773,084	1,921,684	2,028,402	2,042,669	2,073,309	2,102,636
Corrections							1,380,972	1,408,387	1,832,801	2,482,794
Judicial								591,891	215,127	381,862
Postemployment benefits	2,275,734	1,220,973	1,212,719	4,387,135	2,522,436	559,689				
Unassigned				2,482,025	13,992,905	20,809,820	24,206,010	31,265,754	38,280,253	49,649,874
Total general fund	\$ 33,191,402	\$ 26,264,696	\$ 21,964,603	\$ 18,093,812	\$ 25,612,405	\$ 32,471,990	\$ 38,687,981	\$ 43,137,693	\$ 50,330,744	\$ 61,234,360
All other governmental funds										
Restricted:										
Health, education, and welfare	\$ 814,824	\$ 400,006	\$ 966,041	\$ 2,474,219	\$ 2,114,191	\$ 2,188,149	\$ 4,251,854	\$ 3,626,200	\$ 4,825,894	\$ 4,595,828
Capital projects	19,226,280	19,560,818	10,417,262	1,879,240	1,161,931	6,298,912	3,695,483	11,357,429	10,254,171	5,302,635
Roads and bridges	2,897,306	2,909,938	2,716,233	2,314,828	2,988,751	3,262,585	2,476,305			83,351
Judicial	8,388,628	9,105,852	9,886,595	10,596,172	11,228,370	12,343,732	13,110,143	13,872,892	14,550,848	15,630,247
Community development	2,536,562	2,239,586	1,734,932	1,880,814	1,468,899	1,698,379	1,878,548	1,607,534	1,196,748	1,036,562
Committed:										
Capital projects										13,317,755
Total all other governmental funds	\$ 33,863,600	\$ 34,216,200	\$ 25,721,063	\$ 19,145,273	\$ 18,962,142	\$ 25,791,757	\$ 25,412,333	\$ 30,464,055	\$ 30,827,661	\$ 39,966,378
Total fund balances of all governmental funds	\$ 67,055,002	\$ 60,480,896	\$ 47,685,666	\$ 37,239,085	\$ 44,574,547	\$ 58,263,747	\$ 64,100,314	\$ 73,601,748	\$ 81,158,405	\$ 101,200,738

Note: The County implemented GASB 54 in 2011 and elected, as permitted by GASB 54, to not retroactively recharacterize fund balance in governmental funds prior to 2011.

County of Lancaster, Pennsylvania
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 106,170,287	\$ 116,611,483	\$ 117,319,438	\$ 118,053,482	\$ 119,727,563	\$ 120,155,825	\$ 121,488,947	\$ 122,914,746	\$ 123,876,011	\$ 125,593,195
Intergovernmental	174,538,312	169,537,740	170,410,928	172,736,021	189,095,657	200,539,898	200,752,880	155,468,518	171,802,848	145,860,330
Departmental	24,736,156	31,744,650	20,681,144	24,720,276	24,923,631	25,194,997	28,324,797	27,088,191	27,120,132	29,236,641
Fines and costs	3,131,476	3,303,185	3,274,350	3,264,006	3,148,094	3,396,081	3,437,868	3,481,423	2,870,590	2,950,879
Interest	132,790	120,148	99,131	118,044	181,209	628,929	1,671,559	2,425,265	480,351	292,285
Other	4,132,985	1,169,894	1,037,730	1,889,819	5,250,330	2,401,533	2,008,674	1,762,615	1,867,080	1,938,888
Health Choices revenues	1,279,710	1,498,523	2,803,213	1,611,549	2,274,595	1,408,862	1,987,630	1,883,259	2,161,469	1,887,711
Total revenues	314,121,716	323,985,623	315,625,934	322,393,197	344,601,079	353,726,125	359,672,355	315,024,017	330,178,481	307,759,929
Expenditures										
General government	28,262,996	30,129,669	26,630,285	33,341,399	29,230,902	26,558,053	28,814,022	29,586,708	110,879,887	66,721,272
Public safety	12,548,142	26,192,813	12,912,527	12,835,662	10,545,603	11,451,363	11,315,166	9,246,079	12,132,088	11,166,686
Roads and bridges	274,373	-	228,635	764,722	133,735	643,259	172,458	155,629	217,992	189,086
Health, education and welfare	169,963,493	165,705,416	167,944,070	167,453,600	189,992,167	199,452,208	199,005,660	153,133,757	85,291,824	86,408,826
Judicial	47,317,507	46,435,758	44,702,380	43,756,961	47,064,579	48,650,871	49,639,857	50,853,793	50,888,826	52,456,995
Corrections	24,234,937	27,577,716	24,952,042	25,234,661	26,688,718	28,789,244	26,883,888	27,768,818	25,279,538	29,325,948
Cultural and recreation	2,475,240	2,360,554	2,185,938	1,343,717	2,084,548	2,226,828	2,168,802	2,233,046	2,195,785	2,427,147
Community development	4,398,384	3,781,963	4,406,566	6,468,065	4,153,872	3,866,225	2,976,983	5,709,492	3,711,505	6,270,476
Capital outlay	20,087,950	11,152,496	20,766,965	17,751,098	3,485,951	2,937,498	8,173,866	17,738,263	20,388,573	11,233,198
Debt service (1):										
Principal	13,102,700	13,751,800	13,651,000	14,633,587	15,361,100	17,053,400	17,009,700	16,549,400	17,026,400	14,391,600
Interest and fiscal charges	10,053,952	10,643,324	10,601,370	9,656,490	8,901,565	8,176,893	7,845,689	7,473,374	7,286,046	7,126,362
Bond issuance costs	997,526	282,181	127,854	-	-	82,135	-	123,691	115,927	-
Total expenditures	333,717,200	338,013,690	329,109,632	333,239,962	337,622,740	349,887,977	354,006,091	320,570,050	335,424,371	287,717,596
Excess (deficiency) of revenues over (under) expenditures	(19,595,484)	(14,028,067)	(13,483,698)	(10,846,765)	6,978,339	3,838,148	5,666,264	(5,546,033)	(5,245,890)	20,042,333
Other financing sources (uses)										
Transfers in	12,974,005	12,221,130	12,365,605	11,651,165	13,642,251	15,595,569	13,194,524	13,337,856	13,867,285	26,844,024
Transfers out	(12,974,005)	(12,221,130)	(12,365,605)	(11,651,165)	(13,642,251)	(15,595,569)	(13,194,524)	(13,337,856)	(13,867,285)	(26,844,024)
Discount on refunding bonds issued	(166,353)	-	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	2,842,564	27,149	8,487	2,170,372	3,087,988	3,202,917	860,303	571,904	4,543,478	-
Face amount of refunding bonds issued	52,830,000	28,380,000	8,185,000	28,900,000	26,495,000	40,620,000	13,320,000	8,455,000	28,550,000	-
Payment to refunded bond escrow agent	(54,855,913)	(28,205,000)	(8,065,633)	(30,670,188)	(29,225,865)	(43,337,812)	(14,010,000)	(8,935,285)	(32,767,153)	-
Premium on bonds issued	2,042,228	697	-	-	-	-	-	353,691	1,855,927	-
Face amount of bonds issued	23,305,000	6,795,000	-	-	-	6,255,000	-	11,770,000	10,560,000	-
Discount on bonds issued	-	-	-	-	-	(61,161)	-	-	-	-
Premium on swapion issued	-	1,865,000	-	-	-	-	-	-	-	-
Payment for refunded swaption issued	-	(1,757,500)	-	-	-	-	-	2,832,157	60,295	-
Issuance of capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	348,615	560,614	-	-	3,172,108	-	-	-	-
Total other financing sources (uses)	52,376,082	7,453,961	688,468	400,184	357,123	9,851,052	170,303	15,047,467	12,802,547	-
Net change in fund balances	\$ 32,780,598	\$ (6,574,106)	\$ (12,795,230)	\$ (10,446,581)	\$ 7,335,462	\$ 13,689,200	\$ 5,836,567	\$ 9,501,434	\$ 7,556,657	\$ 20,042,333
Debt service as a percentage of noncapital expenditures	7.4%	7.5%	7.9%	7.7%	7.3%	7.2%	7.7%	7.9%	7.7%	7.8%

(1) Amounts do not include debt service payments for bond issues refunded pursuant to advance refunding.

County of Lancaster, Pennsylvania
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 5

Year	Assessed Value	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value As A Percentage of Actual Value
2012	\$ 35,179,488,300	\$ 3,762,996,600	\$ 31,416,491,700	3.416	\$ 31,416,491,700	100%
2013	35,533,876,800	3,833,025,400	31,700,851,400	3.735	31,700,851,400	100%
2014	35,781,687,200	3,845,418,300	31,936,268,900	3.735	31,936,268,900	100%
2015	36,156,664,400	3,917,166,800	32,239,497,600	3.735	32,239,497,600	100%
2016	36,426,137,300	3,937,204,000	32,488,933,300	3.735	32,488,933,300	100%
2017	36,503,647,800	3,974,265,300	32,529,382,500	3.735	32,529,382,500	100%
2018	47,551,615,300	5,060,205,600	42,491,409,700	2.911	42,491,409,700	100%
2019	48,013,465,300	5,082,549,700	42,930,915,600	2.911	42,930,915,600	100%
2020	48,441,156,100	5,133,330,300	43,307,825,800	2.911	43,307,825,800	100%
2021	48,944,945,500	5,143,200,000	43,801,745,500	2.911	43,801,745,500	100%

Source: County of Lancaster Assessment Office

Note: Property in Lancaster County is assessed based upon 100 percent of the base year estimated market value.

Note: Assessed value by major component not available.

Real Property Assessment Data

Year	Market Value	Assessed Value	Common Level Ratio
2012	\$ 39,868,644,289	\$ 31,416,491,700	.7880
2013	39,331,081,141	31,700,851,400	.8060
2014	40,374,549,810	31,936,268,900	.7910
2015	41,599,351,742	32,239,497,600	.7750
2016	43,031,699,735	32,488,933,300	.7550
2017	44,137,561,058	32,529,382,500	.7370
2018	42,491,409,700	42,491,409,700	.0000
2019**	49,402,664,672	42,930,915,600	.8690
2020**	51,990,187,035	43,307,825,800	.8330
2021	56,084,181,178	43,801,745,500	.7810

Source: County of Lancaster Assessment Office

**Corrected Common Level Ratio from 2019 & 2020

County of Lancaster, Pennsylvania
Property Tax Rates
Direct and Overlapping Governments (1)
Last Ten Fiscal Years
(In Mills)

Table 6

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Direct Rate:	3.4160	3.7350	3.7350	3.7350	3.7350	3.7350	2.9110	2.9110	2.9110	2.9110
City rate:										
Lancaster	12.0400	13.0400	13.0400	14.0200	14.0200	14.4400	10.7000	11.7000	11.7000	11.7000
Borough rates:										
Adamstown	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.0410	2.0410	2.0410	2.0410
Akron	2.5000	2.5000	2.5000	2.7500	2.7500	2.7500	2.3200	3.0000	3.0000	3.0000
Christiana	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	3.6110	3.6110	3.6110	3.6110
Columbia	8.0000	8.0000	8.0000	8.0000	8.0000	8.0000	6.6000	8.0000	8.0000	8.0000
Denver	3.0000	3.0000	3.0000	3.0000	3.0000	3.1500	2.5270	2.5300	2.6600	2.7900
East Petersburg	2.3940	2.3940	2.3940	3.3940	3.3940	3.3940	2.7470	4.7470	4.7470	4.7470
Elizabethtown	5.0000	5.0000	5.0000	5.2000	5.5000	5.6000	4.3000	4.4000	4.6000	4.6000
Ephrata	2.0700	2.0700	2.0700	2.0700	2.0700	2.2800	1.7625	1.7625	1.7625	1.7625
Litz	2.1000	2.1000	2.1000	2.6000	2.6000	2.6000	2.0000	2.0000	2.0000	2.0000
Manheim	4.0000	4.7500	4.7500	4.8500	5.0500	5.8500	4.6400	4.6400	4.8900	4.8900
Marietta	5.5000	6.5000	6.5000	6.5000	6.5000	6.5000	5.1500	5.1500	6.1500	6.1500
Millersville	5.4500	5.4500	5.4500	5.7200	6.2000	6.4000	4.9000	5.1500	5.5000	5.5000
Mount Joy	4.4600	4.7000	4.9100	4.9100	4.9100	4.9100	3.7540	3.7540	3.9800	3.9800
Mountville	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.0700	2.0700	2.0700	2.0700
New Holland	3.4000	3.4000	3.4000	3.4000	3.4000	3.4000	2.7500	2.7500	3.2500	3.2500
Quarryville	4.7500	4.7500	4.7500	4.7500	6.0000	6.0000	4.6300	4.6300	4.6300	4.6300
Strasburg	3.0800	3.0800	3.0800	3.2800	3.2800	3.2800	2.6500	2.8600	3.0300	3.0300
Terre Hill	4.7000	5.0000	5.0000	5.0000	5.0000	5.0000	4.2500	4.2500	4.2500	4.2500
Township rates:										
Bart	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.4750	0.4750	0.4750	0.4750
Brecknock	0.2690	0.2690	0.2690	0.2690	0.2690	0.2690	0.2330	0.2563	0.4063	0.5563
Caernarvon	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0117	0.0117	0.0117	0.0117
Clay	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.1700	1.1700	1.1700	1.1700
Colerain	0.6120	0.6620	0.6620	0.6620	0.6620	0.6620	0.5180	0.5180	0.5180	0.5180
Conestoga	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	0.8710	0.8710	0.8710	0.8710
Drumore	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.8459	0.8459	0.8459	0.8459
Earl	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	0.9780	0.9780	0.9780	0.9780
East Cocalico	1.7000	2.0500	2.0500	2.0500	2.0500	2.0500	1.6460	1.7330	1.7330	1.7680
East Donegal	3.7500	3.7500	3.9500	3.9500	3.9500	3.9500	3.1165	3.1165	3.1165	3.1165
East Drumore	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3300	0.3300	0.3300	0.3300
East Earl	1.8000	1.9000	1.9000	1.9000	2.0500	2.0500	1.7000	1.7000	1.7000	1.7000
East Hempfield	1.1200	1.1200	1.1200	1.1200	1.1200	1.1200	0.8500	0.8500	0.8500	0.8500
East Lampeter	1.4620	1.6000	1.6000	1.6000	1.7300	1.9900	1.7500	1.9000	1.9000	1.9000
Eden	0.7000	0.8000	0.8000	0.9500	1.0500	1.1500	0.9320	0.9500	1.0000	1.0200
Elizabeth	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.5000	0.5000	0.5000
Ephrata	1.3700	1.3700	1.3700	1.3700	1.3700	1.4700	1.1700	1.1700	1.2700	1.2700
Fulton	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.1648	0.2100	0.2100	0.2100
Lancaster	0.6000	0.6000	0.6000	0.6000	0.6000	1.2000	0.9100	0.9100	0.9100	0.9100
Leacock	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300
Little Britian	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3010	0.3010	0.3010	0.3010

(Continued)

County of Lancaster, Pennsylvania
Property Tax Rates
Direct and Overlapping Governments (1)
Last Ten Fiscal Years
(In Mills)

Table 6 (Cont.)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Manheim	2.2300	2.2300	2.2300	2.2300	2.2300	2.2300	1.7173	1.7173	1.7173	1.7173
Manor	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.6100	0.6100	0.6100	0.6100
Martic	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.5100	0.5100	0.5100
Mount Joy Part (2)	1.6000	1.8500	1.7500	1.7500	1.7500	2.2500	1.7400	1.8400	2.0400	2.0400
Mount Joy Part (3)	1.6000	1.8500	1.7500	1.7500	1.7500	2.2500	1.7400	1.8400	2.0400	2.0400
Paradise	1.3200	1.3200	1.3200	1.3200	1.3200	1.3200	1.1082	1.1082	1.1082	1.1082
Penn	1.6000	1.4500	1.8000	1.8000	1.8000	1.8000	1.4326	1.4326	1.4326	1.4326
Pequea	1.7000	1.9000	1.9000	1.9000	1.9000	1.9000	1.5670	1.5670	1.5670	1.5670
Providence	0.1580	0.1580	0.1580	0.9500	0.8075	0.6300	0.3810	0.3810	0.3810	0.3810
Rapho	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.3700	1.3700	1.5000	1.5000
Sadsbury	0.8000	0.8000	0.8000	0.8000	0.8000	0.8500	0.7760	0.7760	0.7760	0.7760
Salisbury	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.0000	0.0000	0.0000	0.0000
Strasburg	0.4400	0.4400	0.6000	0.6000	0.7000	0.7000	0.5550	0.5550	0.5550	0.5550
Upper Leacock	1.5000	1.7000	1.7000	1.7000	1.7000	2.0000	1.6950	1.6950	1.6950	1.6950
Warwick	0.2740	0.2740	0.2740	0.2740	0.2740	0.2740	0.2325	0.2325	0.2325	0.2325
West Cocalico	2.0000	2.0000	2.1750	2.1750	2.1750	2.1750	1.8200	1.9100	1.9100	1.9100
West Donegal	1.6000	1.6000	1.6000	1.6000	2.0000	2.0000	1.6000	1.6000	1.8000	1.8000
West Earl	1.5900	1.5900	1.5900	1.5900	1.5900	1.5900	1.2666	1.2666	1.2666	1.2666
West Hempfield	0.6800	0.6800	0.6800	1.3400	1.3400	1.8500	1.4500	1.7500	1.7500	1.7500
West Lampeter	1.0000	1.0000	1.1000	1.1000	1.2000	1.2000	0.9689	0.9689	1.1500	1.1500
School district rates:										
Cocalico	21.3200	21.7600	22.3200	22.8200	22.8200	23.1600	18.6935	18.9739	18.9739	18.9739
Columbia Borough	26.0000	27.3700	28.2000	28.2000	29.3400	30.1910	25.8163	26.4600	26.4600	26.4600
Conestoga Valley	14.2860	14.5280	14.8330	15.2064	15.9240	16.3220	13.3940	13.7940	14.1526	14.4739
Donegal	20.9837	21.4453	22.0243	22.0243	22.4640	22.8790	18.1670	18.6211	19.0866	19.0866
Eastern Lancaster County	13.8410	14.1177	14.4141	14.6879	15.0404	15.3850	12.3854	12.5711	12.5711	12.8500
Elizabethtown Area	17.8900	17.8900	18.3700	19.1048	19.9000	20.8450	16.6063	17.0878	16.6068	16.6063
Ephrata Area	19.4100	19.6000	19.6000	19.6000	20.4500	20.4500	16.9500	16.9500	16.9500	16.9500
Hempfield	18.6310	19.0030	19.4590	19.6530	20.1246	20.3260	16.0034	16.3474	16.3474	16.6743
Lampeter-Strasburg	19.0760	19.4384	19.6133	19.8683	20.2458	20.5490	16.6440	16.9269	16.9269	17.2485
Lancaster	24.6972	25.9224	26.6793	26.6793	26.6793	28.2570	28.2568	21.8734	21.8734	22.6731
Manheim Central	16.6900	16.9726	17.1848	17.3566	17.3566	17.7730	17.7731	17.7731	17.7731	17.7731
Manheim Township	17.9525	18.2575	18.6409	18.6409	19.0509	19.4130	19.4128	19.4128	19.4128	15.7729
Octorara Area	27.4900	27.7100	26.4300	27.2000	28.7300	29.4500	25.3500	25.6600	25.5500	25.8000
Penn Manor	16.9700	17.2500	17.6100	18.0100	19.2700	20.0600	16.4000	16.9800	16.9800	17.5230
Pequea Valley	16.8898	17.3866	17.4735	17.4735	18.1217	18.4840	14.6806	14.9225	15.1463	15.2933
Solanco	11.2243	11.5161	11.8040	12.0990	12.4499	12.8110	10.4590	10.8251	10.9604	11.3440
Warwick	18.5900	19.2100	19.7094	20.1627	20.1627	21.1620	16.3711	16.3711	16.3711	16.3711

Source: www.dced.state.pa.us website; County of Lancaster Assessment Office

Note: There are no components of the County's total direct rate.

(1) Includes millage for municipal, school, and county real estate tax per \$1,000 of assessed value.

(2) Applicable to the portion of Mount Joy situated in the Donegal School District.

(3) Applicable to the portion of Mount Joy situated in the Elizabethtown School District.

County of Lancaster, Pennsylvania
Principal Property Taxpayers
December 31, 2021

Table 7

	2021			2012		
	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank
	Willow Valley Communities	\$ 238,523,100	1	0.54%	\$ 109,067,800	3
	Lancaster General	159,813,800	2	0.36%	104,307,900	4
	High Properties Et Al	143,053,500	3	0.33%	124,015,500	2
	Park City Center Business Trust	142,325,700	4	0.32%	139,083,200	1
	High Properties	141,646,500	5	0.32%	82,274,000	6
	Mennonite Home	75,851,600	6	0.17%	*	
	Granite Properties	70,730,400	7	0.16%	59,245,200	8
	Garden Spot Village Inc	61,948,100	8	0.14%	58,374,000	9
	Dart Container Corp of PA	54,094,900	9	0.12%	70,589,200	7
	Landis Homes Retirement Community	47,997,900	10	0.11%	*	
	Willow Valley Manor	*			85,652,200	5
	Rockvale Group	*			48,663,800	10
	Total	\$ 1,135,985,500		2.54%	\$ 881,272,800	

Source: County of Lancaster Assessment Office

* Company not included in top 10 ranking for the year

County of Lancaster, Pennsylvania
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 8

Fiscal Years Ended December-31	Tax Levy for Fiscal Year	Interim Tax Levy for Fiscal Year	Total Tax Levy for Fiscal Year (1)	Amount of Taxes Collected	Percent of Levy	Delinquent Tax Collections (2)	Total Tax Collections (3)	Ratio of Total Tax Collections to Total Tax Levy
2012	\$ 106,836,125	\$ 572,535	\$ 107,408,660	\$ 103,802,744	96.64%	\$ 2,476,144	\$ 106,278,888	98.95%
2013	117,340,645	733,378	118,074,023	114,128,781	96.66%	2,459,459	116,588,240	98.74%
2014	118,402,728	523,875	118,926,603	115,041,984	96.73%	2,203,190	117,245,174	98.59%
2015	119,282,012	637,417	119,919,429	115,819,600	96.58%	2,203,937	118,023,537	98.42%
2016	120,414,571	660,834	121,075,405	117,104,809	96.72%	2,272,903	119,377,712	98.60%
2017	121,346,214	485,908	121,832,122	118,253,252	97.06%	2,161,249	120,414,501	98.84%
2018	121,915,364	1,383,688	123,299,052	119,572,950	96.98%	2,075,150	121,648,100	98.66%
2019	123,692,509	810,424	124,502,933	120,780,705	97.01%	1,931,491	122,712,196	98.56%
2020	126,069,096	784,599	126,853,695	121,794,520	96.01%	1,844,838	123,639,358	97.47%
2021	127,506,896	850,576	128,357,471	123,332,935	96.09%	2,661,385	125,994,320	98.16%

Source: County of Lancaster Assessment Office, Controller's Office, and Tax Claim Bureau

Notes:

- (1) Does not include discounts, penalties, and exonerations.
- (2) Delinquent tax collections include collections for multiple years; software currently in use does not make it possible to identify collections by the year in which it was levied.
- (3) Includes penalties and other adjustments.

Assessment by Land Use

Years	Residential	Industrial	Commercial	Agriculture	Other	Total
2012	\$ 22,065,761,600	\$ 1,284,714,100	\$ 5,883,540,100	\$ 1,850,363,000	\$ 190,833,700	\$ 31,275,212,500
2013	22,205,789,400	1,278,246,000	5,838,144,300	1,901,865,600	192,446,400	31,416,491,700
2014	22,372,143,300	1,236,168,900	5,943,822,400	1,951,938,100	196,778,700	31,700,851,400
2015	22,537,454,000	1,240,765,800	5,977,568,600	1,985,879,600	194,600,900	31,936,268,900
2016	22,726,338,100	1,241,110,300	6,040,992,400	2,036,483,100	194,573,700	32,239,497,600
2017	22,878,084,500	1,212,154,200	6,128,189,800	2,071,116,200	199,388,600	32,488,933,300
2018	29,803,108,000	1,538,224,900	8,117,791,700	2,185,193,100	236,598,900	41,880,916,600
2019	30,213,741,300	1,542,891,000	8,287,542,700	2,200,825,200	246,409,500	42,491,409,700
2020	30,721,161,500	1,504,339,000	8,565,489,000	2,253,294,600	263,541,700	43,307,825,800
2021	30,985,098,900	1,536,559,000	8,743,718,900	2,266,371,800	269,996,900	43,801,745,500

Source: County of Lancaster Assessment Office

County of Lancaster, Pennsylvania
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Years	Governmental Activities							Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds Payable	Net Premium on Bonds Payable	General Obligation Notes and Direct Borrowings		Installment Purchase Agreements Payable	Capital Leases				
			Payable	Payable						
2012	\$ 235,485,000	\$ 8,792,414	\$ 34,686,500	\$ 814,000	\$ 26,378,556	\$ 306,156,470	1.45%	\$ 581.14		
2013	228,930,000	8,056,390	34,474,700	799,000	25,039,710	297,299,800	1.37%	561.37		
2014	215,660,000	6,823,323	34,208,700	799,000	23,592,400	281,083,423	1.26%	527.04		
2015	200,455,000	7,916,958	33,929,400	799,000	22,099,009	265,199,367	1.10%	494.20		
2016	185,135,000	9,113,173	33,215,500	436,000	18,826,729	246,726,402	1.00%	458.17		
2017	177,885,000	8,580,239	30,367,100	436,000	17,181,601	234,449,940	0.88%	431.84		
2018	163,160,000	8,357,567	27,392,400	436,000	15,484,093	214,830,060	0.75%	395.23		
2019	161,175,000	7,842,642	24,283,000	436,000	16,564,695	210,301,337	0.71%	385.36		
2020	154,680,000	13,051,121	21,036,600	436,000	14,284,206	203,487,927	0.64%	371.68		
2021	143,685,000	11,759,898	17,640,000	436,000	11,866,853	185,387,751	*	334.85		

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Demographic and Economic Statistics for personal income and population data; data reflects updated estimates by Bureau of Economic Analysis, U.S. Department of Commerce.

* Data not available.

County of Lancaster, Pennsylvania
Ratio of General Debt Outstanding
Last Ten Fiscal Years

Table 10

Years	Total General Obligation Debt	Percentage of		Debt Per Capita (2)
		Estimated Actual Taxable Value of Property (1)		
2012	\$ 306,156,470	0.97%		581.14
2013	297,299,800	0.94%		561.37
2014	281,083,423	0.88%		527.04
2015	265,199,367	0.82%		494.20
2016	246,726,402	0.76%		458.17
2017	234,449,940	0.72%		431.84
2018	214,830,060	0.51%		395.23
2019	210,301,337	0.49%		385.36
2020	203,487,927	0.47%		371.68
2021	185,387,750	0.42%		354.07

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

County of Lancaster, Pennsylvania
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

Table 11

Jurisdiction:	(1) Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Lancaster	\$ 185,387,750	100%	\$ 185,387,750
Overlapping:			
City of Lancaster	*		—
School Districts:			
Columbia Borough	9,805,848	100%	9,805,848
Conestoga Valley	91,748,342	100%	91,748,342
Donegal	45,661,808	100%	45,661,808
Eastern Lancaster County	1,413,769	100%	1,413,769
Elizabethtown Area	50,755,000	100%	50,755,000
Ephrata Area	6,265,000	100%	6,265,000
Hempfield	74,329,470	100%	74,329,470
Lampeter-Strasburg	14,490,572	100%	14,490,572
Lancaster	178,764,000	100%	178,764,000
Manheim Central	96,561,031	100%	96,561,031
Manheim Township	136,156,271	100%	136,156,271
Octorara	46,415,902	100%	46,415,902
Penn Manor	98,863,876	100%	98,863,876
Pequea Valley	85,467,100	100%	85,467,100
Solanco	18,699,500	100%	18,699,500
Warwick	37,720,000	100%	37,720,000
Total School Districts			<u>993,117,489</u>
Municipal Authorities:			
Akron Borough	469,849	100%	469,849
Christiana Borough Authority	672,198	100%	672,198
Columbia Borough	8,797,049	100%	8,797,049
Denver Borough	53,456	100%	53,456
Earl Township Sewer Authority	3,753,000	100%	3,753,000
East Cocalico Township Water & Sewer Authority	2,315,000	100%	2,315,000
East Lampeter Sewer Authority	10,365,000	100%	10,365,000
East Lampeter Township	7,645,935	100%	7,645,935
Elizabethtown Regional Sewer Authority	6,896,830	100%	6,896,830
Ephrata Area Joint Authority	2,500,000	100%	2,500,000
Ephrata Borough Authority	19,390,000	100%	19,390,000
Ephrata Township Sewer Authority	*	100%	—
Lancaster Area Sewer Authority	65,624,183	100%	65,624,183
Lancaster County Hospital Authority	786,589,320	100%	786,589,320

(Continued)

County of Lancaster, Pennsylvania
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

Table 11 (continued)

Jurisdiction:	(1) Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Lancaster County Solid Waste Management Authority	\$ 79,660,000	100%	\$ 79,660,000
Lancaster County Vo-Tech School Authority	16,995,000	100%	16,995,000
Leacock Township Municipal Authority	4,083,694	100%	4,083,694
Lancaster Parking Authority	51,275,000	100%	51,275,000
Manheim Area Water and Sewer Authority	9,070,418	100%	9,070,418
Manheim Township	3,317,412	100%	3,317,412
Manheim Township Authority	1,226,988	100%	1,226,988
Marietta-Donnegal Joint Authority	3,079,000	100%	3,079,000
Mount Joy Borough Authority	20,705,000	100%	20,705,000
Northern Lancaster County Sewer Authority	4,702,500	100%	4,702,500
Paradise Township Sewer Authority	4,905,000	100%	4,905,000
Penn Township	1,294,790	100%	1,294,790
Quarryville Borough	1,281,188	100%	1,281,188
Redevelopment Authority	*	100%	—
Sadsbury Township Municipal Authority	*	100%	—
Suburban Lancaster Sewer Authority	20,755,000	100%	20,755,000
Warwick Township Municipal Authority	3,650,000	100%	3,650,000
Weaverland Valley Authority	1,773,552	100%	1,773,552
West Cocalico Township Authority	10,096,535	100%	10,096,535
West Earl Water Authority	565,000	100%	565,000
Total Municipalities			<u>1,153,507,896</u>
Total Overlapping Debt			<u>2,146,625,385</u>
Total direct and overlapping debt			<u><u>\$ 2,313,937,135</u></u>

Source: Individual school districts, municipal authorities, and City of Lancaster; percent applicable to the County of Lancaster is 100 percent.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lancaster County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the County's boundaries and dividing it by each unit's total taxable assessed value.

(1) The debt of the city and school districts is tax based and the majority of the municipal authorities are self-supporting.

* Data not available.

County of Lancaster, Pennsylvania
Legal Debt Margin Information
Last Ten Fiscal Years

Table 12

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Borrowing base revenues (1):					
Two years prior					
Prior year	\$ 132,014,815	\$ 133,405,844	\$ 139,531,382	\$ 154,407,832	\$ 145,177,124
Current year	133,405,844	139,531,382	154,407,832	145,177,124	149,627,502
Current year	139,531,382	154,407,832	145,177,124	149,627,502	155,464,285
Total borrowing base revenues	<u>\$ 404,952,041</u>	<u>\$ 427,345,058</u>	<u>\$ 439,116,338</u>	<u>\$ 449,212,458</u>	<u>\$ 450,268,911</u>
Average borrowing base revenues	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113	\$ 149,737,486	\$ 150,089,637
Net Nonelectoral Debt Limit:					
Average borrowing base revenues	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113	\$ 149,737,486	\$ 150,089,637
Debt limit percentage	300%	300%	300%	300%	300%
Net Nonelectoral Debt Limit	<u>404,952,041</u>	<u>427,345,058</u>	<u>439,116,338</u>	<u>449,212,458</u>	<u>450,268,911</u>
Total amount of debt applicable to debt limit	270,171,500	263,404,700	249,868,700	234,384,400	218,350,500
Total Remaining Nonelectoral Debt Capacity	<u>\$ 134,780,541</u>	<u>\$ 163,940,358</u>	<u>\$ 189,247,638</u>	<u>\$ 214,828,058</u>	<u>\$ 231,918,411</u>
Total net debt applicable to the limit as a percentage of debt limit	66.72%	61.64%	56.90%	52.18%	48.49%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit					
Average borrowing base revenues	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113	\$ 149,737,486	\$ 150,089,637
Debt limit percentage	400%	400%	400%	400%	400%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit	<u>539,936,055</u>	<u>569,793,411</u>	<u>585,488,451</u>	<u>598,949,944</u>	<u>600,358,548</u>
Less: Non-electoral Debt and Lease Rental Debt	270,985,500	264,203,700	250,667,700	235,183,400	218,786,500
Remaining Nonelectoral Debt and Lease Rental Debt Capacity	<u>\$ 268,950,555</u>	<u>\$ 305,589,711</u>	<u>\$ 334,820,751</u>	<u>\$ 363,766,544</u>	<u>\$ 381,572,048</u>
Total net debt applicable to the limit as a percentage of debt limit	50.19%	46.37%	42.81%	39.27%	36.44%

Source: Lancaster County Controller's Office

Note: Under state finance law, the County of Lancaster's outstanding non-electoral debt should not exceed 300% of the three-year average of General, Special Revenue, and Permanent funds' revenue. The outstanding net non-electoral and lease rental debt should not exceed 400% of the three-year average of General, Special Revenue, and Permanent funds' revenue. By law, the net non-electoral and lease rental debt may be offset by amounts set aside for repaying general obligation bonds.

(1) Borrowing base revenues represents total revenues less governmental grants received for a specific purpose.

(Continued)

County of Lancaster, Pennsylvania
Legal Debt Margin Information
Last Ten Fiscal Years

Table 12 (Cont.)

	2017	2018	2019	2020	2021
Borrowing base revenues (1):					
Two years prior					
Prior year	\$ 149,627,502	\$ 155,464,284	\$ 153,011,136	\$ 158,457,096	\$ 158,785,543
Current year	155,464,285	153,011,136	158,457,096	158,785,543	158,159,443
Total borrowing base revenues	<u>\$ 458,102,923</u>	<u>\$ 466,932,516</u>	<u>\$ 470,253,775</u>	<u>\$ 475,402,082</u>	<u>\$ 478,807,142</u>
Average borrowing base revenues	\$ 152,700,974	\$ 155,644,172	\$ 156,751,258	\$ 158,467,361	\$ 159,602,381
Net Nonelectoral Debt Limit:					
Average borrowing base revenues	\$ 152,700,974	\$ 155,644,172	\$ 156,751,258	\$ 158,467,361	\$ 159,602,381
Debt limit percentage	300%	300%	300%	300%	300%
Net Nonelectoral Debt Limit	<u>458,102,923</u>	<u>466,932,516</u>	<u>470,253,775</u>	<u>475,402,082</u>	<u>478,807,142</u>
Total amount of debt applicable to debt limit	208,252,100	190,552,400	185,458,000	175,716,600	
Total Remaining Nonelectoral Debt Capacity	<u>\$ 249,850,823</u>	<u>\$ 276,380,116</u>	<u>\$ 284,795,775</u>	<u>\$ 299,685,482</u>	<u>\$ 478,807,142</u>
Total net debt applicable to the limit as a percentage of debt limit	45.46%	40.81%	39.44%	36.96%	0.00%
Combined Net Nonelectoral Debt and					
Net Lease Rental Debt Limit					
Average borrowing base revenues	\$ 152,700,974	\$ 155,644,172	\$ 156,751,258	\$ 158,467,361	\$ 159,602,381
Debt limit percentage	400%	400%	400%	400%	400%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit	<u>610,803,897</u>	<u>622,576,688</u>	<u>627,005,033</u>	<u>633,869,443</u>	<u>638,409,523</u>
Less: Non-electoral Debt and Lease Rental Debt	208,688,100	190,988,400	185,894,000	176,152,600	161,761,000
Remaining Nonelectoral Debt and Lease Rental Debt Capacity	<u>\$ 402,115,797</u>	<u>\$ 431,588,288</u>	<u>\$ 441,111,033</u>	<u>\$ 457,716,843</u>	<u>\$ 476,648,523</u>
Total net debt applicable to the limit as a percentage of debt limit	34.17%	30.68%	29.65%	27.79%	25.34%

Source: Lancaster County Controller's Office

Note: Under state finance law, the County of Lancaster's outstanding non-electoral debt should not exceed 300% of the three-year average of General, Special Revenue, and Permanent funds' revenue. The outstanding net non-electoral and lease rental debt should not exceed 400% of the three-year average of General, Special Revenue, and Permanent funds' revenue. By law, the net non-electoral and lease rental debt may be offset by amounts set aside for repaying general obligation bonds.

(1) Borrowing base revenues represents total revenues less governmental grants received for a specific purpose.

County of Lancaster, Pennsylvania
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 13

Years	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (3)	Median Age (4)	School Enrollment (5)	Local Unemployment Rate (6)
2012	526,823	\$ 21,119,188	\$ 40,088	38.5	85,180	6.6%
2013	529,600	21,774,881	41,116	38.7	85,491	4.9%
2014	533,320	22,245,595	41,712	38.3	84,678	3.6%
2015	536,624	24,145,511	44,995	38.4	84,634	3.0%
2016	538,500	24,684,347	45,839	38.5	84,481	3.7%
2017	542,903	26,714,515	49,207	38.5	84,824	3.3%
2018	543,557	28,625,770	52,664	38.7	85,249	3.4%
2019	545,724	29,640,682	54,314	38.6	84,808	3.3%
2020	546,192	\$ 31,916,314	\$ 58,434	38.7	85,157	5.2%
2021	553,652	*	*	*	81,003	3.3%

Sources:

- (1) Population: US Census Bureau
- (2) Personal Income: Bureau of Economic Analysis
- (3) Per Capita Personal Income: Bureau of Economic Analysis
- (4) Median Age: Population Estimates, US Census Bureau; based on Fiscal Year
- (5) School Enrollment: PA Department of Education
- (6) Local Unemployment Rate: U.S. Department of Labor, Bureau of Labor Statistics

Note: Prior year data has been updated to the most current information available.

* Data not available.

County of Lancaster, Pennsylvania
Principal Employers
December 31, 2021

Table 14

Employer (1)	2021			2012		
	Employees (2)	Rank (1)	Percentage of Total County Employment	Employees (2)	Rank (1)	Percentage of Total County Employment
Lancaster General Hospital	9,406	1	4.14%	7,076	1	3.21%
Giant Food Stores	***	2		*		
County of Lancaster	1,681	3	0.74%	1,973	2	0.89%
Nordstrom Inc	***	4		*		
Eurofins Lancaster Laboratories Inc	***	5		*		
Lancaster School District	1,646	6	0.72%	1,585	6	0.72%
Dart Container Corporation	***	7		1,475	9	0.67%
Masonic Villages of the Grand Lodge	1,569	8	0.69%	1,512	8	0.69%
Fulton Bank NA	1,280	9		*		
Urban Outfitters Wholesale	***	10		*		
Ephrata Community Hospital Inc.	*			1,866	3	0.85%
R.R. Donnelly & Sons Company	*			**	4	
Armstrong World Industries	*			1,448	10	0.66%
Manheim Remarketing Inc	*			1,583	7	0.72%
Turkey Hill	*			1,650	5	0.75%
Total	15,582			20,168		
Total Employees in County	227,306 (1)			220,602 (1)		

Source: (1) Center for Workforce Information & Analysis, PA Department of Labor & Industry
(2) Individual Employers

* Company not included in top 10 ranking for the year
** Data not available
*** Data not provided

County of Lancaster, Pennsylvania
Full-time County Government Employees by Function
Last Ten Fiscal Years

Table 15

Function/Program:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
General government	254	251	251	234	233	232	240	194	235	229
Public safety	103	104	102	102	98	102	96	128	96	89
Health, education, and welfare	337	355	351	349	357	369	376	367	352	333
Judicial	620	599	598	586	608	608	608	598	594	572
Corrections	285	307	321	318	334	334	334	316	302	253
Cultural and recreation	15	14	13	13	12	13	13	13	12	13
Community development	6	6	5	5	5	5	6	6	6	5
Total governmental activities	1,620	1,636	1,641	1,607	1,647	1,663	1,673	1,622	1,597	1,494

Source: County of Lancaster Controller's Office

County of Lancaster, Pennsylvania
Operating Indicators by Function
Last Ten Fiscal Years

Table 16

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
General Election Information:										
Registered voters	314,567	307,478	311,498	309,581	335,791	321,046	329,492	325,296	354,296	344,202
Votes cast	224,670	51,322	142,298	65,388	246,938	72,326	203,944	88,660	282,538	96,840
Percent of votes cast	71.42%	16.69%	45.68%	21.12%	73.54%	22.53%	61.90%	27.26%	79.75%	28.17%
Property transfers recorded	11,031	11,718	11,184	11,985	12,604	13,087	12,609	12,806	12,093	13,832
9-1-1 calls	240,195	233,994	245,293	231,151	274,898	215,369	218,201	216,511	226,350	165,449
Text to 9-1-1	*	6	97	179	345	195	147	114	198	171
10-Digit 9-1-1 Calls	*	*	*	*	*	*	*	*	*	*
County ordinances approved	29	44	54	57	13	***	***	***	***	***
Municipal ordinances reviewed	168	193	221	226	306	275	297	316	343	327
Judicial										
Estates and wills probated	1,841	1,876	1,698	1,778	1,761	1,743	1,754	1,692	1,562	3,040
Marriage licenses issued	3,337	3,427	3,485	3,487	3,629	3,527	3,512	3,317	2,093	3,072
Child adoptions	249	232	245	230	249	246	246	199	166	154
Child relinquishments	133	167	145	163	143	181	45	52	95	112
Criminal cases filed	6,104	6,086	6,066	6,176	6,483	6,645	7,500	7,001	7,015	7,461
Criminal cases disposed	5,702	5,736	5,335	5,003	5,474	5,289	5,086	5,271	3,829	4,332
Civil suits filed	8,396	7,751	4,072	3,248	3,084	2,899	2,634	3,143	2,299	2,527
Civil judgments filed	9,449	12,565	8,542	7,922	11,110	10,818	9,363	9,595	6,003	6,551
Divorces filed	1,369	1,355	1,265	1,839	1,438	1,439	1,335	1,379	1,071	1,161
Protection from abuse cases filed	1,260	1,042	1,045	1,018	1,017	1,004	1,181	1,180	1,161	1,205
Naturalizations	182	225	169	261	193	200	207	255	68	107
Real estate executions										
(mortgage foreclosures) filed	777	980	952	755	705	721	296	375	204	125
District judge case filings	101,290	97,242	88,782	87,889	93,076	104,211	111,469	104,393	73,570	86,987
Domestic relations active cases	18,061	18,106	17,955	17,357	16,897	16,512	15,800	15,341	14,218	13,162
New juvenile probation cases	1,170	1,199	937	948	957	999	917	941	619	572
Juvenile probation placement days	35,313	34,121	28,012	22,797	20,711	18,476	17,135	15,943	7,728	5,422
New adult probation and parole cases	4,251	3,787	3,771	3,426	4,565	4,379	4,350	4,596	3,441	2,215
Corrections										
Average daily population	1,198	1,022	997	978	963	898	871	785	675	699
Annual admissions	6,145	5,913	5,715	5,454	5,110	5,742	6,206	6,006	3,462	3,750
Culture and Recreation										
Pool attendance	27,771	28,646	23,858	27,186	27,163	24,774	23,095	22,391	2,666	8,920
Community Development										
Easements added	26	33	20	23	26	21	16	23	18	18
Easement acreage added	1,931	1,851	1,362	1,560	1,781	1,534	1,250	1,902	1,422	1,337

Source: Various County Departments.

Note: * Data not available.

** Effective July 1, 2011, Employment and Training is no longer considered a function of the County.

*** Effective January 1, 2017, the County no longer has the authority to approve ordinances.

**** Starting in 2018, the county also pays for Suboxone.

***** Effective January 1, 2020, the County has withdrawn from the Aging Waiver Program

(Continued)

County of Lancaster, Pennsylvania
Operating Indicators by Function
Last Ten Fiscal Years

Table 16 (Cont.)

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Health, education, and welfare										
Employment and Training										
Customers served	**	**	**	**	**	**	**	**	**	**
Drug and Alcohol:										
Information and referral contacts	858	801	708	709	1,084	663	466	409	-	258
Inpatient non-hospital detox clients	403	460	499	428	206	257	313	375	13	170
Inpatient non-hospital rehab clients	129	463	413	327	197	226	319	393	13	170
Inpatient non-hospital halfway house clients	5	14	10	15	19	7	9	8	-	2
Inpatient hospital detox clients	2	1	1	1	1	1	1	-	2	1
Partial hospitalization clients	25	29	30	39	17	16	27	11	-	36
Outpatient drug free clients	1,153	1,190	1,088	964	628	619	631	645	2	320
Methadone maintenance clients	16	17	16	34	12	12	16	15	-	24
Suboxone maintenance clients	****	****	****	****	****	****	17	1	*	-
Intensive outpatient clients	179	147	133	155	117	113	137	134	2	68
Website visitors	143,170	117,917	131,381	13,297	14,356	*	*	*	1	*
Mental Health:										
Emergency/crisis intervention hours	4,197	141	6,649	3,436	11,677	3,450	3,105	5,065	4,295	3,165
Community residential days	29,211	27,805	28,066	27,801	27,404	27,371	28,094	25,960	30,821	26,362
Community employment hours	37,747	7,001	32,016	18,365	4,554	4,523	8,368	7,688	7,132	3,577
Service case management clients	3,193	2,618	2,932	3,387	3,231	3,363	3,985	3,391	2,503	3,280
Day treatment hours	4,197	4,704	3,013	366	347	417	392	841	1,994	150
Outpatient hours	4,395	3,042	5,677	1,727	1,201	1,245	885	748	408	372
Family based hours	3,542	166	-	-	-	275	204	94	335	78
Psychiatric rehab hours	33,743	2,808	118,770	23,345	20,129	23,719	7,824	8,075	5,713	3,820
Social rehab hours	28,099	31,960	96,113	24,475	21,195	22,360	25,125	25,600	19,982	12,028
Drop-In-Center hours	60,740	*	*	63,709	60,122	53,663	43,477	40,651	29,606	6,890
Supported housing hours	9,147	9,209	38,424	9,221	9,190	9,483	8,858	8,083	8,446	6,624
Intellectual Disabilities										
Specialized support hours	1,168	6,458	6,828	3,167	2,944	1,148	393	123	191	222
Transportation trips	4,848	1,013	9,807	5,241	4,877	4,324	3,898	3,290	2,780	790
Employment hours	3,768	606	3,337	3,363	2,711	3,501	4,557	1,404	1,148	230
Residential services clients	22	24	32	33	32	40	34	33	32	30
Early intervention clients	1,189	2,419	1,250	1,201	1,234	1,273	1,225	1,937	2,200	2,144
Pre-Vocational hours	11,485	2,028	11,927	10,497	9,974	8,436	11,333	6,949	3,510	1,356
Respite clients	47	45	37	120	105	44	18	20	14	4
Home & community service hours	9,896	15,179	40,406	4,876	3,570	3,554	3,246	4,850	6,458	5,501
Family driven clients	8	2	-	132	194	171	7	141	75	53
Community habilitation hours	3,993	916	2,938	4,945	4,615	4,522	4,758	5,320	2,381	2,489

Source: Various County Departments.

Note: * Data not available.

** Effective July 1, 2011, Employment and Training is no longer considered a function of the County.

*** Effective January 1, 2017, the County no longer has the authority to approve ordinances.

**** Starting in 2018, the county also pays for Suboxone.

***** Effective January 1, 2020, the County has withdrawn from the Aging Waiver Program

(Continued)

County of Lancaster, Pennsylvania
Operating Indicators by Function
Last Ten Fiscal Years

Table 16 (Cont.)

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Health Choices										
Inpatient psychiatric:										
Members served	1,016	1,241	1,165	1,257	1,452	1,383	1,393	1,376	1,410	1,431
Days of service	15,904	16,824	17,473	21,556	23,163	20,339	25,416	28,491	33,975	33,922
Outpatient psychiatric:										
Members served	12,094	13,100	15,018	14,707	17,695	18,398	16,363	16,169	17,151	15,148
Units of service	240,775	252,287	263,741	286,814	307,581	346,721	348,233	282,709	289,397	288,111
Inpatient drug and alcohol:										
Members served	22	28	34	53	105	99	68	66	27	18
Days of service	236	325	270	453	949	828	541	436	242	216
Non-hospital drug and alcohol:										
Members served	786	790	1,327	940	2,004	2,169	1,444	1,511	1,512	1,408
Days of service	35,189	33,396	36,280	35,983	52,162	57,297	57,852	58,534	60,357	56,083
Outpatient drug and alcohol:										
Members served	2,041	2,140	2,253	2,386	3,698	3,947	3,400	3,350	2,818	2,738
Units of service	164,481	169,966	169,270	199,395	239,576	265,777	269,309	251,955	234,225	230,408
Behavioral health rehabilitation:										
Members served	2,671	2,735	5,651	2,426	5,552	6,509	2,630	2,346	2,040	2,002
Units of service	2,536,176	2,567,426	2,221,555	2,106,614	1,800,425	1,646,757	1,741,514	1,605,640	1,099,290	861,241
Residential treatment facility:										
JCAHO:										
Members served	121	121	122	98	108	97	92	85	74	74
Days of service	22,826	21,952	22,256	16,880	18,734	17,666	12,194	17,440	13,832	12,601
Non JCAHO:										
Members served	15	9	10	15	17	21	24	19	17	17
Days of service	2,417	2,270	2,493	3,333	3,765	4,840	5,374	3,972	4,479	4,292
Office of Aging:										
Case management clients	796	701	771	833	606	744	1,089	999	812	910
Protective services clients	1,268	1,237	1,360	1,690	1,594	1,857	2,039	2,543	2,455	2,631
Transportation clients	463	474	486	374	474	483	488	421	283	188
Meals provided	105,847	108,698	112,164	114,665	132,493	153,305	174,143	155,743	135,183	147,035
In-home services clients	647	511	635	555	497	589	639	521	503	441
Adult day care clients	47	50	69	55	96	117	110	84	54	51
PDA waiver clients	265	296	319	350	273	217	179	174	*****	*****
Children and Youth:										
Children served	4,966	5,155	5,309	6,966	10,548	10,825	11,576	12,272	10,881	10,762
Placement days	173,999	156,618	162,789	177,027	183,822	192,760	186,924	165,722	145,842	123,030
Child abuse reports	1,218	1,192	1,191	1,744	2,391	2,506	2,509	1,825	1,749	1,855
Intake reports	1,057	1,348	1,233	1,967	2,830	3,257	3,369	3,448	2,952	3,653

Source: Various County Departments.

Note: * Data not available.
 ** Effective July 1, 2011, Employment and Training is no longer considered a function of the County.
 *** Effective January 1, 2017, the County no longer has the authority to approve ordinances.
 **** Starting in 2018, the county also pays for Suboxone.
 ***** Effective January 1, 2020, the County has withdrawn from the Aging Waiver Program

County of Lancaster, Pennsylvania
Capital Asset by Function
Last Ten Fiscal Years

Table 17

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Function/Program:										
Governmental Activities										
General government										
Motor vehicles	9	10	9	8	6	4	3	3	3	3
Office buildings	1	1	3	3	3	1	1	1	1	1
Public safety										
Motor vehicles	26	26	26	20	19	17	14	13	13	13
Office buildings	1	1	1	1	1	1	1	1	1	1
Roads and bridges										
Motor vehicles	13	12	12	8	5	6	6	5	5	5
County-owned bridges	64	64	64	64	63	63	62	62	60	60
Health, education, and welfare										
Motor vehicles	6	5	5	5	5	3	3	3	1	—
Office buildings	3	3	—	—	—	—	—	—	—	—
Judicial										
Motor vehicles	120	119	121	65	52	38	30	17	14	12
Office buildings	4	4	4	4	4	3	3	3	3	3
Corrections										
Motor vehicles	7	7	8	8	8	7	7	4	3	3
Office buildings	2	2	2	2	2	2	2	2	2	2
Cultural and recreation										
Motor vehicles	48	48	48	39	34	29	26	23	24	16
Number of parks	9	9	9	9	9	9	9	9	9	9
Park acreage	2,055	2,055	2,055	1,995	1,995	1,995	1,995	1,996	1,996	1,996
Pavilions	12	12	12	11	11	11	11	11	11	11
Swimming pools	1	1	1	1	1	1	1	1	1	1
Environmental/Educational buildings	1	1	1	1	1	1	1	1	1	1
Office buildings	4	4	4	3	3	3	3	3	3	3
Storage buildings	8	8	8	5	5	5	5	5	5	5
Tenant Properties	5	5	5	5	5	5	5	5	5	4
Community development										
Easement acreage	45,359	47,211	48,573	50,133	51,914	53,448	54,698	56,600	58,022	59,389

Source: Various County Departments.

Note: Numbers have been updated to reflect the most current data available.

