

REQUEST FOR PROPOSAL

EXTERNAL FINANCIAL AUDIT SERVICES

1. GENERAL INFORMATION

1.1. Introduction.

- a. The Pennsylvania Convention Center Authority (“PCCA” or “the Authority”) is the entity responsible for the construction and operation of the Pennsylvania Convention Center (“Center”). PCCA is a body corporate and politic, created and existing as an agency and public instrumentality of the Commonwealth of Pennsylvania. The Center consists of approximately 2.2 million square feet including: Exhibit halls totaling 679,000 square feet of exhibit space, 2 Ballrooms (32,000 square feet and 55,400 square feet), 79 Meeting Rooms, a 34,960 Square foot Grand Hall and a 23,400 Square foot Atrium.
- b. The existing Center is located on a site bounded by 11th, 13th, Arch and Race Streets, plus the former Train Shed north of Market Street and east of 12th Street, and an approximately one million square foot expansion completed in 2011 between Broad and 13th Streets and between Arch and Race Streets. The West Wing is included in the Project Site (“Site”).
- c. In November 2013, the PCCA contracted with ASM Global, a worldwide convention venue management firm to promote, operate and manage the Center. The PCCA remains responsible for the administration and oversight of the facility. ASM Global assumed management of the daily operations of the facility on December 1, 2013.
- d. The purpose of this Request for Proposal (“RFP”), including all exhibits, schedules, addenda, drawings, plans and specifications related hereto issued by the Pennsylvania Convention Center Authority (“PCCA”), is to solicit proposals from independent auditing firms to conduct an Annual Independent External Financial Audit, as required by law under 64 Pa. C.S. § 6012, **for the fiscal year ending on June 30, 2025, with the option of an engagement for fiscal years ending June 30, 2026 and June 30, 2027.**
- e. The successful Proposer must demonstrate its capability of adequately meeting the demands of PCCA with respect to the requirements of this RFP, which contains information and requirements for the Proposer to prepare and submit proposals for Financial Audit Services. This RFP, with any amendments, contains the only instructions governing the proposals and material to be included therein. The Proposer must be able to commence provision of services at the Center upon execution of a services contract. Proposals, including all documents and

addenda, (hereinafter “Proposal” or “Proposal Documents”) submitted by each Proposer, should be inclusive of all services and/or equipment required by PCCA, plus any additional related services and/or equipment the Proposer believes are required to ensure efficient, flexible and cost-effective delivery of services. The outline of services set forth in Section 4 hereof is an outline of the minimum services required by PCCA. Any change in the cost to PCCA by reason of any alternative or additional services must be separately identified to the extent feasible.

- 1.2. Schedule.** The following is the anticipated schedule in connection with this RFP. This schedule may be altered at the discretion of the PCCA.

Anticipated Schedule

Element:	Completed By:
RFP Released	October 10, 2024 at 10:00 AM EST
Mandatory Pre-Proposal Conference	October 22, 2024 at 1:00 PM EST
All Questions Due	October 31, 2024 by 4:00 PM EST
Proposals Due	November 26, 2024 by 4:00 PM EST

- 1.3. PCCA/ASM Global Financial Team.** On December 1, 2013, the PCCA retained ASM Global to manage the daily operations of the facility.

- a. ASM is responsible for the financial data related to the operations. ASM has the following staff on site:

- Assistant General Manager
- Director of Finance
- Accounting Supervisor
- Staff Accountants (2)
- Purchasing Manager

- b. PCCA is responsible for the administration of the facility and maintains the following positions on site:

- Vice President of Finance
- Finance Controller
- Staff Accountant
- Benefits and Disbursement Manager
- Director of Compliance

2. PRE-SUBMISSION PROCEDURES AND REQUIREMENTS

2.1. Examination of the RFP.

- a. Upon receipt of the RFP, each Proposer shall examine same for missing or partially blank pages due to mechanical printing or collating errors. It shall be the Proposer's responsibility to identify and procure any missing pages from PCCA.
- b. Each Proposer shall carefully review the RFP and thoroughly familiarize itself with the requirements prior to submitting a Proposal. Prospective Proposers are invited to submit electronic inquiries (return receipt requested) with respect to this RFP to:

Ron Bernal (rbernal@paconvention.com)
Pennsylvania Convention Center Authority
1101 Arch Street
Philadelphia, Pennsylvania 19107

Answers may be provided at the Pre-Proposal Conference. **Telephone inquiries will not be accepted.**

- c. From the issue date of this RFP until the Authority's Board approves the awarding of the contract, **Ron Bernal** shall be the sole point of contact regarding this RFP and any and all communications that concern, refer, or relate to this RFP shall be directed solely to rbernal@paconvention.com. The Authority prohibits any communication by the Proposer to any other Authority official, agent, representative, or employee after the issue date of this RFP until the Authority's Board approves the awarding of the contract. Any violation of this provision by the Proposer may result in the Authority's rejection of that proposal. If the Authority later discovers that the Proposer has engaged in any violation of this provision, the Authority, may, in its sole discretion, reject the Proposer's proposal or rescind the award of the contract.
- d. Any questions by the Proposer regarding the RFP must be submitted in writing via email to **Ron Bernal** (rbernal@paconvention.com) with "*RFP – External Financial Audit Services*" listed in the subject line. The Authority shall only respond to questions submitted in this manner. The Authority shall not be bound by any verbal information or verbal responses and Proposer represents and warrants that it shall not rely upon any verbal information provided by the Authority that concerns, refers, or relates to this RFP or any proposal submitted in connection therewith. The Authority shall not be bound by any written information other than the RFP and any formal addendum to the RFP that is issued by the Authority.

- 2.2. **Pre-Proposal Conference.** A mandatory Pre-Proposal Conference will be held virtually (via Zoom/Teams) on **October 22, 2024 at 1:00 PM EST**. After the Pre-Proposal Conference, a tour of the Center will be conducted. **All Proposers must attend the Virtual Pre-Proposal Conference.** A party that fails to attend the Pre-Proposal Conference is precluded from submitting a proposal.

- a. **Addenda.** Changes, corrections, or additions may be made to the RFP after it has been issued. In such case, a written addendum, or addenda ("Addendum" or "Addenda") describing the change(s), correction(s) or addition(s) will be issued to each Proposer, who provided written notice to PCCA of its email address. Such Addendum or Addenda shall become part of the RFP. Each Proposer must register with **Ron Bernal at rbernal@paconvention.com** to receive Addenda and shall acknowledge receipt of all Addenda in its Proposal. No oral communications, rulings or interpretations will be held binding upon PCCA.

3. SUBMITTAL PROCEDURES AND REQUIREMENTS

3.1. Compliance with the RFP

- a. Each Proposer is required to submit a complete written Proposal and to attest to the accuracy and completeness of its Proposal. In all respects, the Proposers shall comply with the instructions and the stipulations of this RFP in the preparation and submission of Proposals. Proposals **must** be signed by a duly authorized person, partner, or officer of the Proposer, as applicable, and evidence of such authorization must be included with the Proposal. The Proposer's full legal name and form of legal entity must be fully stated and shall include the state of incorporation or formation and the principal place of business. Fictitious names and/or "doing business as" designations shall not suffice.
- b. Where permitted by this RFP, the Proposer must specifically identify and fully explain in the Proposal any exceptions to or deviations from the requirements of this RFP.
- c. Failure to comply with the requirements of this RFP may render the Proposal, at the sole discretion of PCCA, as unresponsive or otherwise unacceptable and may result in the rejection of the Proposal and/or disqualification and the elimination of the Proposer from further consideration for this RFP.

3.2. Proposer Affiliations and Subcontractors.

- a. Each Proposer must disclose in its Proposal any relationship between the Proposer and any entity that has a contractual relationship with PCCA.
- b. Any services proposed by the Proposer that will be performed in whole or in part by outside parties, third-party contractors, affiliates, or subcontractors of the Proposer if permitted by PCCA, must be specifically identified in the Proposal and the business relationship between the Proposer and such third parties must be explained in the Proposal. Nothing contained herein or in the Contract shall be construed to impose any obligation on the part of PCCA to any outside party or third-party contractor.

