

**CITY OF LANCASTER REVITALIZATION AND IMPROVEMENT ZONE
AUTHORITY**

RESOLUTION No. 2-2018

ADOPTED February 27, 2018

**APPROVING AN AMENDMENT TO A GRANT AGREEMENT WITH THE
REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER AND PENN SQUARE
PARTNERS PROVIDING CRIZ ASSISTANCE TO PAY A PORTION OF DEBT SERVICE
RELATED TO THE MARRIOTT AT PENN SQUARE ADDITION**

WHEREAS, the Redevelopment Authority of the City of Lancaster (RACL) and Penn Square Partners (PSP), hereinafter referred to jointly as the Applicant, and the City of Lancaster City Revitalization and Improvement Zone (CRIZ) Authority entered into a Grant Contract on April 19, 2017 to provide CRIZ assistance to pay debt service associated with a loan to be provided to PSP to cover acquisition and demolition costs of properties located at 14-18 East King Street, professional services, project fees, financing costs, site testing and utility connections for the new tower, and specific furniture, fixtures and equipment for the new tower and the existing hotel; and

WHEREAS, the Applicant and the CRIZ Authority have agreed to amend Article 8 – Limitations On and Disbursement of Funds of the existing CRIZ Grant Contract to enable the CRIZ Authority to more accurately calculate the amount of CRIZ revenue to be returned to the Applicant annually from CRIZ revenues generated by the existing hotel tower; and

WHEREAS, the Project Review Committee reviewed the Grant Contract amendment at a Committee meeting on February 13, 2018 and determined that the amendment was consistent with the CRIZ Authority decision when it approved the Applicant's original application for CRIZ assistance on July 26, 2016, and the amended application approved on March 28, 2017; and

WHEREAS, the Project Review Committee has recommended approval of the CRIZ Grant Contract amendment attached hereto as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the City of Lancaster Revitalization and Improvement Zone (CRIZ) Authority to approve the first amendment to the CRIZ Grant Contract, dated April 19, 2017, between the Redevelopment Authority of the City of Lancaster, Penn Square Partners and the CRIZ Authority.

CERTIFICATE OF SECRETARY

I hereby certify that the foregoing is a true and correct copy of a Resolution duly adopted by the Board of Directors of the City of Lancaster Revitalization and Improvement Zone Authority at a regular meeting of said Board duly called and held on February 27, 2018; that public notice of said meeting was given as required by law; that said Resolution has been duly recorded upon the minutes of said Board; and that said Resolution has not been amended, repealed or superseded and is in full force and effect this 27th day of February, 2018.

A handwritten signature in cursive script, reading "Thomas Baldrige", is written above a solid horizontal line.

Secretary, Thomas Baldrige

FIRST AMENDMENT TO CRIZ CONTRACT

AMENDMENT made this _____ day of _____, 2018, with an Effective Date of _____, 201_, by and between the **REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER**, an authority organized and existing under the Urban Redevelopment Law of Pennsylvania (the "GRANTEE"), and the **CITY OF LANCASTER REVITALIZATION AND IMPROVEMENT ZONE AUTHORITY**, an authority organized and existing under the City Revitalization and Improvement Zone legislation (the "GRANTOR").

BACKGROUND

A. On April 19, 2017, the parties entered into a grant contract (the "Contract") by which the GRANTOR agreed to provide grant funding to the GRANTEE for its project known as The Marriott Hotel at Penn Square (the "PROJECT").

B. Article 8 of the Contract, entitled "LIMITATIONS ON AND DISBURSEMENT OF FUNDS," sets forth the parameters for determining the amount of grant funds that can be made available to the GRANTEE under the Contract.

C. The parties have negotiated new parameters which they desire to substitute for the existing parameters found in Article 8 of the Contract.

D. To amend the existing grant parameters of Article 8, the parties have agreed to enter into this First Amendment to CRIZ Contract.