County of Lancaster, Pennsylvania
Salaries and Surety Bonds of Principal Officials
For the year ended December 31, 2021

Table 18

<u>Name and Title of Official</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
Joshua G. Parsons, Commissioner	\$ 100,410	(1)
Ray D'Agostino, Commissioner	99,410	(1)
Craig E. Lehman, Commissioner	99,410	(1)
Lawrence M. George, Chief Clerk	111,067	(1)
Rhonda F. Allen, Acting Clerk of Courts	86,527	(1)
Brian K. Hurter, Controller	86,527	(1)
Stephen Diamantoni, Coroner	86,527	(1)
Heather L. Adams, District Attorney	185,665	(2)
Andrew E. Spade, Prothonotary	86,527	(1)
Ann M. Hess, Recorder of Deeds	86,527	(1)
Anne L. Cooper, Register of Wills	88,527	(1)
Christopher R. Leppler, Sheriff	86,527	(1)
Amber L. Martin, Treasurer	86,527	\$ 1,000,000
	\$0.75 per parcel collected	\$ 50,379,968 (3)

Source: Lancaster County Commissioner's Office

- (1) Effective November 2011, Act 106 authorized counties to obtain crime insurance covering county officers, replacing prior requirements that certain individual officers of the County have separate bonds. The Travelers Crime policy meets the required bond limits for county officers; the full limit of \$2,000,000 is available for loss.
- (2) No bond required under Title 16, Section 420 of the County Code.
- (3) The dollar value is stated at 75% of total county and municipal tax levied in 2019 for those districts with tax collectors and is updated annually. Bonds are valid for the tax collector's term, January 2018 - January 2022.

Table 19

(Continued)

County of Lancaster, Pennsylvania
Schedule of Insurance In-Force
December 31, 2021

Table 19 (Cont.)

Name of Company/ Type of Coverage	Policy Number	Policy Period	Premium	Details of Coverage and Co-Insurance %	Liability Limit
One Beacon Package Policy (continued)					
Streetslights	791-00-18-70-0001	April 2, 2021 to April 1, 2022	\$ 150,630		\$ 50,000 per occurrence, \$25,000 deductible 2,500 Per Item
Traffic Signals					\$ 50,000 per occurrence, \$25,000 deductible 2,500 Per Item
Utility Services					\$ 25,000 Overhead transmission lines excluded 25,000
Paved Surfaces					\$ 250,000
One Beacon Package Policy					
Inland Marine	791-00-18-70-0001	April 2, 2021 to April 1, 2022	\$ 127,394		\$ 30,163,049 Miscellaneous Articles 1,000 Deductible 696,884 Contractors Equipment/ACV value 250,000 Additionally/Acquired Equipment 1,000 Deductible 1,000 Leased, Rental or Borrowed (Any 1 Item)
					\$ 25,000 Law Enforcement Dog, limit per dog 200,000 Law Enforcement Dog, aggregate 1,000 Deductible
One Beacon Package Policy					
Excess Liability	791-00-18-70-0001	April 2, 2021 to April 1, 2022	\$ 118,937	Underlying coverages: General Liability Public Officials Liability, Law Enforcement Liability Business Auto, Employers Liability, non included	\$ 10,000,000 Each Claim/Aggregate
Orber Life Insurance Company					
Volunteer Accident	38-077670-20	October 1, 2021 to October 1, 2022	\$ 414	Accidental Medical Expense	\$ 25,000 Each Accident 5,000 Each Accident
Travelers					
Cyber Liability with Crime	106788704	August 16, 2021 to January 1, 2023	\$ 36,436	Privacy and Security Media Breach Cyber Extortion Crime/Fraud Social Engineering Telecom Fraud Business Interruption/Extra Expense	\$ 1,000,000 Aggregate 25,000 Retention 100,000 Sub-Limit (Part of Agg) - \$5,000 Retention 100,000 Sub-Limit (Part of Agg) - \$5,000 Retention 1,000,000
Federal Insurance Company					
Fiduciary Liability Employee Retirement Plan	8223-9266	June 13, 2021 to November 17, 2021	\$ 5,833	Fiduciary Liability Estates and Legal Representative and Spousal Liability Defense within the limits Territory - Worldwide	\$ 1,000,000 Each Loss 1,000,000 Each Policy Period 15,000 Deductible
MIDWEST EMPLOYERS CASUALTY CO					
Workers Compensation	EWCO09808	January 1, 2021 to January 1, 2022	\$ 126,762	Excess Workers Compensation Employers Liability	Statutory 1,000,000 Each Accident/Limit Each Employee Per Disease 500,000 Self insured retention

(Continued)

County of Lancaster, Pennsylvania
Schedule of Insurance In-Force
December 31, 2021

Table 19 (Cont.)

Name of Company/ Type of Coverage	Policy Number	Policy Period	Premium	Details of Coverage and Co-Insurance %	Liability Limit
One Beacon Package Policy Professional Liability	791-00-18-70-0001	April 1, 2021 to April 1, 2022	\$ 280,925	Public Officials E&O Retro Date: 02/01/94	\$ 1,000,000 Each Wrongful Act \$ 2,000,000 Aggregate \$ 100,000 Retention \$ 1,000,000 Each Wrongful Act \$ 2,000,000 Aggregate \$ 100,000 Retention \$ 1,000,000 Each Wrongful Act \$ 2,000,000 Aggregate \$ 100,000 Retention
One Beacon Builder's Risk	790-02-87-04-0000	September 16, 2021 to July 31, 2022	\$ 10,500	Construction/Equipment Breakdown Soft Costs Earthquake Flood	\$ 16,000,000 Limit \$ 1,500,000 \$ 1,500,000 \$ 1,500,000 \$ 25,000 Deductible
BR01EMARKLE (1) Rockwood Casualty Insurance Company	FPL-136	July 1, 2021 to June 30, 2022	\$ 11,430	Pension Liability Insurance for foster parents	\$ 300,000 Per Person, Per Occurrence

(1) Contracted directly by Children and Youth Agency

Source: Lancaster County Commissioner's Office

Note: Safety Training Facility General Liability and Umbrella included in current Insurance Program.

DISCLAIMER - GENERAL

This document is for illustrative purposes. It contains generalized information and is not to be a full and complete description of the actual insurance policies. You must read the policies for any specific policy provisions or details.

(Conclusion of the report)

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APPENDIX F - FORM OF BOND COUNSEL OPINION - 2022A BONDS

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Stevens & Lee

111 N. Sixth Street
P.O. Box 679
Reading, PA 19603
(610) 478-2000
www.stevenslee.com

December 1, 2022

Re: Lancaster County Convention Center Authority
\$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable)

TO THE REGISTERED OWNERS OF THE ABOVE BONDS:

We have acted as Bond Counsel in connection with the issuance by the Lancaster County Convention Center Authority (the “Issuer”) of its Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable), dated December 1, 2022 (the “Bonds”) in the aggregate principal amount of \$6,755,000.

The Bonds are being issued pursuant to the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”) and a Resolution duly adopted by the Board of the Issuer on July 28, 2022 (the “Resolution”). The Bonds are being issued, in fully registered form, in denominations of \$5,000 each or integral multiples thereof, under and pursuant to the provisions of a Trust Indenture, dated as of December 1, 2022 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”).

The proceeds of the Bonds will be used to finance a project (the “Project”) consisting of (i) the payment of the cost of terminating certain interest rate swaps; (ii) the funding of a debt service reserve fund; and (iii) the payment of the costs of issuance of the Bonds. All capitalized terms used in this opinion and not defined herein shall have the meanings assigned to them in the Indenture unless the context clearly requires otherwise.

In connection with the issuance of the Bonds, the Issuer has entered into (i) a Guaranty Agreement, dated as of December 1, 2022 (the “Guaranty Agreement”) with the County of Lancaster, Pennsylvania (the “County”), as guarantor, and the Trustee; and (ii) a Reimbursement Agreement, dated as of December 1, 2022 (the “Reimbursement Agreement”) with the County.

In our capacity as Bond Counsel, we have reviewed the following:

1. The Act;
2. Ordinance No. 45 enacted by the Board of Commissioners of the County of Lancaster, Pennsylvania on September 15, 1999;
3. Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”);

Stevens & Lee

December 1, 2022

Page 2

4. The General Certificate of the Issuer and all exhibits thereto;
5. Copies of the proceedings of the Issuer in connection with the issuance of the Bonds, including, particularly, the Resolution;
6. A specimen copy of one of the Bonds;
7. The opinion of Russell, Krafft & Gruber, LLP, Lancaster, Pennsylvania, in its capacity as counsel to the Issuer;
8. The opinion of Jacquelyn E. Pfursich, Esquire, in her capacity as solicitor to the County;
9. The proceedings of the County filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the “Department”) under the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the “Debt Act”);
10. The Certificate of the Department approving the incurrence of lease rental indebtedness by the County in the principal amount of not to exceed \$88,725,000;
11. A copy of the Bond Purchase Agreement, dated November 15, 2022, between the Authority and Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC (collectively, the “Purchaser”); and
12. Executed copies of the Indenture, the Guaranty Agreement, the Reimbursement Agreement and the other documents, agreements, certificates and opinions delivered at the closing held this day.

Based and in reliance upon the foregoing, our attendance at the closing held this day and subject to the caveats, qualifications, exceptions and assumptions set forth herein, it is our opinion that, as of the date hereof under existing law:

A. The Issuer is a body corporate and politic and a public instrumentality of the Commonwealth of Pennsylvania, organized and validly existing under the Act, with full power and authority to undertake the financing of the Project, to execute and deliver the Indenture and to issue the Bonds.

Stevens & Lee

December 1, 2022

Page 3

B. The Indenture has been duly authorized, executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

C. The issuance and sale of the Bonds have been duly authorized and, assuming due execution and authentication, the Bonds are entitled to the benefit and security of the Indenture and constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

D. Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania.

In providing the foregoing opinions, we call to your attention that:

(a) The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement as Bond Counsel has concluded with the issuance of the Bonds and we disclaim any obligation to update this letter.

(b) As to questions of fact material to our opinion, we have relied upon the certified proceedings and other documents, agreements, instruments, reports and certificates furnished to us at or in connection with the issuance of the Bonds without undertaking to verify the same by independent investigation. We have also relied upon the accuracy of the representations and warranties and the performance of the covenants and agreements of the Issuer set forth in the Indenture and the various certificates and other agreements delivered at or in connection with the closing held this day.

(c) In providing the opinions set forth in Paragraphs A, B and C above, we have relied, without independent investigation, on the Solicitor's Opinion.

(d) In connection with the opinions set forth in Paragraphs B and C above, we call to your attention that the legality, validity, binding nature and enforceability of the

Stevens & Lee

December 1, 2022

Page 4

documents referred to therein may be limited by: (a) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (b) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or equitable principles generally affecting creditors' rights or remedies; and (c) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds any provisions set forth in such documents purporting to waive rights of due process and legal procedure.

(e) We express no opinion regarding any federal income tax consequences arising with respect to the Bonds.

(f) We have not been engaged to verify, nor have we independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated October 14, 2022 (the "Preliminary Official Statement") or the Official Statement, dated November 15, 2022 (the "Official Statement"), or otherwise used in connection with the offer and sale of the Bonds or set forth in or delivered by the Issuer officials or County officials. We express no opinion with respect to whether the Issuer or the County, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made therein not misleading.

(g) We have not verified, and express no opinion as to the accuracy of, any "CUSIP" identification number that may be printed on any Bond. We have also assumed the genuineness of the signatures appearing on all the certificates, documents and instruments executed and delivered at closing.

(h) We call to your attention the fact that the Bonds are limited obligations of the Issuer, payable only from the funds specifically pledged therefor under the Indenture and that the Bonds do not pledge the general credit or taxing powers of the Commonwealth of Pennsylvania, the County of Lancaster (except to the extent provided in the Guaranty Agreement) or any other political subdivision of the Commonwealth. The Issuer has no taxing power.

STEVENS & LEE, P.C.

APPENDIX G - FORM OF BOND COUNSEL OPINION - 2022B BONDS

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Stevens & Lee

111 N. Sixth Street
P.O. Box 679
Reading, PA 19603
(610) 478-2000
www.stevenslee.com

December 1, 2022

Re: Lancaster County Convention Center Authority
\$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

TO THE REGISTERED OWNERS OF THE ABOVE BONDS:

We have acted as Bond Counsel in connection with the issuance by the Lancaster County Convention Center Authority (the “Issuer”) of its Hotel Room Rental Tax Revenue Bonds, Series B of 2022, dated December 1, 2022 (the “Bonds”) in the aggregate principal amount of \$62,730,000.

The Bonds are being issued pursuant to the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”) and a Resolution duly adopted by the Board of the Issuer on July 28, 2022 (the “Resolution”). The Bonds are being issued, in fully registered form, in denominations of \$5,000 each or integral multiples thereof, under and pursuant to the provisions of a Trust Indenture, dated as of December 1, 2022 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”).

The proceeds of the Bonds will be used to finance a project (the “Project”) consisting of (i) the current refunding of the Issuer’s Hotel Room Rental Tax Revenue Bonds Series of 2014; (ii) the payment of the cost of terminating certain interest rate swaps; (iii) the funding of a debt service reserve fund; and (iv) the payment of the costs of issuance of the Bonds. All capitalized terms used in this opinion and not defined herein shall have the meanings assigned to them in the Indenture unless the context clearly requires otherwise.

In connection with the issuance of the Bonds, the Issuer has entered into (i) a Guaranty Agreement, dated as of December 1, 2022 (the “Guaranty Agreement”) with the County of Lancaster, Pennsylvania (the “County”), as guarantor, and the Trustee; and (ii) a Reimbursement Agreement, dated as of December 1, 2022 (the “Reimbursement Agreement”) with the County.

In our capacity as Bond Counsel, we have reviewed the following:

1. The Act;
2. Ordinance No. 45 enacted by the Board of Commissioners of the County of Lancaster, Pennsylvania on September 15, 1999;
3. Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”);

Stevens & Lee

December 1, 2022

Page 2

4. The General Certificate of the Issuer and all exhibits thereto;
 5. Copies of the proceedings of the Issuer in connection with the issuance of the Bonds, including, particularly, the Resolution;
 6. A specimen copy of one of the Bonds;
 7. The opinion of Russell, Krafft & Gruber, LLP, Lancaster, Pennsylvania, in its capacity as counsel to the Issuer;
 8. The opinion of Jacquelyn E. Pfursich, Esquire, in her capacity as solicitor to the County;
 9. The proceedings of the County filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the “Department”) under the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the “Debt Act”);
 10. The Certificate of the Department approving the incurrence of lease rental indebtedness by the County in the principal amount of not to exceed \$88,725,000;
 11. The Nonarbitrage Certificate and Compliance Agreement executed and delivered by the Issuer;
 12. A copy of the information return of the Issuer on Form 8038-G;
 13. A copy of the Bond Purchase Agreement, dated November 15, 2022, between the Authority and Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC (collectively, the “Purchaser”);
 14. The Issue Price Certificate of the Purchaser dated the date hereof; and
 15. Executed copies of the Indenture, the Guaranty Agreement, the Reimbursement Agreement and the other documents, agreements, certificates and opinions delivered at the closing held this day.
-

Stevens & Lee

December 1, 2022

Page 3

Based and in reliance upon the foregoing, our attendance at the closing held this day and subject to the caveats, qualifications, exceptions and assumptions set forth herein, it is our opinion that, as of the date hereof under existing law:

A. The Issuer is a body corporate and politic and a public instrumentality of the Commonwealth of Pennsylvania, organized and validly existing under the Act, with full power and authority to undertake the financing of the Project, to execute and deliver the Indenture and to issue the Bonds.

B. The Indenture has been duly authorized, executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

C. The issuance and sale of the Bonds have been duly authorized and, assuming due execution and authentication, the Bonds are entitled to the benefit and security of the Indenture and constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

D. Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania.

E. Interest on the Bonds is not includable in gross income for federal income tax purposes under Section 103(a) of the Code.

F. Under the Code, interest on the Bonds does not constitute an item of tax preference under Section 57 of the Code and thus is not subject to alternative minimum tax on individuals and corporations; however, for tax years beginning after December 31, 2022, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

In providing the foregoing opinions, we call to your attention that:

(a) The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such

Stevens & Lee

December 1, 2022

Page 4

authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement as Bond Counsel has concluded with the issuance of the Bonds and we disclaim any obligation to update this letter.

(b) As to questions of fact material to our opinion, we have relied upon the certified proceedings and other documents, agreements, instruments, reports and certificates furnished to us at or in connection with the issuance of the Bonds (including, without limitation, certificates and agreements by the Issuer as to the expected use of proceeds of the Bonds, and as to its continuing compliance with Sections 148 and 141 of the Code to assure that the Bonds do not become “arbitrage bonds” or “private activity bonds”) without undertaking to verify the same by independent investigation. We have also relied upon the accuracy of the representations and warranties and the performance of the covenants and agreements of the Issuer set forth in the Indenture and the various certificates and other agreements delivered at or in connection with the closing held this day.

(c) In providing the opinions set forth in Paragraphs A, B and C above, we have relied, without independent investigation, on the Solicitor’s Opinion.

(d) In connection with the opinions set forth in Paragraphs B and C above, we call to your attention that the legality, validity, binding nature and enforceability of the documents referred to therein may be limited by: (a) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (b) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or equitable principles generally affecting creditors’ rights or remedies; and (c) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds any provisions set forth in such documents purporting to waive rights of due process and legal procedure.

(e) In providing our opinion set forth in Paragraph E above, we have assumed continuing compliance by the Issuer with the applicable requirements of the Code and applicable regulations thereunder that must be met subsequent to the issuance of the Bonds in order that the interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

(f) In providing the opinions set forth in Paragraph F above, we have assumed continuing compliance by the Issuer with the requirements of the Code and applicable regulations thereunder which must be met subsequent to the issuance of the Bonds in order that the interest thereon not constitute an item of tax preference under Section 57 of the Code.

Stevens & Lee

December 1, 2022

Page 5

Failure to comply with such requirements could cause the interest on the Bonds to constitute an item of tax preference under Section 57 of the Code retroactive to the date of issuance of the Bonds.

(g) Except as specifically set forth above, we express no opinion regarding other federal income tax consequences arising with respect to the Bonds, including, without limitation, the treatment for federal income tax purposes of gain or loss, if any, upon the sale, redemption, or other disposition of the Bonds prior to maturity of the Bonds subject to original issue discount and the effect, if any, of certain other provisions of the Code which could result in collateral federal income tax consequences to certain investors as a result of adjustments in the computation of tax liability dependent on tax-exempt interest.

(h) We have not been engaged to verify, nor have we independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated October 14, 2022 (the “Preliminary Official Statement”) or the Official Statement, dated November 15, 2022 (the “Official Statement”), or otherwise used in connection with the offer and sale of the Bonds or set forth in or delivered by the Issuer officials or County officials. We express no opinion with respect to whether the Issuer or the County, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made therein not misleading.

(i) We have not verified, and express no opinion as to the accuracy of, any “CUSIP” identification number that may be printed on any Bond. We have also assumed the genuineness of the signatures appearing on all the certificates, documents and instruments executed and delivered at closing.

(j) We call to your attention the fact that the Bonds are limited obligations of the Issuer, payable only from the funds specifically pledged therefor under the Indenture and that the Bonds do not pledge the general credit or taxing powers of the Commonwealth of Pennsylvania, the County of Lancaster (except to the extent provided in the Guaranty Agreement) or any other political subdivision of the Commonwealth. The Issuer has no taxing power.

STEVENS & LEE, P.C.

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APPENDIX H - FORM OF CONTINUING DISCLOSURE AGREEMENT

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JOINT CONTINUING DISCLOSURE AGREEMENT

This Joint Continuing Disclosure Agreement, dated December 1, 2022 (the “Disclosure Agreement”), is executed and delivered by and among the LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the “Authority”) and the COUNTY OF LANCASTER, PENNSYLVANIA (the “County”) in connection with the issuance of by the Authority of its (a) \$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the “Series A of 2022 Bonds”) and (b) \$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “Series B of 2022 Bonds” and together with the Series A of 2022 Bonds, the “Bonds”). The Bonds are being issued pursuant to a Trust Indenture, dated as of December 1, 2022 (the “Indenture”), between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). The Authority and the County covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the County for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean, any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement, with respect to the Authority, and any Annual Report provided by the County pursuant to, and as described in, Sections 5 and 6 of this Disclosure Agreement, with respect to the County.

“Bondholders” or “Holders” shall mean the registered owners of the Bonds and, if registered in the name of Cede & Co., through The Depository Trust Company, New York, New York (“DTC”), any Beneficial Owners (as such term is used by DTC to define holders other than nominees) of the Bonds, unless the Rule, or an authoritative interpretation thereof by the Securities and Exchange Commission (the “Commission”) or its staff, does not require this Disclosure Agreement to be for the benefit of such Beneficial Owners.

“Commission” shall mean the Securities and Exchange Commission.

“Dissemination Agent” shall mean any person or entity designated from time to time in writing by the Authority or the County and which has filed with the Authority or the County a written acceptance of such designation and of the duties of the Dissemination Agent under this Disclosure Agreement.

“EMMA” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule as further described in Section 15 hereof.

“Filing” shall mean, as applicable, any Annual Report or Listed Event filing or any other notice or report made public under this Disclosure Agreement made with each

NRMSIR or the MSRB and the SID, if any, together with a completed copy of a cover sheet in such form acceptable to each NRMSIR, the MSRB or SID, if applicable, describing the event by checking the box in said form when filing pursuant to the pertinent sections of this Disclosure Agreement.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 7(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto for purposes of the Rule.

“NRMSIR” shall mean any Nationally Recognized Municipal Securities Information Repository recognized for purposes of the Rule and the MSRB, as reflected on the website of the Securities and Exchange Commission at www.sec.gov. **As of the date of this Disclosure Agreement, the sole NRMSIR shall be the MSRB, through the operation of EMMA, as provided in Section 15 hereof.**

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each NRMSIR and the SID, if any.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SID” shall mean any public or private state information depository or entity designated by the Commonwealth of Pennsylvania as a state information depository for the purpose of the Rule, if any. As of the date of this Disclosure Agreement, no SID has been designated.

SECTION 3. Provision of Annual Reports of the Authority.

(a) The Authority shall not later than 275 days after the end of each fiscal year of the Authority, commencing with the fiscal year ending December 31, 2022, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In connection therewith, not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if one has been designated by the Authority under this Disclosure Agreement). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that if the audited financial statements of the Authority for the most recent completed fiscal year are not available

to be included in the Annual Report, such audited financial statements may be submitted separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed separately with EMMA as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the Authority reasonably expects the audited financial statements to become available.

(b) If the Authority is unable to provide an Annual Report by the date required in subsection (a), the Authority shall send or cause the Dissemination Agent to send, in a timely manner, a notice to each NRMSIR and the SID, if any, in substantially the form attached as Exhibit A.

(c) The Authority or the Dissemination Agent, if applicable, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) if a Dissemination Agent has been designated hereunder, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.

(iii) The Authority shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID, if any.

(d) If the Dissemination Agent does not receive the Annual Report from the Authority by the fifteenth Business Day specified in Section 3(a) above, the Dissemination Agent shall provide a written reminder notice to the Authority with respect to the Authority's obligations under Section 3(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 4. Content of Annual Reports of the Authority. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) the Authority's financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units; and

(b) an update of the information contained in Appendix A to the Official Statement dated November 15, 2022, under the section entitled "Annual Hotel Tax Revenue Receipts".

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to each Repository. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by reference. The Authority reserves the right to

modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be done in a manner consistent with the Rule.

SECTION 5. Provision of Annual Reports of the County.

(a) The County shall not later than 275 days after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2022, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 6 of this Disclosure Agreement. In connection therewith, not later than fifteen (15) Business Days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if one has been designated by the County under this Disclosure Agreement). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 6 of this Disclosure Agreement; provided, however, that if the audited financial statements of the County for the most recent completed fiscal year are not available to be included in the Annual Report, such audited financial statements may be submitted separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed separately with EMMA as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the County reasonably expects the audited financial statements to become available.

(b) If the County is unable to provide an Annual Report by the date required in subsection (a), the County shall send or cause the Dissemination Agent to send, in a timely manner, a notice to each NRMSIR and the SID, if any, in substantially the form attached as Exhibit B.

(c) The County or the Dissemination Agent, if applicable, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) if a Dissemination Agent has been designated hereunder, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided; and

(iii) The County shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID, if any.

(d) If the Dissemination Agent does not receive the Annual Report from the County by the fifteenth Business Day specified in Section 5(a) above, the Dissemination Agent shall provide a written reminder notice to the County with respect to the County's obligations under Section 5(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 6. Content of Annual Reports of the County. The County Annual Report shall contain or incorporate by reference the following:

- (a) the County's financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards;
- (b) a summary of the County's budget for the current fiscal year;
- (c) the aggregate assessed value and market value of all taxable real estate for the current fiscal year;
- (d) the taxes and millage rates imposed for the current fiscal year;
- (e) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount); and
- (f) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the County or related public entities, which have been submitted to each Repository. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference. The County reserves the right to modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be done in a manner consistent with the Rule.

SECTION 7. Reporting of Significant Events.

(a) The occurrence of any of the following events with respect to a particular series of Bonds, constitutes a "Listed Event" only with respect to such series of Bonds. This Section 7 shall govern the giving of notices of the occurrence of any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Nonpayment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of securities holders, if material;
- (viii) Bond calls, if material, and tender offers for the Bonds;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar events of the County or the Authority;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the County or the Authority or the sale of all or substantially all of the assets of the County or the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;
- (xv) Incurrence of a Financial Obligation of the County or the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County or the Authority, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County or the Authority, any of which reflect financial difficulties.

(b) Whenever the County or the Authority obtains knowledge of the occurrence of a Listed Event, the County or the Authority shall as soon as possible (with respect to those Listed Events where a determination of materiality by the County or the Authority is

applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities laws.

(c) If (i) a Determination of materiality by the County or the Authority is not relevant to the obligation to give notice of a Listed Event or (ii) the County or the Authority determines (with respect to those Listed Events where a determination of materiality by the County or the Authority is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the County or the Authority shall promptly file in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, or cause the Dissemination Agent to so file (if a Dissemination Agent has been designated hereunder) a notice of such occurrence with each NRMSIR and the SID, if any, with a copy to the Trustee.

(d) For purposes of the Listed Events in Section 7(a)(xii), the County or the Authority and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: *“Note: for the purposes of the event identified in subparagraph (b)(5)(i)(C)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;”*

SECTION 8. Termination of Reporting Obligation. The County’s and the Authority’s obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds, or if and when the County or the Authority is no longer an “obligated person” with respect to the Bonds, within the meaning of the Rule.

In the event that any person or entity subsequent to the execution hereof becomes an “obligated person,” as such term is defined in the Rule, with respect to the Bonds, the County and the Authority covenant to use their best effort to cause such obligated person to enter into a written undertaking to comply with the provisions of the Rule or to cause this Disclosure Agreement to be amended and to cause such obligated person to join in the execution of such amendment.

SECTION 9. Dissemination Agent. The County or the Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent and without notice to the holders of the Bonds. The County or the Authority shall cause the Dissemination Agent appointed hereunder and any successors to execute and deliver an acknowledgment of acceptance of the designation and duties of Dissemination Agent under this Disclosure Statement.

SECTION 10. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County or the Authority may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

SECTION 11. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County or the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County or the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County or the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 12. Default. In the event of a failure of the County or the Authority to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County or the Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Bonds or the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the County or the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent, if other than the County or the Authority. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the County and the Authority agree to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County and the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 14. Undertaking with Respect to Certain Procedures and Policies. The Authority agrees to begin the process of establishing internal policies and procedures for the purpose of continuing disclosure compliance. Without intending to preclude the adoption of other necessary or useful policies and procedures, a single official of the Authority will be designated with ultimate responsibility for continuing disclosure compliance and will oversee the process of informing and training appropriate deputies and other employees with respect to the Authority's continuing disclosure undertakings.

SECTION 15. EMMA. Filings shall be made to the continuing disclosure service portal provided through EMMA as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to the Commission.

SECTION 16. Alternative Filing. Notwithstanding the other provisions of this Disclosure Agreement, any filing under this Disclosure Agreement, and any additional supplements hereto, may be made with such depositories and using such electronic filing systems as may be approved by the United States Securities and Exchange Commission (in lieu of the procedures currently in this Disclosure Agreement).

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Authority, the Trustee, the Dissemination Agent (if any), the Participating Underwriter and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Authority and the County have caused this Disclosure Agreement to be duly executed and delivered, all as of the date first above written.

ATTEST:

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

Secretary

By: _____
Chairman

(SEAL)

ATTEST:

COUNTY OF LANCASTER, PENNSYLVANIA

Chief Clerk

By: _____
Chairman

(SEAL)

[Signature page to Continuing Disclosure Agreement]

EXHIBIT A¹

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Lancaster County Convention Center Authority
Lebanon County, Pennsylvania

Name of Bond Issue: \$6,755,000 Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable) and \$62,730,000 Hotel Room Rental Tax
Revenue Bonds, Series B of 2022, each
dated December 1, 2022 (the “Bonds”)

Date of Issuance: December 1, 2022

NOTICE IS HEREBY GIVEN that the Lancaster County Convention Center Authority (the “Authority”), has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Joint Continuing Disclosure Agreement, dated December 1, 2022, executed by the Authority. The Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY [OR DISSEMINATION
AGENT ON BEHALF OF LANCASTER
COUNTY CONVENTION CENTER
AUTHORITY]

cc: Trustee

¹ The substantive content of this notice shall be provided in any applicable notice filing. Appropriate modifications may be made to accommodate the electronic submission format requirements of the EMMA system or other successor electronic filing system.

EXHIBIT B¹

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Lancaster County Convention Center Authority
Lebanon County, Pennsylvania

Name of Bond Issue: \$6,755,000 Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable) and \$62,730,000 Hotel Room Rental Tax
Revenue Bonds, Series B of 2022, each
dated December 1, 2022 (the “Bonds”)

Date of Issuance: December 1, 2022

NOTICE IS HEREBY GIVEN that the County of Lancaster, Pennsylvania (the
“County”), has not provided an Annual Report with respect to the above-named Bonds as
required by Section 5 of the Joint Continuing Disclosure Agreement, dated December 1, 2022,
executed by the County. The County anticipates that the Annual Report will be filed by
_____.

Dated: _____

COUNTY OF LANCASTER, PENNSYLVANIA
[OR DISSEMINATION AGENT ON BEHALF OF
COUNTY OF LANCASTER, PENNSYLVANIA]

cc: Trustee

¹ The substantive content of this notice shall be provided in any applicable notice filing.
Appropriate modifications may be made to accommodate the electronic submission format
requirements of the EMMA system or other successor electronic filing system.

BOND PURCHASE AGREEMENT

for

LANCASTER COUNTY CONVENTION CENTER AUTHORITY
Lancaster County, Pennsylvania
\$69,485,000

Consisting of

\$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)
\$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

November 15, 2022

Raymond James & Associates, Inc. as Representative

BOND PURCHASE AGREEMENT

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

Lancaster County, Pennsylvania

\$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)

\$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

November 15, 2022

Board of Directors
Lancaster County Convention Center Authority
25 South Queen Street
Lancaster, PA 17601

Ladies and Gentlemen:

The undersigned, Raymond James & Associates, Inc. (the “Representative”) and RBC Capital Markets, LLC (collectively, the “Underwriters”), acting on their own behalf, offers to enter into the following agreement with Lancaster County Convention Center Authority, Lancaster County, Pennsylvania (the “Issuer” or the “Authority”) which, upon the Issuer’s written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. Terms not otherwise defined in this Bond Purchase Agreement (the “Agreement”) shall have the same meanings set forth in the Indenture (as defined herein) or in the Official Statement (as defined herein).

1. *Purchase and Sale of the Bonds.* Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer’s Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the “2022A Bonds”) and the Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “2022B Bonds”) (collectively, the “Bonds”). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm’s length, commercial transaction between the Issuer and the Underwriters in which the Underwriters are acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or is currently providing other services to the Issuer on other matters); (iii) the Underwriters are acting solely in their capacity as underwriters for their own account and have financial and other interests that differ from those of the Issuer, (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (v) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. The Underwriters have been duly authorized to execute this agreement and to act hereunder.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities and interest rates per annum are set forth in Schedule I attached hereto. The optional and mandatory sinking fund redemption provisions are set forth in Schedule II attached hereto. The Bonds shall be as described in and shall be issued and secured under and pursuant to the provisions of the Indenture (as defined herein) and a Resolution duly adopted by the Authority on July 28, 2022 (the “Bond Resolution”). Wilmington Trust, National Association, Harrisburg, Pennsylvania, shall serve as trustee (the “Trustee”) under the Indenture and as paying agent and registrar for the Bonds.

The purchase price for the 2022A Bonds shall be \$6,722,913.75 plus interest accrued on the 2022A Bonds, if any, from the dated date of the 2022A Bonds to the Closing Date (as hereinafter defined). The purchase price equals the principal amount of the 2022A Bonds, less an underwriter's discount of \$32,086.25.

The purchase price for the 2022B Bonds shall be \$60,270,284.35 plus interest accrued on the 2022B Bonds, if any, from the dated date of the 2022B Bonds to the Closing Date (as hereinafter defined). The purchase price equals the principal amount of the 2022B Bonds, less an underwriter's discount of \$360,697.50 less a net original issue discount of \$2,099,018.15.

2. *Public Offering.* The Underwriters agree to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering price set forth on the inside front cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover of the Official Statement.

3. *Establishment of Issue Price.*

(a) The Underwriters agree to assist the Issuer in establishing the issue price of the 2022B Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriters, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2022B Bonds. As applicable, all actions to be taken by the Issuer under this section to establish the issue price of the 2022B Bonds may be taken on behalf of the Issuer by the Issuer's municipal advisor and any notice or report to be provided to the Issuer may be provided to the Issuer's municipal advisor.

(b) Except as otherwise set forth in Schedule II attached hereto, the Issuer will treat the first price at which 10% of each maturity of the 2022B Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Agreement, the Underwriters shall report to the Issuer the price or prices at which it has sold to the public each maturity of 2022B Bonds. If at that time the 10% test has not been satisfied as to any maturity of the 2022B Bonds, the Underwriters agree to promptly report to the Issuer the prices at which it sells the unsold 2022B Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the 2022B Bonds of that maturity or until all 2022B Bonds of that maturity have been sold to the public.

(c) The Underwriters confirm that it has offered the 2022B Bonds to the public on or before the date of this Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule II attached hereto, except as otherwise set forth therein. The information contained below the heading "2022B Bonds Not Meeting the 10% Test" sets forth, as of the date of this Agreement, the maturities, if any, of the 2022B Bonds for which the 10% test has not been satisfied and for which the Issuer and the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the 2022B Bonds, the Underwriters will neither offer nor sell unsold 2022B

Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the 2022B Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriters shall promptly advise the Issuer when it has sold 10% of that maturity of the 2022B Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The Underwriters confirm that any selling group agreement relating to the initial sale of the 2022B Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group to (A) report the prices at which it sells to the public the unsold 2022B Bonds of each maturity allotted to it until it is notified by the Underwriters that either the 10% test has been satisfied as to the 2022B Bonds of that maturity or all 2022B Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriters. The Issuer acknowledges that, in making the representation set forth in this subsection, the Underwriters will rely on in the event a selling group has been created in connection with the initial sale of the 2022B Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires. The Issuer further acknowledges that the Underwriters shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2022B Bonds.

(e) The Underwriters acknowledge that sales of any 2022B Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2022B Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2022B Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2022B Bonds to the public),
- (iii) a purchaser of any of the 2022B Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of

the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

4. *The Preliminary Official Statement and the Official Statement.*

(a) Copies of the Preliminary Official Statement and a draft of the final Official Statement have been provided to the Issuer, bond counsel, the Issuer’s Solicitor and administrative officers for their final review.

(b) The Preliminary Official Statement has been prepared for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement was deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”).

(c) The Issuer hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer’s acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer’s acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters in such quantity as the Underwriters shall request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the Municipal Securities Rulemaking Board (the “MSRB”), but in no case less than 25 days after the “end of the underwriting period” for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriters (and for the purposes of this clause provide the Underwriters with such information as it may from time to time request), and if, in the reasonable opinion of the Underwriters, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, and upon the request of the Underwriters, the Issuer will forthwith prepare and furnish, or cause to be prepared and furnished, at the Issuer’s own expense (in a form and manner approved by the Underwriters), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or

necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing (as defined herein), the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Underwriters may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriters hereby agree to timely file the Official Statement with the MSRB. Unless otherwise notified in writing by the Underwriters, the Issuer can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

5. *Representations, Warranties, and Covenants of the Issuer.* The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a public body corporate and politic organized and existing under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented (the “Act”) of the Commonwealth of Pennsylvania (the “Commonwealth” or the “State”) and has full legal right, power and authority under the Act, and at the date of the Closing will have full legal right, power and authority under the Act and the Bond Resolution (i) to enter into, execute and deliver this Agreement, the Indenture and the Continuing Disclosure Undertaking (the “Undertaking”), as defined in Section 7(h)(3) hereof, and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Bond Resolution and the Indenture, as defined in 5(b) hereof, the Undertaking and the other documents referred to in this clause are hereinafter referred to as the “Issuer Documents”), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) The Trust Indenture, dated as of November 1, 2022, between the Authority and the Trustee and the Bonds issued thereunder are secured by an assignment and pledge to the Trustee of the Authority’s Hotel Revenues and all moneys, deposits and investments held by the Trustee. The Authority approved and authorized the issuance of the Bonds under the Indenture with the adoption of the Bond Resolution.

(c) Concurrently with the issuance of the Bonds, the County of Lancaster, Pennsylvania (the “County”) will execute and deliver a Guaranty Agreement with the Trustee (the “Guaranty Agreement”) pursuant to which the County will guaranty, unconditionally and irrevocably, to the Trustee, the full and prompt payment of the Authority’s obligation to replenish the Debt Service Reserve Fund under the Indenture.

(d) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, or such later date satisfactory to the Underwriters, the Issuer has duly authorized all necessary action to be taken by it for (i) the execution and delivery of the Indenture and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein, in the Bond Resolution and in the Official Statement;

(d) The Issuer Documents constitute or will constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for in accordance with the Bond Resolution, the Indenture and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Indenture and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; and upon the issuance, authentication and delivery of the Bonds as aforesaid, the Indenture will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge it purports to create as set forth in the Bond Resolution;

(e) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the Commonwealth or the United States, any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party relating to the transaction contemplated by this Agreement or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Indenture;

(f) All authorizations and approvals of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been or will be duly obtained;

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, (1) affecting the existence of the Issuer or the titles of its officers to their respective offices, (2) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, or the collection of taxes pledged to the payment of principal of and interest on the Bonds, pursuant to the Indenture, (3) in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, (4) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes under existing laws or the exclusion from gross income of interest on the Bonds from Pennsylvania personal income tax under the laws of the Commonwealth, (5) contesting in any way the timing or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (6) contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, if any such action does exist or is threatened, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially

adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) As of its date, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 4 of this Agreement), up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 4 of this Agreement, at the time of each supplement or amendment thereto and at all times subsequent thereto during the period up to and including the date of Closing the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and the Indenture and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes or Commonwealth income tax purposes of the interest on the Bonds;

(l) The financial statements of, and other financial information regarding the Issuer, in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer that was not disclosed in the Preliminary Official Statement and the Official Statement. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(m) Prior to the Closing the Issuer will not offer or issue any notes, bonds or other obligations for borrowed money payable from or secured by any of the revenues or assets which will secure the Bonds without prior notice to the Underwriters; and

(n) Any certificate signed by any official of the Issuer duly authorized to do so in connection with the transactions contemplated by this Agreement shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein;

6. *Closing.*

(a) At such time and date as shall have been mutually agreed upon by the Issuer and the Underwriters (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters via the Book-Entry Only System of The Depository Trust Company, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by a wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of the

Trustee, or such other place as shall have been mutually agreed upon by the Issuer and the Underwriters. If the Bonds are issued and delivered to the Underwriters from time to time as permitted under Section I hereof, the mutual delivery of Bonds and the other documents, certificates and opinions required by this Agreement to be made on the related Closing Date is herein referred to as a "Closing."

(b) The Bonds shall be delivered to the Trustee in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Resolution. Upon request, copies of the executed Bonds shall be made available to the Underwriters at least one business day before the Closing for purposes of inspection.

7. *Closing Conditions.* The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligation under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriters:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriters and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriters; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel to deliver its opinion referred to hereafter;

(d) At or prior to the Closing, the Bond Resolution shall have been duly adopted by the Issuer and in full force and effect, and the Issuer shall have duly executed and delivered the Bonds to the Trustee for the Trustee's authentication of the Bonds;

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Underwriters, is material and adverse and that makes it, in the judgment of the Underwriters, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(f) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriters; and

(h) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Issuer by an officer of the Issuer, or such other official as may have been agreed to by the Underwriters, and the reports and audits referred to or appearing in the Official Statement;

(2) The Bond Resolution, the Indenture and any bond agreement authorized thereunder, each with such supplements or amendments as may have been agreed to by the Underwriters;

(3) The Undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule;

(4) The approving opinion of Bond Counsel with respect to the Bonds in the form appended to the Official Statement;

(5) A certificate, dated the date of Closing, of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding against it is pending or, to its knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents, or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting revenues, and other income, pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) the resolutions of the Issuer authorizing the execution, delivery and/or performance of the Official Statement, the Bonds and Issuer Documents have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed, and (iv) to the best of its knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement (as the same may have been amended or supplemented in accordance with Section 4(c) hereof, if applicable) is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(6) A certificate of the Issuer in form and substance satisfactory to Bond Counsel (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing which establish that it is not expected that the proceeds of the 2022B Bonds will be used in a manner that would cause the 2022B Bonds to be “arbitrage bonds” within the meaning

of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(7) Any other certificates and opinions required by the Bond Resolution for the issuance thereunder of the Bonds; and

(8) Evidence that Moody’s Investors Service, Inc. has awarded the Bonds an underlying rating of “Aa2”.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder.

8. *Termination.* Either party shall have the right to terminate this Agreement and their obligations hereunder if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall, in the sole judgement of the terminating party, be materially adversely affected by the occurrence of any of the following:

(a) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the Commonwealth or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) Legislation shall be introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice shall be issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) A general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the

establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York or Pennsylvania state officials authorized to do so;

(d) The New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(e) Any amendment to the federal Constitution or Constitution of the Commonwealth or action by any federal or Commonwealth court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income, or securities (or interest thereon);

(f) Any event occurring or information becoming known which, in the judgment of the Underwriters, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) There shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur;

(h) Prior to the date of Closing, the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise, or disruptive events, occurrences or conditions in the securities or debt markets, which in the reasonable judgement of the Underwriters, would have a material adverse affect upon the Underwriters' ability to market the Bonds or the market price thereof;

(i) Any fact or event shall exist or have existed that, in the Underwriters' reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(j) There shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service of the Issuer's underlying credit rating or any rating of the Bond Insurer, if any, which issued a binding municipal bond guaranty insurance policy as additional security for the Bonds; or

(k) The purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

9. *Expenses.*

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay all expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, Preliminary Official Statement, Official Statement and any amendment or supplement thereto, (ii) the fees and disbursements of Bond Counsel, Solicitor, Disclosure Counsel and Special Tax Counsel, if any; (iii) the fees and

disbursements of any Trustee, Paying Agent, Financial Advisor, or engineers, accountants, and other experts, consultants or advisers retained by the Issuer, if any; and (iv) all fees and expenses in connection with obtaining Bond ratings. The Issuer shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriters which are incidental to implementing this Bond Purchase Agreement and the issuance of the Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs.

(b) The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

10. *Parties in Interest.* This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters). Notwithstanding the foregoing, the Issuer shall have the right, which right is hereby specifically acknowledged by the Underwriters, to direct the Underwriters to assign this Agreement and the Underwriters' interests in this Agreement to such party as the Issuer may direct in writing to the Underwriters. Upon such assignment the Underwriters shall be relieved of any obligations under this Agreement. The Issuer shall be responsible for the reasonable out of pocket expenses of the Underwriters in the event of any directed assignment to another party. This Agreement may be assigned by the Underwriters with the Issuer's prior written consent. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

11. *Effectiveness.* This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. *Choice of Law.* This Agreement and all matters arising out of this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

13. *Severability.* If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. *Business Day.* For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

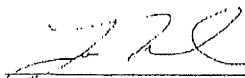
15. *Section Headings.* Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. *Counterparts.* This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between you and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

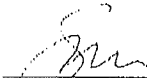
Respectfully submitted,

RAYMOND JAMES & ASSOCIATES, INC. AS REPRESENTATIVE

By: 

Name: Louis Verdelli

Title: Managing Director

By: 

Name: Scott Kramer

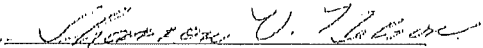
Title: Managing Director

ACCEPTANCE

ACCEPTED at 2:56 [a.m. (p.m.)] Eastern Time this 15th day of November, 2022.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

Lancaster County, Pennsylvania

By: 

Name: Sharron V. Nelson

Title: Board Chair, Lancaster County Convention Center Authority

SCHEDULE I

LANCASTER COUNTY CONVENTION CENTER AUTHORITY Lancaster County, Pennsylvania \$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) \$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Pricing Summary

LANCASTER COUNTY CONVENTION CENTER AUTHORITY Series A & B of 2022

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	
Serial Bond:										
	05/01/2023	1,000,000	4.870%	4.870%	100.000					
	05/01/2024	840,000	4.820%	4.820%	100.000					
	05/01/2025	885,000	4.740%	4.740%	100.000					
	05/01/2026	926,000	4.730%	4.730%	100.000					
	05/01/2027	970,000	4.780%	4.780%	100.000					
	05/01/2028	1,020,000	4.940%	4.940%	100.000					
	05/01/2029	1,070,000	5.090%	5.090%	100.000					
	05/01/2030	1,080,000	6.000%	3.360%	110.753				116,132.40	
	05/01/2030	46,000	5.170%	5.170%	100.000					
	05/01/2031	1,186,000	5.000%	3.380%	111.778				139,569.30	
	05/01/2032	1,246,000	5.000%	3.460%	112.282				162,923.35	
	05/01/2033	1,310,000	5.000%	3.540%	111.862	C	3.651%	05/01/2032	100.000	161,988.20
	05/01/2034	1,376,000	5.000%	3.710%	110.170	C	3.888%	05/01/2032	100.000	139,937.53
	05/01/2035	1,446,000	5.000%	3.830%	109.173	C	4.052%	05/01/2032	100.000	132,549.85
	05/01/2036	1,520,000	5.000%	3.930%	108.350	C	4.190%	05/01/2032	100.000	126,920.00
	05/01/2037	1,600,000	5.000%	4.020%	107.616	C	4.286%	05/01/2032	100.000	121,856.00
	05/01/2038	1,670,000	4.000%	4.340%	99.204				-83,393.20	
	05/01/2039	1,750,000	5.000%	4.130%	109.727	C	4.419%	05/01/2032	100.000	117,722.50
	05/01/2040	1,810,000	4.250%	4.480%	97.236				-41,751.50	
	05/01/2040	326,000	5.000%	4.210%	106.085	C	4.492%	05/01/2032	100.000	19,776.25
	05/01/2041	1,916,000	4.250%	4.540%	96.403				-68,982.55	
	05/01/2042	2,000,000	4.375%	4.590%	97.253				-54,840.00	
		20,885,000							960,306.10	
Term Bond 2049:										
	05/01/2043	2,085,000	4.000%	4.820%	87.818				-263,994.70	
	05/01/2044	2,170,000	4.000%	4.820%	87.818				-284,349.40	
	05/01/2045	2,256,000	4.000%	4.820%	87.818				-274,704.10	
	05/01/2046	2,350,000	4.000%	4.820%	87.818				-286,277.00	
	05/01/2047	2,446,000	4.000%	4.820%	87.818				-297,849.50	
	05/01/2048	2,546,000	4.000%	4.820%	87.818				-310,031.90	
	05/01/2049	2,650,000	4.000%	4.820%	87.818				-322,823.00	
		18,599,000							-2,010,030.00	
Term Bond 2053:										
	05/01/2050	2,770,000	4.750%	4.940%	97.021				-82,518.30	
	05/01/2051	2,900,000	4.750%	4.940%	97.021				-86,391.00	
	05/01/2052	3,046,000	4.750%	4.940%	97.021				-90,710.55	
	05/01/2053	3,190,000	4.750%	4.940%	97.021				-95,030.10	
		11,906,000							-364,849.95	
Term Bond 2057:										
	05/01/2054	3,346,000	4.750%	5.060%	94.986				-166,387.30	
	05/01/2055	3,510,000	4.750%	5.060%	94.986				-176,693.40	
	05/01/2056	3,680,000	4.750%	5.060%	94.986				-185,251.20	
	05/01/2057	3,860,000	4.750%	5.060%	94.986				-194,312.40	
		14,396,000							-724,644.30	
		63,485,000							-2,099,018.15	

Dated Date	12/01/2022	
Delivery Date	12/01/2022	
First Coupon	05/01/2023	
Par Amount	89,485,000.00	
Original Issue Discount	-2,069,018.15	
Production	87,385,981.85	98.979178%
Underwriter's Discount	-382,763.75	-0.556276%
Purchase Price	86,993,198.10	98.413900%
Accrued Interest		
Net Proceeds	86,993,198.10	

Series A of 2022

LANCASTER COUNTY CONVENTION CENTER AUTHORITY
Federally Taxable Hotel Room Rental Tax Revenue Bonds, Series A of 2022

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	05/01/2023	1,000,000	4.870%	4.870%	100.000
	05/01/2024	840,000	4.920%	4.920%	100.000
	05/01/2025	885,000	4.740%	4.740%	100.000
	05/01/2026	925,000	4.730%	4.730%	100.000
	05/01/2027	970,000	4.780%	4.780%	100.000
	05/01/2028	1,020,000	4.940%	4.940%	100.000
	05/01/2029	1,070,000	5.090%	5.090%	100.000
	05/01/2030	45,000	5.170%	5.170%	100.000
		6,755,000			

Dated Date	12/01/2022
Delivery Date	12/01/2022
First Coupon	05/01/2023

Par Amount	6,755,000.00
Original Issue Discount	

Production	6,755,000.00	100.000000%
Underwriter's Discount	-32,086.25	-0.475000%

Purchase Price	6,722,913.75	99.525000%
Accrued Interest		

Net Proceeds	6,722,913.75
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Series B of 2022

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
Hotel Room Rental Tax Revenue Bonds, Series B of 2022**

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bond:									
	05/01/2030	1,080,000	5.000%	3.350%	110.753				116,132.40
	05/01/2031	1,185,000	5.000%	3.380%	111.778				139,569.30
	05/01/2032	1,245,000	5.000%	3.460%	112.283				152,823.35
	05/01/2033	1,310,000	5.000%	3.540%	111.602 C	3.651%	05/01/2032	100.000	151,986.20
	05/01/2034	1,375,000	5.000%	3.710%	110.170 C	3.888%	05/01/2032	100.000	139,837.50
	05/01/2035	1,445,000	5.000%	3.830%	109.173 C	4.052%	05/01/2032	100.000	132,549.85
	05/01/2036	1,520,000	5.000%	3.930%	108.350 C	4.180%	05/01/2032	100.000	126,920.00
	05/01/2037	1,600,000	5.000%	4.020%	107.616 C	4.286%	05/01/2032	100.000	121,856.00
	05/01/2038	1,670,000	4.000%	4.340%	96.204				-63,393.20
	05/01/2039	1,750,000	5.000%	4.130%	106.727 C	4.419%	05/01/2032	100.000	117,722.50
	05/01/2040	1,510,000	4.250%	4.480%	97.235				-41,751.50
	05/01/2040	325,000	5.000%	4.210%	106.085 C	4.492%	05/01/2032	100.000	19,776.25
	05/01/2041	1,915,000	4.250%	4.540%	96.403				-68,882.55
	05/01/2042	2,000,000	4.375%	4.590%	97.253				-54,940.00
		<u>19,930,000</u>							<u>990,306.10</u>
Term Bond 2049:									
	05/01/2043	2,085,000	4.000%	4.820%	87.818				-253,994.70
	05/01/2044	2,170,000	4.000%	4.820%	87.818				-264,349.40
	05/01/2045	2,255,000	4.000%	4.820%	87.818				-274,704.10
	05/01/2046	2,350,000	4.000%	4.820%	87.818				-286,277.00
	05/01/2047	2,445,000	4.000%	4.820%	87.818				-297,849.90
	05/01/2048	2,545,000	4.000%	4.820%	87.818				-310,031.90
	05/01/2049	<u>2,650,000</u>	4.000%	4.820%	87.818				<u>-322,823.00</u>
		<u>16,500,000</u>							<u>-2,010,030.00</u>
Term Bond 2053:									
	05/01/2050	2,770,000	4.750%	4.940%	97.021				-82,516.30
	05/01/2051	2,900,000	4.750%	4.940%	97.021				-86,391.00
	05/01/2052	3,045,000	4.750%	4.940%	97.021				-90,710.55
	05/01/2053	<u>3,190,000</u>	4.750%	4.940%	97.021				<u>-95,030.10</u>
		<u>11,905,000</u>							<u>-354,649.95</u>
Term Bond 2057:									
	05/01/2054	3,345,000	4.750%	5.060%	94.966				-168,387.30
	05/01/2055	3,510,000	4.750%	5.060%	94.966				-176,693.40
	05/01/2056	3,680,000	4.750%	5.060%	94.966				-185,251.20
	05/01/2057	<u>3,860,000</u>	4.750%	5.060%	94.966				<u>-194,312.40</u>
		<u>14,395,000</u>							<u>-724,644.30</u>
		<u>62,730,000</u>							<u>-2,099,018.15</u>

Dated Date 12/01/2022
Delivery Date 12/01/2022
First Coupon 05/01/2023

Par Amount 62,730,000.00
Original Issue Discount -2,099,018.15

Production 60,630,981.85 96.653885%
Underwriter's Discount -360,697.50 -0.575000%

Purchase Price 60,270,284.35 96.078685%
Accrued Interest

Net Proceeds 60,270,284.35

SCHEDULE II

Optional Redemption

The 2022A Bonds are not subject to optional redemption.