3.3. Proposals

- a. Each Proposer is required to submit a complete written Proposal by the specified

time herein. **Late Proposals may not be considered.**

- b. In all respects, the Proposers shall comply with the instructions and the stipulations of this RFP in the preparation and submission of Proposals. Oral or telephone Proposals or unsolicited modifications to Proposals **will not** be considered.
- c. Proposals must be accompanied by a transmittal letter:
 - 1) The transmittal letter must be on an official business letterhead of the Proposer and signed by a duly authorized person, partner, or officer of the Proposer, as applicable, and evidence of such authorization must be included with the Proposal. The Proposer's full legal name and form of legal entity must be fully stated and shall include the state of incorporation or formation, and the principal place of business. Fictitious names and/or “doing business as” designations shall not suffice.
 - 2) The transmittal letter must include at a minimum:
 - (i) Identification of the person who will serve as the primary contact for the Authority with respect to the Proposal, and shall include the person’s title, address, telephone and fax numbers, and e-mail addresses;
 - (ii) Certification that the Proposer is not currently under suspension or disbarment by the Commonwealth of Pennsylvania or any other state or federal government; and
 - (iii) Acknowledgment of receipt by the Proposer of any RFP Addenda or Amendments as required by Section 2.3.
- d. Proposals must be submitted via **an electronic copy in PDF format and one (1) original hard copy with USB Drive delivered to the PA Convention Center Authority.**

3.4. Submission of Proposals; Deadline

- a. Proposal must be submitted as follows:
 - 1) Hard copy must be delivered to the following address:

Pennsylvania Convention Center Authority
One Convention Center Place
1101 Arch Street
Philadelphia, PA 19107
Attn: Ron Bernal, Finance Controller
 - 2) Electronic copy must be delivered via direct upload (e.g., Dropbox), instructions for which will be provided via email communication to all interested Proposers.
- b. **Proposals must be received electronically in the manner prescribed in Section**

3.4(a) above no later than 4:00 PM EST on November 26, 2024. Proposer should allow sufficient delivery time to ensure receipt of their Proposals by PCCA prior to the date and time fixed for the acceptance of the Proposals. Proposals received after this time may be rejected by the PCCA. Hard copies of proposals may be received after the deadline, provided that electronic copies are transmitted on time.

- c. Each Proposer shall identify its Proposal on the outside of the envelope by writing the words: **“Proposal for External Financial Audit Services for the Pennsylvania Convention Center Authority.”**
- d. Each Proposal must be in a single package with separate components. Each electronically submitted component shall be included in a separate PDF document with the proper identification named in the electronic file. The components are:
 - 1) Technical Portion – **No cost information may appear in this portion.**
 - 2) Anti-Discrimination Portion
 - 3) Cost/Price Portion
 - 4) Financial Portion

3.5. Term of Proposal. Proposals shall remain open for acceptance and be irrevocable for a period of one hundred eighty (180) calendar days after the deadline for submission of Proposals specified in Section 3.4 hereof.

3.6. Withdrawal of Proposals. Proposals may only be withdrawn personally or upon written or telegraphic request received from Proposers prior to the time fixed herein for submission of Proposals. Such withdrawal shall be effective only upon receipt by the Authority, as evidenced by written confirmation of such receipt. The withdrawal of a proposal will not preclude the submission of another Proposal by such Proposer prior to such deadline. A proposer may not withdraw its proposal after the time fixed for submission of proposals but rather such proposals shall remain open for the time period specified in Section 3.5.

3.7. Business License. Proposers which are corporations, or that are individuals or firms doing business under fictitious names, must supply, in their Proposals, documented proof that they have registered with and obtained a certificate from the Secretary of the Commonwealth authorizing them to do business in this Commonwealth and confirming that they are in good standing. Proposers must also supply in the Proposals, documented proof that they have obtained from the City of Philadelphia the appropriate license(s) for conducting business in Philadelphia. If the foregoing proof is not available at the time of submission of the Proposals, the Proposer must, at a minimum, provide evidence that it has applied for such certificates and license(s) and, at the option of PCCA, and designated Proposed will be required to produce such certificates and licenses prior to execution of the Contract.

3.8. Ownership and Non-Confidentiality of Proposals. All Proposals submitted in response to this RFP will become the property of PCCA and will not be returned. The

contents of all Proposals are a matter of public record.

3.9. Effect of Submission. Submission of a Proposal shall constitute agreement by the Proposer to all of the terms incorporated in the RFP. By submission of a Proposal, the Proposer is representing and warranting that:

- (i) The information contained in its Proposal is complete and accurate and that such information shall continue to be complete and accurate at all times; and
- (ii) The delivery of the products and services specified in this RFP and the Proposal shall, in provision of such products and services, other than as included in the Contract executed by both parties, in no way obligate PCCA to pay any additional costs to the Proposer.

4. SCOPE OF THE SERVICES

4.1. General Requirements. Prior to submitting a Proposal, each Proposer must familiarize itself with all current working conditions, including but not limited to the labor environment and all applicable laws, codes, ordinances, contracts, agreements, rules and regulations that will affect the delivery of the services to be provided by the Proposer.

PCCA seeks an independent auditing firm to conduct an annual external financial audit as required by law under 64 Pa.C.S. § 6012 and the PCCA Operating Agreement. A copy of PCCA's Operating Agreement is attached as **Exhibit "A"** to this RFP. Proposer should present its audit plan to audit PCCA's external annual financial statements as of June 30, 2025. The Plan should include an overview of the firm's audit approach, a proposed work plan including detailed timeline and a plan of transition from the current audit firm. The incumbent audit firm sends a team onsite for a week in May to complete interim compliance testing with the full engagement beginning in August.

The PCCA is a component unit of the Commonwealth of PA and the audited financial statements are required to be submitted to the Commonwealth no later than September 30, 2025. Proposers **MUST** submit a timetable that will ensure timely completion. The PCCA requires a draft report to be presented to the Finance Committee of the Board of Directors and the full Board of Directors prior to submission to the Commonwealth. Attached please find audited statements as of June 30, 2024 – **Exhibit "B"**.

4.2. Additional Requirements.

a. Audit Services

- 1) Proposer must be licensed and in good standing with the Commonwealth of PA Board of Accountancy. (Documentation required)
- 2) Audits are to be performed in accord with generally accepted auditing standards

in the U.S. and standards applicable to financial audits contained in Government Auditing Standards.

- 3) Proposer must document its qualifications and experience with auditing Governmental Agencies, with emphasis on arenas and/or convention centers.
- 4) Proposer must submit a copy of the most recent external quality control review and indicate whether this review included any government engagements.
- 5) Proposer must document its availability to meet periodically with the Board of Directors (Audit Committee) and Fiscal Personnel.
- 6) Proposers must submit a detailed work plan to include start and end dates of fieldwork including any interim testing, dates of submission of draft and final audit reports, proposed segmentation of engagement, level of staff and hours assigned to each proposed segment of engagement, approach to be taken in drawing audit samples and sample sizes.
- 7) Proposer must document staff to be utilized on engagement and relative experience, as well as Senior Audit Personnel's participation on the engagement. In addition, please describe what role each member of the engagement team will be responsible for while on the job and provide resumes for key personnel assigned to the engagement (Partner, Manager and On-Site Team lead).
- 8) Proposer must describe firm's procedures for monitoring progress of audit and communicating with PCCA.
- 9) Proposer must describe firm's policies, procedures or techniques used to develop information for management letters.
- 10) Proposer must deliver an electronic copy and one (1) hard copy of the audited financial statements for each fiscal year.

4.3. Examination of Conditions Affecting Work.

- a. Prior to submitting a Proposal, each Proposer must familiarize itself with all current working conditions, including but not limited to the labor environment and all applicable laws, codes, ordinances, rules and regulations that will affect the delivery of the services to be provided by the Proposer.

4.4. Cost Proposal. Proposers must describe the compensation elements detailed as follows:

- a. Please provide a NOT TO EXCEED fee proposal to contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive maximum price should include all direct and indirect costs,

costs of any meetings/conferences with PCCA Board and Commonwealth Office of Budget, if necessary, and all out-of-pocket expenses.

- b. PCCA is a tax-exempt entity not liable for sales tax. All price quotations for equipment and services provided by the Proposer to the PCCA must exclude sales tax charges. A tax-exempt certificate will be provided upon request.
- c. Please provide a separate cost proposal for fiscal years 2025, 2026 and 2027 (3 years in total). Proposal should include hourly rates and number of hours anticipated for each staffing level.
- d. Please provide a payment and performance schedule to include estimated invoice dates, billing amounts and payment dates.
- e. Please provide your client assistance package and outline the tasks to be performed and estimated hours for each task.
- f. Describe your basis of estimation and determination of fees for work outside the scope of normal audit compliance.
- g. Explain how routine phone calls and minor research or consultations are handled. Specifically identify what is part of your quote and what is not.

4.5. Confidentiality. All data contained in the documents and/or files supplied by PCCA either during the RFP process or after the execution of the Contract to be awarded pursuant hereto are to be considered confidential and shall be solely for the use of the requesting Proposer. The Proposer will be required to use reasonable care to protect the confidentiality of any data.