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

1. The provisions of the "Background" recitals set forth above are incorporated into the text of this Amendment.

2. Article 8 of the Contract, entitled "LIMITATIONS ON AND DISBURSEMENT OF FUNDS," is hereby deleted in its entirety and the following new Article 8 is substituted in its place and stead:

ARTICLE 8 LIMITATIONS ON AND DISBURSEMENT OF FUNDS

A. The GRANT funds to be provided by GRANTOR to GRANTEE annually hereunder shall be the lesser of (A) 70% of \$771,000, which represents the Incremental Total Eligible CRIZ Taxes generated by the Marriott Hotel at Penn Square for the 2016 calendar year, which was calculated by subtracting (i) the Total Eligible CRIZ Taxes certified by the Commonwealth in 2013 from (ii) the Total Eligible CRIZ Taxes certified by the Commonwealth in 2016 [which

are the TOTAL ELIGIBLE CRIZ TAXES generated by the Marriott Hotel at Penn Square for the 2015 calendar year]; (B) 70% of the Incremental Total Eligible CRIZ Taxes generated by the Marriott Hotel at Penn Square for the then current calendar year which is calculated by subtracting (i) the Total Eligible CRIZ Taxes certified by the Commonwealth in 2013 from (ii) the Total Eligible CRIZ Taxes certified by the Commonwealth for the then current calendar year [which are the TOTAL ELIGIBLE CRIZ TAXES generated by the Marriott Hotel at Penn Square for the preceding calendar year] the TOTAL ANNUAL CRIZ GRANT; or (C) the annual DEBT SERVICE due from GRANTEE to Fulton Bank, National Association or its successors, as trustee (the "TRUSTEE"), for the indebtedness issued by GRANTEE to finance the PROJECT.

B. Notwithstanding the provisions of paragraph A above, should the Incremental Total Eligible CRIZ Taxes generated by the Marriott Hotel at Penn Square for the then current calendar year (as defined above) exceed \$771,000 for any calendar year, then in addition to the GRANT provided under Article 8 (A) above, the GRANTOR shall GRANT the GRANTEE an annual amount equal to 80% of the difference between (i) the Incremental Total Eligible CRIZ Taxes generated by the Marriott Hotel at Penn Square for the then current calendar year defined above and (ii) \$771,000 provided, however, that the absolute limit of funds to be provided during any calendar year shall be the annual DEBT SERVICE of GRANTEE and/or projected Principal Payment the financing of the PROJECT, less any required matching contribution required of the GRANTEE. In the event that in any year the ELIGIBLE CRIZ TAXES generated by the PROJECT exceed the projected TOTAL ANNUAL CRIZ GRANT for such year, GRANTOR shall have the right, but not the obligation, to grant the excess ELIGIBLE CRIZ TOTAL ANNUAL CRIZ GRANT funds above the projected TOTAL ANNUAL CRIZ GRANT to GRANTEE, subject to applicable law.

C. The Total Eligible CRIZ Taxes annually generated by the Marriott Hotel at Penn Square and certified by the Commonwealth to pay annual DEBT SERVICE and authorized Principal Payment is an absolute annual cap on funds to be provided by GRANTOR to GRANTEE under this CONTRACT. GRANTEE shall, at all times, be responsible for any shortfall between the amount provided by GRANTOR to GRANTEE and the actual DEBT SERVICE. At no time shall GRANTOR be responsible for payment of any sums other than those set forth above and, by entering into this CONTRACT, both parties agree that the GRANTOR shall have no responsibility contractually or otherwise to TRUSTEE or any debt service reserve account funding provider of GRANTEE.

3. All other terms and provisions of the Contract remain unchanged and in full force and effect.

4. In the event of conflict between the terms and provisions of this Amendment and those of the Contract, the terms and provisions of this Amendment shall be controlling and take precedence over those of the Contract.

5. Except to the extent that the Contract is expressly modified by the terms of this Amendment, GRANTEE ratifies and confirms, and reaffirms in all respects, without condition, all of the terms, covenants and conditions set forth in the Contract.

6. This Amendment shall be effective as of the Effective Date specified above in this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to CRIZ Contract to be executed the day and year first above written.

REDEVELOPMENT AUTHORITY OF THE
CITY OF LANCASTER

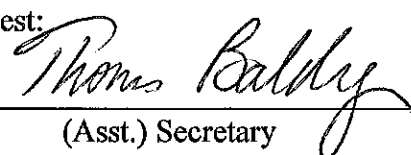
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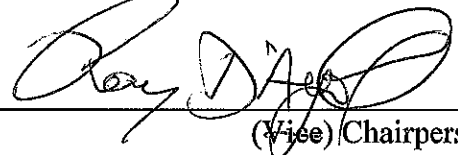

(Asst.) Secretary

By: 
(Vice) Chairperson

CITY OF LANCASTER REVITALIZATION AND
IMPROVEMENTS ZONE AUTHORITY

Attest:


(Asst.) Secretary

By: 
(Vice) Chairperson