Optional Redemption

The 2022B Bonds stated to mature on or after May 1, 2033 shall be subject to redemption prior to maturity, at the option of the Issuer, as a whole, or in part (in any order of maturity as selected by the Issuer), at any time on or after May 1, 2032 at a price equal to 100% of the principal amount of the 2022B Bonds redeemed, together with accrued interest thereon to the date fixed for such optional redemption. In the event that less than all 2022B Bonds of a particular maturity are to be redeemed, the 2022B Bonds of such maturity to be redeemed shall be drawn by lot by the Trustee; provided, however, that while the 2022B Bonds are held under the book-entry only system of DTC, the selection of 2022B Bonds within a maturity to be redeemed shall be accomplished in accordance with the operating rules and practices of DTC.

Mandatory Redemption

The 2022B Bonds stated to mature on May 1 of the years 2049, 2053 and 2057 are subject to mandatory redemption, in part, as drawn by lot by the Trustee, prior to the stated maturity date, by application of money available for such purposes in the Sinking Fund established under the Bond Resolution, upon payment of the principal amount thereof, together with accrued interest, to the date fixed for redemption or upon maturity, as applicable, on May 1 of the following years and in the following principal amounts.

The 2022B Bonds Stated to Mature on May 1, 2049:

2043	\$ 2,085,000
2044	2,170,000
2045	2,255,000
2046	2,350,000
2047	2,445,000
2048	2,545,000
2049*	2,650,000

The 2022B Bonds Stated to Mature on May 1, 2053:

2050	\$ 2,770,000
2051	2,900,000
2052	3,045,000
2053*	3,190,000

The 2022B Bonds Stated to Mature on May 1, 2057:

2054	\$ 3,345,000
2055	3,510,000
2056	3,680,000
2057*	3,860,000

*Maturity

2022B Bonds Not Meeting the 10% Test

<u>Maturity</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Price</u>
05/01/2035	\$ 1,445,000	5.000%	3.830%	109.173

JOINT CONTINUING DISCLOSURE AGREEMENT

This Joint Continuing Disclosure Agreement, dated December 1, 2022 (the “Disclosure Agreement”), is executed and delivered by and among the LANCASTER COUNTY CONVENTION CENTER AUTHORITY (the “Authority”) and the COUNTY OF LANCASTER, PENNSYLVANIA (the “County”) in connection with the issuance of by the Authority of its (a) \$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the “Series A of 2022 Bonds”) and (b) \$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “Series B of 2022 Bonds” and together with the Series A of 2022 Bonds, the “Bonds”). The Bonds are being issued pursuant to a Trust Indenture, dated as of December 1, 2022 (the “Indenture”), between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). The Authority and the County covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the County for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean, any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement, with respect to the Authority, and any Annual Report provided by the County pursuant to, and as described in, Sections 5 and 6 of this Disclosure Agreement, with respect to the County.

“Bondholders” or “Holders” shall mean the registered owners of the Bonds and, if registered in the name of Cede & Co., through The Depository Trust Company, New York, New York (“DTC”), any Beneficial Owners (as such term is used by DTC to define holders other than nominees) of the Bonds, unless the Rule, or an authoritative interpretation thereof by the Securities and Exchange Commission (the “Commission”) or its staff, does not require this Disclosure Agreement to be for the benefit of such Beneficial Owners.

“Commission” shall mean the Securities and Exchange Commission.

“Dissemination Agent” shall mean any person or entity designated from time to time in writing by the Authority or the County and which has filed with the Authority or the County a written acceptance of such designation and of the duties of the Dissemination Agent under this Disclosure Agreement.

“EMMA” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule as further described in Section 15 hereof.

“Filing” shall mean, as applicable, any Annual Report or Listed Event filing or any other notice or report made public under this Disclosure Agreement made with each

NRMSIR or the MSRB and the SID, if any, together with a completed copy of a cover sheet in such form acceptable to each NRMSIR, the MSRB or SID, if applicable, describing the event by checking the box in said form when filing pursuant to the pertinent sections of this Disclosure Agreement.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 7(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto for purposes of the Rule.

“NRMSIR” shall mean any Nationally Recognized Municipal Securities Information Repository recognized for purposes of the Rule and the MSRB, as reflected on the website of the Securities and Exchange Commission at www.sec.gov. **As of the date of this Disclosure Agreement, the sole NRMSIR shall be the MSRB, through the operation of EMMA, as provided in Section 15 hereof.**

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each NRMSIR and the SID, if any.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SID” shall mean any public or private state information depository or entity designated by the Commonwealth of Pennsylvania as a state information depository for the purpose of the Rule, if any. As of the date of this Disclosure Agreement, no SID has been designated.

SECTION 3. Provision of Annual Reports of the Authority.

(a) The Authority shall not later than 275 days after the end of each fiscal year of the Authority, commencing with the fiscal year ending December 31, 2022, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In connection therewith, not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if one has been designated by the Authority under this Disclosure Agreement). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that if the audited financial statements of the Authority for the most recent completed fiscal year are not available

to be included in the Annual Report, such audited financial statements may be submitted separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed separately with EMMA as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the Authority reasonably expects the audited financial statements to become available.

(b) If the Authority is unable to provide an Annual Report by the date required in subsection (a), the Authority shall send or cause the Dissemination Agent to send, in a timely manner, a notice to each NRMSIR and the SID, if any, in substantially the form attached as Exhibit A.

(c) The Authority or the Dissemination Agent, if applicable, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) if a Dissemination Agent has been designated hereunder, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.

(iii) The Authority shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID, if any.

(d) If the Dissemination Agent does not receive the Annual Report from the Authority by the fifteenth Business Day specified in Section 3(a) above, the Dissemination Agent shall provide a written reminder notice to the Authority with respect to the Authority's obligations under Section 3(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 4. Content of Annual Reports of the Authority. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) the Authority's financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units; and

(b) an update of the information contained in Appendix A to the Official Statement dated November 15, 2022, under the section entitled "Annual Hotel Tax Revenue Receipts".

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to each Repository. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by reference. The Authority reserves the right to

modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be done in a manner consistent with the Rule.

SECTION 5. Provision of Annual Reports of the County.

(a) The County shall not later than 275 days after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2022, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 6 of this Disclosure Agreement. In connection therewith, not later than fifteen (15) Business Days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if one has been designated by the County under this Disclosure Agreement). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 6 of this Disclosure Agreement; provided, however, that if the audited financial statements of the County for the most recent completed fiscal year are not available to be included in the Annual Report, such audited financial statements may be submitted separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed separately with EMMA as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the County reasonably expects the audited financial statements to become available.

(b) If the County is unable to provide an Annual Report by the date required in subsection (a), the County shall send or cause the Dissemination Agent to send, in a timely manner, a notice to each NRMSIR and the SID, if any, in substantially the form attached as Exhibit B.

(c) The County or the Dissemination Agent, if applicable, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) if a Dissemination Agent has been designated hereunder, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided; and

(iii) The County shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID, if any.

(d) If the Dissemination Agent does not receive the Annual Report from the County by the fifteenth Business Day specified in Section 5(a) above, the Dissemination Agent shall provide a written reminder notice to the County with respect to the County's obligations under Section 5(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 6. Content of Annual Reports of the County. The County Annual Report shall contain or incorporate by reference the following:

(a) the County's financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards;

(b) a summary of the County's budget for the current fiscal year;

(c) the aggregate assessed value and market value of all taxable real estate for the current fiscal year;

(d) the taxes and millage rates imposed for the current fiscal year;

(e) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount); and

(f) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the County or related public entities, which have been submitted to each Repository. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference. The County reserves the right to modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be done in a manner consistent with the Rule.

SECTION 7. Reporting of Significant Events.

(a) The occurrence of any of the following events with respect to a particular series of Bonds, constitutes a "Listed Event" only with respect to such series of Bonds. This Section 7 shall govern the giving of notices of the occurrence of any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Nonpayment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of securities holders, if material;
- (viii) Bond calls, if material, and tender offers for the Bonds;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar events of the County or the Authority;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the County or the Authority or the sale of all or substantially all of the assets of the County or the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;
- (xv) Incurrence of a Financial Obligation of the County or the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County or the Authority, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County or the Authority, any of which reflect financial difficulties.

(b) Whenever the County or the Authority obtains knowledge of the occurrence of a Listed Event, the County or the Authority shall as soon as possible (with respect to those Listed Events where a determination of materiality by the County or the Authority is

applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities laws.

(c) If (i) a Determination of materiality by the County or the Authority is not relevant to the obligation to give notice of a Listed Event or (ii) the County or the Authority determines (with respect to those Listed Events where a determination of materiality by the County or the Authority is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the County or the Authority shall promptly file in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, or cause the Dissemination Agent to so file (if a Dissemination Agent has been designated hereunder) a notice of such occurrence with each NRMSIR and the SID, if any, with a copy to the Trustee.

(d) For purposes of the Listed Events in Section 7(a)(xii), the County or the Authority and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: *“Note: for the purposes of the event identified in subparagraph (b)(5)(i)(C)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;”*

SECTION 8. Termination of Reporting Obligation. The County’s and the Authority’s obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds, or if and when the County or the Authority is no longer an “obligated person” with respect to the Bonds, within the meaning of the Rule.

In the event that any person or entity subsequent to the execution hereof becomes an “obligated person,” as such term is defined in the Rule, with respect to the Bonds, the County and the Authority covenant to use their best effort to cause such obligated person to enter into a written undertaking to comply with the provisions of the Rule or to cause this Disclosure Agreement to be amended and to cause such obligated person to join in the execution of such amendment.

SECTION 9. Dissemination Agent. The County or the Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent and without notice to the holders of the Bonds. The County or the Authority shall cause the Dissemination Agent appointed hereunder and any successors to execute and deliver an acknowledgment of acceptance of the designation and duties of Dissemination Agent under this Disclosure Statement.

SECTION 10. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County or the Authority may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

SECTION 11. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County or the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County or the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County or the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 12. Default. In the event of a failure of the County or the Authority to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County or the Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Bonds or the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the County or the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent, if other than the County or the Authority. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the County and the Authority agree to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County and the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 14. Undertaking with Respect to Certain Procedures and Policies. The Authority agrees to begin the process of establishing internal policies and procedures for the purpose of continuing disclosure compliance. Without intending to preclude the adoption of other necessary or useful policies and procedures, a single official of the Authority will be designated with ultimate responsibility for continuing disclosure compliance and will oversee the process of informing and training appropriate deputies and other employees with respect to the Authority's continuing disclosure undertakings.

SECTION 15. EMMA. Filings shall be made to the continuing disclosure service portal provided through EMMA as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to the Commission.

SECTION 16. Alternative Filing. Notwithstanding the other provisions of this Disclosure Agreement, any filing under this Disclosure Agreement, and any additional supplements hereto, may be made with such depositories and using such electronic filing systems as may be approved by the United States Securities and Exchange Commission (in lieu of the procedures currently in this Disclosure Agreement).

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Authority, the Trustee, the Dissemination Agent (if any), the Participating Underwriter and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Authority and the County have caused this Disclosure Agreement to be duly executed and delivered, all as of the date first above written.

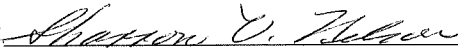
ATTEST:

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY



Secretary

By:



Chairman

(SEAL)

ATTEST:

COUNTY OF LANCASTER, PENNSYLVANIA

Chief Clerk

By:

Chairman

(SEAL)

[Signature page to Continuing Disclosure Agreement]

IN WITNESS WHEREOF, the Authority and the County have caused this Disclosure Agreement to be duly executed and delivered, all as of the date first above written.

ATTEST:

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

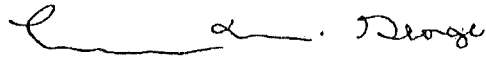
Secretary

By: _____
Chairman

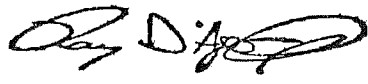
(SEAL)

ATTEST:

COUNTY OF LANCASTER, PENNSYLVANIA



Chief Clerk


By: _____
Chairman

(SEAL)

[Signature page to Continuing Disclosure Agreement]

EXHIBIT A¹

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Lancaster County Convention Center Authority
Lebanon County, Pennsylvania

Name of Bond Issue: \$6,755,000 Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable) and \$62,730,000 Hotel Room Rental Tax
Revenue Bonds, Series B of 2022, each
dated December 1, 2022 (the “Bonds”)

Date of Issuance: December 1, 2022

NOTICE IS HEREBY GIVEN that the Lancaster County Convention Center Authority (the “Authority”), has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Joint Continuing Disclosure Agreement, dated December 1, 2022, executed by the Authority. The Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY [OR DISSEMINATION
AGENT ON BEHALF OF LANCASTER
COUNTY CONVENTION CENTER
AUTHORITY]

cc: Trustee

¹ The substantive content of this notice shall be provided in any applicable notice filing. Appropriate modifications may be made to accommodate the electronic submission format requirements of the EMMA system or other successor electronic filing system.

EXHIBIT B¹

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Lancaster County Convention Center Authority
Lebanon County, Pennsylvania

Name of Bond Issue: \$6,755,000 Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable) and \$62,730,000 Hotel Room Rental Tax
Revenue Bonds, Series B of 2022, each
dated December 1, 2022 (the “Bonds”)

Date of Issuance: December 1, 2022

NOTICE IS HEREBY GIVEN that the County of Lancaster, Pennsylvania (the “County”), has not provided an Annual Report with respect to the above-named Bonds as required by Section 5 of the Joint Continuing Disclosure Agreement, dated December 1, 2022, executed by the County. The County anticipates that the Annual Report will be filed by

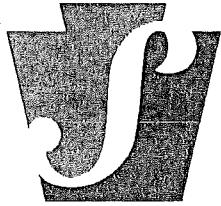
_____.

Dated: _____

COUNTY OF LANCASTER, PENNSYLVANIA
[OR DISSEMINATION AGENT ON BEHALF OF
COUNTY OF LANCASTER, PENNSYLVANIA]

cc: Trustee

¹ The substantive content of this notice shall be provided in any applicable notice filing. Appropriate modifications may be made to accommodate the electronic submission format requirements of the EMMA system or other successor electronic filing system.



Pennsylvania Department of State

Bureau of Corporations and Charitable Organizations

PO Box 8721 | Harrisburg, PA 17105-8721

T: 717.787.1057

dos.pa.gov/BusinessCharities

MELISSA ZEIDERS
MELISSA ZEIDERS
17 N 2ND STREET 16TH FLOOR
HARRISBURG, PA 17101

December 2, 2022
File No.: 20221201069876

Lien Acknowledgment

FILING INFORMATION

Lien Type:	UCC
Lien File No.:	20221201069876
File Date:	12/1/2022 1:50 PM
Lapse Date:	12/1/2052 11:59 PM
Alt Filing Type:	Public-Finance Transaction

DEBTOR INFORMATION

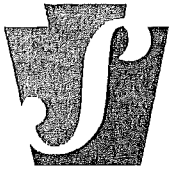
Debtor Name:	LANCASTER COUNTY CONVENTION CENTER AUTHORITY
Debtor Address:	25 SOUTH QUEEN STREET LANCASTER, PA 17603

SECURED PARTY INFORMATION

Secured Party Name:	WILMINGTON TRUST, NATIONAL ASSOCIATION, AS TRUSTEE
Secured Party Address:	213 MARKET STREET HARRISBURG, PA 17101



20221201069876



COMMONWEALTH OF PENNSYLVANIA
Department of State
Bureau of Corporations and Charitable Organizations
PO Box 8721
Harrisburg, Pennsylvania 17105-8721
UCC1 FINANCING STATEMENT
Fee: \$84

Pennsylvania Department of State

-FILED-

File #: 20221201069876
Date Filed: 12/1/2022

B0457-7023 12/01/2022 1:50 PM Received by Pennsylvania Department of State

Filer contact information		
Contact Name	Melissa Zeiders	
Phone Number	(717) 255-7360	
Email Address	melissa.zeiders@stevenslee.com	
Submitter Information		
Name	Melissa Zeiders	
Address	17 N 2ND STREET 16TH FLOOR HARRISBURG, PA 17101	
Debtors		
DEBTOR'S NAME		MAILING ADDRESS
Lancaster County Convention Center Authority		25 SOUTH QUEEN STREET LANCASTER, PA 17603
Secured Parties		
SECURED PARTY'S NAME	MAILING ADDRESS	Assignor
Wilmington Trust, National Association, as Trustee	213 MARKET STREET HARRISBURG, PA 17101	<input type="checkbox"/>
Collateral		
Collateral uploaded in an attachment.		
Designations		
Select the designation which describes this financing statement	Public-Finance Transaction	
Select an additional designation which describes this financing statement	Not Applicable	
Alternative Designations		
Select the alternative designation which describes this financing statement	Not Applicable	
Optional Filer Reference Data		

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional) mmz@stevenslee.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME Lancaster County Convention Center Authority					
OR	1b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS 25 South Queen Street			CITY Lancaster	STATE PA	POSTAL CODE 17603
				COUNTRY USA	

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS			CITY	STATE	POSTAL CODE
					COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME Wilmington Trust, National Association, as Trustee					
OR	3b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS 213 Market Street			CITY Harrisburg	STATE PA	POSTAL CODE 17101
				COUNTRY USA	

4. COLLATERAL: This financing statement covers the following collateral:

A security interest in the property pledged in the Trust Indenture dated as of December 1, 2022, from the Debtor to the Secured Party, as more completely described on Exhibit "A" attached hereto and made a part hereof.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:

☒ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:

☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensors

8. OPTIONAL FILER REFERENCE DATA:

Debtor: Lancaster County Convention Center Authority
25 South Queen Street
Lancaster, PA 17603
USA

Secured
Party: Wilmington Trust, National Association
213 Market Street
Harrisburg, PA 17101

Exhibit "A"

1. Debtor grants to the Secured Party a security interest in all right, title and interest of the Debtor in and to the Trust Estate as the same is pledged to the Secured Party pursuant to the Trust Indenture, dated as of December 1, 2022 (the "Indenture") between the Debtor and the Secured Party.

2. As used herein, the term Trust Estate means the Secured Party's right, title and interest in, to and under the Security Documents and all collateral pledged or hypothecated thereunder, all products and proceeds thereof, and all cash, funds and other property (real and personal) realized, collected or obtained upon the exercise of the Secured Party's rights and remedies under the Indenture and thereunder, and all right, title and interest of the Debtor in and to:

(i) the Revenues;

(ii) all moneys in the Hotel Tax Revenue Fund, the Bond Fund, the Surplus Fund and the Debt Service Reserve Fund, including proceeds of the Bonds pending disbursement thereof;

(iii) payments received from the County of Lancaster, Pennsylvania pursuant to the Guaranty Agreement;

(iv) all of the Debtor's rights, title and interest in the Security Documents;

(vi) all of the proceeds of the foregoing, including without limitation investments thereof; and

(vii) all other property of every name and nature from time to time hereafter by delivery or by writing mortgaged, pledged, delivered or hypothecated as and for additional security under the Indenture by the Debtor or by anyone on its behalf or with its written consent in favor of the Secured Party.

3. As used herein, the term "Revenues" means (a) the Hotel Tax Revenues, (b) any proceeds of Bonds originally deposited with the Secured Party for the payment of interest accrued on the Bonds or otherwise paid to the Secured Party by or on behalf of the Debtor for deposit in the Bond Fund, (c) investment income with respect to any moneys held by the Secured Party under the Indenture, and (d) any moneys paid to the Secured Party under the Guaranty Agreement.

All capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

GENERAL CERTIFICATE

THIS CERTIFICATE is being made and delivered in connection with the issuance by the Lancaster County Convention Center Authority (the “Authority”) of the Bonds (as defined below) to finance the Project (defined below). As used in this certificate the following terms have the indicated meaning:

“BOARD” shall mean the governing body of the Authority.

“BOND PURCHASE AGREEMENT” means the Bond Purchase Agreement dated November 15, 2022, by and between the Authority and Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC.

“BONDS” means, collectively, the Authority’s Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable), in the aggregate principal amount of \$6,755,000 and the Authority’s Hotel Room Rental Tax Revenue Bonds, Series B of 2022, in the aggregate principal amount of \$62,730,000, each dated December 1, 2022.

“COUNTY” means the County of Lancaster, Pennsylvania.

“DISCLOSURE AGREEMENT” means the Joint Continuing Disclosure Agreement dated December 1, 2022 between the Authority and the County.

“GUARANTY AGREEMENT” shall mean the Guaranty Agreement, dated as of December 1, 2022, among the County, as guarantor, the Authority and the Trustee.

“INDENTURE” shall mean that certain Trust Indenture, dated as of December 1, 2022, by and between the Authority and the Trustee.

“NOTE” shall mean the Authority’s Guaranteed Debt Service Reserve Fund Replenishment Note dated as of December 1, 2022, in the aggregate principal amount of \$3,954,133.00.

“OFFICIAL STATEMENT” shall mean collectively the Authority’s preliminary official statement dated October 14, 2022 and the official statement, dated November 15, 2022, used in connection with the marketing, issue and sale of the Bonds.

“PROJECT” shall have the meaning given such term in the Indenture.

“REIMBURSEMENT AGREEMENT” shall mean the Reimbursement Agreement dated as of December 1, 2022, between the Authority and the County.

“TRUSTEE” shall mean Wilmington Trust, National Association, Harrisburg, Pennsylvania, as trustee under the Indenture.

We, the undersigned, duly authorized officers of the Authority, being the officers of the Authority responsible for the issuance of the Bonds, do hereby certify as follows:

1. The Authority is a body politic and corporate organized and existing under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented (the "Act"). No steps or proceedings have been taken, or are being contemplated, to change the structure of or dissolve the Authority. The Authority's existence will continue, at all times, through at least May 1, 2057. Pursuant to the provisions of the Act, the Authority is governed by a Board; the members of the Board and the office held by each such member are set forth on Exhibit "A" attached hereto and, if a signature is set opposite the name of any such Board member, such signature is the genuine specimen of such member's signature.

2. The individuals named on Exhibit "A" constitute all the members of the Board; each of such individuals was and is duly appointed, elected, qualified and acting as such member or officer at all times relevant to this transaction; and each of such individuals indicated as an officer of the Authority was and is duly elected, qualified and acting as such officer, at all times relevant to this transaction.

3. Attached hereto as Exhibit "B" is a certified, true, correct and complete copy of the Articles of Incorporation of the Authority. Such articles have at all times relevant to this transaction been, and on the date hereof are, in full force and effect. Attached hereto as Exhibit "C" is the Subsistence Certificate of the Authority, issued by the Commonwealth of Pennsylvania. Attached hereto as Exhibit "D" is a true, correct and complete copy of the By-Laws of the Authority, as amended and supplemented to date.

4. The resolution (the "Resolution") of the Authority attached hereto as Exhibit "E" which was adopted on July 28, 2022, authorizing and approving the financing of the Project, the issuance of the Bonds and the structure of the transaction, is a true, correct and complete copy thereof. The Resolution further provides authorization and direction for the execution, attestation and delivery of the Indenture, the Bonds, the Bond Purchase Agreement, the Note, the Disclosure Agreement, the Guaranty Agreement, the Reimbursement Agreement and the other documents and instruments necessary and appropriate to effect the financing (the "Authority Documents"), and otherwise approving the actions of various officials to effect the financing. The Resolution was adopted at a duly called and held public meeting of the Authority at which a quorum was present and acted throughout. The Resolution was adopted in accordance with all requirements of law and procedure, has not been repealed, amended or modified since its adoption, and is in full force and effect on the date hereof.

5. The Authority Documents executed and attested by the Authority at the Closing held this day in respect to the Bonds, were duly executed, acknowledged and delivered in the name and on behalf of the Authority by its duly authorized officers; the signatures of such officers thereon are their respective genuine signatures; the seal thereunto affixed is the genuine corporate and common seal of the Authority; and the execution and delivery by such officers of the Authority Documents constituting conclusive evidence of the Authority's authorization and approval of such Authority Documents.

6. Each of the other documents, instruments, agreements and certificates delivered in the name and on behalf of the Authority at or prior to the closing held this day was executed on behalf of the Authority by its duly authorized officers, and the execution and delivery of each such document, instrument, agreement and certificate has been duly authorized by the Authority by all necessary and proper action of the Board by the Authority.

7. Each of the Bonds delivered at the closing held this day were duly executed in the name and on behalf of the Authority by the Chair and Secretary of the Authority; and the execution and delivery by such officers of the Bonds constituting conclusive evidence of the Authority's authorization and approval of such Bonds.

8. To the knowledge of the undersigned, no litigation is pending or threatened (a) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof, or the payment, collection or application of revenues pursuant to the Indenture; (b) in any way contesting or affecting any authority for, or the validity of, the Bonds, the Authority Documents, the application of the proceeds of the Bonds, or the payment, collection or application of revenues pursuant to the Indenture; (c) in any way contesting the right and power of the Authority to act in connection with the financing of the Project, (d) questioning or affecting the Authority Documents or questioning or affecting the power of the Authority to issue the Bonds, enact the Resolution or execute and deliver the other Authority Documents.

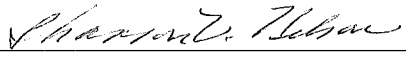
9. To the best of our knowledge, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the date hereof, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date hereof does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.


[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned duly authorized officers of the Authority have executed this certificate this 1st day of December, 2022.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

(SEAL)

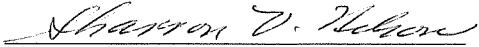

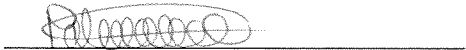




By: 
Chair

Attest: 
Secretary

EXHIBITS

- "A" Board Members
- "B" Authority Articles of Incorporation
- "C" Authority Subsistence Certificate
- "D" By-Laws
- "E" Resolution

Exhibit "A"
Board Members

<u>Name</u>	<u>Office</u>	<u>Specimen Signature</u>
Sharron V. Nelson	Chair	
Thomas Showers	First Vice Chair	
Patrick Snyder	Secretary	
Darcy Pollock	Treasurer	
C. Ted Darcus	Assistant Secretary	
Scott Bowser	Member	
Zachary Peirson	Member	

9967- 366

2898207

ARTICLES OF INCORPORATION

Filed in the Department of
State on SEP 14/6 1999
Secretary of the Commonwealth

TO THE SECRETARY OF THE COMMONWEALTH OF PENNSYLVANIA:

In compliance with requirements of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act," and pursuant to Ordinances duly enacted by the governing bodies of the County of Lancaster, Pennsylvania (the "County") and the City of Lancaster, Lancaster County, Pennsylvania (the "City"), expressing the intention and desire of the governing bodies of said municipalities to organize an Authority jointly under provisions of said Act, said municipalities certify:

1. The name of the Authority is "LANCASTER COUNTY CONVENTION CENTER AUTHORITY."

2. The Authority is formed under provisions of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act."

3. No other Authority has been organized under provisions of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act."

4. The names of the incorporating municipalities are: County of Lancaster, Pennsylvania and City of Lancaster, Lancaster County, Pennsylvania.

5. The offices, names and addresses of the officers of the governing bodies of said incorporating municipality are:

County of Lancaster, Pennsylvania

<u>Office</u>	<u>Name</u>	<u>Address</u>
County Commissioner, Chairman	Paul Thibault	Fifth Floor Lancaster County Courthouse 50 North Duke Street Lancaster, PA 17602
County Commissioner, Vice Chairman	Terry L. Kauffman	Fifth Floor Lancaster County Courthouse 50 North Duke Street Lancaster, PA 17602
County Commissioner	Ron Ford	Fifth Floor Lancaster County Courthouse 50 North Duke Street Lancaster, PA 17602

City of Lancaster, Lancaster County, Pennsylvania

<u>Office</u>	<u>Name</u>	<u>Address</u>
Mayor	Charles W. Smithgall	120 North Duke Street Lancaster, PA 17603
President of Council	Clarence E. Darcus	120 North Duke Street Lancaster, PA 17603
Council Member	Stephen G. Diamantoni	120 North Duke Street Lancaster, PA 17603
Council Member	Gene H. Duncan, Jr.	120 North Duke Street Lancaster, PA 17603
Council Member	Craig E. Lehman	120 North Duke Street Lancaster, PA 17603
Council Member	Luis A. Mendoza	120 North Duke Street Lancaster, PA 17603
Council Member	Russell H. Miller	120 North Duke Street Lancaster, PA 17603
Council Member	Harry S. Stoltzfus	120 North Duke Street Lancaster, PA 17603

6. The members of the Board of the Authority shall be seven (7) in number and shall be apportioned as follows:

County of Lancaster, Pennsylvania 4

City of Lancaster, Lancaster County Pennsylvania 3

The terms of the first three members appointed by the governing body of the County of Lancaster, Pennsylvania shall be allocated between them for a two-year, three-year and four-year term, respectively. The terms of the first three members appointed by the governing body of the City of Lancaster, Lancaster County, Pennsylvania shall be allocated between them for a two-year, three-year and four-year term, respectively.

The governing bodies of the incorporating municipalities shall alternate in the appointment of the seventh member. The governing body of the County of Lancaster, Pennsylvania shall make the first appointment of the seventh member whose term shall be four years.

7. The names; addresses and terms of office of the first members of the Board of the Authority, are as follows:

<u>Name</u>	<u>Address</u>	<u>Term of Office</u>
James O. Pickard	50 North Duke Street Lancaster, PA 17602	Four (4) years

9967- 968

Camilla L. Collova	50 North Duke Street Lancaster, PA 17602	Four (4) years
Willie Borden	120 North Duke Street Lancaster, PA 17603	Four (4) years
W. Garth Sprecher	50 North Duke Street Lancaster, PA 17602	Three (3) years
Christina L. Hausner	120 North Duke Street Lancaster, PA 17603	Three (3) years
Paul E. Wright	50 North Duke Street Lancaster, PA 17602	Two (2) years
E. Bradley Clark	120 North Duke Street Lancaster, PA 17603	Two (2) years

IN WITNESS WHEREOF, the County of Lancaster, Pennsylvania, causes these Articles of Incorporation to be executed by the Chairman of the Board of Commissioners of the County and to be attested by the Chief Clerk and the seal of such County to be affixed hereto, and the City of Lancaster, Lancaster County, Pennsylvania, causes these Articles of Incorporation to be executed by the Mayor of the City and to be attested by the City Clerk and the seal of such City to be affixed hereto, this 15th day of September, 1999.

COUNTY OF LANCASTER, PENNSYLVANIA

By:

Paul J. Baul
Chairman, Board of
Commissioners

By

Henry Kayf
Vice Chairman

By

Ron Lord
Commissioner

ATTEST:

Chris J. Lene
Chief Clerk
(SEAL)

CITY OF LANCASTER, LANCASTER
COUNTY, PENNSYLVANIA

By

Chloe J. L.
Mayor

ATTEST:

Janet E. Spleen
City Clerk
(SEAL)

FILE OF THE CITY CLERK

ADMINISTRATION ORDINANCE NO. 5-1999

ADMINISTRATION BILL NO. 5-1999

INTRODUCED - AUGUST 24, 1999

ADOPTED BY COUNCIL - SEPTEMBER 14, 1999

AN ORDINANCE OF THE COUNCIL OF THE CITY OF LANCASTER SIGNIFYING THE INTENTION AND DESIRE OF THE COUNCIL OF THIS CITY TO ORGANIZE AN AUTHORITY JOINTLY WITH THE COUNTY OF LANCASTER, PENNSYLVANIA, UNDER PROVISIONS OF THE ACT OF ASSEMBLY APPROVED DECEMBER 27, 1994, P. L. 1375, AS AMENDED AND SUPPLEMENTED, KNOWN AS THE THIRD CLASS COUNTY CONVENTION CENTER AUTHORITY ACT; SETTING FORTH AND AUTHORIZING EXECUTION OF ARTICLES OF INCORPORATION; APPOINTING AND FIXING THE TERMS OF THE FIRST MEMBERS OF THE BOARD OF SUCH AUTHORITY; AUTHORIZING ALL OTHER NECESSARY ACTION; AND REPEALING ALL INCONSISTENT ORDINANCES OR PARTS OF ORDINANCES.

The Council of the City of Lancaster, Lancaster County, Pennsylvania (the "City"), enacts and ordains as follows:

SECTION 1. The Council of this City (the "Council") signifies the intention and desire to organize an Authority jointly with the County of Lancaster, Pennsylvania (the "County") under provisions of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act" (the "Act").

SECTION 2. The Mayor and the City Clerk, respectively, of this City are authorized and directed to execute, on behalf of this City, Articles of Incorporation for such authority in substantially the form set forth on Exhibit "A" attached hereto and made a part hereof.

SECTION 3. The appropriate officers of the Council, acting jointly with appropriate officers of the County, are authorized and directed to file such Articles of Incorporation with the Secretary of the Commonwealth of Pennsylvania and to do all other things necessary to effect the incorporation of such Authority, including payment of required filing fees.

SECTION 4. The following named person are appointed the first members to represent this City on the Board of the authority for the following terms of office:

<u>Name</u>	<u>Address</u>	<u>Term of Office</u>
Willie Borden	120 North Duke Street Lancaster, PA 17603	Four (4) years

9967- 970

Christina L. Hausner

120 North Duke Street
Lancaster, PA 17603

Three (3) years

E. Bradley Clark

120 North Duke Street
Lancaster, PA 17603

Two (2) years

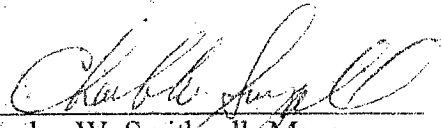
SECTION 5. All ordinances and parts of ordinances inconsistent herewith expressly are repealed.

SECTION 6. This Ordinance shall become effective immediately upon enactment thereof.

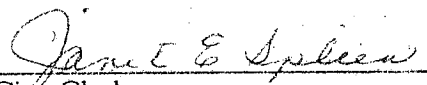
DULY ENACTED AND ORDAINED, this 14th day of September, 1999, by the City of Lancaster, Lancaster County, Pennsylvania, in lawful session duly assembled.

**CITY OF LANCASTER, LANCASTER
COUNTY, PENNSYLVANIA**

By:


Charles W. Smithgall, Mayor

Attest:


City Clerk

(SEAL)

Publication No. 003698 F14 Date: 10/26/2022

EXHIBIT "A"ARTICLES OF INCORPORATION

TO THE SECRETARY OF THE COMMONWEALTH OF PENNSYLVANIA:

In compliance with requirements of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act," and pursuant to Ordinances duly enacted by the governing bodies of the County of Lancaster, Pennsylvania (the "County") and the City of Lancaster, Lancaster County, Pennsylvania (the "City"), expressing the intention and desire of the governing bodies of said municipalities to organize an Authority jointly under provisions of said Act, said municipalities certify:

1. The name of the Authority is "LANCASTER COUNTY CONVENTION CENTER AUTHORITY."

2. The Authority is formed under provisions of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act."

3. No other Authority has been organized under provisions of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act."

4. The names of the incorporating municipalities are: County of Lancaster, Pennsylvania and the City of Lancaster, Lancaster County, Pennsylvania.

5. The offices, names and addresses of the officers of the governing bodies of said incorporating municipality are:

County of Lancaster, Pennsylvania

<u>Office</u>	<u>Name</u>	<u>Address</u>
County Commissioner, Chairman	Paul Thibault	Fifth Floor Lancaster County Courthouse 50 North Duke Street Lancaster, PA 17603

9967- 972

County
Commissioner,
Vice Chairman

Terry L. Kauffman

Fifth Floor
Lancaster County
Courthouse
50 North Duke Street
Lancaster, PA 17603

County
Commissioner

Ron Ford

Fifth Floor
Lancaster County
Courthouse
50 North Duke Street
Lancaster, PA 17603

City of Lancaster, Lancaster County, Pennsylvania

<u>Office</u>	<u>Name</u>	<u>Address</u>
Mayor	Charles W. Smithgall	120 North Duke Street Lancaster, PA 17603
President of Council	C. Ted Darcus	120 North Duke Street Lancaster, PA 17603
Council Member	Stephen G. Diamantoni	120 North Duke Street Lancaster, PA 17603
Council Member	Gene H. Duncan, Jr.	120 North Duke Street Lancaster, PA 17603
Council Member	Craig Lehman	120 North Duke Street Lancaster, PA 17603
Council Member	Luis A. Mendoza, Sr.	120 North Duke Street Lancaster, PA 17603
Council Member	Russell H. Miller	120 North Duke Street Lancaster, PA 17603
Council Member	Harry S. Stoltzfus	120 North Duke Street Lancaster, PA 17603

6. The members of the Board of the Authority shall be seven (7) in number and shall be apportioned as follows:

County of Lancaster, Pennsylvania

The terms of the first three members appointed by the governing body of the County of Lancaster, Pennsylvania, shall be allocated between them for a two-year, three-year and four-year term, respectively. The terms of the first three members appointed by the governing body of the City of Lancaster, Lancaster County, Pennsylvania shall be allocated between them for a two-year, three-year and four-year term, respectively.

The governing bodies of the incorporating municipalities shall alternate in the appointment of the seventh member. The governing body of the County of Lancaster, Pennsylvania shall make the first appointment of the seventh member whose term shall be for four years.

7. The names, addresses and terms of office of the first members of the Board of the Authority, are as follows:

<u>Name</u>	<u>Address</u>	<u>Term of Office</u>
James O. Pickard	50 North Duke Street Lancaster, PA 17603	Four (4) years
Camilla L. Collova	50 North Duke Street Lancaster, PA 17603	Four (4) years
Willie Borden	120 North Duke Street Lancaster, PA 17603	Four (4) years
W. Garth Sprecher	50 North Duke Street Lancaster, PA 17603	Three (3) years
Christina L. Hausner	120 North Duke Street Lancaster, PA 17603	Three (3) years
Paul E. Wright	50 North Duke Street Lancaster, PA 17603	Two (2) years
E. Bradley Clark	120 North Duke Street Lancaster, PA 17603	Two (2) years

IN WITNESS WHEREOF, the County of Lancaster, Pennsylvania, causes these Articles of Incorporation to be executed by the Chairman of the Board of Commissioners of the County and to be attested by the Chief Clerk and the seal of such County to be affixed hereto, and the City of Lancaster, Lancaster County, Pennsylvania, causes these Articles of Incorporation to be executed by the Mayor of the City and to be attested by the City Clerk and the seal of such City to be affixed hereto, this 15th day of September, 1999.

9967- 974

COUNTY OF LANCASTER, PENNSYLVANIA

By *[Signature]*
Chairman of the Board of
Commissioners

By *[Signature]*
Vice Chairman

By *[Signature]*
Commissioner

Attest:
[Signature]
Chief Clerk

(SEAL)

CITY OF LANCASTER, LANCASTER
COUNTY, PENNSYLVANIA

By *[Signature]*
Charles W. Smithgall, Mayor

Attest:

[Signature]
City Clerk

(SEAL)

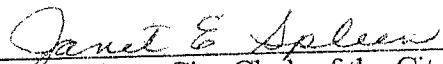
Application No. 00360811-4 Date: 10/26/2022

CERTIFICATE

I, the undersigned, City Clerk of the City of Lancaster, Lancaster County, Pennsylvania (the "City"), certify that: The foregoing is a true and correct copy of an Ordinance which duly was adopted by affirmative vote of a majority of members of the Council of the City at a meeting held the 14th day of September, 1999; said Ordinance has been certified and recorded by me, as City Clerk of the City, in the book provided for the purpose of such recording; said Ordinance duly has been recorded in the minutes of the Council of the City, showing how each member voted thereon; and said Ordinance is in effect, without amendment, alteration or modification, as of the date of this Certificate.

I further certify that the Council of the City met the advance notice requirements of Act No. 84-1986 of the General Assembly of the Commonwealth of Pennsylvania, approved July 3, 1986, by advertising the date of said meeting and by posting prominently a notice of said meeting at the public building in which said meeting was held, all in accordance with such Act.

IN WITNESS WHEREOF, I affix my signature and the official seal of the City this 14th day of September, 1999.


Janet E. Spleen, City Clerk of the City of Lancaster,
Lancaster County, Pennsylvania

(SEAL)

COUNTY OF LANCASTER, PENNSYLVANIA

ORDINANCE NO. 44

AN ORDINANCE

SIGNIFYING THE INTENTION AND DESIRE OF THE BOARD OF COMMISSIONERS OF THIS COUNTY TO ORGANIZE AN AUTHORITY JOINTLY WITH THE CITY OF LANCASTER, LANCASTER COUNTY, PENNSYLVANIA, UNDER PROVISIONS OF THE ACT OF ASSEMBLY APPROVED DECEMBER 27, 1994, P.L. 1375, AS AMENDED AND SUPPLEMENTED, KNOWN AS THE THIRD CLASS COUNTY CONVENTION CENTER AUTHORITY ACT; SETTING FORTH AND AUTHORIZING EXECUTION OF ARTICLES OF INCORPORATION; APPOINTING AND FIXING THE TERMS OF THE FIRST MEMBERS OF THE BOARD OF SUCH AUTHORITY; AUTHORIZING ALL OTHER NECESSARY ACTION; AND REPEALING ALL INCONSISTENT ORDINANCES OR PARTS OF ORDINANCES.

The Board of Commissioners of the County of Lancaster, Pennsylvania (the "County"), enacts and ordains as follows:

Section 1. The Board of Commissioners of this County (the "Board of Commissioners") signifies the intention and desire to organize an Authority jointly with the City of Lancaster, Lancaster County, Pennsylvania (the "City") under provisions of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act" (the "Act").

Section 2. The Chairman and the Chief Clerk, respectively, of this Board of Commissioners are authorized and directed to execute, on behalf of this Board of Commissioners, Articles of Incorporation for such Authority in substantially the form set forth on Exhibit "A" attached hereto and made a part hereof.

Section 3. The appropriate officers of the Board of Commissioners, acting jointly with appropriate officers of the City, are authorized and directed to file such Articles of Incorporation with the Secretary of the Commonwealth of Pennsylvania and to do all other things necessary to effect the incorporation of such Authority, including payment of required filing fees.

9967- 977

Section 4.. The following named persons are appointed the first members to represent this County on the Board of the Authority for the following terms of office:

<u>Name</u>	<u>Address</u>	<u>Term of Office</u>
James O. Pickard	50 North Duke Street Lancaster, PA 17602	Four (4) years
Camilla L. Collova	50 North Duke Street Lancaster, PA 17602	Four (4) years
W. Garth Sprecher	50 North Duke Street Lancaster, PA 17602	Three (3) years
Paul E. Wright	50 North Duke Street Lancaster, PA 17602	Two (2) years

Section 5.. All ordinances and parts of ordinances inconsistent herewith expressly are repealed.

DULY ENACTED AND ORDAINED, this 15th day of September, 1999, by the Board of Commissioners of the County of Lancaster, Pennsylvania, in lawful session duly assembled.

COUNTY OF LANCASTER, PENNSYLVANIA

By: *Paul E. Wright*

Chairman,
Board of Commissioners

By: *July L. Kauff*

Vice Chairman,
Board of Commissioners

By: *Don Ford*

Commissioner

ATTEST:

James S. Kent
Chief Clerk

(SEAL)

EXHIBIT "A"ARTICLES OF INCORPORATION

TO THE SECRETARY OF THE COMMONWEALTH OF PENNSYLVANIA:

In compliance with requirements of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act," and pursuant to Ordinances duly enacted by the governing bodies of the County of Lancaster, Pennsylvania (the "County") and the City of Lancaster, Lancaster County, Pennsylvania (the "City"), expressing the intention and desire of the governing bodies of said municipalities to organize an Authority jointly under provisions of said Act, said municipalities certify:

1. The name of the Authority is "LANCASTER COUNTY CONVENTION CENTER AUTHORITY."

2. The Authority is formed under provisions of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act."

3. No other Authority has been organized under provisions of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act."

4. The names of the incorporating municipalities are: County of Lancaster, Pennsylvania and City of Lancaster, Lancaster County, Pennsylvania.

5. The offices, names and addresses of the officers of the governing bodies of said incorporating municipality are:

County of Lancaster, Pennsylvania

<u>Office</u>	<u>Name</u>	<u>Address</u>
County Commissioner, Chairman	Paul Thibault	Fifth Floor Lancaster County Courthouse 50 North Duke Street Lancaster, PA 17602
County Commissioner, Vice Chairman	Terry L. Kauffman	Fifth Floor Lancaster County Courthouse 50 North Duke Street Lancaster, PA 17602
County Commissioner	Ron Ford	Fifth Floor Lancaster County Courthouse 50 North Duke Street Lancaster, PA 17602

City of Lancaster, Lancaster County, Pennsylvania

<u>Office</u>	<u>Name</u>	<u>Address</u>
Mayor	Charles W. Smithgall	120 North Duke Street Lancaster, PA 17603
President of Council	Clarence E. Darcus	120 North Duke Street Lancaster, PA 17603
Council Member	Stephen G. Diamantoni	120 North Duke Street Lancaster, PA 17603
Council Member	Gene H. Duncan, Jr.	120 North Duke Street Lancaster, PA 17603
Council Member	Craig E. Lehman	120 North Duke Street Lancaster, PA 17603
Council Member	Luis A. Mendoza	120 North Duke Street Lancaster, PA 17603
Council Member	Russell H. Miller	120 North Duke Street Lancaster, PA 17603
Council Member	Harry S. Stoltzfus	120 North Duke Street Lancaster, PA 17603

6. The members of the Board of the Authority shall be seven (7) in number and shall be apportioned as follows:

County of Lancaster, Pennsylvania 4

City of Lancaster, Lancaster County Pennsylvania 3

The terms of the first three members appointed by the governing body of the County of Lancaster, Pennsylvania shall be allocated between them for a two-year, three-year and four-year term, respectively. The terms of the first three members appointed by the governing body of the City of Lancaster, Lancaster County, Pennsylvania shall be allocated between them for a two-year, three-year and four-year term, respectively.

The governing bodies of the incorporating municipalities shall alternate in the appointment of the seventh member. The governing body of the County of Lancaster, Pennsylvania shall make the first appointment of the seventh member whose term shall be four years.

7. The names, addresses and terms of office of the first members of the Board of the Authority, are as follows:

9967- 980

<u>Name</u>	<u>Address</u>	<u>Term of Office</u>
James O. Pickard	50 North Duke Street Lancaster, PA 17602	Four (4) years
Camilla L. Collova	50 North Duke Street Lancaster, PA 17602	Four (4) years
Willie Borden	120 North Duke Street Lancaster, PA 17603	Four (4) years
W. Garth Sprecher	50 North Duke Street Lancaster, PA 17602	Three (3) years
Christina L. Hausner	120 North Duke Street Lancaster, PA 17603	Three (3) years
Paul E. Wright	50 North Duke Street Lancaster, PA 17602	Two (2) years
E. Bradley Clark	120 North Duke Street Lancaster, PA 17603	Two (2) years

IN WITNESS WHEREOF, the County of Lancaster, Pennsylvania, causes these Articles of Incorporation to be executed by the Chairman of the Board of Commissioners of the County and to be attested by the Chief Clerk and the seal of such County to be affixed hereto, and the City of Lancaster, Lancaster County, Pennsylvania, causes these Articles of Incorporation to be executed by the Mayor of the City and to be attested by the City Clerk and the seal of such City to be affixed hereto, this 15th day of September, 1999.

COUNTY OF LANCASTER, PENNSYLVANIA

By: [Signature]

Chairman, Board of
Commissioners

By: [Signature]

Vice Chairman

By: [Signature]

Commissioner

ATTEST:

[Signature]
Chief Clerk
(SEAL)

CITY OF LANCASTER, LANCASTER
COUNTY, PENNSYLVANIA

By: [Signature]

Mayor

ATTEST:

[Signature]
City Clerk
(SEAL)


9967- 981

CERTIFICATE

I, the undersigned, Chief Clerk of the County of Lancaster, Pennsylvania (the "County"), certify that: The foregoing is a true and correct copy of an Ordinance which duly was adopted by affirmative vote of a majority of members of the Board of Commissioners of the County at a meeting held the 15th day of September, 1999; said Ordinance has been certified and recorded by me, as Chief Clerk of the County, in the book provided for the purpose of such recording; said Ordinance duly has been recorded in the minutes of the Board of Commissioners of the County, showing how each member voted thereon; and said Ordinance is in effect, without amendment, alteration or modification, as of the date of this Certificate.

I further certify that the Board of Commissioners of the County met the advance notice requirements of Act No. 84-1986 of the General Assembly of the Commonwealth of Pennsylvania, approved July 3, 1986, by advertising the date of said meeting and by posting prominently a notice of said meeting at the public building in which said meeting was held, all in accordance with such Act.

IN WITNESS WHEREOF, I affix my signature and the official seal of the County, this 15th day of September, 1999.



Chief Clerk of the County of
Lancaster, Pennsylvania

(SEAL)

Pennsylvania Department of State

Bureau of Corporations and Charitable Organizations

PO Box 8722 | Harrisburg, PA 17105-8722

T: 717-787-1057

dos.pa.gov/BusinessCharities

Entity Name: LANCASTER COUNTY CONVENTION CENTER AUTHORITY
Jurisdiction: PENNSYLVANIA **Issuance Date:** 10/26/2022
Entity No.: 0002898207 **Receipt No.:** 000225341
Entity Type: Authority **Certificate No.:** 003608114

Document Listing

Image No.	Date Filed	Effective Date	Filing Description	No. of Pages
A4873684-1	09/16/1999	09/16/1999	Initial Filing	16

** **** * End of list ***** **

I, Leigh M. Chapman, Acting Secretary of the Commonwealth of Pennsylvania, do hereby certify that the attached document(s) referenced above are true and correct copies and were filed in this office on the date(s) indicated above.



IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the seal of my office to be affixed, the day and year above written

A handwritten signature in cursive script that reads "Leigh M. Chapman".

LEIGH M. CHAPMAN

Acting Secretary of the Commonwealth

Verify this certificate online at www.file.dos.pa.gov

LANCASTER COUNTY
CONVENTION CENTER AUTHORITY

BYLAWS

Amended January 21, 2021

Table of Contents

	<u>Page</u>
ARTICLE I.....	1
1.1. Definitions.....	1
1.2. Name.....	1
1.3. Powers.....	1
1.4. Existence.....	4
ARTICLE II.....	4
2.1. Office.....	4
2.2. Seal.....	4
ARTICLE III.....	4
3.1. Governing Body.....	4
3.2. Appointment.....	4
3.3. Terms of Office and Vacancies.....	5
3.4. Succession of Board Members.....	5
3.5. Meetings.....	5
3.6. Organizational Meetings.....	5
3.7. Compensation of Board Members.....	6
3.8. Voting; Transaction of Business.....	6
3.9. Public Meetings.....	7
3.10. Minutes.....	7
ARTICLE IV.....	7
4.1. Committees.....	7
4.2. Conduct of Business.....	7
ARTICLE V.....	7
5.1. Officers.....	7
5.2. Bonds.....	8
5.3. Chairman.....	8
5.4. First and Second Vice Chairmen.....	8
5.5. Secretary.....	8
5.6. Assistant Secretary.....	9
5.7. Treasurer.....	9
5.8. Assistant Treasurer.....	9

Table of Contents

(continued)

	<u>Page</u>
5.9. Executive Director	9
ARTICLE VI.....	9
6.1. Records; Finances	9
6.2. Fiscal Year	9
6.3. Moneys of the Authority	10
ARTICLE VII.....	10
7.1. Limitation of Personal Liability of Directors	10
7.2. Indemnification in Third Party Proceedings.....	11
7.3. Indemnification in Derivative Actions.....	11
7.4. Mandatory Indemnification	12
7.5. Determination of Entitlement to Indemnification.....	12
7.6. Advancing Expenses	13
7.7. Indemnification of Former Representatives	13
7.8. Insurance.....	13
7.9. Reliance on Provisions	13
7.10. Obligation to Cooperate	14
ARTICLE VIII	14
8.1. Disposition of Property of Authority upon Termination of Authority.....	14
ARTICLE IX.....	14
9.1. Amendment of Articles of Incorporation	14
9.2. Amendment of Bylaws.....	14

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

BYLAWS

ARTICLE I

1.1. Definitions. The following words shall have the meanings given below when used in these Bylaws:

(a) "Act" shall mean the Third Class County Convention Center Authority Act (Act of December 27, 1994, P.L. 1375, No. 162), as now or hereafter amended.

(b) "Authority" shall mean the Lancaster County Convention Center Authority.

(c) "Board" shall mean the governing body of the Authority.

(d) "City" shall mean the City of Lancaster, Pennsylvania.

(e) "County" shall mean the County of Lancaster, Pennsylvania.

1.2. Name. The name of the Authority shall be the Lancaster County Convention Center Authority.

1.3. Powers. The Authority shall have all powers set forth in the Act.

The Authority shall exercise public powers of the Commonwealth of Pennsylvania as an agency and instrumentality and shall be for the purpose, without limitation, by itself or by agreement in cooperation with others, of acquiring, holding, developing, designing, constructing, improving, maintaining, managing, operating, financing, furnishing, fixturing, equipping, repairing, leasing or subleasing, either in the capacity of lessor or lessee or sublessor or sublessee, and owning a convention center, or parts thereof.

The Authority shall have all powers necessary or convenient for the carrying out of the purposes set forth above, including, without limiting the generality of the foregoing, the following rights and powers:

(1) To have continuing succession.