4.6. Delivery Responsibilities. The designated Proposer will be required to assume sole responsibility for the delivery of services. The Proposer may not assign or subcontract any of its responsibilities under the Proposal or the Contract except to the extent specifically provided herein or in the Contract.

4.7. Interpretation. Should any question arise as to the proper interpretation of the terms and conditions of the Proposal Documents, the decision of PCCA shall be final.

4.8. Anti-Collusion. The Proposer, by signing its Proposal, does warrant and represent that its Proposal has not been solicited, secured or prepared directly or indirectly, in a manner contrary to the laws of the Commonwealth of Pennsylvania, and that said laws have not been violated as they relate to the procurement or performance of the Contract to be awarded pursuant to the process described in this RFP by any conduct, including the payment or giving of any fee, commission, compensation, gift, gratuity, or consideration of any kind, directly or indirectly to any PCCA employee, officer, or

consultant.

5. MINIMUM CRITERIA FOR THE PROPOSER

5.1. **Minimum Required Qualifications.** In addition to the items set forth in Sections 4.2 and 4.4, the Authority will also evaluate the following criteria set forth in Sections 5.1, 5.2 and Section 6.

- a. **Financial Requirements.** Each Proposer must supply, in its Proposal, documented proof of its financial condition and financial responsibility to provide documented services to the PCCA. This includes providing financial statements certified by a public accountant or annual reports covering the two (2) most recent fiscal years containing detailed balance sheets, P&L statements and cash flow statements, and any other such documents that will allow PCCA to assess the financial viability of the Proposer. PCCA, at its discretion, may request the Proposer to provide such additional financial information as PCCA, in its discretion, deems necessary to establish the financial responsibility of the Proposer.
- b. **Insurance Requirements.** Proposer must provide and maintain, during the term of any contract with the PCCA, appropriate insurance coverages in the limits required by the PCCA and in accordance with the law. The requisite insurance coverages include at a minimum, workers compensation insurance, general liability insurance, automobile liability insurance and excess liability insurance.
- c. **Licensing Requirements.** Proposer must be legally licensed to operate under all applicable laws of the Commonwealth of Pennsylvania and the City of Philadelphia. Proposers must supply, in their Proposals, documented proof that they have registered with and obtained a certificate from the Secretary of the Commonwealth authorizing them to do business in this Commonwealth and confirming that they are in good standing. Proposers must also supply in the Proposals, documented proof that they have obtained from the City of Philadelphia the appropriate license(s) for conducting business in Philadelphia. If the foregoing proof is not available at the time of submission of the Proposals, the Proposer must, at a minimum, provide evidence that it has applied for such certificates and license(s) and, at the option of PCCA, and designated Proposed will be required to produce such certificates and licenses prior to execution of the Contract.
- d. **References/Credentials.** Each Proposer shall provide PCCA with a minimum of three (3) written references from current or prior customers of the Proposer and a copy of the Proposer's most recent peer review, if applicable.

5.2. **Anti-Discrimination Policy.**

- 1) PCCA's Anti-Discrimination Policy. PCCA has instituted an Anti-Discrimination Policy to prevent discrimination against minorities and

females in all PCCA subcontracting and employment opportunities and to ensure that minorities and females have an equal opportunity to participate in all contracts let for the operation, and maintenance of the Center. A copy of PCCA's Anti-Discrimination Policy can be found at <https://www.paconvention.com/about/purchasing-bids-rfps> under "Exhibit AA Anti-Discrimination Policy."

2) Anti-Discrimination Implementation Plan. All Proposers are required to make their best efforts to achieve minority and female participation in subcontracting and employment opportunities at substantial and meaningful levels. Each Proposer must submit an affirmative action implementation plan specific to the delivery of services described in this RFP. The successful Proposer's Anti-Discrimination Implementation Plan as accepted by PCCA will become an enforceable provision of the Contract. If the Proposer fails to detail its best efforts as required under this Section, the Proposal may be deemed non-responsive and may be rejected by PCCA. Please follow the directions in connection with completing the Anti-Discrimination Implementation Plan:

(i) Proposers must provide a detailed Anti-Discrimination Implementation Plan specific to this RFP. Proposers' Anti-Discrimination Implementation Plans must include levels of minority and female-owned business participation in (i) subcontracting and (ii) workforce utilization. The Anti-Discrimination Implementation Plan must briefly describe the specific task assigned to each minority and/or female-owned business listed on the Solicitation and Commitment Form, found at <https://www.paconvention.com/about/purchasing-bids-rfps> titled "Exhibit BB Solicitation for Participation." Workforce utilization must indicate the employees who are minorities and/or females who will be assigned to this project and indicate their status by category (i.e., management, hourly, full-time, part-time, etc.). Proposers' workforce utilization can be in a narrative format.

If there are any special business arrangements (i.e., teaming, joint-venture and/or in-association with relationships) then an explanation of that particular arrangement must be included with the Affirmative Action Plan for PCCA review and approval. The document must indicate all roles and responsibilities of all the participants to the business relationship.

(ii) Solicitation & Commitment Form - Proposers must complete the Solicitation & Commitment Form. Please complete all areas that apply to the Proposer's submission. In the event that a firm(s) has more than one certification designation (Minority and Women Business Enterprise), one **must** be selected for purpose of measuring the levels of

actual participation. In order to satisfactorily complete the Solicitation & Commitment Form, the following areas must be indicated; the type of work to be performed; date of solicitation or commitment; whether or not a commitment is made, (“yes” or “no”). If “yes”, indicate the amount in dollars and the percentage. If “no” commitment is made, please provide an explanation. Provide copies of all certifications of all firms listed on the Solicitation & Commitment Form.

- (iii) Best Efforts - Proposers must demonstrate, in writing, that it took reasonable steps to obtain representation of minority and female-owned businesses and/or vendors to assure equal opportunity, even if the efforts were ultimately unsuccessful.

Proposers must provide evidence (a written description with supporting documentation) to the PCCA that it utilized its best efforts to include minority and female-owned business participation in every phase of this RFP. Evidence of “best efforts” includes, but is not limited to, the following:

- a) Providing copies of advertising in general media, trade association publications, and minority-focused media concerning subcontracting opportunities.
- b) Participating in conferences and seminars specifically for the promotion of the anti-discrimination portion of the project.
- c) The timely notification of minority and female-owned business enterprises and solicitation of their participation on this project.
- d) Providing sufficient information about plans, specifications, and requirements of the project to interested to minority and female-owned businesses.
- e) Providing evidence of reasonable efforts to negotiate with minority and female-owned businesses to provide specific services and/or goods and supplies.

Proposers must comply with the aforementioned PCCA Anti- Discrimination Policy requirements in order for their Proposals to be considered and/or deemed accepted “best efforts.” The PCCA Best and Good Faith Efforts form can be found at <https://www.paconvention.com/about/purchasing-bids-rfps> under “Exhibit CC Best and Good Faith Efforts.”

6. PROPOSAL EVALUATION AND AWARD OF CONTRACT

6.1. Evaluation Criteria.

- a. The PCCA, *in its sole discretion*, will use a variety of criteria, including, without limitation, the following criteria, which are not necessarily listed in order of importance and may be weighed equally in evaluating the Proposals received:
- 1) General feasibility, effectiveness and clarity of the Proposal and its responsiveness to the RFP requirements.
 - 2) Proposer's demonstrated experience in delivering the required services.
 - 3) Proposer's organizational resources, depth of resources, and financial stability and capability.
 - 4) Creative or innovative and cost-effective approach to service delivery, pricing, and compensation.
 - 5) Initial pricing, pricing for each year of the term of the contract, and overall economic advantages.
 - 6) Evidence of Proposer's service reliability, customer support, and on-time delivery of services.
 - 7) Proposer's compliance with the PCCA's Affirmative Action Policy.
 - 8) Implementation capabilities.
 - 9) Other factors.
- b. The PCCA may, *in its sole discretion*, after full and careful consideration, accept the Proposal which best fulfills the PCCA's requirements and is most advantageous to the PCCA. The PCCA is not required to make its selection based solely upon the lowest proposed pricing schedule. The priority, weighting, and importance to be afforded to criteria, both individually and in total, shall be solely determined by the Authority in its sole judgment and discretion. The Authority may determine that one of the criteria is most important and outweighs all of the remaining criteria, and may award the contract based on its sole judgment that a particular proposal best satisfies the purpose of the RFP due to its response to that one criteria.