- (2) To sue and be sued, implead and be impleaded, complain and defend in all courts.
- (3) To adopt, use and alter at will a corporate seal.
- (4) To acquire by gift or otherwise, purchase, hold, receive, lease, sublease and use a license, franchise or property, real, personal or mixed, tangible or intangible, or any interest therein, including a convention center, or parts thereof.
- (5) To sell, transfer or dispose of property or an interest therein with adequate and fair consideration.
- (6) To acquire, hold, develop, design, construct, improve, maintain, manage, operate, furnish, fixture, equip, repair, own, lease or sublease a convention center, or parts thereof, and to make, enter into and award contracts with any person, association, partnership or corporation for the development, design, financing, construction, improvement, maintenance, operation, management, furnishing, fixturing, equipping and repair of a convention center, or parts thereof.
- (7) To make bylaws for the management and regulation of its affairs and issue rules, regulations and policies in connection with the performance of its functions and duties.
- (8) To appoint officers, agents, employees and servants, to prescribe their duties and to fix their compensation.
- (9) To fix, alter, charge and collect rentals, admissions, license fees and other charges.
- (10) To borrow money for the purpose of paying the costs of a project and to evidence the same; make and issue negotiable bonds of the Authority; secure payment of the bonds, or any part thereof, by pledge or deed of trust of all or any of its revenues (including any hotel room rental tax), rentals, receipts and contract rights; make such agreements with the purchasers or holders of the bonds or with other obligees of the Authority in connection with the bonds, whether issued or to be issued, as the Authority shall deem advisable, which agreements shall constitute contracts with the holders or purchasers; obtain such credit enhancement or liquidity facilities in connection with the bonds as the Authority shall determine to be advantageous; and, in general, provide for the security of the bonds and the rights of the bondholders.
- (11) To make, enter into and award contracts of every name and nature and to execute all instruments necessary or convenient for the carrying out of its business.

- (12) To borrow money and accept grants and to enter into contracts, leases, subleases, licenses or other transactions with any Federal agency, State public body, political subdivision, person, association, partnership or corporation.
- (13) To pledge, hypothecate or otherwise encumber its property, real, personal or mixed, tangible or intangible, and its revenues or receipts, including, but not limited to, any interest the Authority may have in a lease or sublease of a convention center, or parts thereof.
- (14) To procure such insurance containing such coverages, including, without limitation, insurance covering the timely payment in full of principal of and interest on bonds of the Authority, in such amounts, from such insurers, as the Authority may determine to be necessary or desirable for its purposes.
- (15) To invest its money.
- (16) To cooperate with any Federal agency, State public body or political subdivision.
- (17) To invest funds held in reserve or sinking funds or funds not required for immediate disbursements as authorized by Section 13113 (Moneys of Authority) of the Act.
- (18) To appoint all officers, agents and employees required for the performance of its duties and fix and determine their qualifications, duties and compensation and retain or employ other agents or consultants, including, but not limited to, architects, auditors, engineers, private legal counsel and private consultants on a contract basis or otherwise for rendering professional or technical services and advice.
- (19) To enroll its employees in an existing retirement system of the State, county, city or other governmental entity.
- (20) To appoint and fix the compensation of chief counsel and such assistant counsel to provide it with legal assistance, and the Authority through its counsel shall defend actions brought against the Authority and its officers and employees when acting within the scope of their official duties.
- (21) To maintain an office in the county seat.
- (22) To appoint an executive director who shall be the chief executive officer of the Authority, who shall devote his or her full time during business hours to the duties of his or her office and who shall receive compensation as the Board shall determine.

(23) To do all acts and things necessary or convenient for the promotion of its purposes and the general welfare of the Authority and to carry out the powers granted to it by the Act.

1.4. Existence. The existence of the Authority shall extend for a term expiring on September 16, 2049, or for such other term as may be provided in articles amending the Articles of Incorporation of the Authority.

ARTICLE II

2.1. Office. The principal office of the Authority shall be located at 50 North Duke Street, Lancaster, Pennsylvania 17602. The Authority may establish and maintain such other offices as the Board may approve.

2.2. Seal. The corporate seal of the Authority shall have inscribed thereon the name of the Authority.

ARTICLE III

3.1. Governing Body. The powers of the Authority shall be exercised by the Board which shall be composed of seven (7) members.

3.2. Appointment.

(i) The County shall appoint three (3) members. The term of office of these members shall be four (4) years. The terms of the first three members appointed shall be allocated between them for a two-year, three-year and four-year term, respectively.

(ii) The City shall appoint three (3) members. The term of office of these members shall be four (4) years. The terms of the first three members appointed shall be allocated between them for a two-year, three-year and four-year term, respectively.

(iii) The County and the City shall alternate in the appointment of the seventh Board member. The County shall make the first appointment of the seventh Board member whose term shall be for four (4) years.

3.3. Terms of Office and Vacancies. Members shall serve a four-year term, except as otherwise provided herein, from the date of their appointment and until their successors have been duly appointed. If a vacancy shall occur by means of the death, disqualification, resignation or removal of a member, the appointing County or City of such member shall appoint that member's successor to fill the unexpired term.

3.4. Succession of Board Members. Members of the Board may succeed themselves.

3.5. Meetings. Regular meetings of the Board shall be held at such times and places as the Board shall direct. The Board, at its annual organizational meeting, shall determine and fix the locations, dates and times for its regular meetings. Special meetings shall be held upon the call of the Chairman of the Board; provided, however, upon request of three (3) members of the Board, the Chairman or Secretary shall call a special meeting. Notice of all regular or special meetings shall be given as required by law.

3.6. Organizational Meetings. The organizational meeting of the Board shall be held at a regularly scheduled meeting in January of each year at which meeting the Board shall elect officers for the next calendar year and transact such other business as may come before it. The Chairman shall not later than a regularly scheduled meeting in November of each year appoint a nominating committee from among members of the Board. The Chairman may appoint himself or herself as a member of the nominating committee, provided that the nominating committee may not (if the Chairman is a member of the nominating committee) recommend the Chairman for reelection as Chairman. The report of the nominating committee shall be furnished to all

Board members at least five (5) days prior to the regularly scheduled meeting in January at which the election of officers for the next calendar year is effected.

~~3.7. Compensation of Board Members. Members of the Board shall receive \$100.00 compensation per Board meeting in which the member is in attendance for service as Board members. The Authority may (to the extent permitted by law) reimburse Board members for their reasonable and actual costs and expenses of attending to Authority business and of attending meetings.~~ **REPEALED**

3.8. Voting; Transaction of Business. Each member of the Board shall have one (1) vote. A majority of the members of the Board (or of any committee) shall constitute a quorum of the Board (or of any committee) for the purpose of organizing and conducting business and for all other purposes. All actions of the Board (or of any committee) may be taken by vote of a majority of the members present. The Board shall have full authority to manage the properties and business of the Authority and to prescribe, adopt, amend and repeal bylaws, rules and regulations governing the manner in which the business of the Authority may be conducted and the powers granted to it may be exercised and embodied. Notwithstanding any other law, court decision, precedent or practice to the contrary, no actions by or on behalf of the Board shall be taken by an officer of the Board except upon the approval of the Board. The term "actions by or on behalf of the Board" means any action whatsoever of the Board, including, but not limited to, the hiring, appointment, removal, transfer, promotion or demotion of any officers and employees, the retention, use or remuneration of advisors, counsel, auditors, architects, engineers or consultants, the initiation of legal action, the making of contracts, leases, agreements, bonds, notes or covenants, the approval of requisitions, purchase orders, investments and reinvestments, and the adoption, amendment, revision or rescission of rules and regulations, orders or other directives.

3.9. Public Meetings. Except for meetings (or portions of meetings) which lawfully may be closed to the public, all meetings of the Board and of any committee of the Board shall be open to the public. The right of the public to participate in public meetings or to comment upon matters being conducted by the Board shall be subject to the Pennsylvania Sunshine Law and to such procedures and regulations as the Board shall from time to time approve. Only Board members and persons invited by the Board may attend those meetings (or portions of meetings) which are lawfully closed to the public.

3.10. Minutes. The Board shall maintain minutes of all proceedings, such minutes to include at least the matters required by law to be included in such minutes.

ARTICLE IV

4.1. Committees. The Board from time to time may designate committees and the Chairman of the Board shall designate members of the Board who shall serve as the members of such committees. The Chairman shall be an ex officio member of every committee. Any committee may exercise the power and authority of the Board delegated to it by the Board.

4.2. Conduct of Business. Each committee may determine the procedural rules for meeting and conducting its business. Each committee shall make provision for notice to all Board members of all committee meetings.

ARTICLE V

5.1. Officers. The officers of the Authority shall be elected by the Board and shall consist of a Chairman, Vice Chairman, Secretary, and Treasurer. The Chairman, Vice chairman, Secretary and Treasurer shall be chosen from members of the Board. The Board may also choose such other officers (e.g. Executive Director, Assistant Secretary, Assistant Treasurer) and agents as it shall deem necessary. All officers and agents shall have the authority and shall

perform such duties as set forth in these Bylaws and/or as shall from time to time be prescribed by the Board.

5.2. Bonds. The officers, agents and employees of the Authority shall give bond, conditioned for the faithful performance of their duties, at the cost of the Authority, in such amounts as from time to time are required and approved by the Board.

5.3. Chairman. The Chairman shall be the chief executive officer of the Board and the Chairman shall preside at all meetings of the Board. The Chairman shall see that all orders and resolutions of the Board are carried into effect, subject, however, to the right of the Board to delegate any specific powers except as prohibited by the Act or by law. The Chairman shall execute notes, mortgages and other contracts requiring a seal, under the seal of the Authority.

5.4. First and Second Vice Chairmen. The First Vice Chairman shall act in the absence of the Chairman; and in the absence of the Chairman, the First Vice Chairman shall exercise all duties and powers of the Chairman. The Second Vice Chairman shall act in the absence of the First Vice Chairman, and in the absence of the First Vice Chairman, the Second Vice Chairman shall exercise all duties and powers of the First Vice Chairman.

5.5. Secretary. The Secretary shall attend all meetings of the Board and act as clerk thereof. The Secretary shall record all the votes of the members of the Board and shall maintain the minutes of all meetings and transactions of the Authority or the Board; and the Secretary shall perform, or cause to be performed, like duties for all committees of the Board when requested to do so. The Secretary shall give, or cause to be given, notice of all meetings of the Board in accordance with law, and shall perform such other duties as may be prescribed by the Board. The Secretary shall keep in safe custody the seal of the Authority; and when authorized by the Board, the Secretary shall attest to documents executed by the Chairman and affix the seal to any instrument requiring it.

5.6. Assistant Secretary. The Assistant Secretary shall act in the absence of the Secretary; and in the absence of the Secretary, the Assistant Secretary shall exercise all duties and powers of the Secretary.

5.7. Treasurer. The Treasurer shall have custody of the Authority's funds and securities and shall keep full and accurate accounts of all receipts and disbursements. The Treasurer shall keep the moneys of the Authority in a separate account to the credit of the Authority. He or she shall disburse the funds of the Authority as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Board, at the regular meetings of the Board, whenever it may require it, an account of all transactions and of the financial condition of the Authority.

5.8. Assistant Treasurer. The Assistant Treasurer shall act in the absence of the Treasurer; and in the absence of the Treasurer, the Assistant Treasurer shall exercise all duties and power of the Treasurer.

5.9. Executive Director. The Executive Director shall be the chief administrative officer of the Authority and shall carry forth such policies, transactions and activities as are approved by the Board. The Executive Director shall have the right to speak, but not to vote, on all matters considered at any meeting which he or she attends.

ARTICLE VI

6.1. Records: Finances. There shall be kept at the office of the Authority an original or duplicate record of the proceedings of the Board and the original or a copy of the Authority's Articles of Incorporation and Bylaws, including all amendments or alterations thereto to date.

6.2. Fiscal Year. Except for the first fiscal year which shall begin on September 16, 1999, and end on the last day of March 2000, the fiscal year of the Authority shall begin on the first day of April and end on the last day of March.

6.3. Moneys of the Authority. All moneys of the Authority, from whatever source derived, shall be paid to the Authority and deposited in one or more accounts, and each of such accounts to the extent the same is not insured shall be secured in accordance with law. The moneys in said accounts shall be paid out on the authorization of such person or persons as the Board may authorize. On or before July 1 of each year, the Authority shall file an annual report of its fiscal affairs covering the preceding fiscal year with the Commonwealth of Pennsylvania and the County. The Authority shall have its books, accounts and records audited annually by a certified public accountant, and a copy of the audit report shall be filed in the same manner and within the same time period as the aforesaid annual report. A concise financial statement shall be published annually, at least once in a newspaper of general circulation in the municipality where the principal office of the Authority is located. If such publication is not made by the Authority, the County shall publish such statement at the expense of the Authority. If the Authority fails to make such an audit, then the controller, auditor or accountant designated by the County is hereby authorized and empowered from time to time to examine at the expense of the Authority the accounts and books of the Authority, including its receipts, disbursements, contracts, leases, sinking funds, investments, and any other matters relating to its finances, operation and affairs. The Attorney General of the Commonwealth of Pennsylvania shall have the right to examine the books, accounts and records of the Authority.

ARTICLE VII

7.1. Limitation of Personal Liability of Directors. A director of the Authority shall not be personally liable for monetary damages as such for any action taken, or any failure to take action, unless:

(a) the director has breached or failed to perform the duties of his or her office; and

(b) the breach or failure to perform constitutes self dealing, willful misconduct or recklessness.

The provisions of this Section shall not apply to the responsibility or liability of a director pursuant to any criminal statute.

7.2. Indemnification in Third Party Proceedings. The Authority shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Authority) by reason of the fact that he or she is or was a representative of the Authority, or is or was serving at the request of the Authority as a representative of another public instrumentality or agency pursuant to the Act, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner reasonably believed to be in, or not opposed to the best interests of the Authority, and, with respect to any criminal proceeding had no reasonable cause to believe his or her conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to the best interests of the Authority, and, with respect to any criminal proceeding, had reasonable cause to believe that his or her conduct was unlawful.

7.3. Indemnification in Derivative Actions. The Authority shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Authority to procure a judgment in its favor by reason of the fact that he or she is or was a representative of the Authority, or is or was serving at the

request of the Authority as a representative of another public instrumentality or agency pursuant to the Act, corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney's fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Authority and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Authority unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

7.4. Mandatory Indemnification. Notwithstanding any contrary provision of the articles or these Bylaws, to the extent that a representative of the Authority has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in either Article 7.2 or Article 7.3 above, he or she shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him or her in connection therewith.

7.5. Determination of Entitlement to Indemnification. Unless ordered by a court, any indemnification under Article 7.2 or Article 7.3 above shall be made by the Authority only as authorized in the specific case upon determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such paragraph. Such determination shall be made:

(a) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceedings; or

(b) if such a quorum is not obtainable, or, even if obtainable, at the direction by a majority vote of a quorum of disinterested directors, by independent legal counsel in a written opinion.

7.6. Advancing Expenses. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Authority in advance of the final disposition of such action, suit or proceeding as authorized by the Board in a specific case upon receipt of an undertaking by or on behalf of the representative to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Authority, as authorized in Article 7.1, 7.2 or 7.3 above.

7.7. Indemnification of Former Representatives. Each such indemnity may continue as to a person who has ceased to be a representative of the Authority and may inure to the benefit of the heirs, executors and administrators of such person.

7.8. Insurance. The Authority shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Authority or is or was serving at the request of the Authority as a director, officer, employee or agent of another public instrumentality or agency pursuant to the Act, corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any capacity or arising out of such person's status as such, whether or not the Authority would otherwise have the power to indemnify such person against such liability.

7.9. Reliance on Provisions. Each person who shall act as an authorized representative of the Authority shall be deemed to be doing so in reliance upon the rights of indemnification provided by this Article.

7.10. Obligation to Cooperate. The obligations of the Authority are conditioned upon the cooperation with the Authority of the person benefited by the provisions of this Article VII; and in the event such person shall fail or refuse to cooperate with the Authority as reasonably requested by the Authority, then the Authority may recover all costs and expenses expended on behalf of such person.

ARTICLE VIII

8.1. Disposition of Property of Authority upon Termination of Authority. Upon termination or dissolution of the Authority, any property or assets of the Authority shall be conveyed and transferred equally to the County and City as approved by the Board and subject to law.

ARTICLE IX

9.1. Amendment of Articles of Incorporation. The Articles of Incorporation of the Authority may be amended by the County and the City.

9.2. Amendment of Bylaws. These Bylaws may be amended by the Board upon the affirmative vote of two-thirds (2/3) of all members of the Board; provided, however, notice of every proposed amendment shall be given to each Board member not less than ten (10) days prior to action thereon.

Pennsylvania Department of State
Bureau of Corporations and Charitable Organizations
PO Box 8722 | Harrisburg, PA 17105-8722
T: 717-787-1057
dos.pa.gov/BusinessCharities

Regarding: LANCASTER COUNTY CONVENTION CENTER AUTHORITY
Request Type: Subsistence Certificate **Issuance Date:** October 26, 2022
Request No.: 003579525 **File No.:** 0002898207
Receipt No.: 000224634
Filing Type: Authority
Filing Subtype: Municipal Authority
Initial Filing Date: September 16, 1999
Status: Active

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING:

I DO HEREBY CERTIFY THAT

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

is currently subsisting on the records of the Department of State as of the issuance date herein.

I DO FURTHER CERTIFY THAT this Subsistence Certificate shall not imply that all fees, taxes and penalties owed to the Commonwealth of Pennsylvania are paid.



IN TESTIMONY WHEREOF, I have
hereunto set my hand and caused the seal
of my office to be affixed, the day and year
above written

Leigh M. Chapman

Leigh M. Chapman

Acting Secretary of the Commonwealth

Verify this certificate online at www.file.dos.pa.gov

LANCASTER COUNTY CONVENTION CENTER AUTHORITY

A RESOLUTION

DETERMINING TO UNDERTAKE A PROJECT OF THIS AUTHORITY AND AUTHORIZING THE ISSUANCE OF TWO OR MORE SERIES OF HOTEL ROOM RENTAL TAX REVENUE BONDS - SERIES OF 2022 (THE "BONDS"), UNDER A TRUST INDENTURE (THE "INDENTURE") BETWEEN THIS AUTHORITY AND WILMINGTON TRUST, NATIONAL ASSOCIATION, AS TRUSTEE (THE "TRUSTEE"), AND SPECIFYING THE SECURITY THEREFOR; APPOINTING WILMINGTON TRUST, NATIONAL ASSOCIATION AS TRUSTEE AND AS REGISTRAR AND PAYING AGENT; APPROVING SAID INDENTURE; AUTHORIZING EXECUTION, ATTESTATION, ACKNOWLEDGMENT AND DELIVERY OF SAID INDENTURE; AUTHORIZING EXECUTION, ATTESTATION AND DELIVERY OF SAID BONDS TO THE TRUSTEE FOR AUTHENTICATION; REQUESTING THE TRUSTEE TO AUTHENTICATE AND DELIVER, AS APPROPRIATE, SAID BONDS; DIRECTING DISPOSITION OF PROCEEDS OF THE SALE OF SAID BONDS; DETERMINING TO APPLY THE PROCEEDS OF SAID BONDS TO (1) REFUND THE AUTHORITY'S HOTEL ROOM RENTAL TAX REVENUE BONDS - SERIES OF 2014; (2) PAY THE COST OF TERMINATING CERTAIN INTEREST RATE MANAGEMENT AGREEMENTS; AND (3) PAY THE COSTS AND EXPENSES OF ISSUANCE OF THE BONDS, AND AUTHORIZING CERTAIN ACTIONS TO BE TAKEN IN CONNECTION THEREWITH; AUTHORIZING AND REQUESTING THE TRUSTEE TO INVEST FUNDS HELD UNDER SAID INDENTURE; APPROVING THE ACCEPTANCE OF A BOND PURCHASE PROPOSAL FROM THE PURCHASER DEFINED HEREIN; AUTHORIZING AND APPROVING A GUARANTY AGREEMENT BETWEEN THIS AUTHORITY AND THE COUNTY OF LANCASTER, PENNSYLVANIA (THE "COUNTY"), AS GUARANTOR, AND THE TRUSTEE; AUTHORIZING AND APPROVING A REIMBURSEMENT AGREEMENT BETWEEN THIS AUTHORITY AND THE COUNTY; AUTHORIZING EXECUTION, ATTESTATION, ACKNOWLEDGMENT AND DELIVERY OF SAID GUARANTY AGREEMENT AND SAID REIMBURSEMENT AGREEMENT; AUTHORIZING AND APPROVING THE USE OF A PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT TO BE PREPARED AND USED IN CONNECTION WITH THE MARKETING OF THE BONDS; AND RATIFYING CERTAIN ACTION HERETOFORE TAKEN AND AUTHORIZING OTHER NECESSARY ACTION.

WHEREAS, this Authority is a public body corporate and politic organized and existing under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented (the "Act"), of the Commonwealth of Pennsylvania (the "Commonwealth"); and

WHEREAS, this Authority, pursuant to powers vested in it by the Act has determined to undertake the Project (hereinafter defined); and

WHEREAS, the Authority previously issued its Hotel Room Rental Tax Revenue Bonds, Series of 2014 in the aggregate principal amount of \$62,595,000 (the "2014 Bonds"), to finance a project of the Authority consisting of the refunding of certain outstanding indebtedness originally incurred to finance, among other things, the following: (1) funding the design, acquisition, construction, furnishing and equipping of a multi-purpose convention center facility and related and ancillary facilities; (2) the establishment of necessary reserves and other funds; and (3) funding the costs and expenses of issuance of the 2014 Bonds; and

WHEREAS, this Authority has determined to authorize the issuance of two or more series of its Hotel Room Rental Tax Revenue Bonds - Series of 2022 (the "Bonds") under and secured by a Trust Indenture (the "Indenture"), between this Authority and Wilmington Trust, National Association, Harrisburg, Pennsylvania, as trustee (the "Trustee"), with proceeds from the sale thereof to be used, together with money and funds otherwise available for the purposes, for and toward the following project: (i) the current refunding of the 2014 Bonds; (ii) the payment of the cost of terminating the Existing Swaps, as defined below; and (iii) the payment of the costs and expenses associated with the issuance of the Bonds (collectively referred to herein as the "Project"); and

WHEREAS, pursuant to the terms of the Indenture, the Authority will establish a debt service reserve fund with the Trustee and will covenant to replenish the debt service reserve fund in the event there is a deficiency in such fund for any reason; and

WHEREAS, to evidence its obligation to replenish the debt service reserve fund, the Authority will execute and deliver its Guaranteed Debt Service Reserve Fund Replenishment Note (the "Note"); and

WHEREAS, this Authority, the Trustee and the County of Lancaster, Pennsylvania (the "County") have determined to enter into a Guaranty Agreement (the "Guaranty Agreement"), with the County, as guarantor, whereunder the County will agree, among other things, upon certain terms and conditions, to guarantee the full and prompt payment of the Authority's obligations under the Note; and

WHEREAS, this Authority and the County have determined to enter into a Reimbursement Agreement (the "Reimbursement Agreement") whereunder this Authority has determined to, among other things, reimburse the County for payments made under the Guaranty Agreement; and

WHEREAS, this Authority has determined to enter into a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") in order to comply with Securities and Exchange Commission Rule 15c2 12; and

WHEREAS, this Authority has determined to authorize the acceptance of a proposal of Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC (collectively, the "Purchaser"), for the purchase of the Bonds; and

WHEREAS, the Authority previously entered into certain interest rate management agreements with Wells Fargo Bank, National Association ("Wells Fargo") pursuant to an ISDA Master Agreement dated September 28, 2011, as amended by a First Amendment

dated August 1, 2014, and a Schedule dated as of September 28, 2011, as supplemented by two Amended and Restated Confirmations each dated September 28, 2011 (collectively, the “Existing Swaps”), in order to manage interest rate costs of the Authority with respect to the 2014 Bonds; and

WHEREAS, the Authority has heretofore appointed FSL Public Finance LLC as its financial advisor (the “Financial Advisor”); and

WHEREAS, the Authority desires to exercise its option to terminate the Existing Swaps on or before the refunding of the 2014 Bonds; and

WHEREAS, under current market conditions, the Authority will be required to pay certain termination fees to Wells Fargo in connection with such termination; and

WHEREAS, the Authority desires to authorize (i) the termination of the Existing Swaps; (ii) the payment of the termination fees and (iii) the execution of any documents as shall be necessary or appropriate in connection therewith (the “Termination Documents”); and

WHEREAS, this Authority has determined to authorize and to approve all of such actions as shall be necessary and appropriate to facilitate the acceptance and delivery of the Proposal, the issuance of the Bonds, and the undertaking of the Project, including, without limitation, the redemption of the 2014 Bonds and termination of the Existing Swaps.

NOW, THEREFORE, BE IT RESOLVED by the Board of this Authority, as follows:

1. Pursuant to the provisions of this Resolution, the Board hereby authorizes and directs the issuance of the Bonds in two or more series (tax-exempt or taxable) to be designated generally as “Lancaster County Convention Center Authority, Lancaster County, Pennsylvania, Hotel Room Rental Tax Revenue Bonds, Series of 2022” (the “Bonds”) or such other name and with such designations as shall be selected by the Chair or Vice Chair of the Board upon delivery of the Bonds in accordance with this Resolution and the Indenture.

The Bonds are authorized to be issued by the Authority solely under the terms set forth in this Resolution and in the Proposal defined in Section 2 hereof. Notwithstanding anything contained herein to the contrary, the Bonds authorized herein may only be issued upon satisfaction of the following conditions: (i) the maximum annual principal and interest payments on the Bonds shall not exceed Four Million Dollars (\$4,000,000) per year; (ii) the final maturity date of the Bonds shall not be later than December 31, 2059; and (iii) the County shall agree to execute and deliver the Guaranty Agreement (collectively, the “Bond Parameters”).

2. The Board hereby authorizes the acceptance of a proposal of the Purchaser (the “Proposal”), for the purchase of the Bonds but solely in accordance with the terms and conditions of this Resolution. Upon final pricing of the Bonds, the Chair or Vice Chair of the Board is hereby authorized and directed to accept and to execute the Proposal in the name and on behalf of this Authority, and the Secretary or Assistant Secretary of this Authority is hereby authorized and directed to attest to such acceptance and execution. A copy of the Proposal is

incorporated herein by reference and shall be attached to this Resolution and maintained with the minutes of this meeting.

Execution and delivery of the Proposal shall be subject to the following conditions: (i) the Proposal shall be approved as to form and substance by Bond Counsel and the Solicitor to this Authority; (ii) such Proposal shall have been previously executed and accepted in the name and on behalf of the Purchaser; (iii) the terms and conditions of the Bonds set forth in such Proposal shall satisfy the Bond Parameters and otherwise shall be satisfactory to the proper officers of this Authority executing such Proposal; and (iv) this Authority shall have received such other assurances, approvals or certificates, or taken such other action, as such officers of this Authority, and the Solicitor to this Authority, shall have determined to be necessary, proper or desirable. The execution by such officers of the Proposal shall evidence conclusively the Authority Solicitor's approval and this Authority's approval of the terms and conditions of the Proposal and the Bonds described therein.

3. This Authority shall enter into the Note, the Guaranty Agreement, the Reimbursement Agreement and the Continuing Disclosure Certificate. The Note, the Guaranty Agreement, the Reimbursement Agreement and the Continuing Disclosure Certificate shall be substantially in the forms and with such changes therein as may be made and approved as provided in paragraph 4 hereof. Upon execution and delivery of the Note, the Guaranty Agreement, the Reimbursement Agreement and the Continuing Disclosure Certificate, a copy of the Note, the Guaranty Agreement, the Reimbursement Agreement and the Continuing Disclosure Certificate shall be delivered to the Secretary of this Authority and shall be attached to this Resolution and made a part hereof by this reference.

4. The Chair or Vice Chair and Secretary of this Authority, as appropriate, are authorized and directed to execute, to attest, to seal, to acknowledge and to deliver, as applicable, the Note, the Guaranty Agreement, the Reimbursement Agreement and the Continuing Disclosure Certificate in the forms and with any changes therein as such officers of this Authority executing the same may approve, their execution and delivery thereof to constitute conclusive evidence of such approval.

5. This Authority shall execute, issue, deliver and sell the Bonds. The Bonds shall be in the form, bear the interest rates, contain the interest payment dates, maturity dates and redemption provisions and have such other terms and provisions as provided in the Indenture and the Proposal. The Bonds shall be substantially in the form attached to the Indenture and approved as provided in paragraph 8 hereof.

6. The Bonds shall be secured by the Indenture to the extent and in the manner provided therein. The Trustee is confirmed as trustee under the Indenture and is appointed to act as registrar and paying agent for the Bonds.

This Authority shall enter into the Indenture with the Trustee. The Indenture shall be substantially in the form and with such changes therein as may be made and approved as provided in paragraph 7 hereof. Upon execution and delivery of the Indenture, a copy of the Indenture shall be delivered to the Secretary of this Authority and shall be attached to this Resolution and made a part hereof by this reference.

7. The Chair or Vice Chair and Secretary of this Authority are authorized and directed to execute, to attest, to seal and to acknowledge, as applicable, the Indenture and deliver the same to the Trustee for execution, attestation and acknowledgment, in the form and with any changes therein as the officers of this Authority executing or attesting the Indenture may approve, their execution and delivery thereof to constitute conclusive evidence of such approval.

8. The Chair or Vice Chair of this Authority is authorized and directed to execute the Bonds by manual or facsimile signature, and the Secretary of this Authority, as appropriate, is authorized and directed to attest execution of the Bonds by manual or facsimile signature; the seal of this Authority or a facsimile thereof shall be affixed upon the face of the Bonds; and said officers of this Authority are authorized and directed to deliver the Bonds to the Trustee for authentication. The Bonds shall be in the form and contain such changes therein as such officers of the Authority executing the same may approve, their execution and delivery thereof to constitute conclusive evidence of such approval.

9. The Trustee is requested and is authorized to authenticate the Bonds pursuant to the Indenture, as amended, and the instructions of the Purchaser and to deliver the Bonds, as appropriate, upon the receipt of a written order or request of the Chair or Vice Chair and Secretary of this Authority, as provided in the Indenture.

10. This Authority shall deposit or cause to be deposited with the Trustee the proceeds realized from the sale of the Bonds, as provided in the Indenture.

11. This Authority determines to currently refund the 2014 Bonds and provide for their redemption in accordance with the provisions of the 2014 Bonds. This Authority further determines that the appropriate officers of this Authority shall take all actions necessary to provide proper notice to holders of the 2014 Bonds to be refunded of the refunding thereof.

12. The Authority hereby authorizes the termination to the Existing Swaps. The Board of this Authority hereby authorizes Kevin Molloy, Executive Director of the Authority, to determine the date of and final terms of the termination to the Existing Swaps upon advise of the Financial Advisor.

In connection with the termination of the Existing Swaps, the Board of this Authority hereby authorizes the payment by the Authority of any applicable termination fee, such fee to be calculated with the assistance of the Financial Advisor.

The Chair or Vice Chair of the Authority, is hereby authorized to (i) execute and deliver, in the name of the Authority and on its behalf, and as approved by counsel to the Authority the Termination Documents and any other documents that may be necessary to effect the termination to the Existing Swaps and (ii) do such further things as may be necessary or proper to carry out the intent and purpose of this Section 12 or any document herein authorized.

13. Proper officers of this Authority are authorized and directed to proceed promptly with the undertakings herein contemplated and deemed to be necessary or appropriate and to take any and all actions necessary or desirable to effect, among other things: the issuance and sale of the Bonds and the completion of the Project.

14. Proper officers of this Authority are authorized and directed to execute and to deliver such other documents, agreements, instruments and certificates and to do such other things as may be necessary to carry out and implement the transactions contemplated by the Indenture, the Note, the Proposal, the Guaranty Agreement, the Reimbursement Agreement and the Continuing Disclosure Certificate and to comply with the requirements of Sections 103 and 141 through 150 of Internal Revenue Code of 1986, as amended (the "Code"), and with any regulations applicable thereto.

15. At the recommendation of counsel to this Authority, this Authority shall purchase municipal bond insurance with respect to the Bonds. Proper officers of this Authority are authorized and directed to take all necessary or appropriate action with respect to such insurance as contemplated in the Proposal, and in the commitment for bond insurance including payment of the costs of the premium thereof. Proper officers of this Authority are authorized to pay, or cause to be paid, the costs of issuance of the Bonds, in accordance with the Proposal, on the date of issuance of the Bonds.

16. This Authority hereby authorizes and requests the Trustee to invest all funds held under the Indenture in the manner contemplated by the Indenture and pursuant to instructions from the Authority.

17. This Authority hereby authorizes the Purchaser to prepare and to distribute a Preliminary Official Statement and an Official Statement in connection with the marketing and sale of the Bonds. Proper officers of this Authority are authorized and directed to execute the final Official Statement on behalf of this Authority.

18. This Authority appoints (i) Stevens & Lee, P.C., of Reading, Pennsylvania, as Bond Counsel; (ii) FSL Public Finance, LLC, Reading, Pennsylvania, as Municipal Advisor and (iii) Russell, Krafft & Gruber, LLP, as Authority solicitor, in connection with the issuance of the Bonds.

19. This Authority approves, ratifies, and confirms all action heretofore taken by officers and other persons on behalf of this Authority in connection with the undertakings herein contemplated and authorizes the Trustee to pay the costs of issuance of the Bonds at Closing as may be directed in a Closing Statement executed and delivered by the Chair or Vice Chair and attested by the Secretary or Assistant Secretary of this Authority.

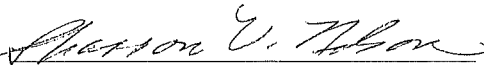
20. This Resolution shall become effective immediately.

21. In the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Resolution, it being the intent of this Authority that such remainder shall be and shall remain in full force and effect.


22. All resolutions or parts of resolutions inconsistent herewith expressly are repealed.

DULY ADOPTED, this 28th day of July, 2022, by the Board of the Lancaster County Convention Center Authority, in lawful session duly assembled.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: 
Chair

(SEAL)

Attest: 
Secretary

GENERAL CERTIFICATE OF TRUSTEE

I, the undersigned, duly authorized representative of Wilmington Trust, National Association, a national banking association duly organized, validly existing and in good standing under the laws of the United States of America (the "Trustee") in connection with the issuance by the Lancaster County Convention Center Authority (the "Authority") of its (a) Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable), in the aggregate principal amount of \$6,755,000 (the "2022A Bonds") and its (b) Hotel Room Rental Tax Revenue Bonds, Series B of 2022, in the aggregate principal amount of \$62,730,000 (the "2022B Bonds" and together with the 2022A Bonds, the "Bonds"), having proper corporate trust powers, do hereby agree in the name and on behalf of the Trustee, that the Trustee shall continue to serve as trustee with respect to the Bonds as provided in the Indenture (defined below) and do hereby certify as follows:

1. Reference is hereby made to the Trust Indenture, dated December 1, 2022, between the Trustee and the Authority with regard to the Bonds (the "Indenture").

2. That the Bonds, each bearing the signatures of the Chairman or Vice Chairman and Secretary or Assistant Secretary of the Authority, were each duly registered and duly authenticated in the name and on behalf of the Trustee, by its proper, duly authorized representative.

3. That the Bonds were registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. All of the Bonds have been duly registered, executed and delivered in accordance with the written directions of the Authority.

4. That all agreements, receipts, documents, instruments and certificates delivered by or on behalf of the Trustee at the closing for the issuance of the Bonds held this day (including, without limitation, the Indenture), have been duly executed and delivered, in the name and on behalf of the Trustee, by its duly authorized representative and the execution and delivery of such agreements, receipts, documents, instruments and certificates have been duly authorized by the necessary action on the part of the Trustee.

5. That the Indenture and all other documents, agreements and instruments to which the Trustee is a party constitute valid and binding agreements of the Trustee, enforceable against the Trustee in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and except as enforceability may be limited by the principles of equity if equitable remedies are sought.

6. To the best knowledge of the undersigned, the acceptance of the duties and obligations of the Trustee under the Indenture, and the consummation of the transactions on the part of the Trustee contemplated in the Indenture and any and all instruments and documents required to be executed or delivered pursuant to or in connection therewith, and the compliance by the Trustee with the terms, conditions and provisions of the Indenture do not contravene any provision of applicable law or regulation or any order, decree, writ or injunction or the Articles of Association or Bylaws of the Trustee and do not require any consent under, or result in a

breach of or default under, (i) any credit agreement, resolution, indenture, note, contract, agreement, or other instrument to which the Trustee is a party or by which it may be bound or (ii) the terms, conditions or provisions of the Trustee's Articles of Association or By-Laws.

7. All documents, agreements and instruments to which the Trustee is a party constitute valid and binding agreements of the Trustee, enforceable against the Trustee in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and except as enforceability may be limited by the principles of equity if equitable remedies are sought.

8. No authorization, approval, consent or order of any governmental entity or of any other person, association or corporation is required for the valid authorization, execution and delivery by the Trustee of this certificate, the Indenture, the authentication of the Bonds, or for the performance by the Trustee of its duties and obligations under the Indenture.

9. Attached hereto as Exhibit A is a Certificate of Incumbency of the Trustee. Each of the persons named in the Certificate of Incumbency has been duly elected or appointed and on the date hereof was duly qualified as an officer or authorized signatory of the Trustee.

10. To the best knowledge of the undersigned, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the best knowledge of the undersigned, threatened against the Trustee in which the Trustee is a party, in any way contesting or affecting the creation, organization or existence of the Trustee or the authority of the Trustee to accept or perform the duties and obligations of the Trustee under the Indenture.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, I, the undersigned representative of the Trustee, have hereto set my signature as of this 1st day of December, 2022.

WILMINGTON TRUST, NATIONAL
ASSOCIATION

By: Alphonse C. Moore
Authorized Representative

Exhibits

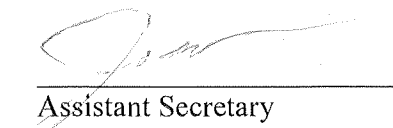
A – Incumbency Certificate

WILMINGTON TRUST, NATIONAL ASSOCIATION

The undersigned, a duly appointed Assistant Secretary of Wilmington Trust, National Association ("WTNA"), DOES HEREBY CERTIFY as follows:

1. Each of the persons named on Exhibit A hereto has been duly elected or appointed as an officer pursuant to Article IV of the By-Laws and is duly qualified as an officer of WTNA on the date hereof, holding the office or offices set forth opposite his or her name, and the signature set forth opposite his or her name is a specimen of his or her genuine signature.
2. Attached hereto as Exhibit B is a true and correct copy of the Articles of Association of WTNA as in effect on the date hereof.
3. Attached hereto as Exhibit C is a true and correct copy of the By-Laws of WTNA as in effect on the date hereof.
4. Attached hereto as Exhibit D is a true and correct copy of a resolution adopted by unanimous written consent of the Boards of Directors of WTNA on July 1, 2011. Such resolution has not been amended, modified, rescinded or revoked and is in full force and effect on the date hereof.
5. WTNA is an association existing and in good standing under the laws of the United States.
6. There is no proceeding pending or, to the best of my knowledge, threatened, for the dissolution or liquidation of WTNA.

IN WITNESS WHEREOF, the undersigned has caused this Certificate to be duly executed as of this 1st day of December, 20 22.


Assistant Secretary


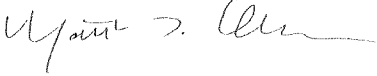


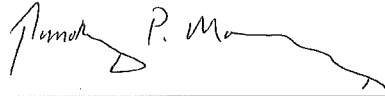
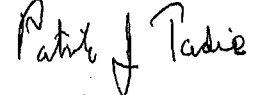
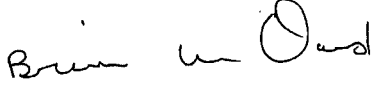



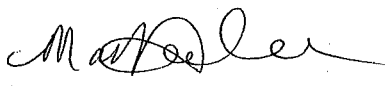

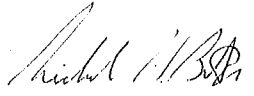
THE UNDERSIGNED, a[n] [Assistant] Vice President of WTNA, does hereby certify that John A. Hayes III is a duly appointed, duly qualified Assistant Secretary of WTNA, and that the signature above is his/her genuine signature.

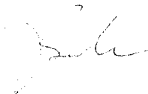

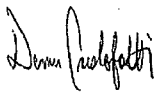

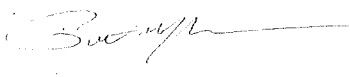
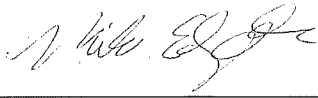
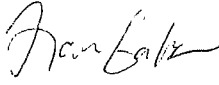






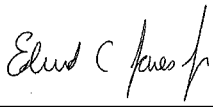
IN WITNESS WHEREOF, I have hereunto set my hand as of the day and year written above.

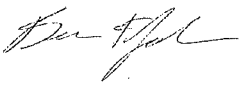

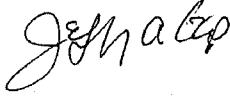




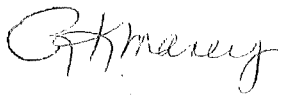



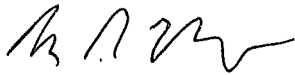
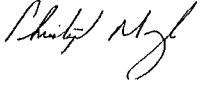


[Assistant] Vice President

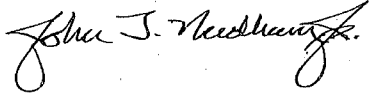
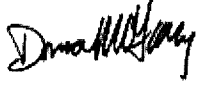
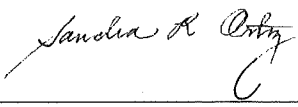
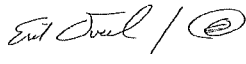

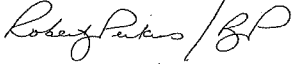

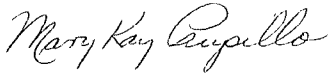
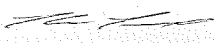




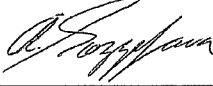
EXHIBIT A


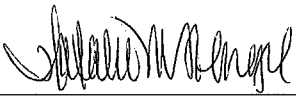

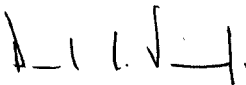
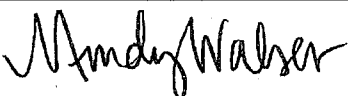
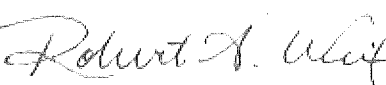
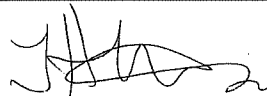
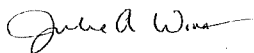
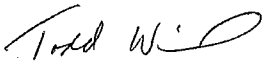





WTNA EXHIBIT A


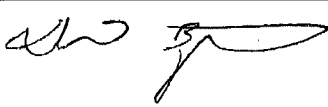






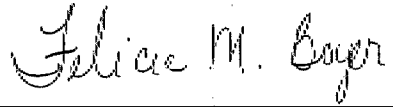
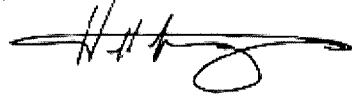


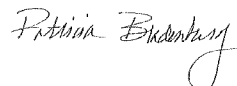

Name	Office	Signature
William J. Farrell	Senior Executive Vice President	
Matthew J. McAfee	Senior Executive Vice President	
Robert Barnett III	Executive Vice President	
Jason L. Kyler	Executive Vice President	
Timothy P. Mowdy	Executive Vice President	
Patrick J. Tadie	Executive Vice President	
Brian Oard	Executive Vice President	
Timothy M. Powers	Executive Vice President	
Nicholas D. Tally	Executive Vice President	
Nicholas A. Adams	Senior Vice President	
Mary E. Anderson	Senior Vice President	
Robert H. Bockrath, II	Senior Vice President	
Richard H. Britt, Jr.	Senior Vice President	

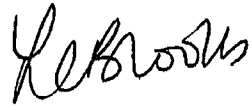



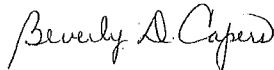
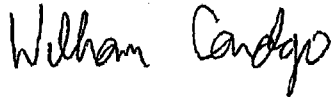







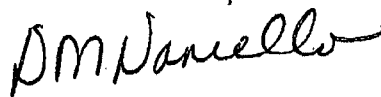
Jason Buechele	Senior Vice President	
Steven M. Cimalore	Senior Vice President	
Dennis Cristofolletti	Senior Vice President	
John T. Deleray	Senior Vice President	
Patrick J. Donahue	Senior Vice President	
Michael T. Edgington	Senior Vice President	
Laron J. Galea	Senior Vice President	
Gregory S. Golczewski	Senior Vice President	
Jason G. Gregory	Senior Vice President	
John A. Hayes, III	Senior Vice President	
Garry Hills	Senior Vice President	
Jason L. Johnson	Senior Vice President	
Tira L. Johnson	Senior Vice President	
Edward C. Jones, Jr.	Senior Vice President	


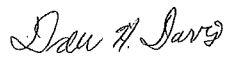
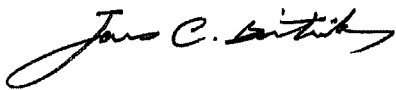
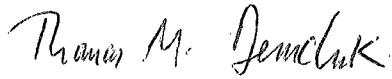

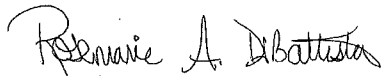
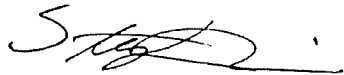
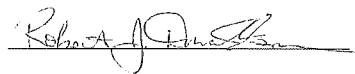
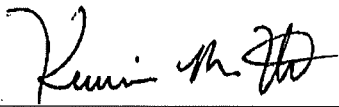
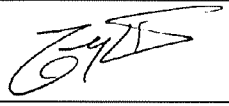




Benjamin F. Jordan	Senior Vice President	
Eric A. Kardash	Senior Vice President	
Jeffery A. Kemp	Senior Vice President	
Dave Knecht	Senior Vice President	
Tamara L. Krawczyk	Senior Vice President	
Eleanor D. Kress	Senior Vice President	
Shawn T. Lucey	Senior Vice President	
Roseline K. Maney	Senior Vice President	
Jeanie Mar	Senior Vice President	
William Marder	Senior Vice President	
Jennifer E. Matz	Senior Vice President	
Thomas Mayer	Senior Vice President	
Christopher J. Monigle	Senior Vice President	
Charles Neal	Senior Vice President	


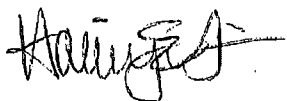
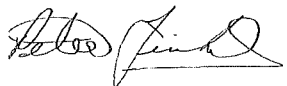

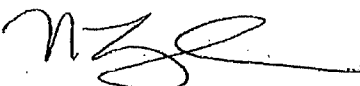


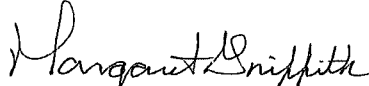

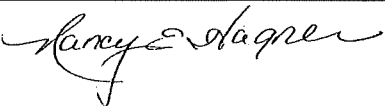


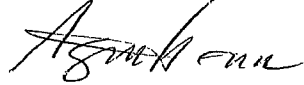

John T. Needham Jr.	Senior Vice President	
Donna O'Leary	Senior Vice President	
Sandra R. Ortiz	Senior Vice President	
Erik E. Overcash	Senior Vice President	
Sophie B. Pendolino	Senior Vice President	
Robert J. Perkins	Senior Vice President	
James Pollock	Senior Vice President	
Mary Kay Pupillo	Senior Vice President	
Kenneth Ralston	Senior Vice President	
Bobby Reyes	Senior Vice President	
Melinda L. Romay	Senior Vice President	
Dara L. Sanderlin	Senior Vice President	
Patricia A. Schulze	Senior Vice President	
Adam Scozzafava	Senior Vice President	

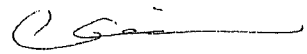

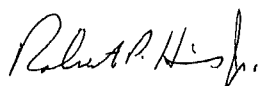



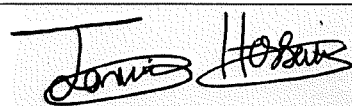
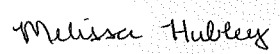
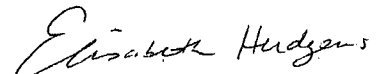


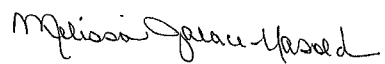
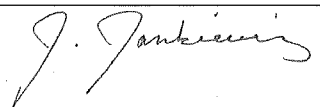

W. Chris Sponenberg	Senior Vice President	
Natalie M. Stengel	Senior Vice President	
Mary Alice Stopyra	Senior Vice President	
David A. Vanaskey, Jr.	Senior Vice President	
Mindy Walser	Senior Vice President	
Robert A. Weil	Senior Vice President	
Thomas Whitehair III	Senior Vice President	
Julie A. Wimer	Senior Vice President	
Todd M. Winchel	Senior Vice President	
Alicia Amato	Vice President	
Beth Andrews	Vice President	
M. Anthony Argenio	Vice President	
Gabriella Attardo	Vice President	
Mary Alice Avery	Vice President	





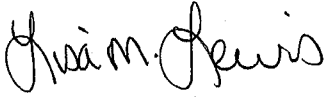


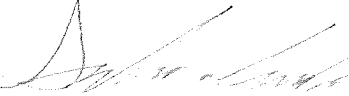

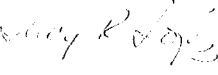
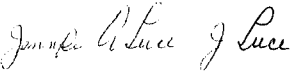



Steven M. Barone	Vice President	
David Bergstrom	Vice President	
Robert W. Bilodeau	Vice President	
Jake Birmingham	Vice President	
Emily Bitondo	Vice President	
Stevie C. Blackston	Vice President	
Jeff Bonhage	Vice President	
Matthew Bosnjak	Vice President	
Felicia M. Boyer	Vice President	
Henry Brigham, Jr.	Vice President	
Paul Briggs	Vice President	
Kathryn Broecker	Vice President	
Patricia A. Bradenburg	Vice President	
Lucas Brickley	Vice President	


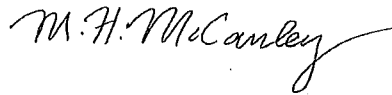

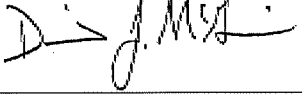


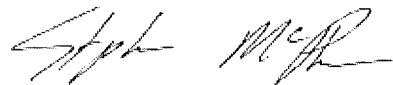


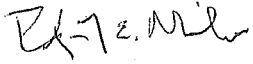
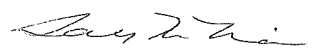
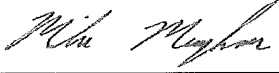


Leslie C. Brooks	Vice President	
Tristan Buenaflor	Vice President	
Andrea K. Cabrera	Vice President	
Tashia M. Campbell	Vice President	
Beverly D. Capers	Vice President	
William Cardozo	Vice President	
Colin M. Casner	Vice President	
Ann Cung	Vice President	
Joseph Clark	Vice President	
Alisha M. Clendaniel	Vice President	
Andrew Cooper	Vice President	
Dorri Costello	Vice President	
Russell L. Crane	Vice President	
Deborah M. Daniello	Vice President	

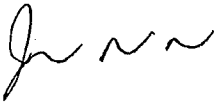

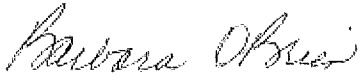
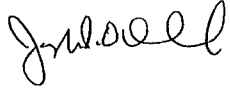




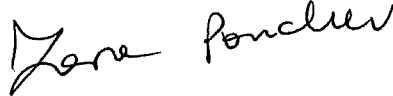



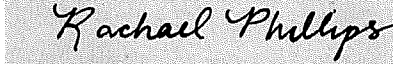
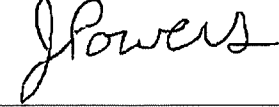
Cindy Davis	Vice President	
Drew H. Davis	Vice President	
James C. Deitrick	Vice President	
Tom Demchuk	Vice President	
Serena D'Amato	Vice President	
Rosemarie A. DiBattista	Vice President	
Stephen Dmochowski	Vice President	
Robert J. Donaldson	Vice President	
Kevin M. Ebert	Vice President	
Jeremy Edmiston	Vice President	
Matthew Falciani	Vice President	
Marcus Farmer	Vice President	
Joseph B. Feil	Vice President	
Robert Ferrell III	Vice President	

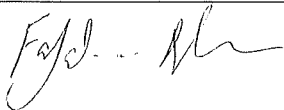







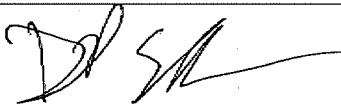
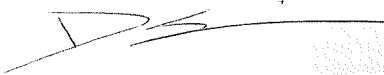
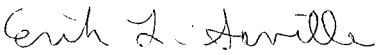

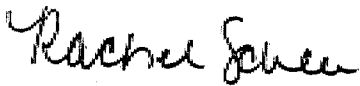
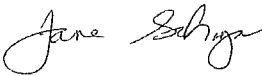
Karen Ferry	Vice President	
Hailey E. Field	Vice President	
Peter F. Finkel	Vice President	
Matthew Garvis	Vice President	
Nancy L. George	Vice President	
Kara Gery	Vice President	
Gregory Golden	Vice President	
Margaret L. Griffith	Vice President	
Danny Grune	Vice President	
Nancy E. Hagner	Vice President	
Donald C. Hargadon	Vice President	
Lester E. Hendrix	Vice President	
Arlene M. Henn	Vice President	
Thomas Herring, Jr.	Vice President	

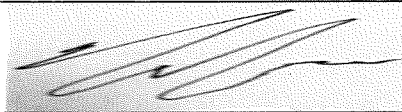
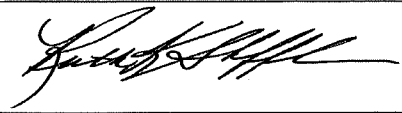
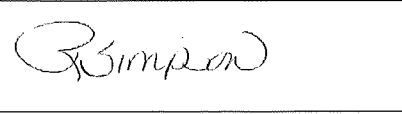
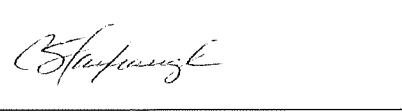
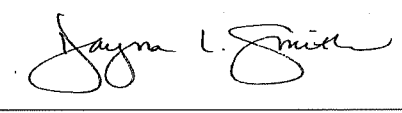
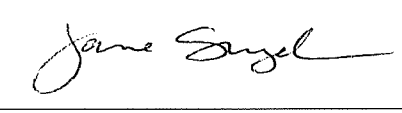
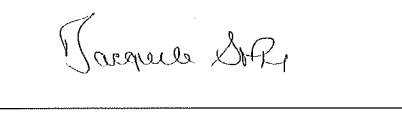
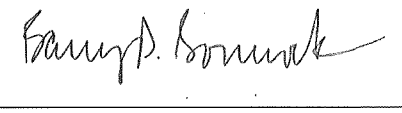
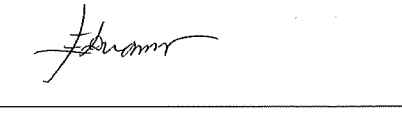
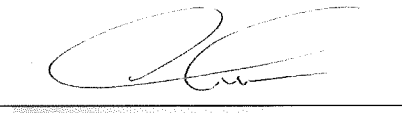

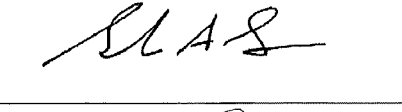
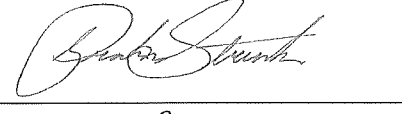

Christopher W. Hickok	Vice President	
Lynette J. Hilgar	Vice President	
Robert P. Hines, Jr.	Vice President	
Lizbet G. Hinojosa	Vice President	
Joy E. Holloway	Vice President	
Brandon Horak	Vice President	
Tanvir Hossain	Vice President	
Melissa Hubley	Vice President	
Elisabeth Hudgens	Vice President	
Eileen Hughes	Vice President	
Willis Hwang	Vice President	
Melissa Jalace-Vasold	Vice President	
Jessica A. Jankiewicz	Vice President	
Matthew Jorjorian	Vice President	

Aimee H. Keiper	Vice President	
Nelson Kercado	Vice President	
Susan Laratonda	Vice President	
Anna Yiu Lee	Vice President	
Lisa M. Lewis	Vice President	
Lisa M. Lewis	Vice President	
Julia Linian	Vice President	
Gabriel Lischak	Vice President	
Katie Longwell	Vice President	
Lucy R. Lopez	Vice President	
Jennifer A. Luce	Vice President	
Michelle D. Lucido	Vice President	
Cynthia L. Major	Vice President	
Chad N. May	Vice President	

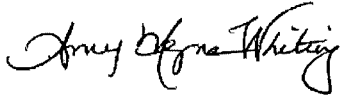


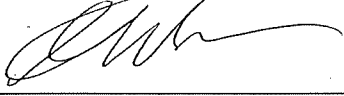
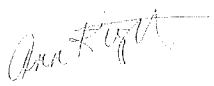


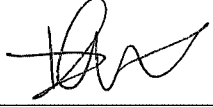






Brandt D. McCammon	Vice President	
Meghan H. McCauley	Vice President	
Cynthia McCormick	Vice President	
David McGuire	Vice President	
Andrew J. McLoughlin	Vice President	
Aaron G. McManus	Vice President	
Stephen McPherson	Vice President	
Alphonse C. Miller	Vice President	
Michael Miller	Vice President	
Rafael Miranda	Vice President	
Sally M. Molina	Vice President	
Mike Mooneyham	Vice President	
Amedeo Morreale	Vice President	
Kila J. Mullikin	Vice President	

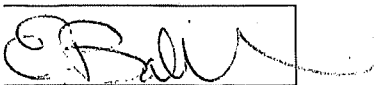

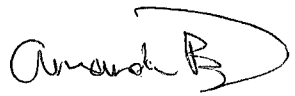
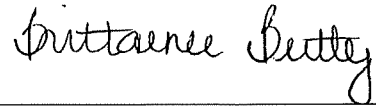

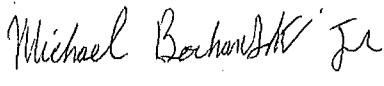
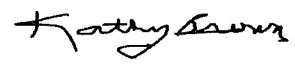

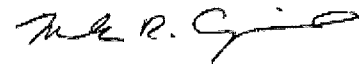
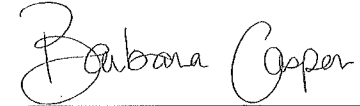

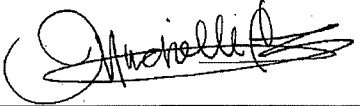
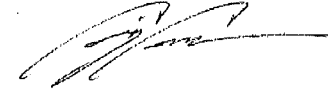
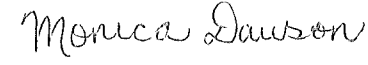
John Mulvena	Vice President	
Ryan Murray	Vice President	
Barbara O'Brien	Vice President	
Joseph P. O'Donnell	Vice President	
Michael O'Donnell	Vice President	
Jeanne M. Oller	Vice President	
Susan T. O'Neal	Vice President	
Michael W. Orendorf	Vice President	
Zdravka S. Panchev	Vice President	
Alicia Pelletier	Vice President	
Amy Perkins	Vice President	
Elizabeth Peterson	Vice President	
Rachel Phillips	Vice President	
Julianne N. Powers	Vice President	



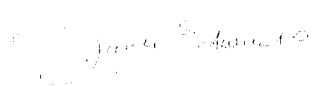


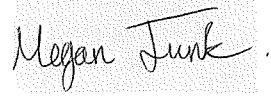
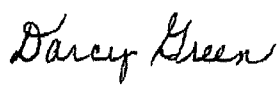

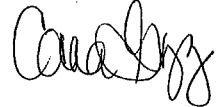
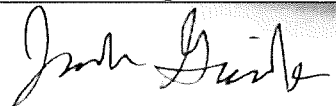
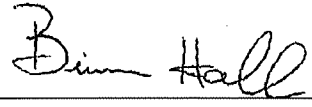
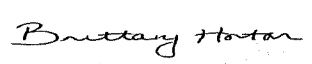


Fazal UR Rehman	Vice President	
Robert L. Reynolds	Vice President	
Rita Marie Ritrovato	Vice President	
Millie Rolla	Vice President	
Jeffery Rose	Vice President	
Joann A. Rozell	Vice President	
Amy Rubincam	Vice President	
Lora K. Russell	Vice President	
David Sabbann	Vice President	
Dania Samai	Vice President	
Erik L. Saville	Vice President	
William Schake	Vice President	
Rachel Schlee	Vice President	
Jane Y. Schweiger	Vice President	




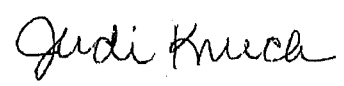


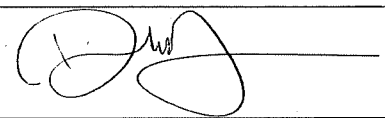

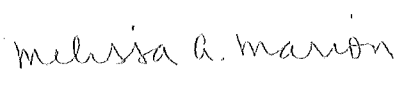

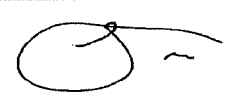
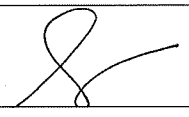
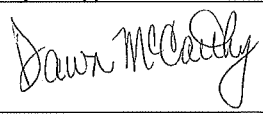
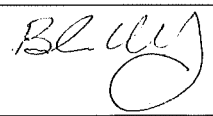
Nicholas B. Shaffer	Vice President	
Ruth K. Shiffler	Vice President	
Rachel L. Simpson	Vice President	
Christopher J. Slaybaugh	Vice President	
Dayna L. Smith	Vice President	
Jane Snyder	Vice President	
Jacqueline E. Solone	Vice President	
Barry Somrock	Vice President	
Erwin Soriano	Vice President	
Christopher Spinelli	Vice President	
Brian Stofka	Vice President	
Sarah A. Stokes	Vice President	
Frank Strunk	Vice President	
Nedine P. Sutton	Vice President	




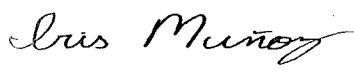
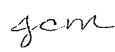
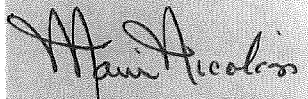


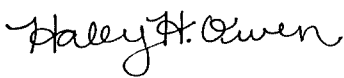

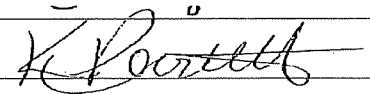

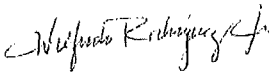
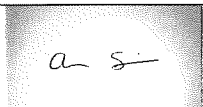
Aimee Lynn Tabor	Vice President	<i>Aimee Tabor</i>
Alicia D. Teat	Vice President	<i>Alicia Teat</i>
Arlene Thelwell	Vice President	<i>A Thelwell</i>
Boris Treyger	Vice President	<i>Boris</i>
Adam R. Vogelsong	Vice President	<i>Adam Vogelsong</i>
Brooks Von Arx, Jr.	Vice President	<i>Brooks</i>
John D. Wallen	Vice President	<i>John D. Wallen</i>
Bruce Wandersee	Vice President	<i>Bruce Wandersee</i>
Michael H. Wass	Vice President	<i>Michael H. Wass / Dittus</i>
Steven J. Wattie	Vice President	<i>Steven J. Wattie</i>
Brendan Wellman	Vice President	<i>Brendan Wellman</i>
Farrah F. Welsh	Vice President	<i>Farrah F. Welsh</i>
Julie M. Westrich	Vice President	<i>Julie M. Westrich</i>
Katherine V. Whitestone	Vice President	<i>Katherine V. Whitestone</i>

Amy Megna Whiting	Vice President	
Michelle M. Wojciechowicz	Vice President	
Anita R. Woolery	Vice President	
Alex Workman	Vice President	
Ann K. Wright	Vice President	
Clarice Wright	Vice President	
Teisha Wright	Vice President	
Doris Yang	Vice President	
Grace Yang	Vice President	
Brenda Altieri	Assistant Vice President	
Georgianna Andrzejczak	Assistant Vice President	
Maureen A. Auld	Assistant Vice President	
Peter Bacher	Assistant Vice President	
Angela Backus	Assistant Vice President	

Elizabeth Baker	Assistant Vice President	
Daniel Benavides	Assistant Vice President	
Amanda Berg	Assistant Vice President	
Berty, Brittaene	Assistant Vice President	
Noel Bitterman	Assistant Vice President	
Michael G. Bochanski, Jr.	Assistant Vice President	
Kathy Brown	Assistant Vice President	
Jay Campbell	Assistant Vice President	
Mark Campise	Assistant Vice President	
Barbara Casper	Assistant Vice President	
Nancy Chen	Assistant Vice President	
Michelle Cheng	Assistant Vice President	
Craig Cramer	Assistant Vice President	
Monica Dawson	Assistant Vice President	

Quinton M. DePompolo	Assistant Vice President	
Ryanne DiMillo	Assistant Vice President	
Jane Edwards	Assistant Vice President	
Janice Entsminger	Assistant Vice President	
Jennifer Demboski	Assistant Vice President	
Megan Funk	Assistant Vice President	
Darcy Green	Assistant Vice President	
Daniel J. Greene	Assistant Vice President	
Cara Gregg	Assistant Vice President	
Joseph Gribaudo	Assistant Vice President	
Brian Hall	Assistant Vice President	
Brittany Horton	Assistant Vice President	
Nastashia V. Jackson	Assistant Vice President	
Ellen Jean-Baptiste	Assistant Vice President	

Chris Johnson	Assistant Vice President	
Patrick A. Kanar	Assistant Vice President	
Amy Kohr	Assistant Vice President	
Judith N. Kruck	Assistant Vice President	
Gregory J. Lechowicz	Assistant Vice President	
Andrew P. Lennon	Assistant Vice President	
Dennis Malabunga	Assistant Vice President	
Hayley Marden	Assistant Vice President	
Melissa A. Marion	Assistant Vice President	
Neumann Marlett III	Assistant Vice President	
Jeffrey Marvel	Assistant Vice President	
R. Sandy Maulkhan	Assistant Vice President	
Dawn McCarthy	Assistant Vice President	
Brendan McCloskey	Assistant Vice President	

Kevin McGarvey	Assistant Vice President	
Alex Melton	Assistant Vice President	
Adam Meyers	Assistant Vice President	
Iris Munoz	Assistant Vice President	
J. Christopher Murphy	Assistant Vice President	
Marie Nicolosi	Assistant Vice President	
Joyce A. Nolan	Assistant Vice President	
Trudy A. O'Grady	Assistant Vice President	
Haley Owen	Assistant Vice President	
Kevin Pennant	Assistant Vice President	
Kristi Perrett	Assistant Vice President	
Rebecca Ritter	Assistant Vice President	
Wilfredo Rodriguez, Jr.	Assistant Vice President	
Adam Schreifels	Assistant Vice President	


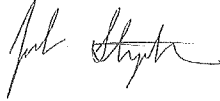


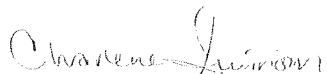

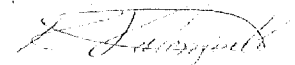
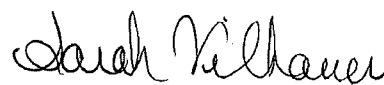
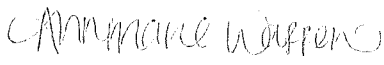
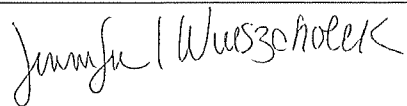


Lance Schonert	Assistant Vice President	
Jacob Stapleford	Assistant Vice President	
Michelle Steele	Assistant Vice President	
Rachel Suiter	Assistant Vice President	
Charlene Swinson	Assistant Vice President	
Kenean Tesfaye	Assistant Vice President	
Roy Valenzuela	Assistant Vice President	
Sarah Vilhauer	Assistant Vice President	
Annmarie Warren	Assistant Vice President	
Jennifer L. Wieszcholek	Assistant Vice President	
Alec Winchel	Assistant Vice President	
Samantha Young	Assistant Vice President	

EXHIBIT B

**ARTICLES OF ASSOCIATION
OF
WILMINGTON TRUST, NATIONAL ASSOCIATION**

For the purpose of organizing an association to perform any lawful activities of national banks, the undersigned do enter into the following articles of association:

FIRST. The title of this association shall be Wilmington Trust, National Association.

SECOND. The main office of the association shall be in the City of Wilmington, County of New Castle, State of Delaware. The general business of the association shall be conducted at its main office and its branches.

THIRD. The board of directors of this association shall consist of not less than five nor more than twenty-five persons, unless the OCC has exempted the bank from the 25-member limit. The exact number is to be fixed and determined from time to time by resolution of a majority of the full board of directors or by resolution of a majority of the shareholders at any annual or special meeting thereof. Each director shall own common or preferred stock of the association or of a holding company owning the association, with an aggregate par, fair market or equity value \$1,000. Determination of these values may be based as of either (i) the date of purchase or (ii) the date the person became a director, whichever value is greater. Any combination of common or preferred stock of the association or holding company may be used.

Any vacancy in the board of directors may be filled by action of a majority of the remaining directors between meetings of shareholders. The board of directors may not increase the number of directors between meetings of shareholders to a number which:

- (1) exceeds by more than two the number of directors last elected by shareholders where the number was 15 or less; or
- (2) exceeds by more than four the number of directors last elected by shareholders where the number was 16 or more, but in no event shall the number of directors exceed 25, unless the OCC has exempted the bank from the 25-member limit.

Directors shall be elected for terms of one year and until their successors are elected and qualified. Terms of directors, including directors selected to fill vacancies, shall expire at the next regular meeting of shareholders at which directors are elected, unless the directors resign or are removed from office. Despite the expiration of a director's term, the director shall continue to serve until his or her successor is elected and qualifies or until there is a decrease in the number of directors and his or her position is eliminated.

Honorary or advisory members of the board of directors, without voting power or power of final decision in matters concerning the business of the association, may be appointed by resolution of a majority of the full board of directors, or by resolution of shareholders at any

annual or special meeting. Honorary or advisory directors shall not be counted to determine the number of directors of the association or the presence of a quorum in connection with any board action, and shall not be required to own qualifying shares.

FOURTH. There shall be an annual meeting of the shareholders to elect directors and transact whatever other business may be brought before the meeting. It shall be held at the main office or any other convenient place the board of directors may designate, on the day of each year specified therefor in the bylaws, or, if that day falls on a legal holiday in the state in which the association is located, on the next following banking day. If no election is held on the day fixed, or in the event of a legal holiday on the following banking day, an election may be held on any subsequent day within 60 days of the day fixed, to be designated by the board of directors, or, if the directors fail to fix the day, by shareholders representing two-thirds of the shares issued and outstanding. In all cases at least 10 days advance notice of the time, place and purpose of a shareholders' meeting shall be given to the shareholders by first class mail, unless the OCC determines that an emergency circumstance exists. The sole shareholder of the bank is permitted to waive notice of the shareholders' meeting.

In all elections of directors, the number of votes each common shareholder may cast will be determined by multiplying the number of shares such shareholder owns by the number of directors to be elected. Those votes may be cumulated and cast for a single candidate or may be distributed among two or more candidates in the manner selected by the shareholder. If, after the first ballot, subsequent ballots are necessary to elect directors, a shareholder may not vote shares that he or she has already fully cumulated and voted in favor of a successful candidate. On all other questions, each common shareholder shall be entitled to one vote for each share of stock held by him or her.

Nominations for election to the board of directors may be made by the board of directors or by any stockholder of any outstanding class of capital stock of the association entitled to vote for election of directors. Nominations other than those made by or on behalf of the existing management shall be made in writing and be delivered or mailed to the president of the association not less than 14 days nor more than 50 days prior to any meeting of shareholders called for the election of directors; provided, however, that if less than 21 days notice of the meeting is given to shareholders, such nominations shall be mailed or delivered to the president of the association not later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying shareholder:

- (1) The name and address of each proposed nominee.
- (2) The principal occupation of each proposed nominee.
- (3) The total number of shares of capital stock of the association that will be voted for each proposed nominee.

- (4) The name and residence address of the notifying shareholder.
- (5) The number of shares of capital stock of the association owned by the notifying shareholder.

Nominations not made in accordance herewith may, in his/her discretion, be disregarded by the chairperson of the meeting, and the vote tellers may disregard all votes cast for each such nominee. No bylaw may unreasonably restrict the nomination of directors by shareholders.

A director may resign at any time by delivering written notice to the board of directors, its chairperson, or to the association, which resignation shall be effective when the notice is delivered unless the notice specifies a later effective date.

A director may be removed by shareholders at a meeting called to remove the director, when notice of the meeting stating that the purpose or one of the purposes is to remove the director is provided, if there is a failure to fulfill one of the affirmative requirements for qualification, or for cause; provided, however, that a director may not be removed if the number of votes sufficient to elect the director under cumulative voting is voted against the director's removal.

FIFTH. The authorized amount of capital stock of this association shall be three million (3,000,000) shares of common stock of the par value of one dollar (\$1.00) each; but said capital stock may be increased or decreased from time to time, according to the provisions of the laws of the United States.

No holder of shares of the capital stock of any class of the association shall have any preemptive or preferential right of subscription to any shares of any class of stock of the association, whether now or hereafter authorized, or to any obligations convertible into stock of the association, issued, or sold, nor any right of subscription to any thereof other than such, if any, as the board of directors, in its discretion, may from time to time determine and at such price as the board of directors may from time to time fix. Preemptive rights also must be approved by a vote of holders of two-thirds of the bank's outstanding voting shares. Unless otherwise specified in these articles of association or required by law, (1) all matters requiring shareholder action, including amendments to the articles of association, must be approved by shareholders owning a majority voting interest in the outstanding voting stock, and (2) each shareholder shall be entitled to one vote per share.

Unless otherwise specified in these articles of association or required by law, all shares of voting stock shall be voted together as a class, on any matters requiring shareholder approval. If a proposed amendment would affect two or more classes or series in the same or a substantially similar way, all the classes or series so affected must vote together as a single voting group on the proposed amendment.

Shares of one class or series may be issued as a dividend for shares of the same class or series on a pro rata basis and without consideration. Shares of one class or series may be issued as share dividends for a different class or series of stock if approved by a majority of the votes entitled to be cast by the class or series to be issued, unless there are no outstanding shares of the class or series to be issued. Unless otherwise provided by the board of directors, the record date for determining shareholders entitled to a share dividend shall be the date authorized by the board of directors for the share dividend.

Unless otherwise provided in the bylaws, the record date for determining shareholders entitled to notice of and to vote at any meeting is the close of business on the day before the first notice is mailed or otherwise sent to the shareholders, provided that in no event may a record date be more than 70 days before the meeting.

If a shareholder is entitled to fractional shares pursuant to a stock dividend, consolidation or merger, reverse stock split or otherwise, the association may: (a) issue fractional shares; (b) in lieu of the issuance of fractional shares, issue script or warrants entitling the holder to receive a full share upon surrendering enough script or warrants to equal a full share; (c) if there is an established and active market in the association's stock, make reasonable arrangements to provide the shareholder with an opportunity to realize a fair price through sale of the fraction, or purchase of the additional fraction required for a full share; (d) remit the cash equivalent of the fraction to the shareholder; or (e) sell full shares representing all the fractions at public auction or to the highest bidder after having solicited and received sealed bids from at least three licensed stock brokers; and distribute the proceeds pro rata to shareholders who otherwise would be entitled to the fractional shares. The holder of a fractional share is entitled to exercise the rights for shareholder, including the right to vote, to receive dividends, and to participate in the assets of the association upon liquidation, in proportion to the fractional interest. The holder of script or warrants is not entitled to any of these rights unless the script or warrants explicitly provide for such rights. The script or warrants may be subject to such additional conditions as: (1) that the script or warrants will become void if not exchanged for full shares before a specified date; and (2) that the shares for which the script or warrants are exchangeable may be sold at the option of the association and the proceeds paid to scripsholders.

The association, at any time and from time to time, may authorize and issue debt obligations, whether or not subordinated, without the approval of the shareholders. Obligations classified as debt, whether or not subordinated, which may be issued by the association without the approval of shareholders, do not carry voting rights on any issue, including an increase or decrease in the aggregate number of the securities, or the exchange or reclassification of all or part of securities into securities of another class or series.

SIXTH. The board of directors shall appoint one of its members president of this association, and one of its members chairperson of the board and shall have the power to appoint one or more vice presidents, a secretary who shall keep minutes of the directors' and

shareholders' meetings and be responsible for authenticating the records of the association, and such other officers and employees as may be required to transact the business of this association. A duly appointed officer may appoint one or more officers or assistant officers if authorized by the board of directors in accordance with the bylaws.

The board of directors shall have the power to:

- (1) Define the duties of the officers, employees, and agents of the association.
- (2) Delegate the performance of its duties, but not the responsibility for its duties, to the officers, employees, and agents of the association.
- (3) Fix the compensation and enter into employment contracts with its officers and employees upon reasonable terms and conditions consistent with applicable law.
- (4) Dismiss officers and employees.
- (5) Require bonds from officers and employees and to fix the penalty thereof.
- (6) Ratify written policies authorized by the association's management or committees of the board.
- (7) Regulate the manner in which any increase or decrease of the capital of the association shall be made, provided that nothing herein shall restrict the power of shareholders to increase or decrease the capital of the association in accordance with law, and nothing shall raise or lower from two-thirds the percentage required for shareholder approval to increase or reduce the capital.
- (8) Manage and administer the business and affairs of the association.
- (9) Adopt initial bylaws, not inconsistent with law or the articles of association, for managing the business and regulating the affairs of the association.
- (10) Amend or repeal bylaws, except to the extent that the articles of association reserve this power in whole or in part to shareholders.
- (11) Make contracts.
- (12) Generally perform all acts that are legal for a board of directors to perform.

SEVENTH. The board of directors shall have the power to change the location of the main office to any other place within the limits of Wilmington, Delaware, without the approval of the shareholders, or with a vote of shareholders owning two-thirds of the stock of such

association for a relocation outside such limits and upon receipt of a certificate of approval from the Comptroller of the Currency, to any other location within or outside the limits of Wilmington Delaware, but not more than 30 miles beyond such limits. The board of directors shall have the power to establish or change the location of any branch or branches of the association to any other location permitted under applicable law, without approval of shareholders, subject to approval by the Comptroller of the Currency.

EIGHTH. The corporate existence of this association shall continue until termination according to the laws of the United States.

NINTH. The board of directors of this association, or any one or more shareholders owning, in the aggregate, not less than 50 percent of the stock of this association, may call a special meeting of shareholders at any time. Unless otherwise provided by the bylaws or the laws of the United States, a notice of the time, place, and purpose of every annual and special meeting of the shareholders shall be given at least 10 days prior to the meeting by first-class mail, unless the OCC determines that an emergency circumstance exists. If the association is a wholly-owned subsidiary, the sole shareholder may waive notice of the shareholders' meeting. Unless otherwise provided by the bylaws or these articles, any action requiring approval of shareholders must be effected at a duly called annual or special meeting.

TENTH. For purposes of this Article Tenth, the term "institution-affiliated party" shall mean any institution-affiliated party of the association as such term is defined in 12 U.S.C. 1813(u).

Any institution-affiliated party (or his or her heirs, executors or administrators) may be indemnified or reimbursed by the association for reasonable expenses actually incurred in connection with any threatened, pending or completed actions or proceedings and appeals therein, whether civil, criminal, governmental, administrative or investigative, in accordance with and to the fullest extent permitted by law, as such law now or hereafter exists; provided, however, that when an administrative proceeding or action instituted by a federal banking agency results in a final order or settlement pursuant to which such person: (i) is assessed a civil money penalty, (ii) is removed from office or prohibited from participating in the conduct of the affairs of the association, or (iii) is required to cease and desist from or to take any affirmative action described in 12 U.S.C. 1818(b) with respect to the association, then the association shall require the repayment of all legal fees and expenses advanced pursuant to the next succeeding paragraph and may not indemnify such institution-affiliated parties (or their heirs, executors or administrators) for expenses, including expenses for legal fees, penalties or other payments incurred. The association shall provide indemnification in connection with an action or proceeding (or part thereof) initiated by an institution-affiliated party (or by his or her heirs, executors or administrators) only if such action or proceeding (or part thereof) was authorized by the board of directors.

Expenses incurred by an institution-affiliated party (or by his or her heirs, executors or administrators) in connection with any action or proceeding under 12 U.S.C. 164 or 1818 may be paid by the association in advance of the final disposition of such action or proceeding upon (a) a determination by the board of directors acting by a quorum consisting of directors who are not parties to such action or proceeding that the institution-affiliated party (or his or her heirs, executors or administrators) has a reasonable basis for prevailing on the merits, (b) a determination that the indemnified individual (or his or her heirs, executors or administrators) will have the financial capacity to reimburse the bank in the event he or she does not prevail, (c) a determination that the payment of expenses and fees by the association will not adversely affect the safety and soundness of the association, and (d) receipt of an undertaking by or on behalf of such institution-affiliated party (or by his or her heirs, executors or administrators) to repay such advancement in the event of a final order or settlement pursuant to which such person: (i) is assessed a civil money penalty, (ii) is removed from office or prohibited from participating in the conduct of the affairs of the association, or (iii) is required to cease and desist from or to take any affirmative action described in 12 U.S.C. 1818(b) with respect to the association. In all other instances, expenses incurred by an institution-affiliated party (or by his or her heirs, executors or administrators) in connection with any action or proceeding as to which indemnification may be given under these articles of association may be paid by the association in advance of the final disposition of such action or proceeding upon (a) receipt of an undertaking by or on behalf of such institution-affiliated party (or by or on behalf of his or her heirs, executors or administrators) to repay such advancement in the event that such institution-affiliated party (or his or her heirs, executors or administrators) is ultimately found not to be entitled to indemnification as authorized by these articles of association and (b) approval by the board of directors acting by a quorum consisting of directors who are not parties to such action or proceeding or, if such a quorum is not obtainable, then approval by stockholders. To the extent permitted by law, the board of directors or, if applicable, the stockholders, shall not be required to find that the institution-affiliated party has met the applicable standard of conduct provided by law for indemnification in connection with such action or proceeding.

In the event that a majority of the members of the board of directors are named as respondents in an administrative proceeding or civil action and request indemnification, the remaining members of the board may authorize independent legal counsel to review the indemnification request and provide the remaining members of the board with a written opinion of counsel as to whether the conditions delineated in the first four paragraphs of this Article Tenth have been met. If independent legal counsel opines that said conditions have been met, the remaining members of the board of directors may rely on such opinion in authorizing the requested indemnification.

In the event that all of the members of the board of directors are named as respondents in an administrative proceeding or civil action and request indemnification, the board shall authorize independent legal counsel to review the indemnification request and provide the board with a written opinion of counsel as to whether the conditions delineated in the first four paragraphs of this Article Tenth have been met. If legal counsel opines that said conditions have

been met, the board of directors may rely on such opinion in authorizing the requested indemnification.

To the extent permitted under applicable law, the rights of indemnification and to the advancement of expenses provided in these articles of association (a) shall be available with respect to events occurring prior to the adoption of these articles of association, (b) shall continue to exist after any restrictive amendment of these articles of association with respect to events occurring prior to such amendment, (c) may be interpreted on the basis of applicable law in effect at the time of the occurrence of the event or events giving rise to the action or proceeding, or on the basis of applicable law in effect at the time such rights are claimed, and (d) are in the nature of contract rights which may be enforced in any court of competent jurisdiction as if the association and the institution-affiliated party (or his or her heirs, executors or administrators) for whom such rights are sought were parties to a separate written agreement.

The rights of indemnification and to the advancement of expenses provided in these articles of association shall not, to the extent permitted under applicable law, be deemed exclusive of any other rights to which any such institution affiliated party (or his or her heirs, executors or administrators) may now or hereafter be otherwise entitled whether contained in these articles of association, the bylaws, a resolution of stockholders, a resolution of the board of directors, or an agreement providing such indemnification, the creation of such other rights being hereby expressly authorized. Without limiting the generality of the foregoing, the rights of indemnification and to the advancement of expenses provided in these articles of association shall not be deemed exclusive of any rights, pursuant to statute or otherwise, of any such institution-affiliated party (or of his or her heirs, executors or administrators) in any such action or proceeding to have assessed or allowed in his or her favor, against the association or otherwise, his or her costs and expenses incurred therein or in connection therewith or any part thereof.

If this Article Tenth or any part hereof shall be held unenforceable in any respect by a court of competent jurisdiction, it shall be deemed modified to the minimum extent necessary to make it enforceable, and the remainder of this Article Tenth shall remain fully enforceable.

The association may, upon affirmative vote of a majority of its board of directors, purchase insurance to indemnify its institution-affiliated parties to the extent that such indemnification is allowed in these articles of association; provided, however, that no such insurance shall include coverage to pay or reimburse any institution-affiliated party for the cost of any judgment or civil money penalty assessed against such person in an administrative proceeding or civil action commenced by any federal banking agency. Such insurance may, but need not, be for the benefit of all institution-affiliated parties.

ELEVENTH. These articles of association may be amended at any regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the stock of this association, unless the vote of the holders of a greater amount of stock is required by law,

and in that case by the vote of the holders of such greater amount. The association's board of directors may propose one or more amendments to the articles of association for submission to the shareholders.

EXHIBIT C

WILMINGTON TRUST, NATIONAL ASSOCIATION

AMENDED AND RESTATED BYLAWS

(Effective as of March 28, 2022)

AMENDED AND RESTATED BYLAWS
OF
WILMINGTON TRUST, NATIONAL ASSOCIATION

ARTICLE I
Meetings of Shareholders

Section 1. Annual Meeting. The annual meeting of the shareholders to elect directors and transact whatever other business may properly come before the meeting shall be held at the main office of the association, Rodney Square North, 1100 Market Street, City of Wilmington, State of Delaware, at 1:00 o'clock p.m. on the first Tuesday in March of each year, or at such other place and time as the board of directors may designate, or if that date falls on a legal holiday in Delaware, on the next following banking day. Notice of the meeting shall be mailed by first class mail, postage prepaid, at least 10 days and no more than 60 days prior to the date thereof, addressed to each shareholder at his/her address appearing on the books of the association. If, for any cause, an election of directors is not made on that date, or in the event of a legal holiday, on the next following banking day, an election may be held on any subsequent day within 60 days of the date fixed, to be designated by the board of directors, or, if the directors fail to fix the date, by shareholders representing two-thirds of the shares. In these circumstances, at least 10 days' notice must be given by first class mail to shareholders.

Section 2. Special Meetings. Except as otherwise specifically provided by statute, special meetings of the shareholders may be called for any purpose at any time by the board of directors or by any one or more shareholders owning, in the aggregate, not less than fifty percent of the stock of the association. Every such special meeting, unless otherwise provided by law, shall be called by mailing, postage prepaid, not less than 10 days nor more than 60 days prior to the date fixed for the meeting, to each shareholder at the address appearing on the books of the association a notice stating the purpose of the meeting.

The board of directors may fix a record date for determining shareholders entitled to notice and to vote at any meeting, in reasonable proximity to the date of giving notice to the shareholders of such meeting. The record date for determining shareholders entitled to demand a special meeting is the date the first shareholder signs a demand for the meeting describing the purpose or purposes for which it is to be held.

A special meeting may be called by shareholders or the board of directors to amend the articles of association or bylaws, whether or not such bylaws may be amended by the board of directors in the absence of shareholder approval.

If an annual or special shareholders' meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time or place, if the new date, time or place is announced at the meeting before adjournment, unless any additional items of business are to be considered, or the association becomes aware of an intervening event materially affecting any matter to be voted on more than 10 days prior to the date to which the meeting is adjourned. If a new record date for the adjourned meeting is fixed, however, notice of the adjourned meeting

must be given to persons who are shareholders as of the new record date. If, however, the meeting to elect the directors is adjourned before the election takes place, at least ten days' notice of the new election must be given to the shareholders by first-class mail.

Section 3. Nominations of Directors. Nominations for election to the board of directors may be made by the board of directors or by any stockholder of any outstanding class of capital stock of the association entitled to vote for the election of directors. Nominations, other than those made by or on behalf of the existing management of the association, shall be made in writing and shall be delivered or mailed to the president of the association and the Comptroller of the Currency, Washington, D.C., not less than 14 days nor more than 50 days prior to any meeting of shareholders called for the election of directors; *provided, however*, that if less than 21 days' notice of the meeting is given to shareholders, such nomination shall be mailed or delivered to the president of the association not later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying shareholder:

- (1) The name and address of each proposed nominee;
- (2) The principal occupation of each proposed nominee;
- (3) The total number of shares of capital stock of the association that will be voted for each proposed nominee;
- (4) The name and residence of the notifying shareholder; and
- (5) The number of shares of capital stock of the association owned by the notifying shareholder.

Nominations not made in accordance herewith may, in his/her discretion, be disregarded by the chairperson of the meeting, and upon his/her instructions, the vote tellers may disregard all votes cast for each such nominee.

Section 4. Proxies. Shareholders may vote at any meeting of the shareholders by proxies duly authorized in writing, but no officer or employee of this association shall act as proxy. Proxies shall be valid only for one meeting, to be specified therein, and any adjournments of such meeting. Proxies shall be dated and filed with the records of the meeting. Proxies with facsimile signatures may be used and unexecuted proxies may be counted upon receipt of a written confirmation from the shareholder. Proxies meeting the above requirements submitted at any time during a meeting shall be accepted.

Section 5. Quorum. A majority of the outstanding capital stock, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders, unless otherwise provided by law, or by the shareholders or directors pursuant to Article IX, Section 2, but less than a quorum may adjourn any meeting, from time to time, and the meeting may be held, as adjourned, without further notice. A majority of the votes cast shall decide every question or matter submitted to the shareholders at any meeting, unless otherwise provided by law or by the articles

of association, or by the shareholders or directors pursuant to Article IX, Section 2. If a meeting for the election of directors is not held on the fixed date, at least 10 days' notice must be given by first-class mail to the shareholders.

ARTICLE II

Directors

Section 1. Board of Directors. The board of directors shall have the power to manage and administer the business and affairs of the association. Except as expressly limited by law, all corporate powers of the association shall be vested in and may be exercised by the board of directors.

Section 2. Number. The board of directors shall consist of not less than five nor more than twenty-five members, unless the OCC has exempted the bank from the 25-member limit. The exact number within such minimum and maximum limits is to be fixed and determined from time to time by resolution of a majority of the full board of directors or by resolution of a majority of the shareholders at any meeting thereof.

Section 3. Organization Meeting. The secretary or treasurer, upon receiving the certificate of the judges of the result of any election, shall notify the directors-elect of their election and of the time at which they are required to meet at the main office of the association, or at such other place in the cities of Wilmington, Delaware or Buffalo, New York, to organize the new board of directors and elect and appoint officers of the association for the succeeding year. Such meeting shall be held on the day of the election or as soon thereafter as practicable, and, in any event, within 30 days thereof. If, at the time fixed for such meeting, there shall not be a quorum, the directors present may adjourn the meeting, from time to time, until a quorum is obtained.

Section 4. Regular Meetings. The Board of Directors may, at any time and from time to time, by resolution designate the place, date and hour for the holding of a regular meeting, but in the absence of any such designation, regular meetings of the board of directors shall be held, without notice, on the first Tuesday of each March, June and September, and on the second Tuesday of each December at the main office or other such place as the board of directors may designate. When any regular meeting of the board of directors falls upon a holiday, the meeting shall be held on the next banking business day unless the board of directors shall designate another day.

Section 5. Special Meetings. Special meetings of the board of directors may be called by the Chairman of the Board of the association, or at the request of two or more directors. Each member of the board of directors shall be given notice by telegram, first class mail, or in person stating the time and place of each special meeting.

Section 6. Quorum. A majority of the entire board then in office shall constitute a quorum at any meeting, except when otherwise provided by law or these bylaws, but a lesser number may adjourn any meeting, from time to time, and the meeting may be held, as adjourned, without further notice. If the number of directors present at the meeting is reduced below the

number that would constitute a quorum, no business may be transacted, except selecting directors to fill vacancies in conformance with Article II, Section 7. If a quorum is present, the board of directors may take action through the vote of a majority of the directors who are in attendance.

Section 7. Meetings by Conference Telephone. Any one or more members of the board of directors or any committee thereof may participate in a meeting of such board or committees by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation in a meeting by such means shall constitute presence in person at such meeting.

Section 8. Procedures. The order of business and all other matters of procedure at every meeting of the board of directors may be determined by the person presiding at the meeting.

Section 9. Removal of Directors. Any director may be removed for cause, at any meeting of stockholders notice of which shall have referred to the proposed action, by vote of the stockholders. Any director may be removed without cause, at any meeting of stockholders notice of which shall have referred to the proposed action, by the vote of the holders of a majority of the shares of the Corporation entitled to vote. Any director may be removed for cause, at any meeting of the directors notice of which shall have referred to the proposed action, by vote of a majority of the entire Board of Directors.

Section 10. Vacancies. When any vacancy occurs among the directors, a majority of the remaining members of the board of directors, according to the laws of the United States, may appoint a director to fill such vacancy at any regular meeting of the board of directors, or at a special meeting called for that purpose at which a quorum is present, or if the directors remaining in office constitute fewer than a quorum of the board of directors, by the affirmative vote of a majority of all the directors remaining in office, or by shareholders at a special meeting called for that purpose in conformance with Section 2 of Article I. At any such shareholder meeting, each shareholder entitled to vote shall have the right to multiply the number of votes he or she is entitled to cast by the number of vacancies being filled and cast the product for a single candidate or distribute the product among two or more candidates. A vacancy that will occur at a specific later date (by reason of a resignation effective at a later date) may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

ARTICLE III **Committees of the Board**

The board of directors has power over and is solely responsible for the management, supervision, and administration of the association. The board of directors may delegate its power, but none of its responsibilities, to such persons or committees as the board may determine.

The board of directors must formally ratify written policies authorized by committees of the board of directors before such policies become effective. Each committee must have one or more member(s), and who may be an officer of the association or an officer or director of any affiliate of the association, who serve at the pleasure of the board of directors. Provisions of the articles of association and these bylaws governing place of meetings, notice of meeting, quorum and voting requirements of the board of directors, apply to committees and their members as well. The creation of a committee and appointment of members to it must be approved by the board of directors.

Section 1. Loan Committee. There shall be a loan committee composed of not less than 2 directors, appointed by the board of directors annually or more often. The loan committee, on behalf of the bank, shall have power to discount and purchase bills, notes and other evidences of debt, to buy and sell bills of exchange, to examine and approve loans and discounts, to exercise authority regarding loans and discounts, and to exercise, when the board of directors is not in session, all other powers of the board of directors that may lawfully be delegated. The loan committee shall keep minutes of its meetings, and such minutes shall be submitted at the next regular meeting of the board of directors at which a quorum is present, and any action taken by the board of directors with respect thereto shall be entered in the minutes of the board of directors.

Section 2. Investment Committee. There shall be an investment committee composed of not less than 2 directors, appointed by the board of directors annually or more often. The investment committee, on behalf of the bank, shall have the power to ensure adherence to the investment policy, to recommend amendments thereto, to purchase and sell securities, to exercise authority regarding investments and to exercise, when the board of directors is not in session, all other powers of the board of directors regarding investment securities that may be lawfully delegated. The investment committee shall keep minutes of its meetings, and such minutes shall be submitted at the next regular meeting of the board of directors at which a quorum is present, and any action taken by the board of directors with respect thereto shall be entered in the minutes of the board of directors.

Section 3. Examining Committee. There shall be an examining committee composed of not less than 2 directors, exclusive of any active officers, appointed by the board of directors annually or more often. The duty of that committee shall be to examine at least once during each calendar year and within 15 months of the last examination the affairs of the association or cause suitable examinations to be made by auditors responsible only to the board of directors and to report the result of such examination in writing to the board of directors at the next regular meeting thereafter. Such report shall state whether the association is in a sound condition, and whether adequate internal controls and procedures are being maintained and shall recommend to the board of directors such changes in the manner of conducting the affairs of the association as shall be deemed advisable.

Notwithstanding the provisions of the first paragraph of this section 3, the responsibility and authority of the Examining Committee may, if authorized by law, be given over to a duly constituted audit committee of the association's parent corporation by a resolution duly adopted by the board of directors.

Section 4. Trust Audit Committee. There shall be a trust audit committee in conformance with Section 1 of Article V.

Section 5. Other Committees. The board of directors may appoint, from time to time, from its own members, compensation, special litigation and other committees of one or more persons, for such purposes and with such powers as the board of directors may determine.

However, a committee may not:

- (1) Authorize distributions of assets or dividends;
- (2) Approve action required to be approved by shareholders;
- (3) Fill vacancies on the board of directors or any of its committees;
- (4) Amend articles of association;
- (5) Adopt, amend or repeal bylaws; or
- (6) Authorize or approve issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares.

Section 6. Committee Members' Fees. Committee members may receive a fee for their services as committee members and traveling and other out-of-pocket expenses incurred in attending any meeting of a committee of which they are a member. The fee may be a fixed sum to be paid for attending each meeting or a fixed sum to be paid quarterly, or semiannually, irrespective of the number of meetings attended or not attended. The amount of the fee and the basis on which it shall be paid shall be determined by the board of directors.

ARTICLE IV **Officers and Employees**

Section 1. Officers. The board of directors shall annually, at the Annual Reorganization Meeting of the board of directors following the annual meeting of the shareholders, appoint or elect a Chairperson of the Board, a Chief Executive Officer and a President, and one or more Vice Presidents however denominated, a Corporate Secretary, a Treasurer, a Chief Auditor, and such other officers as it may determine. At the Annual Reorganization Meeting, the board of directors shall also elect or reelect all of the officers of the association to hold office until the next Annual Reorganization Meeting. In the interim between Annual Reorganization Meetings, the officers of the association may be elected as follows and shall hold office until the next Annual Reorganization meeting unless otherwise determined by the board of directors or such authorized officer(s): The head of the Human Resources Department of M&T Bank or his or her designee or designees, may appoint officers up to and including the rank of Senior Executive Vice President, including (without limitation as to title or number) one or more Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, Assistant

Secretaries, Assistant Treasurers and Assistant Auditors, and any other officer positions as they deem necessary and appropriate, except for any "SEC-Reporting Officers" of M&T Bank Corporation for purposes of Section 16 of the Securities Exchange Act of 1934, as such officers may only be appointed by the Board of Directors.

Section 2. Chairperson of the Board. The board of directors shall appoint one of its members to be the chairperson of the board to serve at its pleasure. Such person shall preside at all meetings of the board of directors. The chairperson of the board shall supervise the carrying out of the policies adopted or approved by the board of directors; shall have general executive powers, as well as the specific powers conferred by these bylaws; and shall also have and may exercise such further powers and duties as from time to time may be conferred upon or assigned by the board of directors.

Section 3. President. The board of directors shall appoint one of its members to be the president of the association. In the absence of the chairperson, the president shall preside at any meeting of the board of directors. The president shall have general executive powers and shall have and may exercise any and all other powers and duties pertaining by law, regulation, or practice to the office of president, or imposed by these bylaws. The president shall also have and may exercise such further powers and duties as from time to time may be conferred or assigned by the board of directors.

Section 4. Vice President. The board of directors may appoint one or more vice presidents. Each vice president shall have such powers and duties as may be assigned by the board of directors. One vice president shall be designated by the board of directors, in the absence of the president, to perform all the duties of the president.

Section 5. Secretary. The board of directors shall appoint a secretary, treasurer, or other designated officer who shall be secretary of the board of directors and of the association and who shall keep accurate minutes of all meetings. The secretary shall attend to the giving of all notices required by these bylaws; shall be custodian of the corporate seal, records, documents and papers of the association; shall provide for the keeping of proper records of all transactions of the association; shall have and may exercise any and all other powers and duties pertaining by law, regulation or practice to the office of treasurer, or imposed by these bylaws; and shall also perform such other duties as may be assigned from time to time, by the board of directors.

Section 6. Other Officers. The board of directors may appoint one or more assistant vice presidents, one or more trust officers, one or more officers, one or more assistant secretaries, one or more assistant treasurers, one or more managers and assistant managers of branches and such other officers and attorneys in fact as from time to time may appear to the board of directors to be required or desirable to transact the business of the association. Such officers shall respectively exercise such powers and perform such duties as pertain to their several offices, or as may be conferred upon or assigned to them by the board of directors, the chairperson of the board, or the president. The board of directors may authorize an officer to appoint one or more officers or assistant officers.

Section 7. Tenure of Office. The president and all other officers shall hold office for the current year for which the board of directors was elected, unless they shall resign, become disqualified, or be removed; and any vacancy occurring in the office of president shall be filled promptly by the board of directors.

Section 8. Resignation. An officer may resign at any time by delivering notice to the association. A resignation is effective when the notice is given unless the notice specifies a later effective date.

ARTICLE V

Fiduciary Activities

Section 1. Trust Audit Committee. There shall be a Trust Audit Committee composed of not less than 2 directors, appointed by the board of directors, which shall, at least once during each calendar year make suitable audits of the association's fiduciary activities or cause suitable audits to be made by auditors responsible only to the board, and at such time shall ascertain whether fiduciary powers have been administered according to law, Part 9 of the Regulations of the Comptroller of the Currency, and sound fiduciary principles. Such committee: (1) must not include any officers of the bank or an affiliate who participate significantly in the administration of the bank's fiduciary activities; and (2) must consist of a majority of members who are not also members of any committee to which the board of directors has delegated power to manage and control the fiduciary activities of the bank.

Notwithstanding the provisions of the first paragraph of this section 1, the responsibility and authority of the Trust Audit Committee may, if authorized by law, be given over to a duly constituted audit committee of the association's parent corporation by a resolution duly adopted by the board of directors.

Section 2. Fiduciary Files. There shall be maintained by the association all fiduciary records necessary to assure that its fiduciary responsibilities have been properly undertaken and discharged.

Section 3. Trust Investments. Funds held in a fiduciary capacity shall be invested according to the instrument establishing the fiduciary relationship and applicable law. Where such instrument does not specify the character and class of investments to be made, but does vest in the association investment discretion, funds held pursuant to such instrument shall be invested in investments in which corporate fiduciaries may invest under applicable law.

ARTICLE VI

Stock and Stock Certificates

Section 1. Transfers. Shares of stock shall be transferable on the books of the association, and a transfer book shall be kept in which all transfers of stock shall be recorded. Every person becoming a shareholder by such transfer shall in proportion to such shareholder's shares, succeed to all rights of the prior holder of such shares. The board of directors may impose conditions upon the transfer of the stock reasonably calculated to simplify the work of

the association with respect to stock transfers, voting at shareholder meetings and related matters and to protect it against fraudulent transfers.

Section 2. Stock Certificates. Certificates of stock shall bear the signature of the president (which may be engraved, printed or impressed) and shall be signed manually or by facsimile process by the secretary, assistant secretary, treasurer, assistant treasurer, or any other officer appointed by the board of directors for that purpose, to be known as an authorized officer, and the seal of the association shall be engraved thereon. Each certificate shall recite on its face that the stock represented thereby is transferable only upon the books of the association properly endorsed.

The board of directors may adopt or use procedures for replacing lost, stolen, or destroyed stock certificates as permitted by law.

The association may establish a procedure through which the beneficial owner of shares that are registered in the name of a nominee may be recognized by the association as the shareholder. The procedure may set forth:

- (1) The types of nominees to which it applies;
- (2) The rights or privileges that the association recognizes in a beneficial owner;
- (3) How the nominee may request the association to recognize the beneficial owner as the shareholder;
- (4) The information that must be provided when the procedure is selected;
- (5) The period over which the association will continue to recognize the beneficial owner as the shareholder;
- (6) Other aspects of the rights and duties created.

ARTICLE VII

Corporate Seal

Section 1. Seal. The seal of the association shall be in such form as may be determined from time to time by the board of directors. The president, the treasurer, the secretary or any assistant treasurer or assistant secretary, or other officer thereunto designated by the board of directors shall have authority to affix the corporate seal to any document requiring such seal and to attest the same. The seal on any corporate obligation for the payment of money may be facsimile.

ARTICLE VIII

Miscellaneous Provisions

Section 1. Fiscal Year. The fiscal year of the association shall be the calendar year.

Section 2. Execution of Instruments. All agreements, indentures, mortgages, deeds, conveyances, transfers, certificates, declarations, receipts, discharges, releases, satisfactions, settlements, petitions, schedules, accounts, affidavits, bonds, undertakings, proxies and other instruments or documents may be signed, executed, acknowledged, verified, delivered or accepted on behalf of the association by any officer elected or appointed pursuant to Article IV of these bylaws. Any such instruments may also be executed, acknowledged, verified, delivered or accepted on behalf of the association in such other manner and by such other officers as the board of directors may from time to time direct. The provisions of this section 2 are supplementary to any other provision of these bylaws.

Section 3. Records. The articles of association, the bylaws and the proceedings of all meetings of the shareholders, the board of directors, and standing committees of the board of directors shall be recorded in appropriate minute books provided for that purpose. The minutes of each meeting shall be signed by the secretary, treasurer or other officer appointed to act as secretary of the meeting.

Section 4. Corporate Governance Procedures. To the extent not inconsistent with federal banking statutes and regulations, or safe and sound banking practices, the association may follow the Delaware General Corporation Law, Del. Code Ann. tit. 8 (1991, as amended 1994, and as amended thereafter) with respect to matters of corporate governance procedures.

Section 5. Indemnification. For purposes of this Section 5 of Article VIII, the term "institution-affiliated party" shall mean any institution-affiliated party of the association as such term is defined in 12 U.S.C. 1813(u).

Any institution-affiliated party (or his or her heirs, executors or administrators) may be indemnified or reimbursed by the association for reasonable expenses actually incurred in connection with any threatened, pending or completed actions or proceedings and appeals therein, whether civil, criminal, governmental, administrative or investigative, in accordance with and to the fullest extent permitted by law, as such law now or hereafter exists; provided, however, that when an administrative proceeding or action instituted by a federal banking agency results in a final order or settlement pursuant to which such person: (i) is assessed a civil money penalty, (ii) is removed from office or prohibited from participating in the conduct of the affairs of the association, or (iii) is required to cease and desist from or to take any affirmative action described in 12 U.S.C. 1818(b) with respect to the association, then the association shall require the repayment of all legal fees and expenses advanced pursuant to the next succeeding paragraph and may not indemnify such institution-affiliated parties (or their heirs, executors or administrators) for expenses, including expenses for legal fees, penalties or other payments incurred. The association shall provide indemnification in connection with an action or proceeding (or part thereof) initiated by an institution-affiliated party (or by his or her heirs, executors or administrators) only if such action or proceeding (or part thereof) was authorized by the board of directors.