6.2. Evaluation Process. Upon receipt of the Proposals, PCCA may short-list the Proposers based on evaluation criteria including, but not limited to, that cited in Section 6.1 of this RFP. The PCCA reserves the right to then interview each of the short-listed Proposers and may require presentations to be made to PCCA by such Proposers. The proposal review and selection process is as follows:

- 1) **Receipt of RFPs** - RFPs from Proposers will be received at the location on the day and at the time indicated in this RFP.
- 2) **Technical, Anti-Discrimination and Diversity and Inclusion Review** -

PCCA will initially review and evaluate the proposals for compliance with the requirements of the RFP. PCCA will then evaluate the proposal's Technical Submittals and Affirmative Action Responses. PCCA may require all, or some, Proposers participate in an oral interview during this initial process. The general purpose of this session is for the Proposer to clarify specific aspects of the above submittals. Although the oral interview itself will not be a basis for award; responses provided by the Proposer in the interview will be considered. Absence of an interview does not indicate lack of interest of PCCA in a proposal.

- 3) **Shortlist** -The PCCA will evaluate all proposals on the basis of compliance with the Anti-Discrimination Policy response. PCCA will evaluate whether the technical portion of the Proposal provides the details of the necessary technical and personnel support, and the manner in which it will fully implement and satisfy all requirements of the Project. The Authority will also evaluate whether the Proposer's Affirmative Action Implementation Plan achieves minority and female participation in subcontracting and employment opportunities at substantial and meaningful levels and whether Proposer's satisfactorily demonstrated their best efforts as described in the Anti-Discrimination Policy. PCCA will notify selected Proposers in writing of its selection for further consideration of their proposal.
- 4) **Presentations of Shortlisted Proposers** - Selected Proposers will be requested to participate in a one-hour meeting with PCCA. The agenda will provide for up to a thirty (30) minute presentation by the Proposer and the remainder as a question-and-answer period. PCCA does not require or expect the Proposers provide elaborate presentations or add information beyond their initial proposal. PCCA may request Proposers explain the basis of their cost/pricing for proposal.
- 5) **Cost Review** - PCCA will review all the Shortlisted proposals and select the Proposers that it considers is in its best interest. During the PCCA deliberations, PCCA may request further information from Proposers. Where similar Proposals come from several Proposers, PCCA may decide to engage in negotiations with only one, several or all Proposers submitting similar Proposals. The cost/price portion of the Proposal will be evaluated separately. It will be utilized to evaluate the Proposer's understanding of the requirements of the RFP and to determine the most probable cost to the Authority. The cost/price portion will be evaluated for reasonableness and completeness. The Authority will evaluate the reasonableness of each Proposer's cost/price Proposal, determine whether the proposed cost/price is consistent with the proposed technical approach and indicates a clear understanding of a sound approach to satisfying the requirements in the scope of services set forth in Section 4 above.
- 6) **Negotiation** - PCCA may undertake negotiations with several Proposers for

similar or different Proposals. In either case, PCCA may request “final and best offers”. Based upon these negotiations, PCCA will offer a “Notice of Award” to the selected Proposer(s).

- 7) **Award of Contract** - Upon the completion of the negotiations, PCCA at its sole discretion, upon approval by the PCCA’s Board of Directors, may award a Contract or Contracts for the services described herein for the Proposal that it determined in its sole discretion best fulfills the requirements of the RFP and is most advantageous to the Authority.

6.3. Rights and Options of PCCA. PCCA reserves and may exercise one or more of the following rights and options with respect to this RFP:

- a. To reject any and all Proposals.
- b. To elect to award certain parts of the Scope of Services, to separate proposers or to award the entire Scope of Services to one proposer as the PCCA deems necessary.
- c. To use criteria other than price in determining the Proposer(s) with which it will contract.
- d. To supplement, amend or otherwise modify this RFP.
- e. To cancel this RFP with or without the substitution of another RFP.
- f. To issue additional or subsequent solicitations for Proposals.
- g. To conduct investigations with respect to the qualifications of any Proposer.
- h. To change any time for performance set forth in this RFP.
- i. To waive any non-compliance of any Proposal with the requirements of this RFP.
- j. To permit any Proposer to supplement, amend or otherwise modify its Proposal.
- k. To supplement, amend or otherwise modify the terms of any proposed form of Contract which may be submitted by PCCA to any Proposer.

6.4. Request for Additional Information. Proposers shall furnish such additional information as PCCA may request in connection with its evaluation of the Proposals.

6.5. Acceptance or Rejection of Proposals.

- a. The PCCA reserves the right to reject any or all Proposals and to seek additional Proposals, if such action is in the best interest of PCCA. PCCA reserves the right to waive any informalities and technicalities in the Proposal process.
- b. If for any reason whatsoever, PCCA rejects a Proposal, the Proposer agrees that it

will not seek to recover lost profits on work not performed nor will it seek to recover its Proposal preparation costs. By submitting its Proposal, the Proposer expressly states that it intends to be legally bound and accepts the limitation of remedies set forth in this Section.

6.6. Contract Award.

- a. After PCCA has selected a Proposer, as a result of the aforesaid evaluation process, the successful Proposer shall be required to execute a Contract with the PCCA. PCCA reserves the right to modify, amend and supplement any proposed form of Contract submitted by PCCA to any Proposer, in any manner it deems appropriate.

The terms of the Proposal of the designated Proposer, to the extent accepted by PCCA, shall be incorporated into the Contract. PCCA reserves the right to revoke the designation of a Proposer as the designated Proposer at any time prior to execution of the Contract by the Proposer and PCCA and in the form approved by PCCA.

- b. The contents of the Proposal of the selected Proposer and the RFP will become contractual obligations upon execution of a contract between the Proposer and the Authority; provided however, that the terms of any such contract shall supersede the provisions of the Proposal and the RFP, to the extent the terms of the contract are inconsistent with the terms of the Proposal or RFP. In the event that either the designated Proposer does not execute the Contract as herein required, or PCCA has revoked the designation of a particular Proposer as the designated Proposer, the PCCA, in its sole discretion, may enter into negotiations with one or more of the other Proposers or PCCA may solicit new Proposals.
- c. At or prior to delivery of the signed Contract, the designated Proposer shall deliver to PCCA the policies of insurance or insurance certificates as required by the Contract. All policies or certificates of insurance must be approved by PCCA before the designated Proposer may proceed with the delivery of the contracted services.

7. MISCELLANEOUS

- 7.1. Penalty for Non-Compliance. Proposals received after submission deadline will be disqualified.** Failure to comply with the requirements of this RFP may render the Proposal, at the sole discretion of PCCA, as unresponsive or otherwise unacceptable and may result in the rejection of the proposal, and/or the disqualification and the elimination of the Proposer from further consideration for this RFP.
- 7.2. Handling of Proposals.** All Proposals submitted in response to the RFP. will become the property of the Authority and will not be returned.
- 7.3. Cost Liability.** The PCCA shall not, in any way, be responsible for any costs incurred by any Proposer in preparing, reproducing, distributing, and presenting its Proposal.
- 7.4. Additional Clarification of Proposals.** The Authority may ask a Proposer to clarify in writing the technical or cost/price portions of the Proposer's Proposal at any time prior to the execution of a contract between a Proposer and the Authority. Where permitted by this RFP, the Proposer must specifically identify and fully explain in the Proposal any exceptions to or deviations from the requirements of this RFP.
- 7.5. Disclosure of Relationships.**
- a. Each Proposer must disclose in its Proposal any relationship between the Proposer and any entity that has a contractual relationship with PCCA.
 - b. Any services proposed by the Proposer that will be performed in whole or in part by outside parties, third-party contractors, affiliates, or subcontractors of the Proposer if permitted by PCCA, must be specifically identified in the Proposal and the business relationship between the Proposer and such third parties must be explained in the Proposal. Nothing contained herein or in the Contract shall be construed to impose any obligation on the part of PCCA to any outside party, third-party contractor, affiliate, or subcontractor of the Proposer.
- 7.6. Compliance with Laws, Rules, Etc.** The Proposers shall comply with all federal, state, and local statutes, laws, rules, regulations, and ordinances.
- 7.7. Taxes.**
- a. PCCA is a tax-exempt entity not liable for sales tax. All price quotations for goods and services provided by the Proposer to PCCA must therefore exclude sales tax charges. A tax-exempt certificate will be provided upon request.
 - b. The designated Proposer shall be responsible for all taxes related to the provision of goods and services pursuant to the Contract and shall apply to the respective taxing authorities for all applicable account numbers and file appropriate tax returns as required by law.

Exhibit "A"

Operating Agreement

OPERATING AGREEMENT
BY AND AMONG
CITY OF PHILADELPHIA,
PENNSYLVANIA CONVENTION CENTER AUTHORITY
AND
COMMONWEALTH OF PENNSYLVANIA,
THROUGH ITS OFFICE OF THE BUDGET AND
THROUGH ITS DEPARTMENT OF GENERAL SERVICES
DATED AND EFFECTIVE APRIL 20, 2010

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OPERATING AGREEMENT
BY AND AMONG
CITY OF PHILADELPHIA,
PENNSYLVANIA CONVENTION CENTER AUTHORITY
AND
COMMONWEALTH OF PENNSYLVANIA,
THROUGH ITS OFFICE OF THE BUDGET AND
THROUGH ITS DEPARTMENT OF GENERAL SERVICES
DATED AND EFFECTIVE APRIL 20, 2010

THIS OPERATING AGREEMENT ("Operating Agreement") is dated and effective April 20, 2010 by and among the CITY OF PHILADELPHIA (the "**City**"), a municipal corporation and a body corporate and politic, organized and existing under the laws of the Commonwealth of Pennsylvania, THE COMMONWEALTH OF PENNSYLVANIA, acting through the Office of the Budget and Department of General Services (the "**Commonwealth**"), and the PENNSYLVANIA CONVENTION CENTER AUTHORITY (the "**Authority**"), an agency and public instrumentality of the Commonwealth and a body politic and corporate created and existing under the Pennsylvania Convention Center Authority Act, 64 Pa. Cons. Stat. Ann. § 6001, *et seq.*, as amended (the "**Act**").

BACKGROUND

(a) The City, the Authority and the Commonwealth in the 1980's arranged for the acquisition of land, demolition, site preparation, design and construction and management of the Pennsylvania Convention Center located, generally, at 13th and Arch Streets in Philadelphia (the "**Original Convention Center**"). The City and the Authority executed a Lease and Service Agreement dated as of December 14, 1989 (together with all amendments and supplements thereto, the "**Lease and Service Agreement**") pursuant to which, among other things, the City leased certain real property to the Authority (the "**Land**") in consideration of certain rentals payable by the Authority to the City, and the City agreed to pay to the Authority a certain service fee (the "**Service Fee**") in consideration of the undertakings of the Authority with respect to the Original Convention Center. The Lease and Service Agreement provided that upon its termination, title to all buildings, improvements and/or fixtures (as described therein, the "**Improvements**") would automatically vest in the City without the need for any further action.

(b) Thereafter, as more fully described in that certain Convention Center Agreement dated April 16, 2010 (the "**Convention Center Agreement**"), the City, the Commonwealth and the Authority agreed upon the terms and conditions for expanding, and renovating the Original Convention Center (the "**Convention Center Project**") consisting of the acquisition of land, demolition, site preparation and the design and construction of an approximately 960,000 square foot expansion beginning at the westerly wall of the Original Convention Center at 13th Street and proceeding west to Broad Street and north from Arch Street to Race Street, excluding certain lands at the northeast corner of Broad and Arch Streets (such acquired land and improvements collectively herein referred to as the "**Expansion**").

(c) The Convention Center Agreement identifies with specificity the 2005 Bonds, the Trust Indenture, the projected Defeasance Date of the 2005 Bonds, and other financing obligations which by their terms are to be satisfied as a condition to the termination of the Convention Center Agreement, and the commencement of this Operating Agreement. Capitalized terms that appear herein

and are undefined shall have the meaning ascribed to such terms in the Convention Center Agreement. Such terms are hereby incorporated by reference.

(d) In addition to details on the construction and financing of the Original Convention Center, and the construction and financing of the Expansion, the Convention Center Agreement details the various real estate conveyances undertaken to enable the Commonwealth to acquire a property interest in both the Original Convention Center and the Expansion so that both could be leased to the Authority to be operated as a single facility. The Original Convention Center and the Expansion are collectively herein referred to as the "**Convention Center**".

(e) Appropriate comprehensive and risk-specific insurance coverage is contractually required to have been procured by the Convention Center Authority, and by contractors and subcontractors performing work on the Expansion, and has in fact been procured to the satisfaction of the Commonwealth.

(f) There is presently in place, in the Convention Center Project construction budget, sufficient contingency reserve for any cost overrun encountered for any reason by the construction or any aspect thereof.

(g) Except insofar as expressly stated herein or in such other agreements as may be executed by the City, the Commonwealth confirms that the cost of, and financial responsibility for, the operation of the Convention Center are the exclusive responsibilities of the Commonwealth, all costs thereof are fully covered by lawful appropriation, and none of the costs or financial responsibility for the Expansion or for the operation of the Convention Center are being or will be imposed on the City, except insofar as expressly stated herein or in such other agreements as may be executed by the City.

(h) The Commonwealth, as lessor has concurrently with execution of this Operating Agreement leased the Convention Center to the Authority, as lessee pursuant to a Convention Center Lease of even date herewith (the "**Convention Center Lease**"), and the Lease and Service Agreement between the Authority and the City for the Original Convention Center has been terminated.

(i) This Operating Agreement is entered into for the purpose of setting forth the terms and conditions going forward upon which (among other things) the Convention Center as leased to the Authority will be managed, operated, and maintained.

NOW, THEREFORE, in consideration of the promises, agreements and other consideration herein contained, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

1. USE OF CONVENTION CENTER.

(a) The Authority shall use and operate the Convention Center for a range of public assemblies and exhibitions, conventions, musical and dramatic performances and other business, social, cultural, scientific and recreational events, as is an appropriate use of the Convention Center.

(b) The Authority will cooperate with the City and the Commonwealth and will make commercially reasonable, good faith efforts to bring a variety of attractions to the Convention Center that will be of interest to a substantial number of persons residing in and outside of the Philadelphia region, including without limitation those types of attractions contemplated in Paragraph 2 hereof, and will report these efforts annually in the sales/booking reports contemplated under Paragraph 3 hereof.

(c) The Authority shall comply with and conform to all applicable laws, codes, ordinances or regulations, or charter or constitution provisions, duly enacted or adopted by the United States, the Commonwealth, the County of Philadelphia (the "**County**") or the City (collectively, "**Applicable Laws**"). Notwithstanding the same, the City and the Commonwealth acknowledge that the Authority may reasonably contest all such Applicable Laws, so long as the Authority's actions in doing so does not materially interfere with the Authority's performance under this Operating Agreement.

(d) The use of the Convention Center by assignees, sublessees, and concessionaires are governed by the provisions of the Convention Center Lease. The Authority may license such space as it deems necessary to undertake its operations of the Convention Center in the manner as described herein, without the consent or prior approval of the Commonwealth.

2. OPERATIONS.

(a) At all times during the Term (as hereinafter defined), the Authority shall (i) operate the Convention Center in a manner consistent with comparable convention center facilities; (ii) use commercially reasonable, good faith efforts to maximize the use of the Convention Center for a variety of events of interest and benefit to the Philadelphia community, and regions outside of the Philadelphia community, including but not limited to concerts, seminars, conferences, performances, religious events, programs of interest to children, and other attractions; (iii) cooperate with the City and agencies of the City, the County, and the Commonwealth to attract conventions and to permit usage of the Convention Center for conventions; and (iv) promote tourism, and encourage economic growth and development of the Philadelphia region.

(b) In connection with the rights and obligations of the Authority to manage, maintain and operate the Convention Center, Commonwealth approval is required for the hiring of any contract management firm or firms. Such firm or firms shall be of national or regional repute, with experience and standing in certain or all aspects of management and operation of similar facilities, subject to the terms of this Operating Agreement. If any such management contractor, or its principals, shall at any time have any business relationship with the Authority, or its principals, other than with respect to the Convention Center, the Authority shall disclose such relationship in writing to the Commonwealth and shall maintain such other business relationship and the Convention Center relationship entirely independent and separate from each other.

(c) Notwithstanding the above provisions of subparagraph (b), the Authority must contract with the Philadelphia Convention and Visitors Bureau ("**PCVB**"), or such other tourist promotion agency as appointed by the City, for the provision of marketing services for long-term bookings. For purposes herein, "long-term bookings" mean bookings outside of an 18-month period.

(d) The Authority shall have the right, in its discretion, to do all of the following:

(i) solicit, negotiate and enter into leases, licenses, concessions and similar agreements regarding the use, occupancy and operation of conventions, shows, meetings and other events, and all other related purposes, subject to the requirements of the Convention Center Lease; and

(ii) enter into such other agreements as may be customary and consistent with comparable convention center facilities to effectuate its obligations under this Operating Agreement.