Expenses incurred by an institution-affiliated party (or by his or her heirs, executors or administrators) in connection with any action or proceeding under 12 U.S.C. 164 or 1818 may be paid by the association in advance of the final disposition of such action or proceeding upon (a) a

determination by the board of directors acting by a quorum consisting of directors who are not parties to such action or proceeding that the institution-affiliated party (or his or her heirs, executors or administrators) has a reasonable basis for prevailing on the merits, (b) a determination that the indemnified individual (or his or her heirs, executors or administrators) will have the financial capacity to reimburse the bank in the event he or she does not prevail, (c) a determination that the payment of expenses and fees by the association will not adversely affect the safety and soundness of the association, and (d) receipt of an undertaking by or on behalf of such institution-affiliated party (or by his or her heirs, executors or administrators) to repay such advancement in the event of a final order or settlement pursuant to which such person: (i) is assessed a civil money penalty, (ii) is removed from office or prohibited from participating in the conduct of the affairs of the association, or (iii) is required to cease and desist from or to take any affirmative action described in 12 U.S.C. 1818(b) with respect to the association. In all other instances, expenses incurred by an institution-affiliated party (or by his or her heirs, executors or administrators) in connection with any action or proceeding as to which indemnification may be given under these articles of association may be paid by the association in advance of the final disposition of such action or proceeding upon (a) receipt of an undertaking by or on behalf of such institution-affiliated party (or by or on behalf of his or her heirs, executors or administrators) to repay such advancement in the event that such institution-affiliated party (or his or her heirs, executors or administrators) is ultimately found not to be entitled to indemnification as authorized by these bylaws and (b) approval by the board of directors acting by a quorum consisting of directors who are not parties to such action or proceeding or, if such a quorum is not obtainable, then approval by stockholders. To the extent permitted by law, the board of directors or, if applicable, the stockholders, shall not be required to find that the institution-affiliated party has met the applicable standard of conduct provided by law for indemnification in connection with such action or proceeding.

In the event that a majority of the members of the board of directors are named as respondents in an administrative proceeding or civil action and request indemnification, the remaining members of the board may authorize independent legal counsel to review the indemnification request and provide the remaining members of the board with a written opinion of counsel as to whether the conditions delineated in the first four paragraphs of this Section 5 of Article VIII have been met. If independent legal counsel opines that said conditions have been met, the remaining members of the board of directors may rely on such opinion in authorizing the requested indemnification.

In the event that all of the members of the board of directors are named as respondents in an administrative proceeding or civil action and request indemnification, the board shall authorize independent legal counsel to review the indemnification request and provide the board with a written opinion of counsel as to whether the conditions delineated in the first four paragraphs of this Section 5 of Article VIII have been met. If legal counsel opines that said conditions have been met, the board of directors may rely on such opinion in authorizing the requested indemnification.

To the extent permitted under applicable law, the rights of indemnification and to the advancement of expenses provided in these articles of association (a) shall be available with respect to events occurring prior to the adoption of these bylaws, (b) shall continue to exist after

any restrictive amendment of these bylaws with respect to events occurring prior to such amendment, (c) may be interpreted on the basis of applicable law in effect at the time of the occurrence of the event or events giving rise to the action or proceeding, or on the basis of applicable law in effect at the time such rights are claimed, and (d) are in the nature of contract rights which may be enforced in any court of competent jurisdiction as if the association and the institution-affiliated party (or his or her heirs, executors or administrators) for whom such rights are sought were parties to a separate written agreement.

The rights of indemnification and to the advancement of expenses provided in these bylaws shall not, to the extent permitted under applicable law, be deemed exclusive of any other rights to which any such institution-affiliated party (or his or her heirs, executors or administrators) may now or hereafter be otherwise entitled whether contained in the association's articles of association, these bylaws, a resolution of stockholders, a resolution of the board of directors, or an agreement providing such indemnification, the creation of such other rights being hereby expressly authorized. Without limiting the generality of the foregoing, the rights of indemnification and to the advancement of expenses provided in these bylaws shall not be deemed exclusive of any rights, pursuant to statute or otherwise, of any such institution-affiliated party (or of his or her heirs, executors or administrators) in any such action or proceeding to have assessed or allowed in his or her favor, against the association or otherwise, his or her costs and expenses incurred therein or in connection therewith or any part thereof.

If this Section 5 of Article VIII or any part hereof shall be held unenforceable in any respect by a court of competent jurisdiction, it shall be deemed modified to the minimum extent necessary to make it enforceable, and the remainder of this Section 5 of Article VIII shall remain fully enforceable.

The association may, upon affirmative vote of a majority of its board of directors, purchase insurance to indemnify its institution-affiliated parties to the extent that such indemnification is allowed in these bylaws; provided, however, that no such insurance shall include coverage for a final order assessing civil money penalties against such persons by a bank regulatory agency. Such insurance may, but need not, be for the benefit of all institution-affiliated parties.

ARTICLE IX

Inspection and Amendments

Section 1. Inspection. A copy of the bylaws of the association, with all amendments, shall at all times be kept in a convenient place at the main office of the association, and shall be open for inspection to all shareholders during banking hours.

Section 2. Amendments. The bylaws of the association may be amended, altered or repealed, at any regular meeting of the board of directors, by a vote of a majority of the total number of the directors except as provided below, and provided that the following language accompany any such change.

I, _____, certify that: (1) I am the duly constituted (secretary or treasurer) of _____ and secretary of its board of directors, and as such officer am the official custodian of its records; (2) the foregoing bylaws are the bylaws of the association, and all of them are now lawfully in force and effect.

I have hereunto affixed my official signature on this _____ day of _____.

(Secretary or Treasurer)

The association's shareholders may amend or repeal the bylaws even though the bylaws also may be amended or repealed by the board of directors.

EXHIBIT D

RESOLVED, that each officer of this Bank, however denominated, hereby is appointed as an Assistant Secretary of this Bank, authorized to attest and affix this Bank's corporate seal to any instrument.

COUNTY OF LANCASTER, PENNSYLVANIA

GENERAL CERTIFICATE

THIS CERTIFICATION is made in connection with the issuance this day by Lancaster County Convention Center Authority (the "Authority") of the Bonds described below. As used herein the following terms shall have the indicated meaning:

BONDS ... shall mean, collectively, the Authority's Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable), in the aggregate principal amount of \$6,755,000 and the Authority's Hotel Room Rental Tax Revenue Bonds, Series B of 2022, in the aggregate principal amount of \$62,730,000, each dated as of December 1, 2022.

COUNTY ... shall mean the County of Lancaster, Pennsylvania.


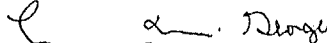
GUARANTY ... shall mean the Guaranty Agreement dated as of December 1, 2022, by and among the Authority, the County, as guarantor, and Wilmington Trust, National Association, Harrisburg, Pennsylvania, as trustee.

ORDINANCE ... shall mean the ordinance enacted by the Board of Commissioners of the County on September 13, 2022, authorizing, among other things, the execution and delivery of the Guaranty and the Reimbursement Agreement and authorizing the incurring of the indebtedness evidenced by the Guaranty.

REIMBURSEMENT AGREEMENT ... shall mean the Reimbursement Agreement, dated as of December 1, 2022, between the Authority and the County, whereunder the Authority has agreed to reimburse the County for any payment made by the County under the Guaranty.

WE, THE UNDERSIGNED OFFICIALS OF THE COUNTY, HEREBY CERTIFY THAT:

1. The persons identified below have been duly elected or appointed to the designated offices of the County set forth beside their name; such officials have been duly qualified and do, as of the date hereof, hold such offices; the signatures of such officials set forth beside their respective names are the true and genuine signatures of such officers:

<u>Name</u>	<u>Office</u>	<u>Specimen Signature</u>
Ray D'Agostino	Chair	
Lawrence M. George	Chief Clerk	

2. The signatures of various municipal officials appearing on the Guaranty, the Reimbursement Agreement and the other certificates, instruments, agreements and documents delivered at closing are their genuine and proper signatures and such persons were, at the date of

the execution of such documents, the duly elected or appointed incumbents in their respective offices and were duly authorized to execute such documents in their official capacities.

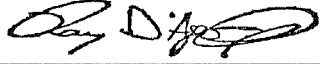
3. At the closing held this day, there were delivered certain documents, certificates and proceedings of the County as filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania, including the debt statement and borrowing base certificate of the County. Both of these instruments were duly prepared and verified by municipal officials acting within their official capacities in accordance with all provisions of law and all rules of procedure of the County.

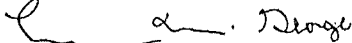
4. To the best of our knowledge, information and belief, after such investigation as we deem appropriate, there is no litigation pending or threatened which attacks the validity of the Guaranty, the Reimbursement Agreement or the incurring of indebtedness by the County or which attacks the validity of any action taken by the County, the Board of Commissioners or any official of the County in connection with the authorization, issuance or sale of the Bonds by the Authority, the execution and delivery of the Guaranty, the Reimbursement Agreement or which otherwise affects the ability of the County to perform its obligations under the Guaranty and the Reimbursement Agreement.

5. The Ordinance of the County, which authorized, among other things, the execution and delivery of the Guaranty and the Reimbursement Agreement, copies of which were delivered at the closing held this day, was duly enacted at a duly advertised public meeting of the Board of Commissioners of the County in accordance with all laws and rules of procedure of the County and such Ordinance remains in full force and effect on the date hereof, no amendments having been made thereto.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and affixed the seal of the County of Lancaster, Pennsylvania this 1st day of December, 2022.

COUNTY OF LANCASTER, PENNSYLVANIA

By  _____
Chair

Attest:  _____
Chief Clerk

(SEAL)

101 North Pointe Boulevard, Suite 202
Lancaster, Pennsylvania 17601
(717) 293-9293
Fax (717) 293-5130

November 29, 2022

Raymond James & Associates, Inc.,
as Representative
2173 Embassy Drive
Lancaster, PA 17603

Wilmington Trust, National Association
213 Market Street
Harrisburg, PA 17101

Stevens & Lee, P.C.
111 N. 6th Street
Reading, PA 9601

Re: Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) and
Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Ladies and Gentlemen:

We have served as counsel to the Lancaster County Convention Center Authority, a body politic and corporate organized and existing under the laws of the Commonwealth of Pennsylvania (the "Authority"), in connection with the issuance by the Authority of the above-captioned Bonds.

The Bonds are being issued by the Authority under the provisions of a Trust Indenture dated December 1, 2022 (the "Indenture"), between the Authority and the Trustee, to finance costs of a project (the "Project") consisting of (i) the current refunding of the Authority's Hotel Room Rental Tax Revenue Bonds Series of 2014; (ii) the payment of the cost of terminating certain interest rate swaps; (iii) the funding of a debt service reserve fund; and (iv) the payment of the costs of issuance of the Bonds. Terms used herein that are not defined herein shall have the meanings given to them in the Indenture.

The Bonds are being purchased pursuant to the provisions of a Bond Purchase Agreement, dated November 15, 2022 (the "Bond Purchase Agreement"), between the Authority and Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC (collectively, the "Purchaser").

The Board of the Authority has approved the financing of the Project through the issuance of the Bonds by a resolution adopted on July 28, 2022 (the "Resolution").

In connection with the issuance of the Bonds, the Authority has entered into (i) a Guaranteed Debt Service Reserve Fund Replenishment Note dated the date hereof (the "Note"); (ii) a Guaranty Agreement, dated as of December 1, 2022 (the "Guaranty Agreement") with the

County of Lancaster, Pennsylvania (the "County"), as guarantor, and the Trustee; and (iii) a Reimbursement Agreement, dated as of December 1, 2022 (the "Reimbursement Agreement") with the County. The Authority has also entered into a Joint Continuing Disclosure Agreement dated as of December 1, 2022 (the "Disclosure Agreement"), between the Authority and the County.

The Resolution, the Bonds, the Indenture, the Bond Purchase Agreement, the Note, the Guaranty Agreement, the Reimbursement Agreement, the Disclosure Agreement and the other documents, certificates, agreements and instruments delivered by, or on behalf of, the Authority at the closing held this day are collectively referred to herein as the "Financing Documents."

As counsel for the Authority, we have, with your permission, limited our review to a review of copies of the Financing Documents and the following:

- (a) A copy of the Articles of Incorporation of the Authority, certified as true, correct, complete and currently in effect on the date hereof by the Secretary of the Authority;
- (b) A copy of the Bylaws of the Authority, certified as true, correct, complete and currently in effect on the date hereof by the Secretary of the Authority;
- (c) A Subsistence Certificate dated November 23, 2022 issued by the Secretary of State of the Commonwealth of Pennsylvania, with respect to the Authority; and
- (d) A certified copy of the Resolution pursuant to which the Authority has been authorized by its Board to execute and deliver, and perform its obligations under the Financing Documents and to complete the transactions described therein (collectively, the "Transactions"); and
- (e) A General Certificate of the Authority and all exhibits thereto dated as of the date hereof, containing representations and certifications as to the matters described therein.

The foregoing items described in subparagraphs (a) through (e) above, are herein referred to collectively as the "Corporate Documents."

You have requested that we deliver our opinion with respect to the following matters pursuant to the requirements of the Indenture and the Bond Purchase Agreement. Therefore, based upon our review of the Financing Documents and the Corporate Documents, and subject to the qualifications, limitations, assumptions, and exceptions herein described, it is our opinion, as of the date hereof, that:

1. The Authority is a body politic and corporate duly organized, validly existing and subsisting under the laws of the Commonwealth of Pennsylvania. The Authority has the

requisite corporate power and authority to enter into and perform its obligations under the Financing Documents.

2. The execution, delivery and performance of the Financing Documents by the Authority has been duly authorized by all requisite corporate action, and will not violate the Articles of Incorporation or Bylaws of the Authority and, to the best of our knowledge, will not constitute, on the part of the Authority, a material breach of any agreement, indenture, mortgage, deed of trust, lease or any instrument to which the Authority is a party or by which it or any of its properties are or may be bound.

3. The Financing Documents have been duly executed and delivered and constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

4. No consent, approval or authorization from or filing or registration with any federal, state or local governmental or regulatory authority is required of or by the Authority in connection with the execution and delivery of the Financing Documents which has not been obtained or made on or before the date hereof. The execution and delivery by the Authority of the Financing Documents do not, and the performance by the Authority of its obligations thereunder will not, result in a violation of any applicable statute of Pennsylvania or the United States, or any rule or regulation thereunder.

5. There is no action, suit proceeding or investigation at law or in equity before or by any court, public board or body pending or, to the best of our knowledge, threatened against or affecting the Authority or to which the Authority is or may be a party or of which property of the Authority is or may be subject, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition of the Authority, the validity or enforceability of the Bonds or the Financing Documents to which the Authority is a party, the titles of the officers of the Authority to their respective offices; or would in any way contest the corporate existence or powers of the Authority.

The opinions expressed herein are subject in all respects to the following qualifications, limitations, assumptions and exceptions:

A. In the course of our review, we have assumed (a) the due authorization, execution, and delivery of all documents by all parties and the validity and binding effect thereof (other than the authorization and the execution and delivery of such documents by the Authority and the validity and binding effect thereof on the Authority), (b) the genuineness of all signatures and the legal capacity of natural persons (other than the Authority), (c) the authenticity of all documents submitted to us as originals, (d) the conformity to the originals of all documents submitted to us as copies and the authenticity of the originals of such copies, (e) that the parties

to the documents will enforce their rights and remedies in a commercially reasonable manner and in good faith, and (f) that the consideration bargained for in exchange for any promise is given.

B. We have also assumed that the representations and warranties of the Authority set forth in the Financing Documents are true and correct insofar as such representations and warranties relate to matters of fact and that all records and other information made available to us by the Authority, and upon which we relied, are complete and accurate in all respects. In addition, in reviewing documents executed by entities or persons other than the Authority, we have assumed that each of such other entities or persons had the power to enter into and perform all of its respective obligations under such documents, and have also assumed the due execution and delivery of those documents by each such entity or person, and the enforceability of such documents against such other entities or persons.

C. We have relied upon certificates of public officials with respect to certain of the Corporate Documents with respect to the accuracy of the factual matters contained therein, which we have not independently verified.

D. We express no opinion with respect to the validity, binding nature or enforceability of the Financing Documents as such validity, binding nature or enforceability may be limited by: (a) the enforceability of any provision of the Financing Documents (i) relating to indemnification, contribution or exculpation in connection with violation of any law or public policy, or in connection with willful, reckless or criminal acts or gross negligence of the indemnified or exculpated party or the party receiving contribution, (ii) that purports to create a trust or other fiduciary relationship, (iii) specifying that provisions thereof may be waived only in writing, to the extent that an oral agreement or an implied agreement by trade practice or course of conduct has been created and modifies any provision of such Financing Documents, or (iv) asserting that certain rights or obligations are absolute or unconditional; (b) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (c) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws or equitable principles generally affecting creditors' rights or remedies; (d) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds: (i) the remedy of confession of judgment, self-help or similar rights and remedies contained in the Financing Documents; (ii) the provisions set forth in the Financing Documents purporting to waive rights of jury trial or other rights of due process and legal procedure; (iii) rights of indemnification and contribution; and (iv) the provisions set forth in the Financing Documents which purport to allow the sale of collateral without notice or on the notice provisions set forth in the Financing Documents; and (e) the application of a standard of "good faith" or "commercial reasonableness" to any decisions, actions or conduct on the part of the Trustee or the Purchaser. The validity, binding nature or enforceability of the Financing Documents may be further limited or rendered unenforceable by other applicable laws and interpretations, but in our opinion such laws and interpretations do not, subject to the other exceptions and limitations contained herein, make the remedies afforded by the Financing

Documents inadequate for the practical realization of the principal benefits intended to be provided.

E. We express no opinion with respect to: (a) the condition or state of title of, or rights in, any real or personal property of the Authority; (b) the perfection or the priority of any liens, charges, encumbrances, security interests or other rights granted to the Trustee or the Purchaser as collateral security for obligations incurred by the Authority or which the Trustee or the Purchaser may otherwise have with respect to any real or personal property of the Authority; (c) the completeness or accuracy of any legal description attached to any Financing Document or collateral description attached to any Financing Document; and (d) the compliance or noncompliance (or the effect thereof) of any premises owned or occupied by the Authority with any applicable zoning, subdivision, land use or environmental laws, rules or regulations.

F. We call your attention to the fact that a court might not enforce payment of the obligations evidenced by the Financing Documents upon accelerated maturity thereof if such accelerated maturity resulted from a failure on the part of the Authority to perform or observe any provision included in the Financing Documents which a court found to be immaterial.

G. As used in this opinion, the expression "to our knowledge" with reference to matters of fact means that, after our review of the Financing Documents and the Corporate Documents and after inquiries of Sharron Nelson, Chair of the Authority and Kevin Molloy, Executive Director of the Authority, we have no reason to believe that the opinions expressed herein are factually incorrect. Such expression also includes the conscious awareness of facts or other information, without investigation, by any of the lawyers currently with this firm who have given substantive attention to the legal representation of the Authority. We have, however, made no independent factual investigation for purposes of providing the opinions expressed herein, other than as set forth above.

H. The opinions set forth herein are based upon a review of those statutes, rules and regulations which in our experience are normally applicable to transactions of the type contemplated by the Financing Documents. We express no opinion as to the application or requirements of any federal, state or local patent, trademark, copyright, antitrust, unfair competition, pension or employee benefit, environmental or zoning laws or regulations, or securities laws in respect of the Transactions.

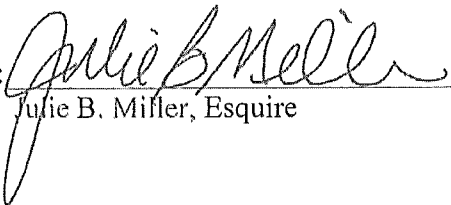
I. The opinions expressed herein relate solely to the laws of the Commonwealth of Pennsylvania and of the United States of America, and no opinion is expressed with respect to the laws of any other jurisdiction or with respect to any federal or state tax or securities laws other than as specifically referred to herein.

J. Our opinions contained herein are given as of the date hereof and are based upon and rely upon the current state of the law and, in all respects, are subject to and may be limited by future legislation as well as by future case law.

K. We assume no obligation to update or supplement our opinions contained herein to reflect any facts or circumstances that may hereafter come to our attention or any changes in laws that may hereafter occur.

The opinions contained herein are solely for your benefit in connection with the transactions described above and are not to be used, circulated, or referred to by you for any other purpose or by any other party, without our prior written consent.

RUSSELL, KRAFFT & GRUBER, LLP

By: 
Julie B. Miller, Esquire



Office of the Solicitor

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Suite #714
Lancaster, PA 17603
Phone: 717-735-1584
Fax: 717-293-7208
www.co.lancaster.pa.us

December 1, 2022

County Solicitor
Jacquelyn E. Pfursich, Esquire

Stevens & Lee, P.C.
Reading, Pennsylvania

Raymond James & Associates, Inc.
Lancaster, PA 17603

RBC Capital Markets, LLC
Lancaster, PA 17603

Wilmington Trust, National Association, as trustee
Harrisburg, Pennsylvania

Re: Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable) and
Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Ladies and Gentlemen:

This opinion is delivered to you in connection with the issuance and sale by the Lancaster County Convention Center Authority (the "Issuer") of its (a) Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) in the aggregate principal amount of \$6,755,000 (the "Series A Bonds") and its (b) Hotel Room Rental Tax Revenue Bonds, Series B of 2022 in the aggregate principal amount of \$62,730,000 (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") under a Trust Indenture dated as of December 1, 2022 (the "Indenture"), between the Issuer and Wilmington Trust, National Association, as trustee (the "Trustee").

The Bonds are being purchased by Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC (collectively, the "Underwriters") pursuant to the provisions of a Bond Purchase Agreement dated November 15, 2022, between the Underwriters and the Issuer.



Stevens & Lee, P.C.
Raymond James & Associates, Inc.
RBC Capital Markets, LLC
Wilmington Trust, National Association, as trustee
December 1, 2022
Page 2

The County of Lancaster, Pennsylvania (the "County") has entered into a certain Guaranty Agreement (the "Guaranty") dated as of December 1, 2022, with the Issuer and the Trustee, under which the County guarantees the full and prompt payment of principal of and interest on the Issuer's Guaranteed Debt Service Reserve Fund Replenishment Note dated December 1, 2022, when due and payable, all as more fully described in the Guaranty. Further, under and pursuant to the Reimbursement Agreement, dated as of December 1, 2022 (the "Reimbursement Agreement"), between the Issuer and the County, the Issuer agrees to reimburse the County for, among other things, payments made by the County under the Guaranty.

Concurrently with the issuance of the Bonds, the County is also entering into a Joint Continuing Disclosure Agreement dated as of December 1, 2022 (the "Disclosure Agreement") with the Authority.

As County Solicitor, I am familiar with certain actions taken by the County in connection with proceedings of the County filed in accordance with the Local Government Unit Debt Act, 53 Pa.C.S. §§ 8001 et seq (the "Act"), the Guaranty, the Reimbursement Agreement, the Disclosure Agreement and such other documents, certificates and instruments executed and delivered by the County in connection with the Bonds (collectively, the "Documents"), and have made such further investigation as I have deemed necessary or appropriate in connection with this opinion.

The opinions herein expressed are subject to the following assumptions:

1. I have assumed the due authorization, execution and delivery of the Documents by signatories other than the County; the genuineness of all signatures not witnessed by me; the authenticity of all documents submitted to me as originals; and the conformity to authentic originals of all documents submitted to me as certified, conformed or photostatic copies thereof.
2. To the extent I have received and, therefore, examined and relied on, drafts or specimens of documents, I have assumed, with your permission (i) the conformity with the original documents of all documents submitted to me as final drafts or specimen copies; (ii) that signatures have been affixed to the original documents by the designated signatories (other than the County); and (iii) the authenticity of all of the signatures other than the County.

Stevens & Lee, P.C.
Raymond James & Associates, Inc.
RBC Capital Markets, LLC
Wilmington Trust, National Association, as trustee
December 1, 2022
Page 3

3. I have assumed that only the internal laws (excluding the principles of conflict of laws) of the Commonwealth of Pennsylvania and the laws of the United States of America govern all matters covered hereby; I do not hold myself out as an expert in the laws of any other jurisdiction and express no opinion with respect thereto.

4. Unless indicated otherwise, I have assumed without independent inquiry, the truth, accuracy and completeness of the warranties and representations of the County as set forth in the Documents and certificates delivered at closing. I have also relied upon certificates of officers of the County in providing the opinions expressed herein.

5. I have assumed that each party to the Documents has acted in good faith and without notice of any defense against the enforcement of any rights created by the transactions contemplated by the Documents, and that the parties will act at all times in good faith and in a commercially reasonable manner.

Based on the foregoing, and subject to the additional qualifications set forth hereinafter, I render the following opinions:

A. The County is a county of the third class, duly organized and validly existing under the laws of the Commonwealth of Pennsylvania, with full power and authority to perform its duties and obligations under the Guaranty;

B. Ordinance No. 154 of the County (the "Ordinance"), authorizing the incurrence of lease-rental debt and the exclusion thereof as self-liquidating debt pursuant to the Act, approving the project for which the Bonds are issued, and authorizing the execution and delivery of the Guaranty and the Reimbursement Agreement, has been duly enacted by the Commissioners of the County at a public meeting held, after notice thereof had been duly given in accordance with all requirements of law, on September 13, 2022, has been duly recorded in the minutes of such meeting and remains in full force and effect on and as of the date hereof, not having been modified, amended or rescinded;

Stevens & Lee, P.C.
Raymond James & Associates, Inc.
RBC Capital Markets, LLC
Wilmington Trust, National Association, as trustee
December 1, 2022
Page 4

C. The incurring of lease rental debt by the County pursuant to the Guaranty and the exclusion thereof as self-liquidating debt have been approved by the Pennsylvania Department of Community and Economic Development pursuant to the Act. The Guaranty has been duly authorized, executed and delivered by the County, and, assuming the due authorization, execution and delivery thereof by the other parties thereto, is a valid and binding general obligation of the County enforceable in accordance with its terms;

D. The Reimbursement Agreement and the Disclosure Agreement have been duly and validly authorized, executed, issued and delivered by the County and, assuming due authorization, execution and delivery of the other parties thereto, constitute the legal, valid and binding obligations of the County enforceable in accordance with their respective terms; and

E. No litigation is pending in any court or, to my knowledge, threatened against the County, which (a) affects the corporate existence or municipal boundaries of the County or the titles of its officers to their respective offices; (b) in any manner questions or contests the validity of any action taken by the County in connection with the (i) the Guaranty and the incurrence of the increase of lease rental debt pursuant thereto (and the exclusion thereof as self-liquidating debt) or otherwise affects the validity of such debt represented by the Bonds, (ii) the issuance, sale or delivery of the Bonds, or (iii) the undertaking of the project financed with the proceeds of the Bonds; (c) seeks to restrain or to enjoin the delivery of or affect the validity or enforceability of the Documents; or (d) contests the powers of the County or its authority with respect to the Guaranty.

The foregoing opinions are subject to the following additional limitations:

1. The enforceability of the Documents is subject to:

(a) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general application affecting the rights and remedies of creditors generally;

(b) the effect of general principles of equity (regardless of whether considered in a proceeding in equity or law), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing; and

Stevens & Lee, P.C.
Raymond James & Associates, Inc.
RBC Capital Markets, LLC
Wilmington Trust, National Association, as trustee
December 1, 2022
Page 5

(c) limitations imposed under applicable law on the availability of ex parte remedies and other self-help or non-judicial relief.

2. The enforceability of certain of the remedial, waiver and other provisions of the Documents may be further subject to the exercise of judicial discretion.

3. I have not been asked to, and do not, express any opinion concerning the applicability, compliance, qualification, status, treatment or any other matter relating to the Documents arising under any federal, state or local tax or securities laws, ordinances, regulations, rules or interpretations, including, without limitation those relating to the Guaranty.

4. Insofar as the indemnity provisions of the Documents may encompass indemnification with respect to violation of laws, enforcement thereof may be limited by federal or state securities laws or regulations or the public policies underlying such laws.

5. The provisions regarding the remedies available on default as set forth in the Documents are subject to certain procedural requirements and applicable constitutional, legislative, judicial and administrative provisions, statutes, regulations, decisions, rulings and other laws, which are not reflected in the Documents. These procedural requirements and other laws affect and may restrict rights and remedies stated to be available, but would not, in my view, deprive the parties thereto of the substantial economic and legal benefit of the rights provided thereby.

6. I have not been asked to, and do not, express any opinion as to the adequacy of any security for the repayment of the Bonds, or the parity, perfection or attachment of any real or personal property as security for repayment of the Bonds.

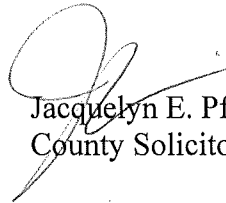
7. I have not been asked to, and do not, express any opinion as to the adequacy, correctness or sufficiency of any reports, studies or analysis prepared, executed, delivered or performed by the County or any of its officials, agents, employees or representatives, in connection with the claimed exclusion of the lease-rental debt of the County under the Guaranty with respect to the Bonds, nor have I independently verified or reviewed any of the same.

Stevens & Lee, P.C.
Raymond James & Associates, Inc.
RBC Capital Markets, LLC
Wilmington Trust, National Association, as trustee
December 1, 2022
Page 6

I understand that you have read and accepted this letter, are fully cognizant of all of its contents, and are aware that this letter must be read in its entirety. This opinion is issued as of the date hereof, is necessarily limited to laws of the Commonwealth of Pennsylvania and the federal laws of the United States now in effect, and to facts and circumstances presently brought to my attention and is rendered solely for your benefit in connection with the subject transaction.

This opinion does not extend to, and may not be relied on, used, circulated or referred to for any other purpose or by any other person, except as otherwise set forth herein. I assume no obligation to supplement this opinion if any applicable laws change after the date hereof or if I become aware of any facts that may change the opinions expressed herein after the date hereof.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Pfursich', is written over the typed name.

Jacquelyn E. Pfursich
County Solicitor



Eckert Seamans Cherin & Mellott, LLC
213 Market Street
8th Floor
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December 1, 2022

Raymond James & Associates, Inc.
2173 Embassy Drive
Lancaster, PA 17603

Re: Lancaster County Convention Center Authority, Pennsylvania,
\$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)
\$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Ladies and Gentlemen:

We have acted as Special Counsel to you, as Underwriter, to the extent described herein in connection with your underwriting of the above-referenced bonds (the "Bonds") pursuant to a Bond Purchase Agreement, dated November 15, 2022 (the "Bond Purchase Agreement"), between Lancaster County Convention Center Authority, Lancaster County, Pennsylvania (the "Issuer") and you with respect to the Bonds. The County of Lancaster, Pennsylvania (the "County"), as additional security to the holders of the Bonds, has executed and delivered to Wilmington Trust, National Association, Harrisburg, Pennsylvania (the "Trustee"), a Guaranty Agreement, dated as of December 1, 2022, among the County, the Issuer and the Trustee, pursuant to which the County has guaranteed the full and prompt payment of the Issuer's obligation to replenish the Debt Service Reserve Fund as set forth, and as defined, in the Indenture (hereinafter defined), and for such purpose the County has pledged its full faith, credit and taxing power.

The scope of our representation and this opinion letter are limited to the Issuer's and the County's compliance, representations and undertakings related to continuing disclosure pursuant to Regulation §240.15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Bond Purchase Agreement.

The Bonds are being issued pursuant to the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the "Act"), the provisions of a Trust Indenture, dated as of December 1, 2022 (the "Indenture"), and a resolution of the Issuer adopted by the governing body of the Issuer on July 28, 2022 (the "Resolution"). The Bonds are described in the Official Statement of the Issuer, dated November 15, 2022 (the "Official Statement").

You hereby are advised that in the course and within the scope of our engagement as Special Counsel, we have examined the Relevant Section (hereinafter defined) of the Official Statement, in addition to the Continuing Disclosure Agreement, among the Issuer, the County and the Trustee (the "Continuing Disclosure Agreement"), the DAC Bond Compliance Review Toolkit concerning the County provided to us by you, dated August 15, 2022, and the General Certificates of the Issuer and the County, effective concurrently with the issuance of the Bonds.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, to assist you in your

investigation concerning the Relevant Section of the Official Statement, we have, in addition to the review of the documents described above, participated in conferences in which the contents of the Official Statement that address the continuing disclosure obligation of the Issuer and the County pursuant to the Rule and matters related thereto were discussed and reviewed. Based upon our participation in the preparation and review of the section of the Official Statement captioned "CONTINUING DISCLOSURE UNDERTAKING" (the "Relevant Section"), as Special Counsel to you and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained therein, no facts have come to our attention that would lead us to believe such Relevant Section, as of the date of the Official Statement and as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

In addition, we are of the opinion that the Continuing Disclosure Agreement complies with the specific requirements of the Underwriter pursuant to the Rule.

This letter is specifically limited to federal law and the internal laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, and no opinion is expressed as to the effect the law of any other jurisdiction might have upon the subject matter of the opinions expressed herein under conflict of law principles or otherwise.

This letter is furnished by us solely for your benefit as Underwriter of the Bonds on the date hereof, is limited to the matters expressly stated herein and is based upon the assumptions and qualifications set forth herein. We disclaim any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur.

This letter is rendered solely in connection with the Underwriter's payment for and receipt of delivery of the Bonds from the Issuer on the date hereof and may not be relied upon for any other purpose, or by any individual or entity other than the Underwriter (including any purchaser of the Bonds from you or any underwriter or otherwise) nor may it be quoted, distributed or disclosed, other than in the closing transcript, to any other individual or entity (including any purchaser of the Bonds from any Underwriter or otherwise), without the prior written consent in each instance of a member of the undersigned law firm.

Very truly yours,

Eckert Seamans Cherin & Mellott, LLC

ECKERT SEAMANS CHERIN & MELLOTT, LLC

Stevens & Lee

111 N. Sixth Street
P.O. Box 679
Reading, PA 19603
(610) 478-2000
www.stevenslee.com

December 1, 2022

Re: Lancaster County Convention Center Authority
\$6,755,000 Hotel Room Rental Tax Revenue Bonds, Series A of 2022
(Federally Taxable)

TO THE REGISTERED OWNERS OF THE ABOVE BONDS:

We have acted as Bond Counsel in connection with the issuance by the Lancaster County Convention Center Authority (the “Issuer”) of its Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable), dated December 1, 2022 (the “Bonds”) in the aggregate principal amount of \$6,755,000.

The Bonds are being issued pursuant to the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”) and a Resolution duly adopted by the Board of the Issuer on July 28, 2022 (the “Resolution”). The Bonds are being issued, in fully registered form, in denominations of \$5,000 each or integral multiples thereof, under and pursuant to the provisions of a Trust Indenture, dated as of December 1, 2022 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”).

The proceeds of the Bonds will be used to finance a project (the “Project”) consisting of (i) the payment of the cost of terminating certain interest rate swaps; (ii) the funding of a debt service reserve fund; and (iii) the payment of the costs of issuance of the Bonds. All capitalized terms used in this opinion and not defined herein shall have the meanings assigned to them in the Indenture unless the context clearly requires otherwise.

In connection with the issuance of the Bonds, the Issuer has entered into (i) a Guaranty Agreement, dated as of December 1, 2022 (the “Guaranty Agreement”) with the County of Lancaster, Pennsylvania (the “County”), as guarantor, and the Trustee; and (ii) a Reimbursement Agreement, dated as of December 1, 2022 (the “Reimbursement Agreement”) with the County.

In our capacity as Bond Counsel, we have reviewed the following:

1. The Act;
2. Ordinance No. 45 enacted by the Board of Commissioners of the County of Lancaster, Pennsylvania on September 15, 1999;
3. Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”);

Allentown • Bergen County • Bala Cynwyd • Cleveland • Fort Lauderdale • Harrisburg • Lancaster • New York
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A PROFESSIONAL CORPORATION

Stevens & Lee

December 1, 2022

Page 2

4. The General Certificate of the Issuer and all exhibits thereto;
5. Copies of the proceedings of the Issuer in connection with the issuance of the Bonds, including, particularly, the Resolution;
6. A specimen copy of one of the Bonds;
7. The opinion of Russell, Krafft & Gruber, LLP, Lancaster, Pennsylvania, in its capacity as counsel to the Issuer;
8. The opinion of Jacquelyn E. Pfursich, Esquire, in her capacity as solicitor to the County;
9. The proceedings of the County filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the "Department") under the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Debt Act");
10. The Certificate of the Department approving the incurrence of lease rental indebtedness by the County in the principal amount of not to exceed \$88,725,000;
11. A copy of the Bond Purchase Agreement, dated November 15, 2022, between the Authority and Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC (collectively, the "Purchaser"); and
12. Executed copies of the Indenture, the Guaranty Agreement, the Reimbursement Agreement and the other documents, agreements, certificates and opinions delivered at the closing held this day.

Based and in reliance upon the foregoing, our attendance at the closing held this day and subject to the caveats, qualifications, exceptions and assumptions set forth herein, it is our opinion that, as of the date hereof under existing law:

A. The Issuer is a body corporate and politic and a public instrumentality of the Commonwealth of Pennsylvania, organized and validly existing under the Act, with full power and authority to undertake the financing of the Project, to execute and deliver the Indenture and to issue the Bonds.

Stevens & Lee

December 1, 2022

Page 3

B. The Indenture has been duly authorized, executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

C. The issuance and sale of the Bonds have been duly authorized and, assuming due execution and authentication, the Bonds are entitled to the benefit and security of the Indenture and constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

D. Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania.

In providing the foregoing opinions, we call to your attention that:

(a) The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement as Bond Counsel has concluded with the issuance of the Bonds and we disclaim any obligation to update this letter.

(b) As to questions of fact material to our opinion, we have relied upon the certified proceedings and other documents, agreements, instruments, reports and certificates furnished to us at or in connection with the issuance of the Bonds without undertaking to verify the same by independent investigation. We have also relied upon the accuracy of the representations and warranties and the performance of the covenants and agreements of the Issuer set forth in the Indenture and the various certificates and other agreements delivered at or in connection with the closing held this day.

(c) In providing the opinions set forth in Paragraphs A, B and C above, we have relied, without independent investigation, on the Solicitor's Opinion.

(d) In connection with the opinions set forth in Paragraphs B and C above, we call to your attention that the legality, validity, binding nature and enforceability of the

Stevens & Lee

December 1, 2022

Page 4

documents referred to therein may be limited by: (a) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (b) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or equitable principles generally affecting creditors' rights or remedies; and (c) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds any provisions set forth in such documents purporting to waive rights of due process and legal procedure.

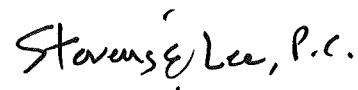
(e) We express no opinion regarding any federal income tax consequences arising with respect to the Bonds.

(f) We have not been engaged to verify, nor have we independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated October 14, 2022 (the "Preliminary Official Statement") or the Official Statement, dated November 15, 2022 (the "Official Statement"), or otherwise used in connection with the offer and sale of the Bonds or set forth in or delivered by the Issuer officials or County officials. We express no opinion with respect to whether the Issuer or the County, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made therein not misleading.

(g) We have not verified, and express no opinion as to the accuracy of, any "CUSIP" identification number that may be printed on any Bond. We have also assumed the genuineness of the signatures appearing on all the certificates, documents and instruments executed and delivered at closing.

(h) We call to your attention the fact that the Bonds are limited obligations of the Issuer, payable only from the funds specifically pledged therefor under the Indenture and that the Bonds do not pledge the general credit or taxing powers of the Commonwealth of Pennsylvania, the County of Lancaster (except to the extent provided in the Guaranty Agreement) or any other political subdivision of the Commonwealth. The Issuer has no taxing power.

STEVENS & LEE, P.C.

A handwritten signature in black ink that reads "Stevens & Lee, P.C." with a stylized flourish at the end.

Stevens & Lee

111 N. Sixth Street
P.O. Box 679
Reading, PA 19603
(610) 478-2000
www.stevenslee.com

December 1, 2022

Re: Lancaster County Convention Center Authority
\$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

TO THE REGISTERED OWNERS OF THE ABOVE BONDS:

We have acted as Bond Counsel in connection with the issuance by the Lancaster County Convention Center Authority (the “Issuer”) of its Hotel Room Rental Tax Revenue Bonds, Series B of 2022, dated December 1, 2022 (the “Bonds”) in the aggregate principal amount of \$62,730,000.

The Bonds are being issued pursuant to the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”) and a Resolution duly adopted by the Board of the Issuer on July 28, 2022 (the “Resolution”). The Bonds are being issued, in fully registered form, in denominations of \$5,000 each or integral multiples thereof, under and pursuant to the provisions of a Trust Indenture, dated as of December 1, 2022 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”).

The proceeds of the Bonds will be used to finance a project (the “Project”) consisting of (i) the current refunding of the Issuer’s Hotel Room Rental Tax Revenue Bonds Series of 2014; (ii) the payment of the cost of terminating certain interest rate swaps; (iii) the funding of a debt service reserve fund; and (iv) the payment of the costs of issuance of the Bonds. All capitalized terms used in this opinion and not defined herein shall have the meanings assigned to them in the Indenture unless the context clearly requires otherwise.

In connection with the issuance of the Bonds, the Issuer has entered into (i) a Guaranty Agreement, dated as of December 1, 2022 (the “Guaranty Agreement”) with the County of Lancaster, Pennsylvania (the “County”), as guarantor, and the Trustee; and (ii) a Reimbursement Agreement, dated as of December 1, 2022 (the “Reimbursement Agreement”) with the County.

In our capacity as Bond Counsel, we have reviewed the following:

1. The Act;
2. Ordinance No. 45 enacted by the Board of Commissioners of the County of Lancaster, Pennsylvania on September 15, 1999;
3. Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”);

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December 1, 2022

Page 2

4. The General Certificate of the Issuer and all exhibits thereto;
 5. Copies of the proceedings of the Issuer in connection with the issuance of the Bonds, including, particularly, the Resolution;
 6. A specimen copy of one of the Bonds;
 7. The opinion of Russell, Krafft & Gruber, LLP, Lancaster, Pennsylvania, in its capacity as counsel to the Issuer;
 8. The opinion of Jacquelyn E. Pfursich, Esquire, in her capacity as solicitor to the County;
 9. The proceedings of the County filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the “Department”) under the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the “Debt Act”);
 10. The Certificate of the Department approving the incurrence of lease rental indebtedness by the County in the principal amount of not to exceed \$88,725,000;
 11. The Nonarbitrage Certificate and Compliance Agreement executed and delivered by the Issuer;
 12. A copy of the information return of the Issuer on Form 8038-G;
 13. A copy of the Bond Purchase Agreement, dated November 15, 2022, between the Authority and Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC (collectively, the “Purchaser”);
 14. The Issue Price Certificate of the Purchaser dated the date hereof; and
 15. Executed copies of the Indenture, the Guaranty Agreement, the Reimbursement Agreement and the other documents, agreements, certificates and opinions delivered at the closing held this day.
-

Stevens & Lee

December 1, 2022

Page 3

Based and in reliance upon the foregoing, our attendance at the closing held this day and subject to the caveats, qualifications, exceptions and assumptions set forth herein, it is our opinion that, as of the date hereof under existing law:

A. The Issuer is a body corporate and politic and a public instrumentality of the Commonwealth of Pennsylvania, organized and validly existing under the Act, with full power and authority to undertake the financing of the Project, to execute and deliver the Indenture and to issue the Bonds.

B. The Indenture has been duly authorized, executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

C. The issuance and sale of the Bonds have been duly authorized and, assuming due execution and authentication, the Bonds are entitled to the benefit and security of the Indenture and constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

D. Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania.

E. Interest on the Bonds is not includable in gross income for federal income tax purposes under Section 103(a) of the Code.

F. Under the Code, interest on the Bonds does not constitute an item of tax preference under Section 57 of the Code and thus is not subject to alternative minimum tax on individuals and corporations; however, for tax years beginning after December 31, 2022, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

In providing the foregoing opinions, we call to your attention that:

(a) The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such

Stevens & Lee

December 1, 2022

Page 4

authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement as Bond Counsel has concluded with the issuance of the Bonds and we disclaim any obligation to update this letter.

(b) As to questions of fact material to our opinion, we have relied upon the certified proceedings and other documents, agreements, instruments, reports and certificates furnished to us at or in connection with the issuance of the Bonds (including, without limitation, certificates and agreements by the Issuer as to the expected use of proceeds of the Bonds, and as to its continuing compliance with Sections 148 and 141 of the Code to assure that the Bonds do not become “arbitrage bonds” or “private activity bonds”) without undertaking to verify the same by independent investigation. We have also relied upon the accuracy of the representations and warranties and the performance of the covenants and agreements of the Issuer set forth in the Indenture and the various certificates and other agreements delivered at or in connection with the closing held this day.

(c) In providing the opinions set forth in Paragraphs A, B and C above, we have relied, without independent investigation, on the Solicitor’s Opinion.

(d) In connection with the opinions set forth in Paragraphs B and C above, we call to your attention that the legality, validity, binding nature and enforceability of the documents referred to therein may be limited by: (a) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (b) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or equitable principles generally affecting creditors’ rights or remedies; and (c) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds any provisions set forth in such documents purporting to waive rights of due process and legal procedure.

(e) In providing our opinion set forth in Paragraph E above, we have assumed continuing compliance by the Issuer with the applicable requirements of the Code and applicable regulations thereunder that must be met subsequent to the issuance of the Bonds in order that the interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

(f) In providing the opinions set forth in Paragraph F above, we have assumed continuing compliance by the Issuer with the requirements of the Code and applicable regulations thereunder which must be met subsequent to the issuance of the Bonds in order that the interest thereon not constitute an item of tax preference under Section 57 of the Code.

Stevens & Lee

December 1, 2022

Page 5

Failure to comply with such requirements could cause the interest on the Bonds to constitute an item of tax preference under Section 57 of the Code retroactive to the date of issuance of the Bonds.

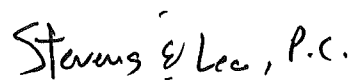
(g) Except as specifically set forth above, we express no opinion regarding other federal income tax consequences arising with respect to the Bonds, including, without limitation, the treatment for federal income tax purposes of gain or loss, if any, upon the sale, redemption, or other disposition of the Bonds prior to maturity of the Bonds subject to original issue discount and the effect, if any, of certain other provisions of the Code which could result in collateral federal income tax consequences to certain investors as a result of adjustments in the computation of tax liability dependent on tax-exempt interest.

(h) We have not been engaged to verify, nor have we independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated October 14, 2022 (the "Preliminary Official Statement") or the Official Statement, dated November 15, 2022 (the "Official Statement"), or otherwise used in connection with the offer and sale of the Bonds or set forth in or delivered by the Issuer officials or County officials. We express no opinion with respect to whether the Issuer or the County, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made therein not misleading.

(i) We have not verified, and express no opinion as to the accuracy of, any "CUSIP" identification number that may be printed on any Bond. We have also assumed the genuineness of the signatures appearing on all the certificates, documents and instruments executed and delivered at closing.

(j) We call to your attention the fact that the Bonds are limited obligations of the Issuer, payable only from the funds specifically pledged therefor under the Indenture and that the Bonds do not pledge the general credit or taxing powers of the Commonwealth of Pennsylvania, the County of Lancaster (except to the extent provided in the Guaranty Agreement) or any other political subdivision of the Commonwealth. The Issuer has no taxing power.

STEVENS & LEE, P.C.

A handwritten signature in black ink that reads "Stevens & Lee, P.C." in a cursive, slightly stylized font.

Stevens & Lee

1460 Wyoming Avenue
Forty Fort, PA 18704
(570) 718-0300
www.stevenslee.com

Direct Dial: (570) 718-0300
Email: sally.billings@stevenslee.com
Direct Fax: (610) 988-0872

December 7, 2022

Certified Article Number

9314 8699 0430 0102 1209 45

SENDER'S RECORD

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201


Re: \$62,730,000 Lancaster County Convention Center Authority Hotel Room Rental Tax
Revenue Bonds, Series B of 2022

Ladies and Gentlemen:

Enclosed pursuant to the provisions of the Internal Revenue Code of 1986 is a Form 8038-G regarding the above-referenced Bonds. This Form is being filed with you on behalf of the Lancaster County Convention Center Authority, located in Lancaster, Pennsylvania.

Very truly yours,

STEVENS & LEE, P.C.


Sally A. Billings, Legal Assistant

/sab
Enclosure

Allentown • Bergen County • Bala Cynwyd • Cleveland • Fort Lauderdale • Harrisburg • Lancaster • New York
Philadelphia • Princeton • Reading • Rochester • Scranton • Valley Forge • Wilkes-Barre • Wilmington
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SL1 1653794v1 000000.00000

Form **8038-G**

(Rev. October 2021)

Department of the Treasury
Internal Revenue Service**Information Return for Tax-Exempt Governmental Bonds**

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

► Go to www.irs.gov/F8038G for instructions and the latest information.

OMB No. 1545-0047

Part I Reporting Authority		Check box if Amended Return <input type="checkbox"/>		
1 Issuer's name Lancaster County Convention Center Authority		2 Issuer's employer identification number (EIN) 23-3039701		
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a		
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)		
25 South Queen Street		3		
6 City, town, or post office, state, and ZIP code Lancaster, PA 17603		7 Date of issue 12/01/2022		
8 Name of issue Hotel Room Rental Tax Revenue Bonds, Series B of 2022		9 CUSIP number 514042BE9		
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information Kevin R. Molloy, Executive Director		10b Telephone number of officer or other employee shown on 10a 717.207.4110		
Part II Type of Issue (Enter the issue price.) See the instructions and attach schedule.				
11 Education	12 Health and hospital	13 Transportation	14 Public safety	
15 Environment (including sewage bonds)	16 Housing	17 Utilities	18 Other. Describe ► Convention Center	
19a If bonds are TANs or RANs, check only box 19a <input type="checkbox"/>		19b If bonds are BANs, check only box 19b <input type="checkbox"/>		
20 If bonds are in the form of a lease or installment sale, check box <input type="checkbox"/>		11 60,630,981.85		
Part III Description of Bonds. Complete for the entire issue for which this form is being filed.				
(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 05/01/2057	\$ 60,630,981.85	\$ 62,730,000.00	23.2888 years	4.7549 %
Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22 Proceeds used for accrued interest	23 Issue price of entire issue (enter amount from line 21, column (b))	24 Proceeds used for bond issuance costs (including underwriters' discount)	25 Proceeds used for credit enhancement	26 Proceeds allocated to reasonably required reserve or replacement fund
27 Proceeds used to refund prior tax-exempt bonds. Complete Part V	28 Proceeds used to refund prior taxable bonds. Complete Part V	29 Total (add lines 24 through 28)	30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	
22 0.00	23 60,630,981.85	24 0.00	25 0.00	26 0.00
27 60,630,981.85	28 0.00	29 60,630,981.85	30 0.00	
Part V Description of Refunded Bonds. Complete this part only for refunding bonds.				
31 Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	32 Enter the remaining weighted average maturity of the taxable bonds to be refunded	33 Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	
16.6438 years		12/01/2022	08/01/2014	

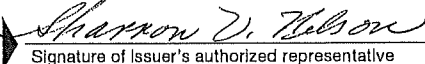
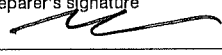
For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 10-2021)

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0.00
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a	0.00
b	Enter the final maturity date of the GIC ► (MM/DD/YYYY) _____		
c	Enter the name of the GIC provider ► _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	0.00
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ► <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool bond ► (MM/DD/YYYY) _____		
c	Enter the EIN of the issuer of the master pool bond ► _____		
d	Enter the name of the issuer of the master pool bond ► _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(iii) (small issuer exception), check box		<input type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here ► <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ► _____		
c	Type of hedge ► _____		
d	Term of hedge ► _____		
42	If the issuer has superintegrated the hedge, check box		<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box		<input checked="" type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box		<input checked="" type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here ► <input type="checkbox"/> and enter the amount of reimbursement ► _____		
b	Enter the date the official intent was adopted ► (MM/DD/YYYY) _____		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
	 Signature of issuer's authorized representative		12/1/22 Date		Sharron V. Nelson, Chair Type or print name and title
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Ramiro M. Carbonell		11/22/22		P01076512
	Firm's name ► Stevens & Lee, P.C.	Firm's EIN ► 23-1886296		Phone no. (610) 478-2000	
	Firm's address ► 111 North Sixth Street, Reading, PA 19603				

\$62,730,000
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES B OF 2022

NONARBITRAGE CERTIFICATE

Pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”), and the Regulations promulgated thereunder (the “Regulations”), the undersigned duly authorized officer of the Lancaster County Convention Center Authority (the “Authority”), being the officer responsible for the issuance of the Authority’s Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “2022B Bonds”) does hereby certify on this 1st day of December, 2022, as follows:

1. Issuance of the 2022B Bonds.

(a) The 2022B Bonds are authorized and being issued and delivered on this date pursuant to Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended (the “Act”).

(b) The 2022B Bonds are being issued pursuant to the provisions of (i) a Trust Indenture dated December 1, 2022 (the “Indenture”), between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”) and (ii) a Resolution duly adopted by the Authority on July 28, 2022 (the “Resolution”).

(c) The 2022B Bonds are the subject of a Guaranty Agreement dated as of December 1, 2022 (the “Guaranty Agreement”) among the Authority, the Trustee, and the County of Lancaster, Pennsylvania (the “County”). The Guaranty Agreement provides that the County will replenish the 2022 Debt Service Reserve Fund (defined below) created for the 2022B Bonds in the event that the Authority fails to do so during the term of the 2022B Bonds.

All terms used in this Nonarbitrage Certificate which are not defined herein, shall have the meanings assigned to them, if any, under Sections 141 through 150 of the Code and all regulations (including but not limited to all proposed and temporary regulations) promulgated thereunder.

2. Purpose of Issuance.

(a) The proceeds of the 2022B Bonds will be used to finance a project consisting of (i) the current refunding of the Issuer’s Hotel Room Rental Tax Revenue Bonds Series of 2014 (the “Refunded Bonds”); (ii) the payment of the cost of terminating certain interest rate swaps; (iii) the funding of a debt service reserve fund (the “2022 Debt Service Reserve Fund”); and (iv) the payment of the costs of issuance of the 2022B Bonds.