(e) The Authority shall do all things and take all actions, and expend such funds, as may be reasonably necessary or desirable for the operation of the Convention Center in accordance with this Operating Agreement and the approved Operating Budget and Capital Budget (each as hereinafter

defined) throughout its Term. Without limiting the generality of the foregoing, the Authority, at all times throughout the Term, shall:

(i) Commence, defend and settle in good faith such legal actions or proceedings concerning the operation of the Convention Center as are necessary or required in the reasonable opinion of the Authority; retain counsel in connection with such defense; and notify the Commonwealth in writing of the commencement of any legal action or proceeding and advise the Commonwealth of the progress of any such legal action or proceeding. Upon request, the Authority shall send to the Commonwealth copies of all legal documentation relating to such legal actions;

(ii) Employ, train, pay, supervise and discharge such employees of the Authority, and/or engage such independent contractors, as the Authority determines in its sole discretion to be necessary (subject to such Commonwealth approval rights as set forth in paragraph 2(b) and paragraph 6 hereof) for the maintenance, repair and operation of the Convention Center, including but not limited to cleaning personnel, ticket takers, maintenance workers and equipment operators. All personnel of the Authority used in carrying out its duties under this Operating Agreement shall be employees or independent contractors of the Authority, and not the Commonwealth;

(iii) Maintain or cause to be maintained all necessary licenses, permits, approvals and authorizations required by any governmental authority, for the operation of the Convention Center; and

(iv) Comply in all material respects with all Applicable Laws relating in any respect to the use, occupancy and operation of the Convention Center, including without limitation, the Americans With Disabilities Act of 1990 (42 U.S.C. § 12101, et seq.), all regulations promulgated thereunder, and comparable laws, ordinances, codes and regulations of the Commonwealth, the County and the City. Notwithstanding the same, the City and the Commonwealth acknowledge that the Authority may reasonably contest all such Applicable Laws, so long as the Authority's actions in doing so does not materially interfere with the Authority's performance under this Operating Agreement.

(f) At all times during the Term, the Authority will perform such maintenance and repair work as set forth in the Convention Center Lease and will otherwise comply with the terms and conditions of the Convention Center Lease with regard to its operation of the Convention Center.

3. BUDGETS, RESERVES AND OTHER FINANCIAL MATTERS.

(a) Upon the Effective Date (as hereinafter defined) hereof, the Authority shall establish and maintain a Capital Reserve Fund (the "**Capital Reserve Fund**"). The Commonwealth shall deposit therein, from the proceeds of the sale and issuance of the Defeasance Bonds, such amount necessary so that the moneys in such Capital Reserve Fund will equal \$5,000,000 (the "**Capital Reserve Fund Requirement**"), recognizing that proceeds from the capital reserve fund in the Trust Indenture will also be deposited in the Renewal and Replacement Fund. The Capital Reserve Fund Requirement shall be increased on an annual basis to fund financed capital improvements and "pay-as-you-go" costs in accordance with the Authority's re-investment plan, as attached to this Operating Agreement and marked as *Exhibit A* hereto (the "**Re-investment Plan**"). The Authority's Operating Budget and/or Capital Budget, as defined in this paragraph 3, shall include the amounts of such annual contributions. The Commonwealth acknowledges that the annual contributions and draw downs from the Capital Reserve Fund as reflected in the Re-investment Plan may change as the result of Authority development and Commonwealth approval of future Capital Improvement Plans (as hereinafter defined), pursuant to the provisions of this Operating Agreement. The proceeds in the Capital Reserve Fund may be used by the Authority for furniture, fixtures and equipment and renewal and replacement improvements pursuant to

the provisions of the Renewal and Replacement Plan and Capital Improvement Plan, each as defined and described herein.

(b) Upon the Effective Date hereof, the Authority shall establish and maintain an Operating Reserve Fund (the "**Operating Reserve Fund**" and together with the Capital Reserve Fund, the "**Reserve Funds**"). The Commonwealth shall deposit therein, from the proceeds of the sale and issuance of the Defeasance Bonds, such amount necessary so that the moneys in such Operating Reserve Fund will equal \$10,000,000 (the "**Maximum Operating Reserve Fund Balance**"), recognizing that proceeds from the operating reserve fund in the Trust Indenture will also be deposited in the Operating Reserve Fund. The Maximum Operating Reserve Fund Balance shall be increased every year by the cumulative value of the change in the index know as the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, United States City Average, All Items (1982-84=100) (the "**CPI**") or the successor index that most closely approximates the CPI, and as such Maximum Operating Reserve Fund Balance may be further increased with the approval of the Commonwealth. The Authority's Operating Budget, as defined in paragraph 3(c) hereof, shall include such amounts as necessary to maintain the Maximum Operating Reserve Fund Balance, as such Maximum Operating Reserve Fund Balance may be increased or modified pursuant to the provisions of this subparagraph (b). Proceeds deposited in the Operating Reserve Fund may be used by the Authority, as follows:

(i) for short-term cash flow borrowing, as long as the forecast of the then current Fiscal Year revenues and expenses provide sufficient cash to repay such borrowing by the end of such current Fiscal Year;

(ii) for special marketing purposes, subject to Commonwealth approval; and

(iii) for operating losses, subject to Commonwealth approval. Notwithstanding the above, if Operating Reserve Fund proceeds are used to offset an Operating Budget variance of less than two (2%) percent of operating expenses, such Commonwealth approval is not required. For purposes of this subsection (b)(iii), "operating expenses" is defined as total operating expenses less any amounts included as operating expenses for Reserve Fund contributions and Education and Training Program expenditures. Further, should the Authority desire to use proceeds from the Operating Reserve Fund to offset operating losses, such use must be included in the Authority's monthly year-end forecast of its Operating Budget.

(c) At least ninety (90) days before the commencement of each Fiscal Year and at least thirty (30) days before submission of its recommended capital and operating budgets (the "**Capital Budget**" and "**Operating Budget**," or as sometimes referred to herein, the "**Capital and Operating Budgets**") to the Authority's board of directors pursuant to the requirements of the Act, whichever is earlier, the Authority shall prepare and submit to the Commonwealth a proposed Capital Budget and a proposed Operating Budget for the subsequent Fiscal Year, reflecting the requirements of this paragraph 3 herein below and in such form as set forth in *Exhibit B* to this Operating Agreement. The Commonwealth acknowledges and agree that the proposed form of Capital and Operating Budgets as attached to this Operating Agreement and marked as *Exhibit B* are in a form acceptable to the Commonwealth. Should the Commonwealth or the Authority desire to modify such forms, such forms may be modified with the consent of the other and *Exhibit B* shall be amended to reflect the modified form. Notwithstanding the same, the Commonwealth may modify such forms if the financial reporting requirements for public sector-owned convention centers change or in the event of force majeure or damage or destruction of all or a portion of the Convention Center, and *Exhibit B* shall be amended to reflect such modified forms. The Operating Budget shall be prepared on an accrual basis.

For purposes of this Operating Agreement, the term "**Fiscal Year**" means the period beginning on July 1 and ending June 30 of the following calendar year.

The Operating Budget shall set forth (i) the estimated operating revenues and expenditures of the Authority, including such amounts to be deposited in the Operating Reserve Fund as described in subparagraph (b) hereof, (ii) a projection of the monthly cash flow, and (iii) a projection of the operating fund balance for the succeeding Fiscal Year. The Operating Budget shall provide sufficient funds to ensure that the Authority will perform prudent and ordinary maintenance to the Convention Center during each Fiscal Year and shall further provide for funding in an amount sufficient to discharge any deficit in excess of the budgeted deficit incurred in the prior Fiscal Year. Notwithstanding the above, if in any Fiscal Year the Authority's operating deficit is less than the Commonwealth-approved operating deficit (the difference between the Commonwealth-approved operating deficit and the Authority's operating deficit is herein defined as "**Operating Savings**"), such Operating Savings may be deposited in the Operating Reserve Fund until the Maximum Operating Reserve Fund Balance is met for such Fiscal Year.

Further, during the Term of this Operating Agreement, and simultaneously with its annual submission of the Operating Budget, the Authority shall provide to the Commonwealth a four-year forecast of its operating results in form and substance as set forth in *Exhibit B* hereto.

The Capital Budget, in such form and substance as set forth in *Exhibit B* hereto, shall be comprised of and shall show in detail the capital expenditures to be made or incurred in the succeeding Fiscal Year, including such amounts to be deposited in the Capital Reserve Fund as described in subparagraph (a) hereof.

Further, during the Term of this Operating Agreement, and simultaneously with its annual submission of the Capital Budget, the Authority shall provide to the Commonwealth a four-year forecast of its capital improvement needs in form and substance as set forth in *Exhibit B* hereto. Combined, this one-year capital budget and this four-year forecast shall be known as the Authority's Capital Improvement Plan (the "**Capital Improvement Plan**").

The Commonwealth acknowledges that Fiscal Years 2 -5 of each such Capital Improvement Plan constitute a forecast of anticipated work and not a commitment on the part of the Authority to undertake such work. Notwithstanding the same, the Authority acknowledges that the first year of such Capital Improvement Plan does not serve as a forecast, and any changes to the same must be approved by the Commonwealth.

(d) The Operating Budgets for Fiscal Years 2009-2010, 2010-2011 and 2011-2012 and the Capital Budget for Fiscal Year 2009-2010 are attached hereto and made a part hereof and marked as *Exhibit C*. Such Budgets are hereby approved by the Commonwealth as to form and to content. For each Fiscal Year after Fiscal Year 2011-2012 for the Operating Budget and for each Fiscal year after Fiscal Year 2009-2010 for the Capital Budget, the Authority will provide the City and the Commonwealth with its proposed Operating Budget and Capital Budget. Upon receipt of the Authority's proposed Operating Budget and proposed Capital Budget, the Commonwealth will have thirty (30) days to review each such proposal and shall provide an approval or disapproval notice to the Authority within such thirty-day period (the "**Commonwealth Notice**"). The City shall have the right to review and provide comments to the Commonwealth on the proposed Operating Budget and Capital Budget during the fifteen (15) days following the receipt from the Authority. The Commonwealth may accept or reject any or all of such comments at its sole discretion, and will provide a written response to the City's comments before providing the Authority with the Commonwealth Notice. The Commonwealth's approval shall not be unreasonably withheld. If such Commonwealth Notice is not received by the

Authority within such thirty-day period, the proposed Operating Budget and proposed Capital Budget shall be deemed approved. If the Commonwealth provides a disapproval notice to the Authority within such thirty-day period, the Commonwealth shall specify the basis for its disapproval determination, and the Authority shall have a subsequent thirty-day period to revise the relevant budget(s) to address the issues raised in the Commonwealth disapproval notice. Upon the receipt of the Authority's revised proposed budget, the Commonwealth shall have a fifteen-day period to provide a second approval or disapproval notice to the Authority. If the Commonwealth does not provide such notice within the fifteen-day period, such proposed Capital Budget and proposed Operating Budget shall be deemed approved. The Authority shall not adopt the Capital Budget and Operating Budget until the Commonwealth shall have approved such Capital Budget and Operating Budget pursuant to the procedures described herein.

(e) In addition to the above-stated requirements, the Operating Budget will include funding for the Education and Training Program for a twenty-year period, as follows: (i) the Authority will use \$1,500,000 of Authority Hotel Tax (as defined below) receipts to support the Education and Training Program in Fiscal Year 2008-09, and (ii) commencing on Fiscal Year 2009-2010 and continuing through and including Fiscal Year 2027-2028, an annual amount equal to the lesser of (x) the amount paid in the immediately preceding Fiscal Year, as increased every year by the CPI or the successor index that most closely approximates the CPI, or (y) five (5%) percent of all City Hotel Tax receipts.

(f) Following adoption of the Capital Budget and Operating Budget pursuant to the requirements of this Operating Agreement, the Commonwealth must approve any deviation during the relevant Fiscal Year in a major category of the Capital Budget or the Operating Budget in excess of 5%. Notwithstanding the above, the Commonwealth must approve any deviation in the Capital Budget and Operating Budget related to a Reserve Fund or the Education and Training Program.

(g) The Renewal and Replacement Plan for the first Fiscal Year of the Term of this Operating Agreement is attached hereto and marked as **Exhibit D** (the "**Renewal and Replacement Plan**"). The Authority shall prepare and submit to the Commonwealth a revised Renewal and Replacement Plan every five years after the Effective Date of this Operating Agreement. Each five-year submission shall occur simultaneously with the Authority's submission of its proposed Operating Budget and Capital Budget for that Fiscal Year. The Renewal and Replacement plan will reflect anticipated major repairs, renewals and replacements to the Convention Center as recommended by a consulting engineer selected by the Authority or, with the Commonwealth's approval, as recommended by the Authority's Director of Engineering.

(h) The Authority has submitted to the Commonwealth marketing, sales and pricing plans (collectively the "**Marketing Plans**") prepared by or on behalf of the Commonwealth, as attached hereto and marked as **Exhibit E**. The Authority is required to perform a competitive pricing analysis once every three (3) years and provide a copy of the same to the Commonwealth. The Commonwealth acknowledges that such competitive pricing analysis may be accomplished as part of the management audit discussed in paragraph 5 of this Operating Agreement. Further, the Authority shall provide to the Commonwealth any future marketing, sales and pricing plans and any modifications thereto.

(i) The Authority may not pledge Authority revenues as security during the Term of this Operating Agreement without the prior written approval of the Commonwealth.

(j) The Authority may not incur short-term or long-term debt during the Term of this Operating Agreement without the prior written approval of the Commonwealth. Notwithstanding the above, the Authority may issue debt, which the City may agree to pay (however, the City has no present intention of agreeing to pay such Authority debt), so long as such issuance does not have a negative

financial impact on the Authority's Operating and Capital Budgets and so long as a financial impact analysis has been prepared and submitted to the Commonwealth which supports this conclusion.

(k) Within thirty (30) days of the end of each month during the Term of this Operating Agreement, the Authority shall provide to the Commonwealth financial reports reflecting monthly and year-to-date Operating and Capital Budget activity, a forecast of year-end operating and capital results, monthly cash flow statements and forecasts, and monthly event financial results in such form and substance as set forth in **Exhibit B** attached hereto and made a part hereof. Within thirty (30) days of the end of each Fiscal Year during the Term of this Operating Agreement, the Authority shall provide to the Commonwealth sales/booking reports in such form and substance as set forth in **Exhibit B** attached hereto and made a part hereof. The Commonwealth acknowledges and agrees that the proposed form of monthly and annual statements, as attached to this Operating Agreement as **Exhibit B** hereto, are in a form acceptable to the Commonwealth. Should the Authority or the Commonwealth desire to modify such forms, such forms may be modified with the consent of the other, and **Exhibit B** shall be amended to reflect the modified form. Notwithstanding the same, the Commonwealth may modify such forms if the financial reporting requirements for public sector-owned convention centers change or in the event of force majeure or damage or destruction of all or a portion of the Convention Center, and **Exhibit B** shall be amended to reflect such modified form. Further, and during the Term of this Operating Agreement, the Commonwealth shall have the right to request additional statements from time to time upon reasonable notice to the Authority.

(l) The City, the Commonwealth and the Authority acknowledge that Section 6013 of the Act provides to the City certain approvals relative to the Capital and Operating Budgets and the design of capital projects, all as more fully described in Section 6013. The City hereby delegates and assigns to the Commonwealth all of its rights under Section 6013, with the intention that the provisions of this paragraph 3 shall exclusively govern all approval rights relative to the Authority's Operating and Capital Budgets during the Term of this Operating Agreement.

(m) In order for the Convention Center to remain competitive with other major convention centers in attracting national and regional conventions, the Commonwealth covenants that it will not approve an Operating Budget that is less than the approved Authority Fiscal Year 2009-2010 Operating Budget, except that such threshold shall be adjusted as required in the case of a force majeure event or damage or destruction of all or a portion of the Convention Center. It is the intention of the parties to jointly prepare a new strategic and management plan for the operation of the convention facility given the Expansion and changes in the convention and meeting industry. The parties agree to engage independent industry experts who will assess general industry practices, assess operating and financial results of the Authority and its competitors, and guide the Authority Board and management in the development of a strategic management plan. The parties further intend to conclude the new strategic and management plan by the end of the third quarter of the calendar year 2010, in order to implement recommended actions prior to the opening of the Expansion. Upon completion of this strategic and management plan the Commonwealth and the Authority agree to discuss (1) possible adjustments to the approved Operating Budgets for FYs 2010-2011 and 2011-2012 and (2) possible adjustments to the minimum funding threshold set forth above in this §3(m).

4. ACCOUNTING MATTERS.

(a) The Authority shall and hereby agrees to keep and maintain during the Term for a period of three (3) consecutive years following the end of the Fiscal Year, permanent, complete and accurate financial records for (i) the operations of the Convention Center, and (ii) the operations of the Authority, for each such Fiscal Year, which records shall be maintained in accordance with generally

accepted accounting principles ("**GAAP**"), and which records shall be audited not less than annually by an independent and nationally recognized accounting firm selected by the Authority (the "**Accountants**").

(b) Within ninety (90) days after the end of each Fiscal Year during this Term of this Operating Agreement, the Authority will submit to the Commonwealth and to the City, complete and accurate audited financial statements prepared by an independent auditor, who is a certified public accountant. Such audited financial statements shall include, at a minimum, a balance sheet, income statement and statement of cash flows. With each such annual audit, the Authority shall also obtain a management letter or report from the auditor prepared for the Authority's Board of Directors. The Authority shall provide a copy of the management letter or report to the Commonwealth.