(b) No proceeds of the 2022B Bonds will be used to refund any debt except the Refunded Bonds.

3. Issue Price; No Overissuance.

(a) As certified by Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC (collectively, the “Underwriter”), the issue price of the 2022B Bonds is \$60,630,981.85 (representing the principal amount of \$62,730,000 and less net original discount of \$2,099,018.15). The accrued interest thereon is \$0.00.

(b) The total cost of the 2022 Project, including issuance expenses, is not reasonably expected to be less than \$60,630,981.85. The original proceeds of the 2022B Bonds, together with anticipated investment earnings thereon and other available funds, do not exceed by any amount the amount necessary for the governmental purposes of the issue as shown in Section 2. The 2022B Bonds are not being issued earlier than necessary and will not be outstanding longer than necessary.

(c) There are no funds that would have been used for the purposes for which the proceeds of the 2022B Bonds will be used if proceeds of the 2022B Bonds were not to be used for those purposes.

4. Purposes of the Prior Bonds.

(a) The proceeds of the Refunded Bonds were used for the current refunding of the Authority’s Amended and Restated Hotel Room Rental Tax Revenue Bonds Series of 2003 (the “A&R 2003 Bonds”) and the Authority’s Amended and Restated Hotel Room Rental Tax Revenue Bonds Series of 2007 (the “A&R 2007 Bonds”).

(b) The Refunded Bonds were issued on August 1, 2014 and remain outstanding in the principal amount of \$58,990,000. The Refunded Bonds have been called for redemption on December 1, 2022.

(c) The A&R 2003 Bonds were issued to currently refund the Authority’s Hotel Room Rental Tax Revenue Bonds Series of 2003 (as reissued on March 29, 2007 (the “Converted 2003 Bonds”)). The Converted 2003 Bonds were redeemed on October 3, 2011.

(d) The Converted 2003 Bonds currently refunded the Authority’s Hotel Room Rental Tax Revenue Bonds Series of 2003 (the “2003 Bonds”).

(e) The 2003 Bonds were issued to finance a portion of the costs of a project consisting of, among other things, (i) funding the design, acquisition, construction, furnishing and equipping of a convention center; (ii) funding necessary reserves for the project and the 2003 Bonds; (iii) funding a debt service reserve fund; and (iv) the payment of a portion of the costs and expenses of issuing the 2003 Bonds. The 2003 Bonds were issued on December 16, 2003 in the initial principal amount of \$40,000,000 and were redeemed on March 29, 2007.

(f) The A&R 2007 Bonds were issued to current refund the Authority’s Hotel Room Rental Tax Revenue Bonds Series 2007 (the “2007 Bonds”). The 2007 Bonds were redeemed on October 3, 2011.

(g) The 2007 Bonds were issued finance a portion of the costs of a project consisting of, among other things, (i) funding the design, acquisition, construction, furnishing and equipping of a convention center; (ii) funding necessary reserves for the project and the 2007 Bonds; (iii) funding a debt service reserve fund; and (iv) the payment of a portion of the costs and expenses of issuing the 2007 Bonds.

(h) No proceeds of the 2007 Bonds or the 2003 Bonds were or will be used to refund any debt.

(i) The 2003 Bonds, the Converted 2003 Bonds, the A&R 2003 Bonds, the 2007 Bonds, the A&R 2007 Bonds and the Refunded Bonds are collectively referred to as the “Prior Bonds”.

5. Weighted Average Maturity; Remaining Weighted Average Economic Life.

(a) The weighted average maturity of the 2022B Bonds is 23.388 years as calculated by FSL Public Finance LLC, the independent municipal advisor to the Authority with respect to the 2022B Bonds (the “Municipal Advisor”) based upon the representations of the Underwriter.

(b) Such weighted average maturity does not exceed 120 percent of the average reasonably expected economic lives of the facilities to be refinanced by the 2022B Bonds, determined as provided in Section 147(b) of the Code to be not less than 33.27 years as certified by the Authority.

(c) The remaining weighted average maturity of the Refunded Bonds is 16.6438 years as calculated by the Municipal Advisor.

6. Use of Proceeds. The Authority has covenanted with the registered owners of the 2022B Bonds that it will not make any use of the proceeds of the 2022B Bonds or do or suffer any other action which if such use or action had been reasonably expected on the date of issuance of the 2022B Bonds, would cause the 2022B Bonds to be “arbitrage bonds” as such phrase is defined in Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations applicable thereto or “private activity bonds” as such phrase is defined in Section 141 of the Code and the regulations applicable thereto. The Authority has further covenanted to comply with Sections 148 and 141 of the Code and with the regulations thereunder throughout the term of the 2022B Bonds. Except as permitted by Sections 7(l) and 9(c), all gross proceeds of the 2022B Bonds will be invested at a yield not exceeding the yield on the 2022B Bonds. All gross proceeds will be invested in accordance with Section 12 hereof.

7. Relevant Facts Under the Code, Further Representations and Warranties. In order to set forth the facts and the Authority’s reasonable expectations, as of the date hereof, concerning the Project, the amount and use of the proceeds of the 2022B Bonds other available funds, and future events, the Authority hereby further certifies, represents and

warrants (subject to the conditions set forth herein and the representations of the Underwriter, and the Financial Advisor described herein) as follows:

(a) The 2022B Bonds do not constitute “private activity bonds” within the meaning of Section 141(a) of the Code, because (i) neither the payment of the principal of, nor the interest on, any of the proceeds of the 2022B Bonds, or the Prior Bonds is, will be, or has been directly or indirectly (A) secured by an interest in (1) property used or to be used for a private business use, or (2) payments in respect of such property; or (B) to be derived from payments (whether or not to the Authority) in respect of property, or borrowed money, used or to be used for a private business use.

(b) No proceeds of the 2022B Bonds will be, and no proceeds of the Prior Bonds have been or will be, used to finance loans within the meaning of and/or for purposes of Section(s) 141(c) and/or 149(f)(5) of the Code or nongovernmental output property as defined in and for purposes of Section 141(d) of the Code.

(c) The 2022B Bonds will only be repaid from the County’s Hotel Room Rental Tax which is a tax on the rental of all hotel rooms within the County and is a tax of general applicability within the County. The projections show, and the Authority expects, that operating income from the convention center will not exceed the annual amounts necessary to operate the convention center during the period that the Bonds are outstanding. The Authority expects that the Hotel Room Rental Tax will be applied, in part, to subsidize the operations of the convention center throughout the term of the 2022B Bonds.

(d) The Authority covenants and agrees not to make any use of the proceeds of the 2022B Bonds or do or suffer any other action that would cause the 2022B Bonds to become “arbitrage bonds” as that term is defined in Section 148 of the Code and the regulations thereunder, including the failure to pay rebate in accordance with the requirements of Section 148(f) of the Code. The Authority covenants and agrees not to make any use of the proceeds of the 2022B Bonds or of any property financed or refinanced by the Bonds and/or suffer any other action that would cause the 2022B Bonds to constitute “private activity bonds” within the meaning of Section 141 of the Code.

(e) Except as noted below, the Authority has not sold or issued and will not sell or issue other bonds or obligations that have been or will be sold or issued less than fifteen (15) days before or after the 2022B Bonds are issued or sold, sold pursuant to the same plan of financing and paid (or have substantially the same claim for payment) out of substantially the same source of funds as the Bonds. The Authority has simultaneously sold its Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable), in the aggregate principal amount of \$6,755,000 (the “2022A Bonds”). Such 2022A Bonds are not “tax exempt” within the meaning of Sections 103 and 150 of the Code, and is not part of the same issue with the 2022B Bonds in accordance with 1.150-1(c)(3).

(f) The Authority has complied or will comply with the information reporting requirements contained in Section 149(e) of the Code by the timely filing of Form 8038-G with respect to the Bonds.

(g) The Authority represents that neither payment of principal or interest on the Bonds are guaranteed in whole or in part, directly or indirectly, by the United States (or any agency or instrumentality thereof) and no portion of the proceeds of the 2022B Bonds is to be invested, directly or indirectly, in federally insured deposits or accounts other than (A) investments of gross proceeds of the 2022B Bonds for an initial temporary period until the proceeds are needed for the Project, (B) investment of the Sinking Fund (described in Section 9 hereof), (C) investment of a reasonably required reserve fund, or (D) investments in obligations issued by the United States Treasury.

(h) The 2022B Bonds are being issued in registered form within the meaning of Section 149(a) of the Code.

(i) There is no temporary period available for the investment of the proceeds of the Refunded Bonds that become transferred proceeds of the 2022B Bonds on the date hereof.

(j) The Authority covenants that it will comply with the requirements of Section 10 and will immediately consult nationally recognized bond counsel concerning its obligation to (x) pay rebate as required by Section 148(f) of the Code if any gross proceeds (other than proceeds used to retire the Refunded Bonds) are invested at any time at a yield higher than the yield on the 2022B Bonds in any property other than tax-exempt obligations (within the meaning of Section 103 of the Code) that are not specified private activity bonds (within the meaning of Section 57(a)(5)(C) of the Code) and (y) rebate arbitrage earnings to the United States. The amount that must be rebated to the United States is referred to herein as the “Rebate Amount.”

(k) Except as otherwise provided in this subsection (k) and Section 10 hereof, the Authority will invest all gross proceeds of the 2022B Bonds in either (1) taxable obligations paying a yield not exceeding the yield on the 2022B Bonds (if it can do so without making a Prohibited Payment as set forth in Section 12 hereof) or (2) tax-exempt obligations (within the meaning of Section 103 of the Code) that are not specified private activity bonds (within the meaning of Section 57(a)(5)(C) of the Code). Sale proceeds to be used to refund the Refunded Bonds may be invested at an unrestricted yield for a period of ninety days beginning on the date hereof, but will be used on the date hereof to refund the Refunded Bonds. Transferred proceeds may be invested as set forth in Subsection 15.

(l) Whenever it is stated in this Certificate that gross proceeds must be invested at a yield not exceeding the yield on the 2022B Bonds and in accordance with Section 12 the Authority may invest such gross proceeds in tax-exempt bonds that are not specified private activity bonds.

(m) For each Nonpurpose Investment acquired with or allocated to gross proceeds of the 2022B Bonds, the Authority shall record its purchase date or allocation date, its purchase price (reduced by broker’s or dealer’s commissions or other administrative expenses, unless such commissions or expenses constitute qualified administrative expenses, as defined in Regulation Sections 1.148-5(e)(2)(i), which shall also be separately stated), or, if not acquired directly with gross proceeds, its fair market value on the allocation date, accrued interest due on its purchase date or allocation date, its face amount, its coupon or interest rate, its yield-to-

maturity, the frequency of its interest payments, its disposition price (not reduced by any broker's or dealer's commission or discount, unless such commissions or expenses constitute qualified administrative expenses, as defined in Regulation Section 1.148-5(e)(2), accrued interest due on its disposition date and its disposition date. For purposes of this subsection (l), the term "Nonpurpose Investment" shall mean any investment in which Gross Proceeds of the 2022B Bonds are invested and which is not acquired to carry out the governmental purposes of the 2022B Bonds.

(n) No proceeds of the 2022B Bonds or the Prior Bonds were or will be used to provide residential rental housing for family units. No gross proceeds of the 2022B Bonds will be used to refund any debt except the Refunded Bonds.

(o) No proceeds of the 2022B Bonds will be used to reimburse prior expenditures or to finance working capital.

(p) The Authority will calculate, or cause the calculation of, any rebate amount due on the Refunded Bonds and pay such sum, if any, within 60 days of the date hereof in accordance with the requirements of section 148(f) of the Code.

(q) The Authority may be relieved of any duty set forth in this Section 7 to the extent that it obtains an opinion from bond counsel stating in effect that it is so relieved of that duty, anything contained herein or in any other document, certificate, agreement, or instrument delivered in connection with the issuance of the 2022B Bonds to the contrary notwithstanding.

8. **Basis for Expectations.** The facts, estimates and expectations which are the basis of the Authority's expectations described herein are based upon the knowledge of the Authority and the representations and advice of the Underwriter and the Municipal Advisor.

9. **Sinking Fund.**

(a) The only sinking funds other than the 2022 Debt Service Reserve Fund with respect to the 2022B Bonds is the debt service fund portion of the General Account of the Bond Fund (the "Sinking Fund") established with the Trustee under the provisions of the Indenture to be used primarily to achieve a proper matching of revenues and debt service within each bond year, which bond year ends December 1. The Authority has not created or established and does not expect to create or establish any other sinking fund or similar fund with respect to the 2022B Bonds. No amounts in any other account or fund of the Authority are reserved or pledged for debt service on the 2022B Bonds (except that all moneys of the Authority are subject to the provisions of the Indenture), and it is not expected that any such other accounts or funds will be so reserved, pledged or used. The Authority does not expect to receive any federal, state or other grant, reimbursement or amount with respect to the Project, which grant, reimbursement or amount (i) has not been considered by the Authority in determining the principal amount of the 2022B Bonds, and (ii) will be reserved or pledged or available for the payment of debt service. There is no other amount held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders of the 2022B Bonds or a guarantor of the 2022B Bonds. The Sinking Fund will be used primarily to achieve a proper matching of revenues with principal and interest payments within each bond year. The Authority further

expects that any amounts deposited in the Sinking Fund, and any amounts received from the investment of amounts in the Sinking Fund, will be depleted at least once each bond year to pay the principal of and interest on the 2022B Bonds, when due. Amounts in the Sinking Fund may be invested at an unrestricted yield for thirteen (13) months and thereafter in either (a) taxable obligations paying an arms-length yield not exceeding the yield on the 2022B Bonds or (b) tax-exempt obligations (within the meaning of Section 103 of the Code) that are not specified private activity bonds (within the meaning of Section 57(a)(5)(C) of the Code).

(b) The Authority represents and warrants that it will deplete (on the basis of first-in-first-out accounting) the Sinking Fund (including any amounts received from investments of amounts in the Sinking Fund) at least once each bond year except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding bond year or (2) one-twelfth (1/12) of the principal and interest payments on the 2022B Bonds for the immediately preceding bond year to pay principal of or interest on the 2022B Bonds, when due. Deposits to the Sinking Fund are expected to match the debt service requirements on the 2022B Bonds and the Sinking Fund will be depleted annually except as set forth in the preceding sentence.

(c) When amounts deposited in the Sinking Fund are used as described above, the Sinking Fund will constitute a bona fide debt service fund within the meaning of Section 1.148-1(b) of the Regulations, and amounts deposited therein can be invested at an unrestricted yield for a period not exceeding thirteen (13) months.

(d) Pursuant to the Indenture, the Authority has created the 2022 Debt Service Reserve Fund. \$3,569,731.07 of the funds held immediately prior to the refunding in the debt service reserve fund established for the Refunded Bonds (the “2014 Debt Service Reserve Fund”) transfer to the 2022B Bonds on the date hereof and are deposited in the 2022 Debt Service Reserve Fund to secure only the 2022B Bonds. No sale proceeds of the 2022B Bonds are being deposited in the 2022 Debt Service Reserve Fund. Such sum is not in excess of (i) ten percent (10%) of the stated principal amount of the 2022B Bonds (which do not have more than a de minimus amount of original issue discount or premium, \$6,063,098.18); (ii) the maximum annual principal and interest requirements on the 2022B Bonds (\$3,953,462.50); or (iii) one hundred twenty-five percent (125%) of the average annual principal and interest on the 2022B Bonds (\$3,786,282.84 times 1.25 = \$4,732,853.55). The Underwriter has certified that the funding of the 2022 Debt Service Reserve Fund was a vital factor in its determination to purchase the 2022B Bonds, and is not in excess of the amount considered necessary for such purposes and was required by the County in connection with the County guaranty.

(e) The 2022B Bonds are further secured by the Guaranty Agreement. Because the 2022B Bonds are expected to constitute self-liquidating debt, the Authority does not expect the County to set aside any funds for the payment of debt service on the 2022B Bonds. The County has required the funding of the 2022 Debt Service Reserve Fund in order to provide its guaranty, to give the County sufficient time to budget the deficit if such deficit ever arises.

10. Rebate and Exemption from Rebate.

(a) Earnings on the gross proceeds of the 2022B Bonds will be subject to rebate unless otherwise exempted as set forth below.

(b) The Authority shall have no obligation to pay the Internal Revenue Service rebate amounts based on arbitrage earned on the gross proceeds (as defined in Section 148(f)(4)(B) of the Code and Section 1.148-7(c) of the Regulations) of the 2022B Bonds if (1) all such gross proceeds are expended for the governmental purposes of the 2022B Bonds, not later than the day which is six (6) months after the date of issue of the 2022B Bonds; or (2) (a) all such gross proceeds are expended for the governmental purposes the Refunding Bonds, not later than the day which is six (6) months after the date of issue of the 2022B Bonds, except for an amount not exceeding five percent (5%) of the proceeds of the 2022B Bonds; and (b) all such gross proceeds are expended for the governmental purposes of the 2022B Bonds, no later than the day which is one (1) year after the date of issue of the 2022B Bonds.

(c) Earnings on the 2022 Debt Service Reserve Fund nonetheless remain subject to rebate.

(d) The “Rebate Amount” with respect to the 2022B Bonds is an amount equal to the excess of (1) the Future Value as of a computation date of all Nonpurpose Receipts with respect to the funds described in Subsection 10(a) above from the date of receipt over (2) the Future Value, as of the same computation date, of all Nonpurpose Payments with respect to the funds described in Subsection 10(a) above from the date of payment.

(e) For the purposes of computing the Future Values of all Nonpurpose Receipts and Payments, the Authority shall cause an independent certified public accountant or other person recognized as expert in calculating rebate under the Code (hereinafter referred to as the “Accountant”) that such Receipts and Payments constitute all items described in Regulation Section 1.148-3(d) and that the Future Value is the yield computed in accordance with Regulation Section 1.148-4. In computing the Rebate Amount and the time and manner of paying the Rebate Amount, the Authority and the Accountant shall comply with all requirements of the Code, Regulations issued in June, 1993, as amended, the Proposed Regulations published in 1996, the Regulations published in 1997 and any other applicable final, proposed, temporary, or other Regulations published by the United States Treasury or Internal Revenue Service.

(f) The Authority shall instruct the Accountant to maintain records of the determinations of the Rebate Amount for a period of six years after the date of retirement of all of the 2022B Bonds. A copy of each determination of the Rebate Amount shall be sent to the Authority at the time of each determination.

(g) The Authority selects a Bond Year ending December 1 of each year. The Authority shall make installment payments in the amount specified in Subsection (i) of this Section 10 for the period ending on December 1, 2027 (the first installment computation period). The Authority shall make the first such installment payment of the Rebate Amount no later than January 29, 2028. The Authority shall make each subsequent installment computation period end on a day which is five years after the last day of the preceding installment computation

period. The Authority shall make each subsequent installment payment no later than five years from the due date of the previous installment payment. Notwithstanding any other provision contained in this Subsection 10(g), the Authority shall make the last installment payment no later than sixty (60) days after the date on which the last of the 2022B Bonds is redeemed in an amount sufficient to pay the amount specified in Subsection 10(i) below.

(h) The amount of the payment due and payable to the United States as of each installment computation date equals an amount which, when added to all previous rebate payments made with respect to the 2022B Bonds, equals at least ninety percent of the Rebate Amount as of the installment computation date (taking appropriate account of the Computation Date Credit, if available, provided in Regulation Section 1.148-3(d)(1)(iv)). This amount shall be computed in accordance with the requirements described in Subsections 10(d) and (e) above.

(i) The amount of the payment due and payable to the United States as of the final computation (final rebate) date equals the amount that, when added to the future value of previous rebate payments made for the 2022B Bonds, equals 100 percent of the Rebate Amount taking appropriate account of the Computation Date Credit, if available, provided in Regulation Section 1.148-3(d)(1)(iv). This amount shall be computed in accordance with the requirements described in Subsections 10(d) and (e) above.

(j) The Authority shall cause each payment of Rebate Amount, to be:

(i) mailed to the Internal Revenue Service, Ogden Submission Processing Center, Ogden, Utah 84201 (or such then appropriate location);

(ii) accompanied by a copy of the Form 8038-T (or such then appropriate form); and

(iii) accompanied by a statement summarizing the determination of the Rebate Amount prepared by the Accountant, if necessary.

(k) The Authority shall be relieved of any duty set forth in this Section 10 to the extent that it obtains an opinion from Bond Counsel stating that it is so relieved of that duty, anything contained herein or in any other document, certificate, agreement or instrument delivered in connection with the issuance of the Bonds to the contrary notwithstanding.

11. Other Sinking Fund. If any fund or account of the type described in Section 9 should arise or come into existence, all moneys therein shall be invested (1) in taxable obligations with a yield not exceeding the yield on the 2022B Bonds in accordance with Section 12 hereof or (2) in tax-exempt obligations (within the meaning of Section 103 of the Code) that are not specified private activity bonds (within the meaning of Section 57(a)(5)(C) of the Code) unless an opinion is obtained from nationally recognized bond counsel authorizing investment at a higher yield. If any fund described in this Section 11 should arise or come into existence, the Authority will consult nationally recognized bond counsel concerning its obligation to rebate arbitrage earnings to the United States.

12. Prohibited Payments.

(a) For the purposes of calculating the yield on any Nonpurpose Investment as required under this Nonarbitrage Certificate, the purchase price of the Nonpurpose Investment must be the fair market value of the investment on an established market. This means that the Authority will not pay or cause to be paid a premium to adjust the yield, accept a lower interest rate than is usually paid or otherwise enter into a transaction that reduces the amount of earnings on Nonpurpose Investments by producing a smaller profit or larger loss than would have resulted if the transaction had been at arm's length and artificially reducing the yield on the Nonpurpose Investments had not been relevant to either party.

(b) If a certificate of deposit has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal, the purchase price of the certificate of deposit is treated as its fair market value provided (i) the yield on the certificate is not less than the yield on reasonably comparable direct obligations of the United States and (ii) the yield on the certificate of deposit is not less than the highest yield that is published or posted by the provider to be currently available from the provider on comparable certificates of deposit offered to the public (in which event the provider delivers a certificate in the form attached hereto as Exhibit A).

(c) Absent an opinion of nationally recognized bond counsel, the Authority shall not enter into a repurchase, reverse repurchase or supply contract or other investment contract pursuant to which "gross proceeds" are used to acquire securities bearing an agreed rate (a "Supply Contract") unless:

(1) The Authority makes a bona fide solicitation for a specified investment contract with specified material terms and receives at least three bona fide bids that satisfy the requirements described herein from different reasonably competitive providers of investment contracts that have no material financial interest (e.g., as underwriters or financial advisors) in the 2022B Bonds;

(2) The bid specifications (i) are in writing; (ii) are timely forwarded to potential providers; (iii) contain all terms that may directly or indirectly affect the yield or the cost of the investment; (iv) include a statement notifying potential providers that submission of a bid is a representation that (a) the potential provider did not consult with any other potential provider about its bid; (b) the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Authority or any other person (whether or not in connection with the 2022B Bonds); and (c) the bid is not being submitted as a courtesy to the Authority or any other person for purposes of satisfying the requirements of Regulation Section 1.148-5(d)(6)(iii)(B)(1) or (2); and (v) contain solely and exclusively terms that serve a legitimate business purpose other than to increase the purchase price or reduce the yield of the investment;

(3) The Authority purchases the highest-yielding investment contract for which a qualifying bid is made (determined net of broker's fees);

(4) The determination of the terms of the solicitation and investment contract takes into account as a significant factor the Authority's reasonably expected deposit and drawdown schedule for the funds to be invested;

(5) The terms of the investment contract, including collateral security requirements, are reasonable;

(6) The obligor on the investment contract certifies the amount of those administrative costs (as defined in Regulation Section 1.148-5(e)(1)) that are paid or are expected to be paid to third parties in connection with the investment contract (a Form of Certificate is attached hereto as Exhibit B);

(7) The obligor on the investment contract certifies that the yield on the investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable investment contracts offered to other persons from a source of funds other than gross proceeds of an issue of tax-exempt bonds (a Form of Certificate is attached hereto as Exhibit B);

(8) The Authority shall have received a certificate substantially similar to the form of certificate attached hereto as Exhibit C (the "Bidder's Certificate") from the person whose bid was accepted to the effect that, based on such person's reasonable expectations on the date that such contract was entered into, "nonpurpose investments" will not be purchased pursuant to such contract at a price in excess of their fair market value or sold at a price less than their fair market value;

(9) If an agent is used to conduct the bidding process, it does not bid to provide the investment;

(10) All potential providers have equal opportunity to bid so that no bidder is given the opportunity to review other bids (a last look) before bidding;

(11) All bidders have an established industry reputation as competitive providers of investments of the type purchased; and

(12) The Authority retains all documents listed in Regulation Section 1.148-5(d)(6)(iii)(E) until six (6) years after the 2022B Bonds have been completely retired.

(d) An allocation of gross proceeds (including an allocation of a broker's fee) of the 2022B Bonds to a payment or a receipt on a Supply Contract is not adjusted to take into account any costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the investment (administrative costs) unless such administrative expense (including broker's fees) constitutes a qualified administrative cost as defined in Regulation Section 1.148-5(e)(2).

The Authority will comply with all requirements of Regulation Section 1.148-5.

13. **2022B Bonds Not Hedge Bonds.** The 2022B Bonds do not constitute hedge bonds for the purpose of Section 149(g) of the Code because with respect to the 2003 Bonds and the 2007 Bonds as of the date of issue it was reasonably expected that (i) 85 percent or more of

the spendable proceeds (as defined in Treasury Regulation §1.148-1(b)) would be used to carry out the governmental purposes of the applicable 2003 Bonds and the 2007 Bonds within the three (3) year period beginning on the date of issue (without taking into account any non-customary prepayments); (ii) not more than fifty percent (50%) of the proceeds of the 2003 Bonds or the 2007 Bonds would be invested in nonpurpose investments (as defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield (within the meaning of Section 149(g)(3)(A)(ii) of the Code) for four (4) years or more and such proceeds were not so invested; (iii) no proceeds of the 2003 Bonds or the 2007 Bonds were or will be used to refund any debt; and (iv) there is a substantial governmental purpose for currently refunding the Refunded Bonds.

14. Yield Calculation and Issuance Costs.

(a) For purposes of this Nonarbitrage Certificate, yield is, and shall be calculated in accordance with Section 148(h) of the Code and Section 1.148-4 of the Regulations.

(b) Based on the representations of the Underwriter, and as calculated by the Municipal Advisor, the “yield” on the 2022B Bonds, compounded semi-annually, is 4.7549%, calculated in accordance with Section 148(h) of the Code and Regulation Section 1.148-4 and on the basis of semiannual compounding and a year consisting of twelve (12) thirty-day months.

(c) In computing the yield on the 2022B Bonds, the Authority has not and will not consider as a reduction in issue price or as additional interest paid on the 2022B Bonds any of the costs of issuance (including, without limitation, the Underwriter’s fees) paid in connection with the issuance of the 2022B Bonds, but the Authority shall account for the Swap Termination Payment as described and defined in Section 17 below.

(d) In computing the yield on the 2022B Bonds, in accordance with Treasury Regulations Section 1.148-4(b)(3)(ii)(B), the Authority has treated the 2022B Bonds maturing on May 1 in the years 2033 through 2037, 2039, and 2040 (5.00% coupon), as redeemed on May 1, 2032, the earliest date for their optional redemption. Such 2022B Bonds were sold at an issue price that exceeds the stated redemption price by more than one-fourth of one percent multiplied by the stated price at redemption and the number of complete years to the first optional redemption date for such 2022B Bonds.

15. Transferred Proceeds.

(a) Prior Debt Service Reserve Fund

(1) On the date hereof, \$3,966,457.19 of proceeds of the Refunded Bonds deposited in the Prior Debt Service Reserve Fund has not been spent.

(2) \$3,569,731.07 of such sum shall be deposited in the 2022 Debt Service Reserve Fund, and such proceeds become transferred proceeds of the 2022B Bonds on the date hereof. Such proceeds may be invested after the date hereof at a yield higher than the yield on the 2022B Bonds subject to rebate as set forth in Section 10.

(3) The remaining \$396,726.12 shall be applied on the date hereof to redeem the Refunded Bonds, and such proceeds will have been spent on the date hereof and do not become transferred proceeds of the 2022B Bonds.

(b) Bond Fund. On the date hereof, \$1,234,666.67 is held in the Bond Fund created pursuant to the Trust Indenture for the Refunded Bonds and shall be applied on the date hereof to redeem the Refunded Bonds, and such proceeds will have been spent on the date hereof and do not become transferred proceeds of the 2022B Bonds.

(c) Rate Stabilization Fund. On the date hereof, \$450,000.00 is held in the Rate Stabilization Fund created pursuant to the Trust Indenture for the Refunded Bonds and shall be applied on the date hereof to redeem the Refunded Bonds, and such proceeds will have been spent on the date hereof and do not become transferred proceeds of the 2022B Bonds.

(d) Surplus Fund. On the date hereof, \$188,870.32 is held in the Operating Expense Account of the Surplus Fund created pursuant to the Trust Indenture for the Refunded Bonds and shall be applied on the date hereof to redeem the Refunded Bonds, and such proceeds will have been spent on the date hereof and do not become transferred proceeds of the 2022B Bonds.

16. **No Hedge Contract**. The Authority has not entered into a hedge with respect to the 2022B Bonds. The Authority will not enter into a hedge in respect of the 2022B Bonds unless the Authority has first received an opinion of bond counsel that such hedge will not adversely affect the exclusion of interest on the 2022B Bonds from gross income for federal income tax purposes.

17. **Termination of Hedge**.

(a) The Authority entered into certain hedges as such term is defined for purposes of Treasury Regulations 1.148-4(h) with respect to the Refunded Bonds in the form of an interest rate swap with Wells Fargo Bank, National Association (collectively, the “2014 Swaps”).

(b) In connection with the refunding of the Refunded Bonds, the 2014 Swaps have been terminated and a portion of the termination payment will be made on behalf of the Authority to the counterparty on the date hereof. The amount of that portion of the termination payment (the “Swap Termination Payment”) is the sum of \$3,031,549.00 and will be paid from sale proceeds of the 2022B Bonds.

18. **Recordkeeping**. The Authority shall keep records of the use and investments of the proceeds of the 2022B Bonds and of the facilities refinanced by such proceeds until at least six years after the date that the 2022B Bonds mature or are otherwise redeemed.

19. **Reasonableness**. To the best of my knowledge, information and belief, the expectations of the Authority as to future events and as to the representations set forth herein are reasonable.

20. **No Other Information.** To the best of my knowledge, information and belief, there are no other facts, estimates or circumstances which would materially change the conclusions set forth herein. I have no reason to believe that the proceeds of the 2022B Bonds will be used in any manner other than the manner described herein, or that the proceeds will be used in a manner which would cause the 2022B Bonds to be “arbitrage bonds” as that term is defined in Sections 103(b)(2) and 148 of the Code and the Treasury Regulations applicable thereto. The Authority has not been notified of and has no reason to believe that the Internal Revenue Service or any other government entity has taken or will take any action pertaining to the issuance of the 2022B Bonds.

21. **Date.** This certificate is dated and is given the date of issuance and delivery of the 2022B Bonds.

22. **Reliance.**

(a) The Authority understands and agrees that Stevens & Lee, P.C. (“Bond Counsel”) is relying upon the representations, expectations, certifications and statements contained herein in issuing its opinion regarding the tax-exempt status of interest to be paid on the 2022B Bonds. Further, the interest rate mode and certain requirements and procedures contained or referred to in the Indenture, the 2022B Bonds, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2022B Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in those documents. Bond Counsel will express no opinion as to any Restated Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Stevens & Lee, P.C.

(b) The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

(c) The Authority acknowledges that Bond Counsel’s engagement with respect to the 2022B Bonds ends with the issuance of the 2022B Bonds. Unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Borrower regarding the tax-exempt status of the 2022B Bonds in the event of an audit examination by the IRS; nor is Bond Counsel obligated to provide any advice or assistance with regard to post issuance compliance matters.

(d) The Authority has engaged the Municipal Advisor as municipal advisor with respect to the issuance of the 2022B Bonds and has relied on the financial advice of the Municipal Advisor with respect to the structuring of the 2022B Bonds and the investment of the proceeds thereof. The Authority acknowledges that Bond Counsel was not engaged to provide

such advice and that the Authority did not rely on any advice from Bond Counsel with respect thereto.

(e) Bond Counsel and the Municipal Advisor have advised the Authority that the Municipal Advisor is a wholly-owned affiliate of Bond Counsel.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned authorized officer of the Lancaster County Convention Center Authority has set his hand on the date first written above.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By Sharon V. Nelson
Chairman

[Signature]
Secretary

[Signature Page to Nonarbitrage Certificate]

EXHIBIT "A"

\$62,730,000

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES B OF 2022**

I, _____, of _____, HEREBY
CERTIFY that the yield on the certificate of deposit sold to the Authority is not less than the
highest yield that is published or posted by this firm to be currently available from this firm on
comparable certificates of deposit offered to the public.

IN WITNESS WHEREOF, I have hereunto set my
hand this ____ day of _____.

By _____
Name:
Title:

EXHIBIT "B"

\$62,730,000

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES B OF 2022**

I, _____, of _____, HEREBY
CERTIFY that the yield on the investment sold to the Authority is not less than the yield
currently available from this firm on comparable investment contracts offered to other persons
from a source of funds other than gross proceeds of tax-exempt bonds.

I, _____, of _____, HEREBY
CERTIFY that the administrative costs (as defined in Section 1.148-5(e)(1) of the Regulations)
that are reasonably expected to be paid to third parties in connection with the investment contract
are \$ _____.

IN WITNESS WHEREOF, I have hereunto set my
hand this ____ day of _____.

By _____

Name:

Title:

EXHIBIT "C"

\$62,730,000

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES B OF 2022**

I, _____, hereby certify and represent that:

1. I am the [INSERT TITLE] of [INSERT NAME OF FIRM OR COMPANY], a
[DESCRIBE BUSINESS OR FIRM OR COMPANY; e.g., BANK, SAVINGS AND LOAN,
ETC.]. I am qualified to render the certifications and representations set forth herein.

23. I am aware of the 2022B Bonds. Other than as set forth below, I have no
interest in the 2022B Bonds.

24. I submitted a bid to _____ to enter an agreement whereby proceeds
of the Bonds in an amount equal to \$ _____ will be used to [acquire a repurchase
agreement].

25. Based on my reasonable expectations as of the date the Supply Contract was
entered, no securities (within the meaning of subparagraph (A) or (B) of Section 165(g)(2) of the
Internal Revenue Code of 1986 (the "Code")), annuity contracts, investment-type property, or
obligations will be purchased pursuant to the Supply Contract at a price in excess of their fair
market value or sold pursuant to the Supply Contract at a price less than their fair market value.

26. To the best of my knowledge, information, and belief, there are no other facts,
estimates or circumstances which would materially change any of the foregoing certifications or
representations. The certifications and representations made in this Certificate are made for the
benefit of the Authority, Bond Counsel, and all other parties to the financing and may be relied
upon by such parties.

WITNESS my signature this _____ day of _____.

LANCASTER COUNTY CONVENTION CENTER AUTHORITY
\$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

CERTIFICATE OF THE UNDERWRITER

The undersigned, on behalf of Raymond James & Associates, Inc., on behalf of itself and on behalf of RBC Capital Markets, LLC (the “**Purchaser**”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “**2022B Bonds**”).

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the 2022B Bonds was sold to the Public is the respective price listed in Exhibit A.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

(a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Exhibit A (the “**Initial Offering Prices**”) on or before the Sale Date. If any Hold-the-Offering-Price Maturities are identified in Exhibit A, a copy of the pricing wire or equivalent communication for the 2022B Bonds will be attached to this certificate as Exhibit B.

(b) As set forth in the Bond Purchase Agreement dated November 15, 2022 (the “**Purchase Agreement**”) between the Issuer and the Purchaser, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities they would neither offer nor sell any of the 2022B Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “**Hold-the-Offering-Price Rule**”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the 2022B Bonds during the Holding Period.

3. Defined Terms.

(a) *General Rule Maturities* means those Maturities of the 2022B Bonds listed in Exhibit A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the 2022B Bonds, if any, listed in Exhibit A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (November 22, 2022), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means Lancaster County Convention Center Authority.

(e) *Maturity* means 2022B Bonds with the same credit and payment terms. Bonds with different maturity dates, or 2022B Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2022B Bonds. The Sale Date of the 2022B Bonds is November 15, 2022.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2022B Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2022B Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2022B Bonds to the Public).

4. Debt Service Reserve Fund.

(a) The funding of the Debt Service Reserve Fund in the amount of \$3,569,731.07 is not in excess of the least of (i) ten percent (10%) of the issue price of the 2022B Bonds (excluding pre issuance accrued interest), (ii) ten percent (10%) of the stated principal amount of the 2022B Bonds, (iii) the maximum annual debt service on the 2022B Bonds, or (iv) 125 percent of average annual debt service on the 2022B Bonds.

(b) The funding of the Debt Service Reserve Fund in an amount equal to \$3,569,731.07 was a vital factor in our decision to purchase the 2022B Bonds, facilitated our purchase of the 2022B Bonds at an interest rate comparable to that of 2022B Bonds and other obligations of a similar type and is not in excess of the amount considered necessary for such purpose.

5. General. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Issuer’s Nonarbitrage Certificate and with respect to compliance with the federal income tax rules affecting the 2022B Bonds, and by Stevens & Lee, P.C., in connection with its opinion that the interest on the 2022B Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer from time to time relating to the 2022B Bonds

Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

RAYMOND JAMES & ASSOCIATES, INC.

By: James A Wright
James A. Wright, Managing Director

Dated: December 1, 2022

[Signature Page to Issue Price Certificate]

EXHIBIT A

SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

General Rule Maturities

<u>Maturity (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
2030	\$1,080,000	5.000%	110.753
2031	1,185,000	5.000	111.778
2032	1,245,000	5.000	112.283
2033	1,310,000	5.000	111.602
2034	1,375,000	5.000	110.170
2036	1,520,000	5.000	108.350
2037	1,600,000	5.000	107.616
2038	1,670,000	4.000	96.204
2039	1,750,000	5.000	106.727
2040	1,510,000	4.250	97.235
2040	325,000	5.000	106.085
2041	1,915,000	4.250	96.403
2042	2,000,000	4.375	97.253
2049	16,500,000	4.000	87.818
2053	11,905,000	4.750	97.021
2057	14,395,000	4.750	94.966

Hold-The-Offering-Price Maturities

2035	1,445,000	5.000	109.173
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EXHIBIT B

PRICING WIRE OR EQUIVALENT COMMUNICATION

Edelman, Peter T.

From: Ryan Brockman <Ryan.Brockman@RaymondJames.com>
Sent: Monday, November 21, 2022 9:35 AM
To: Edelman, Peter T.; Lou Verdelli
Subject: RE: LCCCA Final 2022 A & B Bonds for Proof

Sure, see below.

RE: \$ 69,485,000
Lancaster County Convention Center Authority (Pennsylvania)
Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)
Hotel Room Rental Tax Revenue Bonds, Series B of 2022

POS URL: <https://www.mcelweequinn.com/view/63485e2fa9579c0001d76c49>

The Bonds have a County Guaranty Agreement - Please see pages 13-14 of the POS for further description

\$ 6,755,000
Series A of 2022 (Federally Taxable)

***** ATTENTION *****

THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS
SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL
ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A
MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa2
FITCH:

S&P:
KROLL:

DATED:12/01/2022 FIRST COUPON:05/01/2023

DUE: 05/01

INITIAL TRADE DATE: 11/16/2022 @ 11:30AM Eastern

ALL BONDS ARE PRICED AT PAR.

MATURITY	AMOUNT	COUPON	ADD'L TAKEDOWN (Pts)	CUSIP
05/01/2023	1,000M	4.87%	1/4	514042AF7
05/01/2024	840M	4.92%	1/4	514042AG5
05/01/2025	885M	4.74%	1/4	514042AH3
05/01/2026	925M	4.73%	1/4	514042AJ9
05/01/2027	970M	4.78%	1/4	514042AK6
05/01/2028	1,020M	4.94%	1/4	514042AL4
05/01/2029	1,070M	5.09%	1/4	514042AM2
05/01/2030	45M	5.17%	1/4	514042BF6

TAXABLE INFORMATION

MATURITY	TREASURY	COUPON
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	COUPON	MATURITY
05/01/2023	4.375	10/31/2024
05/01/2024	4.375	10/31/2024
05/01/2025	4.500	11/15/2025
05/01/2026	4.125	10/31/2027
05/01/2027	4.125	10/31/2027
05/01/2028	4.000	10/31/2029
05/01/2029	4.000	10/31/2029

CALL FEATURES: No optional call

\$ 62,730,000
Series B of 2022

MOODY'S: Aa2
FITCH:

S&P:
KROLL:

DATED:12/01/2022 FIRST COUPON:05/01/2023

DUE: 05/01

INITIAL TRADE DATE: 11/16/2022 @ 11:30AM Eastern

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN (Pts)	CUSIP
05/01/2030	1,080M	5.00%	3.35	1/4	514042AP5
		(Approx. \$ Price	110.753)		
05/01/2031	1,185M	5.00%	3.38	1/4	514042AQ3
		(Approx. \$ Price	111.778)		
05/01/2032	1,245M	5.00%	3.46	1/4	514042AR1
		(Approx. \$ Price	112.283)		
05/01/2033	1,310M	5.00%	3.54	0.30	514042AS9
		(Approx. \$ Price PTC	05/01/2032	111.602	Approx.
YTM 3.651)					
05/01/2034	1,375M	5.00%	3.71	0.30	514042AT7
		(Approx. \$ Price PTC	05/01/2032	110.170	Approx.
YTM 3.888)					
05/01/2035	1,445M	5.00%	3.83	0.30	514042AU4
		(Approx. \$ Price PTC	05/01/2032	109.173	Approx.
YTM 4.052)					
05/01/2036	1,520M	5.00%	3.93	0.30	514042AV2
		(Approx. \$ Price PTC	05/01/2032	108.350	Approx.
YTM 4.180)					
05/01/2037	1,600M	5.00%	4.02	0.30	514042AW0
		(Approx. \$ Price PTC	05/01/2032	107.616	Approx.
YTM 4.286)					
05/01/2038	1,670M	4.00%	4.34	0.30	514042AX8
		(Approx. \$ Price	96.204)		
05/01/2039	1,750M	5.00%	4.13	0.30	514042AY6
		(Approx. \$ Price PTC	05/01/2032	106.727	Approx.
YTM 4.419)					
05/01/2040	325M	5.00%	4.21	0.30	514042AZ3

(Approx. \$ Price PTC 05/01/2032 106.085 Approx.

YTM 4.492)

05/01/2040	1,510M	4.25%	4.48	0.30	514042BG4
		(Approx. \$ Price 97.235)			
05/01/2041	1,915M	4.25%	4.54	0.30	514042BA7
		(Approx. \$ Price 96.403)			
05/01/2042	2,000M	4.375%	4.59	0.30	514042BB5
		(Approx. \$ Price 97.253)			
05/01/2049	16,500M	4.00%	4.82	3/8	514042BC3
		(Approx. \$ Price 87.818)			
05/01/2053	11,905M	4.75%	4.94	0.40	514042BD1
		(Approx. \$ Price 97.021)			
05/01/2057	14,395M	4.75%	5.06	0.40	514042BE9
		(Approx. \$ Price 94.966)			

CALL FEATURES: Optional call in 05/01/2032 @ 100.00

Sinking Fund Schedule

2049 Term Bond

05/01/2043	2,085M
05/01/2044	2,170M
05/01/2045	2,255M
05/01/2046	2,350M
05/01/2047	2,445M
05/01/2048	2,545M
05/01/2049	2,650M

Sinking Fund Schedule

2053 Term Bond

05/01/2050	2,770M
05/01/2051	2,900M
05/01/2052	3,045M
05/01/2053	3,190M

By Lot Sinking Fund Schedule

2057 Term Bond

05/01/2054	3,345M
05/01/2055	3,510M
05/01/2056	3,680M
05/01/2057	3,860M

PRIORITY OF ORDERS AS FOLLOWS:

1. Group Net (Except if an investor is affiliated with a syndicate member and that manager cannot be compensated for that order then the economics will be reallocated

to the unaffiliated syndicate member. Please contact the Senior Manager if submitting an order on behalf of an affiliated account.)

2. Member

PRIORITY POLICY:

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

UNDERWRITERS -----	PARTICIPATIONS -----
Raymond James & Associates, Inc.	65.000%
RBC Capital Markets	35.000%

ISSUE TOTAL:	\$ 69,485,000
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The compliance addendum MSRB Rule G-11 will apply.

The Award is expected on Tuesday, November 15, 2022 at 3:19PM Eastern.

Delivery is firm for Thursday, December 1, 2022.

This issue is book entry only. This issue is clearing through DTC.

\$ 6,755,000
Series A of 2022 (Federally Taxable)

Award: 11/15/2022
Award Time: 3:19PM Eastern
Delivery: 12/01/2022 (Firm)
Initial trade: 11/16/2022
Date of Execution: 11/16/2022
Time of Execution: 11:30AM Eastern

\$ 62,730,000
Series B of 2022

Award: 11/15/2022
Award Time: 3:19PM Eastern
Delivery: 12/01/2022 (Firm)
Initial trade: 11/16/2022
Date of Execution: 11/16/2022
Time of Execution: 11:30AM Eastern

Raymond James & Associates, Inc.
RBC Capital Markets

By: Raymond James & Associates, Inc. New York, NY

RYAN BROCKMAN
Vice President

Public Finance/Debt Investment Banking
570 Lausch Lane, Suite 101
Lancaster, PA 17601
Phone: (717) 293-6456
www.RJPublicFinance.com

RAYMOND JAMES®

From: Edelman, Peter T. <peter.edelman@stevenslee.com>
Sent: Monday, November 21, 2022 9:32 AM
To: Ryan Brockman <Ryan.Brockman@RaymondJames.com>; Lou Verdelli <Lou.Verdelli@RaymondJames.com>
Subject: RE: LCCCA Final 2022 A & B Bonds for Proof

Ryan,

Can you send me the pricing wire and the CUSIPs?

Thanks

Peter T. Edelman

Stevens & Lee
111 N. Sixth Street
Reading, PA 19601
T: 610-478-2168
M: 484-269-9086
F: 610-988-0825
peter.edelman@stevenslee.com

From: Ryan Brockman <Ryan.Brockman@RaymondJames.com>
Sent: Tuesday, November 15, 2022 2:49 PM
To: Vind, Michael D. <Michael.Vind@fslpf.com>; Lou Verdelli <Lou.Verdelli@RaymondJames.com>
Cc: Edelman, Peter T. <peter.edelman@stevenslee.com>
Subject: RE: LCCCA Final 2022 A & B Bonds for Proof

See attached for revised BPA.

RYAN BROCKMAN
Vice President

Public Finance/Debt Investment Banking
570 Lausch Lane, Suite 101
Lancaster, PA 17601
Phone: (717) 293-6456
www.RJPublicFinance.com

RAYMOND JAMES®

\$62,730,000
LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES B OF 2022

CERTIFICATE OF MUNICIPAL ADVISOR

THIS CERTIFICATION is made in connection with the issuance by the Lancaster County Convention Center Authority (the “Authority”), of its \$62,730,000 principal amount Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “2022B Bonds”) dated December 1, 2022. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Authority’s Nonarbitrage Certificate relating to the 2022B Bonds of even date (the “Nonarbitrage Certificate”). The undersigned, a duly authorized representative of FSL Public Finance LLC, as the municipal advisor to the Authority, hereby certifies on this 1st day of December, 2022, as follows:

1. Representations.

(a) The yield on the 2022B Bonds, computed as that yield which when used in computing the present value of all unconditional payments of debt service on the 2022B Bonds produces an amount equal to the issue price as certified by Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC, as underwriter of the 2022B Bonds (the “Underwriter”), determined on the basis of semiannual compounding and a 360-day year, is 4.7549%. As certified by the Underwriter, the issue price of the 2022B Bonds is \$60,630,981.85. The stated redemption price at maturity of the 2022B Bonds is \$62,730,000.00. Such yield is further calculated as set forth below in subsection (b).

(b) In computing the yield on the 2022B Bonds, the 2022B Bonds maturing on May 1 in the years 2033 through 2037, 2039, and 2040 (5.00% coupon), are treated as redeemed on May 1, 2032, the earliest day for their optional redemption.. As certified by the Underwriter, such 2022B Bonds were sold at an issue price that exceeds the stated redemption price by more than one-fourth of one percent multiplied by the stated price at redemption and the number of complete years to the first optional redemption date for such 2022B Bonds.

(c) In computing the yield on the 2022B Bonds, we have computed issue price without deducting issuance costs.

(d) The weighted average maturity of the 2022B Bonds, determined as the sum of the products of the issue price of each maturity and by taking into account mandatory redemptions, divided by the aggregate issue price of the 2022B Bonds is 23.3888 years. The maturity date of the final maturity of the 2022B Bonds is May 1, 2057.

(e) The remaining weighted average maturity of the Refunded Bonds is 16.6438 years.

[Remainder of page intentionally left blank]

2. Miscellaneous.

(a) In delivering the certifications contained herein, the undersigned is relying upon the truth and accuracy of the certification of the “issue price” of the 2022B Bonds made by the Underwriter in a certificate executed and delivered by such Underwriter as of the date hereof. Nothing has come to the attention of the undersigned that would lead the undersigned to believe that such certification of the “issue price” is inaccurate.

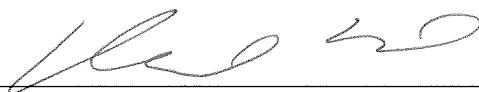
(b) The Municipal Advisor has not made or received, nor will it make or receive any payment with respect to the issuance of the 2022B Bonds which it has not disclosed in writing to the Authority and Stevens & Lee, P.C., Bond Counsel.

(c) The Municipal Advisor is a wholly owned affiliate of Stevens & Lee, P.C.

(d) We understand that the Authority will rely (without independent investigation) upon the information and representations contained herein in connection with the execution and delivery of various certificates at closing held this day and that Stevens & Lee, P.C., Bond Counsel will rely (without independent verification) upon the information and representations contained herein in rendering their various opinions at closing for the issuance and sale of the 2022B Bonds.

Duly executed by the undersigned authorized representative of the Municipal Advisor as of the date first written above.

FSL PUBLIC FINANCE LLC

By: 
Authorized Officer

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa2 to Lancaster County Convention Ctr Auth, PA's Hotel Room Rental Tax Rev Bonds, Ser A&B of 2022

10 Oct 2022

New York, October 10, 2022 -- Moody's Investors Service has assigned a Aa2 rating to Lancaster County Convention Center Authority, PA's \$11.95 million Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (federally taxable) and \$56.375 million Hotel Room Rental Tax Revenue Bonds, Series B of 2022. The bonds are backed by a Guaranty Agreement by and among Lancaster County, PA and the Authority. Moody's maintains a Aa2 rating on the county's general obligation unlimited tax (GOULT) bonds. As of fiscal year end 2021, the county has an estimated \$161 million of GOULT debt outstanding.

RATINGS RATIONALE

The Aa2 rating reflects Lancaster County's large and growing tax base with satisfactory resident wealth. The rating incorporates the county's healthy financial position with strong operating margins through the last two years and an expectation of further reserve growth through fiscal 2022. The Aa2 rating also considers the county's modest leverage, including debt, pensions and other post-employment benefits.

The absence of distinction between the county's GOULT rating and the current guaranteed issuance reflects the provisions of a Guaranty Agreement under which the county has pledged to replenish any draws on the debt service reserve fund associated with the bonds, backed by the county's full faith credit and taxing power. The county's obligations under the Guaranty Agreement are absolute, irrevocable and unconditional so long as the bonds remain outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Upgrade of the county's general obligation debt rating

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Downgrade of the county's general obligation debt rating

LEGAL SECURITY

The 2022 Bonds are limited obligations of the Authority payable solely from revenues derived from a hotel tax, levied in Lancaster County. The County Treasurer is responsible for collecting the Hotel Room Rental Tax from hotel operators. The maximum Hotel Room Rental Tax is 5% of room rental revenues, and the current Hotel Room Rental Tax assessed by the County is 3.9%. The Authority has granted to the trustee a first priority security interest in all of the Authority's right, title and interest in and to the Hotel Tax Revenues.

Concurrently with the issuance of the 2022 Bonds, Lancaster County will execute and deliver a Guaranty Agreement with the Trustee. Pursuant to this agreement, the County will guaranty, unconditionally and irrevocably, the full and prompt payment of the Authority's obligation to replenish the Debt Service Reserve Fund under the Indenture. The County covenants to budget for any replenishment obligation due, and appropriate such amounts from its general revenues. For such budgeting, appropriation and payment, the County has provided its full faith, credit and taxing power.

USE OF PROCEEDS

Proceeds from the Series A of 2022 bonds will be used to pay a portion of the costs of terminating certain existing interest rate swap agreements and fund a debt service reserve fund for the 2022A Bonds.

Proceeds from the Series B of 2022 bonds will be used to currently refund the Authority's outstanding Hotel Room Rental Tax Revenue Bonds, Series of 2014, pay a portion of the costs of terminating certain existing interest rate swap agreements, and fund a debt service reserve fund for the 2022B bonds.

PROFILE

The Lancaster County Convention Center Authority is a component unit of Lancaster County, created under the Third Class County Convention Center Authority Act, Act of December 27, 1994. The purpose of the Authority is to provide financing and arrange for the development, construction, and operation of convention center facilities for the public purpose of promoting, attracting, and expanding business, industry, and tourism in the Commonwealth of Pennsylvania.

The governing body of the Authority consists of a board of seven (7) members appointed by the City of Lancaster (the "City") officials and County officials. Members of the Authority's Board are appointed for staggered four-year terms and may be reappointed.

METHODOLOGY

The principal methodology used in these ratings was Guarantees, Letters of Credit and Other Forms of Credit Substitution Methodology published in July 2022 and available at <https://ratings.moody.com/api/rmc-documents/386295>. Alternatively, please see the Rating

Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on <https://ratings.moodys.com>.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website <https://ratings.moodys.com>.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1288235.

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the EU and is endorsed by Moody's Deutschland GmbH, An der Welle 5, Frankfurt am Main 60322, Germany, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that issued the credit rating is available on <https://ratings.moodys.com>.

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Please see <https://ratings.moodys.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on <https://ratings.moodys.com> for additional regulatory disclosures for each credit rating.

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CROSS RECEIPT

LANCASTER COUNTY CONVENTION CENTER AUTHORITY
\$6,755,000 Hotel Room Rental Tax Revenue Bonds,
Series A of 2022 (Federally Taxable) and
\$62,730,000 Hotel Room Rental Tax Revenue Bonds, Series B of 2022

RECEIPT, executed this 1st day of December, 2022, by the Lancaster County Convention Center Authority (the "Authority"), Wilmington Trust, National Association, as trustee (the "Trustee"), and Raymond James & Associates, Inc., acting on its own behalf and on behalf of RBC Capital Markets, LLC (the "Underwriter").

WITNESSETH:

As used herein, the following terms have the indicated meaning:

Bonds	Collectively, the Authority's Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable), in the aggregate principal amount of \$6,755,000 and the Authority's Hotel Room Rental Tax Revenue Bonds, Series B of 2022, in the aggregate principal amount of \$62,730,000, each dated December 1, 2022.
Indenture	The Trust Indenture, dated December 1, 2022, between the Authority and the Trustee, securing the Bonds.

THE AUTHORITY has delivered to the Trustee the Bonds as more specifically set forth in Exhibit "A" hereto, and hereby requests that the Trustee (a) register and authenticate \$69,485,000 aggregate principal amount of such Bonds in accordance with the Indenture and (b) deliver such Bonds, as registered and authenticated, to or upon the direction of the Underwriter, but only upon receipt by the Trustee of the Total Amount Due from the Underwriter. The Authority further authorizes and directs the Trustee to deposit the Total Amount Due from the Underwriter, as described immediately below, in accordance with the Indenture and the Closing Statements of the Authority dated and delivered this day (the "Closing Statements").

	<u>2022A Bonds</u>	<u>2022B Bonds</u>	<u>Total</u>
Face Amount of Bonds	\$6,755,000.00	\$62,730,000.00	\$69,485,000.00
Less Original Issue Discount		2,099,018.15	2,099,018.15
Less Underwriter's Discount	<u>32,086.25</u>	<u>360,697.50</u>	<u>392,783.75</u>
Total Amount Due from the Underwriter	\$6,722,913.75	\$60,270,284.35	\$66,993,198.10

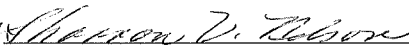
THE TRUSTEE hereby acknowledges receipt (i) from the Authority of the Bonds and (ii) from the Underwriter of the Total Amount Due from the Underwriter, and confirms that it has registered and authenticated each of the Bonds and is holding each of the Bonds as custodian for The Depository Trust Company ("DTC"), New York, New York. The Trustee confirms that it has deposited the Total Amount Due from the Underwriter in accordance with the Indenture and the Closing Statements, to be applied to the payment of costs of issuance and the costs of the Project (as defined in the Indenture).

THE UNDERWRITER hereby acknowledge receipt through the book-entry only facilities of DTC from the Trustee of the duly executed, sealed, attested, registered and authenticated Bonds.

THE AUTHORITY, based upon the representation of the Trustee, hereby acknowledges receipt from the Underwriter of the Total Amount Due from the Underwriter.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Receipt as of the day and year first above written.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By 
Chair

WILMINGTON TRUST, NATIONAL
ASSOCIATION

By _____
Authorized Officer

RAYMOND JAMES & ASSOCIATES, INC.

By 
Authorized Representative

THE TRUSTEE hereby acknowledges receipt (i) from the Authority of the Bonds and (ii) from the Underwriter of the Total Amount Due from the Underwriter, and confirms that it has registered and authenticated each of the Bonds and is holding each of the Bonds as custodian for The Depository Trust Company ("DTC"), New York, New York. The Trustee confirms that it has deposited the Total Amount Due from the Underwriter in accordance with the Indenture and the Closing Statements, to be applied to the payment of costs of issuance and the costs of the Project (as defined in the Indenture).

THE UNDERWRITER hereby acknowledge receipt through the book-entry only facilities of DTC from the Trustee of the duly executed, sealed, attested, registered and authenticated Bonds.

THE AUTHORITY, based upon the representation of the Trustee, hereby acknowledges receipt from the Underwriter of the Total Amount Due from the Underwriter.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Receipt as of the day and year first above written.

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By _____
Chair

WILMINGTON TRUST, NATIONAL
ASSOCIATION

By Alphonse C. Moore
Authorized Officer

RAYMOND JAMES & ASSOCIATES, INC.

By _____
Authorized Representative

EXHIBIT “A”

Series A of 2022 Bonds

<u>Bond Number</u>	<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP (514042)</u>
1	2023	\$1,000,000	4.870%	AF7
2	2024	840,000	4.920	AG5
3	2025	885,000	4.740	AH3
4	2026	925,000	4.730	AJ9
5	2027	970,000	4.780	AK6
6	2028	1,020,000	4.940	AL4
7	2029	1,070,000	5.090	AM2
8	2030	45,000	5.170	BF6

Series B of 2022 Bonds

<u>Bond Number</u>	<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP (514042)</u>
1	2030	\$1,080,000	5.000%	AP5
2	2031	1,185,000	5.000	AQ3
3	2032	1,245,000	5.000	AR1
4	2033	1,310,000	5.000	AS9
5	2034	1,375,000	5.000	AT7
6	2035	1,445,000	5.000	AU4
7	2036	1,520,000	5.000	AV2
8	2037	1,600,000	5.000	AW0
9	2038	1,670,000	4.000	AX8
10	2039	1,750,000	5.000	AY6
11	2040	1,510,000	4.250	BG4
12	2040	325,000	5.000	AZ3
13	2041	1,915,000	4.250	BA7
14	2042	2,000,000	4.375	BB5
15	2049	16,500,000	4.000	BC3
16	2053	11,905,000	4.750	BD1
17	2057	14,395,000	4.750	BE9

CLOSING STATEMENT

December 1, 2022

Wilmington Trust, National Association
213 Market Street
Harrisburg, PA 17101

Re: Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)

Ladies and Gentlemen:

In connection with the issuance this day by Lancaster County Convention Center Authority (the “Authority”) of its Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable) (the “Bonds”), the undersigned duly authorized officers of the Authority hereby certify as follows:

1. The amount of the proceeds to be received by the Authority from the sale of the Bonds is \$6,722,913.75, which represents the aggregate principal amount of the Bonds \$6,755,000, less the Underwriter’s discount of \$32,086.25.

2. The proceeds of the Bonds shall be deposited into the Series A Bonds Account of the Settlement Fund created under the Trust Indenture, dated December 1, 2022 (the “Indenture”), between the Authority and the Trustee and shall be paid or transferred from the Settlement Fund, as follows:

(a) To Wells Fargo, National Association, to pay a portion of the costs of terminating certain interest rate swaps, \$6,306,451.00;

(b) To the Series A Bonds Account of the Debt Service Reserve Fund created under the Indenture, \$384,401.93; and

(c) To the persons shown on Exhibit “A” attached hereto, \$32,060.82 to pay the costs of issuance of the Bonds.

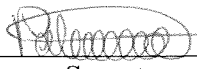
[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned duly authorized officers of the
Authority hereby approve the foregoing Closing Statement as of this 1st day of December, 2022.

Very truly yours,

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: Shannon D. Nelson
Chair

Attest: 
Secretary

[Signature page to Closing Statement – Series A of 2022 Bonds]

Exhibit "A"

\$6,755,000

Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)

Stevens & Lee, P.C. (Bond Counsel Fee and Expenses)	\$32,060.82
---	-------------

Schedule 1

\$6,755,000

Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable)

Wire Instructions

Wells Fargo Bank
ABA: 121000248
Attn: Derivatives Desk
Account #: 01014894464228

CLOSING STATEMENT

December 1, 2022

Wilmington Trust, National Association
213 Market Street
Harrisburg, PA 17101

Re: Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Ladies and Gentlemen:

In connection with the issuance this day by Lancaster County Convention Center Authority (the "Authority") of its Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the "Bonds"), the undersigned duly authorized officers of the Authority hereby certify as follows:

1. The amount of the proceeds to be received by the Authority from the sale of the Bonds is \$60,270,284.35, which represents the aggregate principal amount of the Bonds \$62,730,000, less the Underwriter's discount of \$360,697.50 and less net original issue discount of \$2,099,018.15.

2. There is currently on deposit under the Trust Indenture dated as of August 1, 2014 (the "2014 Indenture"), between the Authority and Manufacturers and Traders Trust Company, as trustee (the "2014 Trustee"): (i) \$1,234,666.67 in the General Account of the Bond Fund, (ii) \$3,966,457.19 in the Debt Service Reserve Fund, and (iii) \$450,000.00 in the Rate Stabilization Account of the Surplus Fund.

3. There is also \$7,221,409.45 in the Operating and Administrative Expense Account of the Surplus Fund. \$188,870.32 of such monies shall be transferred pursuant to paragraph 4 below.

4. The proceeds of the Bonds, together with the monies identified in paragraph 2 and the referenced portion in 3 above (for a total of \$66,110,278.53) shall be deposited into the Series B Bonds Account of the Settlement Fund created under the Trust Indenture, dated December 1, 2022 (the "2022 Indenture"), between the Authority and the Trustee and shall be paid or transferred from the Series B Bonds Account of the Settlement Fund, as follows:

(a) To Wells Fargo, National Association¹, to pay a portion of the costs of terminating certain interest rate swaps, \$3,031,549.00;

(b) To Wells Fargo Municipal Capital Strategies, LLC, to pay the redemption price of the Authority's Hotel Room Rental Tax Revenue Bond, Series of 2014, \$59,181,430.91;

(c) To the Series B Bonds Account of the Debt Service Reserve Fund created under the 2022 Indenture, \$3,569,731.07;

(d) To the persons shown on Exhibit "A" attached hereto, \$276,535.18 to pay the costs of issuance of the Bonds; and

(e) To the Bond Fund created under the 2022 Indenture, \$51,032.37.

5. The 2014 Trustee is hereby directed to transfer all remaining monies currently in the Operating and Administrative Expense Account of the Surplus Fund created under the 2014 Indenture and not used pursuant to paragraph 3 above to the Operating and Administrative Expense Account of the Surplus Fund created under the 2022 Indenture.

[Remainder of page intentionally left blank.]

¹ The payment to Wells Fargo, National Association shall be made by wire transfer using the instructions shown on Schedule 1 attached hereto.

IN WITNESS WHEREOF, the undersigned duly authorized officers of the
Authority hereby approve the foregoing Closing Statement as of this 1st day of December, 2022.

Very truly yours,

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: Sharon V. Nelson
Chair

Attest: [Signature]
Secretary

Exhibit “A”

\$62,730,000

Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Wilmington Trust, National Association (Trustee Settlement Fee and first annual fees)	\$7,000.00
McNees Wallace & Nurick LLC (Trustee Counsel Fee)	\$3,000.00
Russell, Krafft & Gruber, LLP (Issuer Counsel Fees and Expenses)	\$5,890.00
Stevens & Lee, P.C. (Bond Counsel Fee and Expenses)	\$92,939.18
FSL Public Finance LLC (Municipal Advisor Fee)	\$75,000.00
FSL Public Finance LLC (Swap Advisor Fee)	\$35,000.00
Eckert Seamans Cherin & Mellott, LLC (Underwriter Counsel Fee)	\$3,750.00
Raymond James & Associates, Inc. (DAC Research Fee)	\$350.00
McElwee & Quinn (POS and OS Printing)	\$5,000.00
Moody s Investors Service, Inc. (Rating Fee)	\$47,000.00
CUSIP Global Services (CUSIP Fee)	<u>\$1,606.00</u>
TOTAL	\$276,535.18

Schedule 1

\$62,730,000

Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series B of 2022

Wire Instructions

Wells Fargo Bank
ABA: 121000248
Attn: Derivatives Desk
Account #: 01014894464228

DISCHARGE AND RELEASE OF
THE TRUST INDENTURE
AND THE CONTINUING COVENANT AGREEMENT

WHEREAS, Manufacturers and Traders Trust Company is serving as trustee (the “Trustee”) under that certain Trust Indenture, dated as of August 1, 2014 (the “Indenture”), by and between the Lancaster County Convention Center Authority (the “Authority”) and the Trustee, which provided for the issuance by the Authority of its \$62,595,000 principal amount Hotel Room Rental Tax Revenue Bonds, Series of 2014 (the “Prior Bonds”); and

WHEREAS, the Prior Bonds were purchased by Wells Fargo Municipal Capital Strategies, LLC (the “Purchaser”) pursuant to the terms of a Continuing Covenant Agreement dated as of August 1, 2014 (the “Covenant Agreement”) by and between the Authority and the Purchaser; and

WHEREAS, the Prior Bonds have been called for optional redemption prior to maturity on December 1, 2022 and will be cancelled on such date, thus entitling the Authority to a release and discharge of the Indenture; and

WHEREAS, the Authority has entered into a Confirmation of Termination of Swap Transaction dated November 15, 2022, Ref. No. 1739962 and a Confirmation of Termination of Swap Transaction dated November 15, 2022, Ref. No. 1739959 pursuant to which certain outstanding interest rate swaps related to the Prior Bonds (the “Related Swaps”) have been terminated; and

WHEREAS, all amounts due and payable with respect to the Related Swaps have been paid as of the date hereof; and

WHEREAS, all of the amounts due and payable to the Purchaser as provided in the Covenant Agreement have been paid in full, thus entitling the Authority to a release and discharge of the Covenant Agreement.

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the Trustee does hereby forever release, remise, reassign, reconvey, terminate, transfer and set over to and unto the Authority all of its right, title and interest in and to any property which may have been conveyed, granted, pledged, assigned, confirmed, transferred or set over by the Indenture, as and for security for the Prior Bonds and the Related Swaps, and all of the Trustee’s right, title and interest under the Indenture, except for any surviving rights of transfer or exchange of the Prior Bonds expressly provided for in the Indenture, do hereby cease, determine and become void. The Trustee hereby acknowledges that all obligations of the Authority in respect of the covenants contained in the Indenture have hereby ceased, determined and been completely discharged.

AND, FURTHER, the Purchaser hereby acknowledges that all amounts owed and all other obligations incurred by the Authority under the Covenant Agreement have been paid and that the Covenant Agreement has terminated, except for certain fees and expenses of the


Purchaser and counsel to the Purchaser and those obligations which expressly survive the repayment in full of the credit extended by the Purchaser thereunder.

This Discharge and Release of the Trust Indenture and the Continuing Covenant Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Discharge and Release of the Trust Indenture and the Continuing Covenant Agreement to be duly executed all as of the 1st day of December, 2022.

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Trustee



Authorized Officer

LANCASTER COUNTY CONVENTION CENTER
AUTHORITY

By: _____
Chair

Attest: _____
Secretary

WELLS FARGO MUNICIPAL CAPITAL
STRATEGIES, LLC

Authorized Officer

[Signature page to Discharge and Release Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Discharge and Release of the Trust Indenture and the Continuing Covenant Agreement to be duly executed all as of the 1st day of December, 2022.

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Trustee

Authorized Officer

LANCASTER COUNTY CONVENTION CENTER
AUTHORITY

By: Sharon V. Nelson

Chair

Attest:

[Signature]

Secretary

WELLS FARGO MUNICIPAL CAPITAL
STRATEGIES, LLC

Authorized Officer

[Signature page to Discharge and Release Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Discharge and Release of the Trust Indenture and the Continuing Covenant Agreement to be duly executed all as of the 1st day of December, 2022.

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Trustee

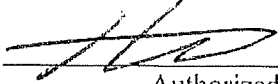
Authorized Officer

LANCASTER COUNTY CONVENTION CENTER
AUTHORITY

By: _____
Chair

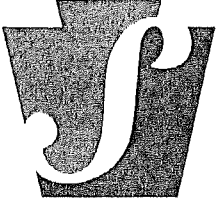
Attest: _____
Secretary

WELLS FARGO MUNICIPAL CAPITAL
STRATEGIES, LLC



Authorized Officer

[Signature page to Discharge and Release Agreement]



Pennsylvania Department of State

Bureau of Corporations and Charitable Organizations
PO Box 8721 | Harrisburg, PA 17105-8721
T: 717.787.1057
dos.pa.gov/BusinessCharlties

MELISSA ZEIDERS
MELISSA ZEIDERS
17 N 2ND STREET 16TH FLOOR
HARRISBURG, PA 17101

December 1, 2022
File No.: 20221201069932

Lien Amendment Acknowledgment

AMENDMENT INFORMATION

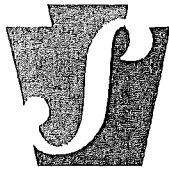
Lien Type:	UCC
Initial File No.:	2014080606265
Amendment No.:	20221201069932
File Date:	12/1/2022 2:38 PM
Amendment Actions:	Termination
Lien Lapse Date:	8/4/2044 11:59 PM

AUTHORIZING PARTY

Organization Name (Secured Party): MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE



20221201069932



COMMONWEALTH OF PENNSYLVANIA
Department of State
Bureau of Corporations and Charitable Organizations
PO Box 8721
Harrisburg, Pennsylvania 17105-8721
**UCC FINANCING STATEMENT
AMENDMENT (UCC 3)**
Fee: \$84

Pennsylvania Department of State

-FILED-

Amendment #: 20221201069932
Date Filed: 12/1/2022

Filer contact information	
Contact Name	Melissa Zeiders
Phone Number	(717) 255-7360
Email Address	melissa.zeiders@stevenslee.com
Submitter Information	
Name	Melissa Zeiders
Address	17 N 2ND STREET 16TH FLOOR HARRISBURG, PA 17101
Amendment Information	
Initial Financing Statement File Number	2014080606265
Date Filed	08/04/2014
Amendment Actions	
<input checked="" type="checkbox"/> Termination	
UCC3 Addendum	
<input type="checkbox"/> Check here if fields 15 - 18 of the UCC3 addendum are required for this lien.	
Name of SECURED PARTY of record authorizing this amendment	
<input type="checkbox"/> If this is an amendment authorized by a DEBTOR, check here and select the name of the authorizing debtor.	
Authorizing Secured Party Name	MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE
Optional Filer Reference Data	

B0457-7439 12/01/2022 2:38 PM Received by Pennsylvania Department of State

Stevens & Lee

111 N. Sixth Street
P.O. Box 679
Reading, PA 19603
(610) 478-2000
www.stevenslee.com

December 1, 2022

Manufacturers and Traders Trust Company
213 Market Street
Harrisburg, PA 17101

Re: Lancaster County Convention Center Authority
\$62,595,000 Hotel Room Rental Tax Revenue Bonds
Series of 2014

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the Lancaster County Convention Center Authority (the “Authority”) of the its Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (Federally Taxable), in the aggregate principal amount of \$6,755,000 and its Hotel Room Rental Tax Revenue Bonds, Series B of 2022, in the aggregate principal amount of \$62,730,000 (collectively, the “2022 Bonds”).

In connection with delivering the opinions set forth herein, we have reviewed:

- (a) an executed copy of the Trust Indenture dated as of August 1, 2014 (the “2014 Indenture”), between the Authority and Manufacturers and Traders Trust Company, as trustee (the “Trustee”), pursuant to which the Authority issued \$62,595,000 original principal amount of its Hotel Room Rental Tax Revenue Bonds, Series of 2014 (the “Prior Bonds”);
- (b) the notice of optional redemption issued by the Trustee pursuant to Section 2.14 of the Indenture pursuant to which the Prior Bonds have been called for optional redemption on the date hereof;
- (c) the Consent and Waiver of Wells Fargo Municipal Capital Strategies, LLC, as the sole beneficial owner of the Prior Bonds (“Wells Fargo”);
- (d) the Confirmation of Termination of Swap Transaction dated November 15, 2022, Ref. No. 1739962 and the Confirmation of Termination of Swap Transaction dated November 15, 2022, Ref. No. 1739959;
- (e) the refunding analysis completed by FSL Public Finance, LLC, as municipal advisor, with respect to the refunding of the Prior Bonds (the “Refunding Report”); and

Stevens & Lee

Manufacturers and Traders Trust Company

December 1, 2022

Page 2

(f) an executed copy of the Discharge and Release of the Trust Indenture and Continuing Covenant Agreement dated the date hereof, by and among the Authority, the Trustee and Wells Fargo.

Based and in reliance upon the foregoing, our attendance at the closing held this day and subject to the caveats, qualifications, exceptions and assumptions set forth herein, it is our opinion that all conditions precedent to the satisfaction and discharge of the Indenture have been complied with.

A. Without independent verification on our part, we have relied upon and assumed the following: (i) the authenticity of all documents, agreements and certificates reviewed by us purporting to be originals, executed counterparts or photocopies thereof, (ii) the conformity to original documents, agreements and certificates of all copies reviewed by us, (iii) the genuineness of all signatures, and (iv) the accuracy, truthfulness and completeness of all documents, agreements and certificates as to the statements of fact therein contained reviewed by us and underlying the legal conclusions set forth herein. We have also assumed the legal capacity, authority and due and proper execution and delivery by the respective parties, that have made, executed or delivered, or will make, execute and deliver, the agreements, documents, certificates and opinions reviewed by us or upon which our assumptions and reliance are based.

B. In connection with delivering this opinion, we have relied, without independent investigation, solely on assumptions, representations, statements, expectations and certifications contained in the documents reviewed by us as described above. Specifically, without intending to limit the qualifications described in the immediately preceding sentence, we have not independently reviewed or investigated any of the assumptions or calculations set forth in the Refunding Report.

C. Our opinion herein speaks as of the date hereof, and is based and relies on the current state of the laws, including statutes, case law and regulations, and, in all respects, is subject to, and may be limited by, future legislation and regulations as well as developing case law. We assume no obligation to update or supplement our opinion expressed herein to reflect any facts, circumstances, laws, rules or regulations, or any changes thereto, or any court or other authority or body decisions or regulatory authority determinations which may hereafter occur or come to our attention.

D. The opinions expressed herein are based upon our interpretation of, and are limited to, existing laws. It should be noted that we express no opinion as to: (i) the laws of any state or jurisdiction other than the Commonwealth of Pennsylvania, (ii) the laws of the United

Stevens & Lee

Manufacturers and Traders Trust Company

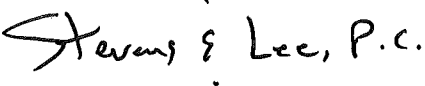
December 1, 2022

Page 3

States, except as expressly indicated, and (iii) any matters pertaining or relating to federal tax or securities laws or regulatory matters or the tax or securities laws of the Commonwealth of Pennsylvania or any other state.

E. The opinion contained hereinabove is intended solely for your benefit in connection with the transactions described herein and is not to be used, circulated or referred to by you for any other purpose or by any other party, without our prior written consent.

STEVENS & LEE, P.C.

A handwritten signature in black ink that reads "Stevens & Lee, P.C." with a small dot above the "i" in "Lee".

CONSENT AND WAIVER OF
WELLS FARGO MUNICIPAL CAPITAL STRATEGIES, LLC

December 1, 2022

Manufacturers and Traders Trust Company
213 Market Street
Harrisburg, PA 17101

Lancaster County Convention Center Authority
25 South Queen Street
Lancaster, Pennsylvania 17603

Re: Lancaster County Convention Center Authority
Hotel Room Rental Tax Revenue Bonds, Series of 2014 (the "Bonds")

Ladies and Gentlemen:

The Bonds have been issued pursuant to a Trust Indenture dated as of August 1, 2014 (the "Indenture"), between the Lancaster County Convention Center Authority and Manufacturers and Traders Trust Company, as trustee (the "Trustee").

The Trustee provided notice to Wells Fargo Municipal Capital Strategies, LLC on November 15, 2022 of the Authority's intent to refund the Bonds in full on December 1, 2022 (the "Redemption Notice").

The undersigned, as a duly authorized officer of Wells Fargo Municipal Capital Strategies, LLC, the sole beneficial owner of the Bonds, hereby (i) consents to the optional redemption in full of the Bonds on December 1, 2022, and (ii) waives compliance with the optional redemption provisions of the Indenture and the Bonds to the extent the Redemption Notice was not provided in a timely manner.

All capitalized terms used herein, but not defined herein, shall have the respective meanings set forth in the Indenture.

Sincerely,

WELLS FARGO MUNICIPAL CAPITAL
STRATEGIES, LLC

By: 

Authorized Officer

MATTHEW ANTOKOWSKI
V.P.

**WELLS
FARGO****CONFIRMATION OF TERMINATION****To:** Lancaster County Convention Center Authority ("Counterparty")**Legal Entity
Identifier (LEI):** 549300F347A3TMO7B762**Attention:** Kevin R. Molloy**Email:** krmolloy@lccca.com**From:** Wells Fargo Bank, N.A. ("Wells Fargo")**Legal Entity
Identifier (LEI):** KB1H1DSPRFMYMCUFXT09**Phone:** 704-410-5111**Fax:** 1-844-879-8056**Email:** inboundconfirms1@wellsfargo.com**Wells Fargo Ref. No.:** 1739962 (Internal Reference 29868996)**Unique Swap
Identifier (USI):** 103039933701W00000000000000000000029868996**Swap Data
Repository:** DTCC Data Repository, LLC**Date:** November 15, 2022

Dear Sir or Madam:

Reference is made to that certain Transaction with a Trade Date of March 28, 2007, an Effective Date of March 29, 2007 and a Termination Date of December 01, 2047 ("Reference Transaction"), which Reference Transaction is evidenced by a Confirmation between Wells Fargo and Counterparty dated as of November 27, 2018 (as the same may have been amended or modified prior to the date hereof, the "Reference Confirmation").

This letter confirms that, as of November 15, 2022 (the "Unwind Date"), subject to and in consideration of the Termination Fee (as provided below), the parties have terminated the Reference Transaction, together with their respective obligations to make any payments under the Reference Transaction for any future Payment Date occurring after the Unwind Date as described in the Reference Confirmation.



Wells Fargo Ref. No.: 1739962 (Internal Reference 29868996)

Provided however, and for the avoidance of doubt, that any outstanding obligation of either party to make any payment under the Reference Transaction for any Payment Date occurring on or prior to the Unwind Date (including any overdue interest thereon, and/or associated fees or expense relating thereto, whether accruing before or after the Unwind Date) shall survive such termination, and the payment of the Termination Fee.

In consideration of such termination, the following Termination Fee shall be paid:

Termination Fee:	USD 4,867,000.00
Payable by:	Counterparty
Due date:	December 01, 2022

Payment Instructions: Wells Fargo: Please contact us for payment instructions

Counterparty: Per your standing payment instructions or debit authorization if provided to Wells Fargo, as relevant. If not provided, please contact us in order for payment to be made.

<u>Wells Fargo Contacts:</u>	Settlement and/or Rate Resets: Phone: 1-800-249-3865 Fax: 844-879-6752
	Collateral: Phone: 704-410-9218 Fax: 704-410-8515 Email: WellsFargoCollateralManagement@wellsfargo.com

Please quote transaction reference number.

Documentation:

This Confirmation is a binding and complete contract between the parties, provided that if the Reference Transaction was governed by a master agreement (however described) between the parties ("Master Agreement"), this Confirmation is a Confirmation under the Master Agreement and supplements, forms part of and will be governed by the Master Agreement. Interest shall be payable on demand on any overdue amount of the Termination Fee as specified in the Master Agreement, or if a Master Agreement does not exist, at a rate per annum equal to the Bank Prime Loan rate in effect for each day the amount remains unpaid as published at: <https://www.federalreserve.gov/releases/H15/> (N.Y. Federal Reserve Statistical Release H.15) for that day (computed on a 360-day year basis for the actual number of days elapsed).

This letter constitutes a Confirmation for purposes of the ISDA Master Agreement between the parties dated as of September 28, 2011 (the "Master Agreement"). Unless otherwise provided in the Master Agreement, this Confirmation is governed by the laws of the State of New York. The parties hereto irrevocably submit to the exclusive jurisdiction of the U.S. District Court for the Southern District of New York or the Supreme Court of the State of New York for the County of New York; AND hereby waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

To the extent permitted by applicable law, each party irrevocably waives any and all right to trial by jury in any legal proceeding in connection with this letter agreement.



Wells Fargo Ref. No.: 1739962 (Internal Reference 29868996)


This letter constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof, and supersedes all oral communication and prior writings with respect hereto and thereto.



Wells Fargo Ref. No.: 1739962 (Internal Reference 29868996)

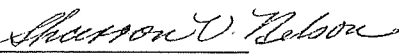
Please confirm that the foregoing correctly sets forth the terms of our agreement by having your authorized signatory execute a copy of this Confirmation and returning it to us.

Very truly yours,
Wells Fargo Bank, N.A.



By: _____
Name: Mark Silke
Title: Authorized Signatory

Accepted and confirmed as of date first written
above:
Lancaster County Convention Center Authority

By: 

Name: Sharron V. Nelson
Title: Lancaster County Convention Center Authority
Board Chair



Wells Fargo Ref. No.: 1739962 (Internal Reference 29868996)

**CONFIRMATION OF TERMINATION**

To: Lancaster County Convention Center Authority ("Counterparty")

Legal Entity Identifier (LEI): 549300F347A3TMO7B762

Attention: Kevin R. Molloy

Email: krmolloy@lccca.com

From: Wells Fargo Bank, N.A. ("Wells Fargo")

Legal Entity Identifier (LEI): KB1H1DSPRFMYMCUFXT09

Phone: 704-410-5111

Fax: 1-844-879-8056

Email: inboundconfirms1@wellsfargo.com

Wells Fargo Ref. No.: 1739959 (Internal Reference 29868995)

Unique Swap Identifier (USI): 103039933701W0000000000000000000029868995

Swap Data Repository: DTCC Data Repository, LLC

Date: November 15, 2022

Dear Sir or Madam:

Reference is made to that certain Transaction with a Trade Date of March 28, 2007, an Effective Date of March 29, 2007 and a Termination Date of December 01, 2042 ("Reference Transaction"), which Reference Transaction is evidenced by a Confirmation between Wells Fargo and Counterparty dated as of November 27, 2018 (as the same may have been amended or modified prior to the date hereof, the "Reference Confirmation").

This letter confirms that, as of November 15, 2022 (the "Unwind Date"), subject to and in consideration of the Termination Fee (as provided below), the parties have terminated the Reference Transaction, together with their respective obligations to make any payments under the Reference Transaction for any future Payment Date occurring after the Unwind Date as described in the Reference Confirmation.



Wells Fargo Ref. No.: 1739959 (Internal Reference 29868995)

Provided however, and for the avoidance of doubt, that any outstanding obligation of either party to make any payment under the Reference Transaction for any Payment Date occurring on or prior to the Unwind Date (including any overdue interest thereon, and/or associated fees or expense relating thereto, whether accruing before or after the Unwind Date) shall survive such termination, and the payment of the Termination Fee.

In consideration of such termination, the following Termination Fee shall be paid:

Termination Fee: USD 4,471,000.00
 Payable by: Counterparty
 Due date: December 01, 2022

Payment Instructions: Wells Fargo: Please contact us for payment instructions

Counterparty: Per your standing payment instructions or debit authorization if provided to Wells Fargo, as relevant. If not provided, please contact us in order for payment to be made.

Wells Fargo Contacts: Settlement and/or Rate Resets:
 Phone: 1-800-249-3865
 Fax: 844-879-6752

 Collateral:
 Phone: 704-410-9218
 Fax: 704-410-8515
 Email: WellsFargoCollateralManagement@wellsfargo.com

Please quote transaction reference number.

Documentation:

This Confirmation is a binding and complete contract between the parties, provided that if the Reference Transaction was governed by a master agreement (however described) between the parties ("Master Agreement"), this Confirmation is a Confirmation under the Master Agreement and supplements, forms part of and will be governed by the Master Agreement. Interest shall be payable on demand on any overdue amount of the Termination Fee as specified in the Master Agreement, or if a Master Agreement does not exist, at a rate per annum equal to the Bank Prime Loan rate in effect for each day the amount remains unpaid as published at: <https://www.federalreserve.gov/releases/H15/> (N.Y. Federal Reserve Statistical Release H.15) for that day (computed on a 360-day year basis for the actual number of days elapsed).

This letter constitutes a Confirmation for purposes of the ISDA Master Agreement between the parties dated as of September 28, 2011 (the "Master Agreement"). Unless otherwise provided in the Master Agreement, this Confirmation is governed by the laws of the State of New York. The parties hereto irrevocably submit to the exclusive jurisdiction of the U.S. District Court for the Southern District of New York or the Supreme Court of the State of New York for the County of New York; AND hereby waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

To the extent permitted by applicable law, each party irrevocably waives any and all right to trial by jury in any legal proceeding in connection with this letter agreement.



Wells Fargo Ref. No.: 1739959 (Internal Reference 29868995)

This letter constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof, and supersedes all oral communication and prior writings with respect hereto and thereto.



Wells Fargo Ref. No.: 1739959 (Internal Reference 29868995)

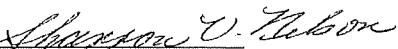
Please confirm that the foregoing correctly sets forth the terms of our agreement by having your authorized signatory execute a copy of this Confirmation and returning it to us.

Very truly yours,
Wells Fargo Bank, N.A.



By: _____
Name: Mark Silke
Title: Authorized Signatory

Accepted and confirmed as of date first written
above:
Lancaster County Convention Center Authority

By: 

Name: Sharron V. Nelson
Title: Lancaster County Convention Center Authority
Board Chair



Wells Fargo Ref. No.: 1739959 (Internal Reference 29868995)

Stevens & Lee

111 N. Sixth Street
P.O. Box 679
Reading, PA 19603
(610) 478-2000
www.stevenslee.com

November 16, 2022

Wells Fargo Bank, N.A.
375 Park Avenue, 2nd Floor
MAC J0127-020
New York, NY 10152

Re: Termination of Interest Rate Management Agreements between
Lancaster County Convention Center Authority and
Wells Fargo Bank, N.A.

Ladies and Gentlemen:

We have served as special counsel to the Lancaster County Convention Center Authority, a body politic and corporate organized and existing under the laws of the Commonwealth of Pennsylvania (the "Authority"), in connection with the execution and delivery of a Confirmation of Termination of Swap Transaction dated November 15, 2022, Ref. No. 1739962 and a Confirmation of Termination of Swap Transaction dated November 15, 2022, Ref. No. 1739959 (collectively, the "Termination Confirmations").

The Authority and Wells Fargo Bank, N.A. (the "Counterparty") previously entered into (i) an ISDA Master Agreement dated as of September 28, 2011 (the "Master Agreement", which includes the Schedule dated as of September 28, 2011 thereto) and the swap confirmations thereunder (the "Original Confirmations" and together with the Master Agreement, the "Swap Agreement") each between the Authority and the Counterparty; (ii) the First Amendment dated as of August 1, 2014 to the ISDA Master Agreement (the "First Amendment"); and (iii) an Amended and Restated Confirmation dated November 27, 2018, Ref. No. 1739959 and an Amended and Restated Confirmation dated November 27, 2018, Ref. No. 1739962 (collectively, the "Confirmations"), each by and between the Authority and the Counterparty (the Swap Agreement, the First Amendment and the Confirmations are collectively referred to herein as the "Original Agreement").

The Board of Directors of the Authority approved the transactions contemplated by the execution of the Termination Confirmations by resolution adopted on July 28, 2022 (the "Resolution").

Allentown • Bergen County • Bala Cynwyd • Cleveland • Fort Lauderdale • Harrisburg • Lancaster • New York
Philadelphia • Princeton • Reading • Rochester • Scranton • Valley Forge • Wilkes-Barre • Wilmington
A PROFESSIONAL CORPORATION

Stevens & Lee

November 16, 2022

Page 2

The Termination Confirmations and the other documents, certificates, agreements and instruments delivered by, or on behalf of, the Authority at the closing held this day are collectively referred to herein as the “Financing Documents.”

As counsel for the Authority, we have, with your permission, limited our review to a review of copies of the Financing Documents and the following:

- (a) a copy of the Articles of Incorporation of the Authority, certified on October 26, 2022 by the Secretary of State of the Commonwealth of Pennsylvania, and certified as true, correct, complete and currently in effect on the date hereof by an authorized officer of the Authority;
- (b) a Subsistence Certificate dated October 26, 2022 issued by the Secretary of State of the Commonwealth of Pennsylvania, with respect to the Authority;
- (c) a copy of the Bylaws of the Authority, certified as true, correct, complete and currently in effect on the date hereof by an authorized officer of the Authority;
- (d) a copy of the Resolution pursuant to which, among other things, the authorized officers of the Authority have been authorized to execute and deliver, on behalf of the Authority, the Financing Documents and complete the transactions described therein (collectively, the “Transactions”) certified as true, correct, complete and currently in effect on the date hereof by an authorized officer of the Authority; and
- (e) a General Certificate of the Authority and all exhibits thereto dated as of the date hereof, containing representations and certifications as to the matters described therein.

The foregoing items described in subparagraphs (a) through (e) above, are herein referred to collectively as the “Corporate Documents.”

You have requested that we deliver our opinion with respect to the following matters pursuant to the requirements of Original Agreement. Therefore, based upon our review of the Financing Documents and the Corporate Documents, and subject to the qualifications, limitations, assumptions, and exceptions herein described, it is our opinion, as of the date hereof, that:

1. The Authority is a body corporate and politic and a public instrumentality of the Commonwealth of Pennsylvania. The Authority has the requisite power and authority to enter into and perform its obligations under each of the Financing Documents to which it is a party.

Stevens & Lee

November 16, 2022

Page 3

2. The Resolution has been lawfully adopted in accordance with the Bylaws of the Authority and is in full force and effect.

3. The performance by the Authority of its obligations under the Financing Documents to which it is a party has been duly authorized by all requisite action, and will not conflict with, constitute a breach of or a default under, any provision of the Articles of Incorporation or Bylaws of the Authority, as applicable, or, to our knowledge, any material indenture, agreement or other material instrument to which the Authority is party or by which the Authority or any of its properties is bound.

4. The Financing Documents to which the Authority is a party have been duly executed and delivered and constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

5. To our knowledge, no consent, approval or authorization from or filing or registration with any federal, state or local governmental or regulatory authority is required of or by the Authority in connection with the execution and delivery by the Authority of any of the Financing Documents to which by the Authority is a party which has not been obtained or made on or before the date hereof.

To our knowledge, there is no pending action, suit or proceeding in any court or by or before any arbitrator or governmental authority against or affecting the Authority which would reasonably be expected to have a material adverse effect on (i) the ability of the Authority to perform its obligations under the Financing Documents; or (ii) the validity or enforceability of any of the Financing Documents.

The opinions expressed herein are subject in all respects to the following qualifications, limitations, assumptions and exceptions:

A. In the course of our review, we have assumed (a) the due incorporation, due formation or due organization, as the case may be, and the valid existence in good standing of all parties to all documents (other than the Authority) under the laws of all relevant jurisdictions and that none of such parties has dissolved, (b) the due authorization, execution, and delivery of all documents by all parties (other than the authorization, execution and delivery of such documents by the Authority), (c) that all documents constitute a valid and binding obligation of all parties thereto (other than the Authority), enforceable against each such party in accordance with their respective terms, (d) the genuineness of all signatures (other than those of the Authority) and the legal capacity of natural persons, (e) the authenticity of all documents

Stevens & Lee

November 16, 2022

Page 4

submitted to us as originals, (f) the conformity to the originals of all documents submitted to us as copies and the authenticity of the originals of such copies, (g) that the parties to the documents will enforce their rights and remedies in a commercially reasonable manner and in good faith, (h) that the consideration bargained for in exchange for any promise is given, (i) that each document reviewed by us constitutes the entire agreement among the parties thereto with respect to the subject matter thereof and that there has been no mutual mistake of fact or fraud, duress, undue influence, or similar inequitable conduct with respect to such documents, (j) that any waiver under any document reviewed by us has been given voluntarily, intelligently, and knowingly, and (k) the proper filing or recording by the filing or recording offices of all notices, certificates, instruments and documents where such filing and recording is necessary.

B. We have also assumed that the representations and warranties of the Authority set forth in the Financing Documents to which it is a party are true and correct insofar as such representations and warranties relate to matters of fact and that all records and other information made available to us by the Authority, and upon which we relied, are complete in all respects. Nothing has come to our attention that causes us to believe that any such representations and warranties are incorrect in any material respect. In addition, in reviewing documents executed by entities or persons other than the Authority, we have assumed that each of such other entities or persons had the power to enter into and perform all of its respective obligations under such documents, and have also assumed the due execution and delivery of those documents by each such entity or person, and the enforceability of such documents against such other entities or persons.

C. We have relied upon certificates of public officials with respect to certain of the Corporate Documents with respect to the accuracy of the factual matters contained therein, which we have not independently verified, and which we have assumed are current and accurate through the date hereof notwithstanding any earlier “through” date contained therein.

D. We express no opinion with respect to the validity, binding nature or enforceability of the Financing Documents as such validity, binding nature or enforceability may be limited by: (a) the enforceability of any provision of such Financing Documents (i) relating to indemnification, contribution or exculpation in connection with violation of any law or public policy, or in connection with willful, reckless or criminal acts or gross negligence of the indemnified or exculpated party or the party receiving contribution, (ii) that purports to create a trust or other fiduciary relationship, (iii) specifying that provisions thereof may be waived only in writing, to the extent that an oral agreement or an implied agreement by trade practice or course of conduct has been created and modifies any provision of such Financing Documents, (iv) asserting that certain rights or obligations are absolute or unconditional, (v) that permits the Counterparty to increase the rate of interest or to collect a late charge in the event of delinquency or default to the extent deemed to be penalties or forfeitures, (vi) that purports to entitle the Counterparty to take possession of collateral in any manner other than peaceably and by reason

Stevens & Lee

November 16, 2022

Page 5

of the peaceable surrender of such possession by the Authority or by reason of appropriate judicial proceedings, (vii) that purports to exculpate any party from its own negligent acts or limit any party from certain liabilities, (viii) that purports to entitle the Counterparty to the appointment of a receiver as a matter of right, (ix) that purports to authorize the Counterparty to set off and apply any deposits at any time held, and any other indebtedness at any time owing, by the Counterparty to or for the account of any of the Authority, (x) that grants a power of attorney or confession of judgement to the Counterparty or any third party in light of the revisions to Chapter 56 to Title 20 of the Pennsylvania Consolidated Statutes (Probate, Estates and Fiduciaries Code) (ACT NO. 2014-95, generally effective January 1, 2015) or (xi) relating to cumulative remedies to the extent such cumulative remedies purport to or would have the effect of compensating the party entitled to the benefits thereof in amounts in excess of the actual loss suffered by the party; (b) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (c) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws or equitable principles generally affecting creditors' rights or remedies; (d) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds: (i) the remedy of confession of judgment, self-help or similar rights and remedies contained in such Financing Documents; (ii) the provisions set forth in such Financing Documents purporting to waive rights of jury trial or other rights of due process and legal procedure; (iii) rights of indemnification and contribution; and (iv) the provisions set forth in such Financing Documents which purport to allow the sale of collateral without notice or on the notice provisions set forth in such Financing Documents; and (e) the application of a standard of "good faith" or "commercial reasonableness" to any decisions, actions or conduct on the part of the Counterparty.

E. We assume for the purposes of our opinion provided in paragraph 4 above, that in applying general principles of equity, a court might decline to enforce the non defaulting party's right set forth in Section 6 of the Master Agreement to designate an Early Terminate Date, if the condition or right were invoked in connection with a default deemed immaterial. Additionally, we express no opinion regarding the legality, validity, binding effect or enforceability of Section 6(e) of the Master Agreement insofar as it purports to obligate a party, on termination of the Master Agreement, to pay an amount in excess of that measured by the lowest quotation from a Reference Market maker. Also, in connection with any such Early Termination on the grounds of default, a court might limit the non defaulting party's recovery to its actual damages in the circumstances, imposing its own settlement procedures in lieu of the provisions of Section 6(e) of the Master Agreement.

F. We express no opinion with respect to: (a) the condition or state of title of, or rights in, any real or personal property of the Authority; (b) the perfection or the priority of any liens, charges, encumbrances, security interests or other rights granted to the Counterparty as collateral security for obligations incurred by the Authority with respect to any real or personal property of the Authority; (c) the completeness or accuracy of any legal description attached to

Stevens & Lee

November 16, 2022

Page 6

any Financing Document or collateral description attached to any Financing Document; (d) the compliance or noncompliance (or the effect thereof) of any premises owned or occupied by the Authority with any applicable zoning, subdivision, land use or environmental laws, rules or regulations; (e) whether a Pennsylvania court or a federal court sitting in Pennsylvania would enforce any forum selection clauses in the Financing Documents; or (f) any provision in any document that purports to confer upon a court or deprive a court of subject matter jurisdiction.

G. We call your attention to the fact that a court might not enforce payment of the obligations evidenced by the Financing Documents to which the Authority is a party upon accelerated maturity thereof if such accelerated maturity resulted from a failure on the part of the Authority to perform or observe any provision included in the Financing Documents which a court found to be immaterial.

H. As used in this opinion, the expression “to our knowledge” with reference to matters of fact means that, after our review of the Financing Documents and the Corporate Documents and after inquiries of Kevin R. Molloy, Executive Director of the Authority, we have no reason to believe that the opinions expressed herein are factually incorrect. Such expression also includes the conscious awareness of facts or other information, without investigation, by any of the lawyers currently with this firm who have given substantive attention to the legal representation of the Authority. We have, however, made no independent factual investigation for purposes of providing the opinions expressed herein, other than as set forth above. We express no opinion with respect to the matters set forth in Paragraph 3 to the extent that any such conflict, breach or default (as appropriate) (i) is not readily ascertainable from the face of any such indenture, agreement or other instrument, or arises under, or is based upon, any cross default provision set forth therein insofar as it relates to a default under any other indenture, agreement or instrument, or (ii) arises under or is based upon any covenant of a financial or numerical nature or requiring any computation.

I. We express no opinion as to the applicability or effect of compliance or non-compliance by the Counterparty with any state, federal or other laws applicable to the Counterparty or to the Transactions because of the nature of the Counterparty’s business, including its legal or regulatory status.

J. The opinions set forth herein are based upon a review of those statutes, rules and regulations which in our experience are normally applicable to transactions of the type contemplated by the Financing Documents. We express no opinion as to the application or requirements of any federal, state or local patent, trademark, copyright, antitrust, unfair competition, tax, pension or employee benefit, environmental, usury or zoning laws or regulations, or securities laws in respect of the Transactions.

Stevens & Lee

November 16, 2022

Page 7

K. We call your attention to the fact that the enforceability, validity and binding nature of provisions in the Financing Documents to the effect that the terms of the Financing Documents may not be waived or modified except in writing, may be limited under certain circumstances.

L. We express no opinion as to the enforceability of “severability clauses” contained in the Financing Documents.

M. We assume no obligation to update or supplement our opinions contained herein to reflect any facts or circumstances that may hereafter come to our attention or any changes in laws that may hereafter occur. The opinions expressed herein relate solely to the laws of the Commonwealth of Pennsylvania and of the United States of America, and no opinion is expressed with respect to the laws of any other jurisdiction or with respect to any federal or state tax or securities laws other than as specifically referred to herein. We call to your attention that the Original Agreement, as amended, states that it is governed by the laws of the State of New York. For purposes of the opinions set forth herein, we have assumed, with your permission, that the laws of the State of New York are identical to the laws of the Commonwealth of Pennsylvania.

N. Our opinions contained herein are given as of the date hereof and are based upon and rely upon the current state of the law and, in all respects, are subject to and may be limited by future legislation as well as by future case law.

The opinions contained herein are solely for your benefit in connection with the transactions described above and are not to be used, circulated, or referred to by you for any other purpose or by any other party, without our prior written consent.

STEVENS & LEE, P.C.

Stevens & Lee, P.C.

SECRETARY'S CERTIFICATE

I, PATRICK SNYDER, hereby certify that I am the duly appointed Secretary of LANCASTER COUNTY CONVENTION CENTER AUTHORITY, a body politic and corporate organized and existing under the Third Class County Convention Center Authority Act, Act of December 27, 1994, P.L. 1375, as amended and supplemented (the "Authority"), and I am delivering this Certificate in connection with the execution and delivery by the Authority of a Confirmation of Termination of Swap Transaction dated November 15, 2022, Ref. No. 1739962 and a Confirmation of Termination of Swap Transaction dated November 15, 2022, Ref. No. 1739959 (collectively, the "Termination Confirmations"), and in my capacity as Secretary of the Authority hereby certify to the Bank:

1. Pennsylvania Subsistence Certificate. The Authority is a body politic and corporate duly organized and validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania, and is presently subsisting in the Commonwealth of Pennsylvania. Attached hereto as Exhibit "A" is a subsistence certificate with respect to the Authority issued by the Secretary of State of the Commonwealth of Pennsylvania and dated October 26, 2022.

2. Articles of Incorporation. Attached hereto as Exhibit "B" is a true, correct, and complete copy of the Authority's Articles of Incorporation and no modifications, amendments, supplements or restatements have been made thereto.

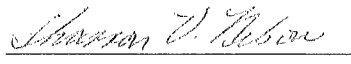
3. By-Laws. Attached hereto as Exhibit "C" is a true, correct, and complete copy of the Authority's By-Laws, and no modifications, amendments, supplements, restatements have been made thereto.

4. Resolutions of the Board of Directors. Attached hereto as Exhibit "D" is a true, correct, and complete copy of the minutes of the meeting of the Board of Directors of the Authority held on July 28, 2022, at which, among other things, the Authority has been authorized to, (i) execute, deliver, and perform the agreements, documents, and instruments required to be executed by the Authority with respect to the Termination Confirmations (collectively, the "Credit Documents"), and (ii) complete all transactions described therein and contemplated thereby (collectively, the "Transactions"). Such resolutions are the only resolutions of the Authority with respect to the matters therein set forth and have not been amended, modified, or rescinded and are in full force and effect on and as of the date hereof.

5. Consents, Approvals, Permissions, Etc. (i) There is no consent, approval, permission, authorization, order or license from any federal, state or local governmental or regulatory authority or from any trustee or holder of indebtedness of the Authority which is necessary or required in connection with the completion of the Transactions which has not been obtained on or before the date hereof, (ii) the completion of the Transactions will not violate or result in a default by the Authority (immediately or with the passage of time or the giving of notice, or both) under any agreement, indenture, contract, or other instrument to which the Authority is a party or by which the Authority is individually or jointly bound and (iii) the execution and delivery of, and compliance with the terms and provisions of, the Credit Documents and all other documents, instruments and certificates contemplated thereby by the Authority will not constitute a breach of or default under any provision of any statute, rule, order,

regulation, judgment or decree of any court or federal or state regulatory body or administrative agency or other governmental body having jurisdiction over the Authority, or its properties or to which the Authority is subject, any provision of the Authority's Articles of Incorporation or By-Laws, or any agreement or document related thereto or any indenture, mortgage, deed of trust, agreement or other instrument to which the Authority is a party or by which the Authority or any of its properties are bound.

6. Incumbency of Officers. The following individual is a duly appointed and acting officer of the Authority, she holds the office set forth opposite her name and the signature set forth opposite her name is her true and correct signature and she is authorized to sign the documents referred to and authorized by the above resolutions:

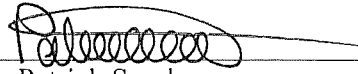
<u>Name</u>	<u>Title</u>	<u>Signature</u>
Sharron V. Nelson	Chair	

7. Orders, Writs, Proceedings, Etc. (i) The Authority is not in default under any order, writ, injunction, decree or demand of any court or governmental authority or with respect to any material agreement or instrument governing any obligation of the Authority, and (ii) there are no actions, suits, proceedings or investigations pending against or concerning the Authority except as otherwise disclosed in the Credit Documents.

8. Qualifications of Certificate. All certifications made pursuant hereto are made as of the date hereof and to the best of the undersigned's knowledge.

9. Reliance by Authority's Counsel. Stevens & Lee, P.C., as counsel to the Authority, and in connection with the opinions being furnished by it to Wells Fargo Bank, N.A. in connection with the Transactions, may rely upon the contents of this Certificate in connection with the issuance of such opinions.

IN WITNESS WHEREOF, the undersigned has executed this Secretary's Certificate this 15th day of November, 2022.

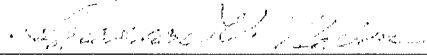


Name: Patrick Snyder

Title: Secretary

I, Sharron V. Nelson, as Chair of the Lancaster County Convention Center Authority, a body politic and corporate organized under the laws of the Commonwealth of Pennsylvania, hereby certify that appearing above is a true and correct signature of Patrick Snyder, the Secretary of the Lancaster County Convention Center Authority, and confirm the accuracy of the certifications contained in paragraphs 6 through 9 above.

Dated this 15th day of November, 2022.



Name: Sharron V. Nelson

Title: Chair

EXHIBITS

Exhibit "A" - Subsistence Certificate

Exhibit "B" - Articles of Incorporation

Exhibit "C" - By-Laws

Exhibit "D" - Resolutions of the Board of Directors of the Authority

For Exhibits See Tabs 18a-18e