(c) All financial records of the Authority shall be open to the inspection and audit of the Commonwealth during the Term and for a period of three (3) years thereafter, which inspection shall occur at the Authority's office, at reasonable times following reasonable notice. The Commonwealth shall have the right to review and examine all documents and materials in the possession of the Authority relating to the financial statements submitted to the Commonwealth under this paragraph 4, the Authority's management of the Convention Center and the Authority's expenditures relating to the leasing and operation of the Convention Center, including without limitation, any and all contracts entered into by the Authority with third-parties.

5. MANAGEMENT OF CONVENTION CENTER.

(a) At least once every three (3) years throughout the Term, beginning with the Fiscal Year of the Effective Date, the Authority shall cause an audit to be conducted of its management and operation of the Convention Center (the "**Management Audit**"). Further, the Commonwealth shall have the right to require the Authority to cause a Management Audit to be conducted at any time, and from time to time, provided, however, that the Authority shall not be required to cause such an audit to be conducted more than one time within any twelve (12) month period, and provided further that the Commonwealth acknowledges that the Authority's Operating Budget for such Fiscal Year in which the audit is conducted shall be increased by the cost of any such audit.

(b) The Management Audit shall be conducted by a business entity with material experience in the convention and tourism industry, as a convention center manager, operator, auditor and/or consultant. Such auditor may be selected by the Authority, at its sole discretion. Notwithstanding the same, the Commonwealth's consent shall be required if such auditor does not have such experience as outlined herein above. The Management Audit shall (i) indicate whether the Authority is complying with the requirements of this Operating Agreement governing the management and operation of the Convention Center, (ii) provide improvement or change recommendations in instances where the Authority is managing or operating in a manner that is inconsistent with acceptable or traditional industry or business practices, (iii) indicate whether the management and/or operation should be improved or changed in any respect, and (iv) indicate whether the physical plant of the Convention Center is being properly and efficiently maintained in accordance with the terms of this Operating Agreement, and whether any modifications should be made to the physical plant of the Convention Center. If the Management Audit indicates noncompliance with this Operating Agreement, the Management Audit shall specify all areas of noncompliance. If the Management Audit indicates the need for improvement or changes, such Management Audit shall detail all such recommendations.

6. CONTRACTING PROVISIONS.

(a) The Commonwealth shall be required to approve the following contracts of the Authority or portions of such contracts: (i) for each Fiscal Year all contracts or portions of contracts

which obligate the Authority during the applicable Fiscal Year to a payment in excess of 5% of the budgeted expenditures of the Authority for such year, (ii) any year of a multi-year contract which for any applicable Fiscal Year obligates the Authority to a payment in excess of 5% of the budgeted expenditures of the Authority, (iii) for each Fiscal Year all contracts or portions of contracts (but specifically excluding event licenses) which involve the receipt of revenues by the Authority of an amount during the applicable Fiscal Year in excess of 5% of the budgeted revenues of the Authority for such year, or (iv) all contracts with a term of more than three years (including the renewal of contracts which originally had a term of three years or less, whether due to a failure of a party or parties to terminate, or due to an affirmative act of a party or parties, but only as to the portion of such renewal which is the fourth or subsequent year of the total contract period) which obligates the Authority to a payment in excess of 5% of the budgeted revenues of the Authority for such year. The Authority shall provide to the Commonwealth each of the above-described contracts prior to its execution and delivery of the same, and the Commonwealth shall have thirty (30) days to review all such contracts. If the Commonwealth fails to provide notice of approval or disapproval as to such the contract(s) within the 30-day period, such contract or contract(s) shall be deemed approved. Further, and except as otherwise provided herein, the Commonwealth will receive ten (10) days prior written notice of all contracts which do not require the approval of the Commonwealth. The notice will include the essential terms of the contract and following execution of the contract by the Authority and the third party, the Commonwealth will be provided with a copy.

7. CITY SERVICE FEE AND HOTEL TAX.

(a) Notwithstanding the termination of the Lease and Service Agreement, the City's obligation to pay to the Authority the service fee pursuant to the Lease and Service Agreement shall continue through the end of the month in which the Defeasance Bonds are issued. For the Fiscal Year in which the Defeasance Bonds are issued, the City's obligation for operating losses and debt service expenditures (principal and interest payments for the Fiscal Year) shall be based on actual and accrued Authority Fiscal Year-to-date operating loss and debt service expenditures through the end of the month in which the Defeasance Bonds are issued. The City shall also pay to the Authority an amount equal to the number of months remaining in the Fiscal Year after the end of the month in which the Defeasance Bonds are issued divided by twelve multiplied by \$15,000,000.

(b) If the City has prepaid the service fee pursuant to the terms of the Lease and Service Agreement, then the City, Authority and Commonwealth shall agree upon a City payment reconciliation for the year that the Defeasance Bonds are issued. The reconciliation shall take into account the actual amount paid by the City for the Lease and Service Agreement service fee, the amount due by the City pursuant to Section 7(a) of this Operating Agreement and the amount due by the Commonwealth pursuant to Section 8(a) of this Operating Agreement. A preliminary reconciliation shall occur on the date of issuance of the Defeasance Bonds, based upon the unaudited financial results of the Authority through the date of issuance of the Defeasance Bonds and a final reconciliation shall occur based upon audited results no later than thirty (30) days after the issuance of the Authority's audited financial statements for the Fiscal Year in which the Defeasance Bonds were issued. Any amounts owed to or by the City as a result of the preliminary reconciliation or the final reconciliation shall be due and payable within forty-five (45) days of such reconciliation.

(c) Beginning in the Fiscal Year after the Fiscal Year in which the Defeasance Bonds are issued and through December 31, 2039 (the "**Service Fee Expiration Date**"), the City shall pay to the Authority an annual service fee ("**Service Fee**") equal to \$15,000,000. Such payment shall be made no later than July 15th of each Fiscal Year. The Service Fee shall be paid on the applicable due date, without notice, demand, counterclaim, offset or deduction, except as otherwise specifically set forth herein.

(d) The City, the Authority and the Commonwealth acknowledge and agree that the Service Fee shall be used for (i) the payment of debt service on the General Obligation Bonds, the Defeasance Bonds or other bonds issued in connection with the financing of the Convention Center Project, (ii) the payment of costs incurred in connection with the Convention Center Project, and/or (iii) the costs of operating the Convention Center. The process to undertake the application of such payments shall be determined by the City, the Authority and the Commonwealth.

(e) Notwithstanding the above, in order for the Convention Center to remain competitive with other major convention centers in attracting national and regional events, the Authority must maintain a certain level of operating expenses: (i) not less than 66% of the operating expenses that were incurred in Fiscal Year 2008-09, for the current Fiscal Year and up to and including the first full Fiscal Year in which the Expansion Project is in service; and (ii) thereafter, not less than 66% of the operating expenses that were incurred in the first full Fiscal Year in which the Expansion Project is in service. The City's obligation to pay the Service Fee hereunder shall be abated during such periods of time when the Commonwealth approves an Operating Budget with operating expenses that are less than the thresholds in the preceding sentence unless the City, in its sole discretion, determines not to abate the Service Fee during such Fiscal Year. Such event thresholds shall be adjusted for purposes of comparison in the case of a force majeure event or damage or destruction of all or a portion of the Convention Center.

(f) Notwithstanding the termination of the Lease and Service Agreement, the City remains obligated to pay to the Authority revenues from the Hotel Tax (as described therein, the "**Hotel Tax**") during the Term (hereinafter defined) of this Operating Agreement. The City has enacted a Hospitality Promotion Tax effective January 1, 2009 and agrees during the Term of this Operating Agreement to pay over to the Authority on a monthly basis an amount equal to eleven thirtieths (11/30) of such tax collected by the City (such portion being paid over to the Authority is hereinafter referred to as the "**Hospitality Promotion Tax**"). Further, the City acknowledges the agreement made as of December 14, 1989, by and between the PCVB and the Authority, which obligates the PCVB to pay to the Authority, on an annual basis, a certain percentage of proceeds of the Hotel Tax during the term thereof.

(g) The City acknowledges that under the Defeasance Bonds Indenture, it is anticipated that the Defeasance Bonds Issuer will be assigning, transferring, setting over and pledging unto the Defeasance Bonds Trustee and/or such other trustee all of the Defeasance Bonds Issuer's right, title and interest in and to the Hotel Tax revenues and the Hospitality Promotion Tax and/or the Service Fees in an amount sufficient to pay all or a portion of the debt service on the Defeasance Bonds in order to secure the payment of the Defeasance Bonds. In order to accomplish the foregoing, each of the parties hereto anticipate that the Defeasance Bonds Issuer, the Defeasance Bonds Trustee and/or such other trustee, the City and the Authority may be required to execute an intercept agreement, in form and substance reasonably acceptable to each of them, pursuant to which the City may be obligated to make such payments of Hotel Tax and Hospitality Promotion Tax revenues and/or Service Fees as pledged under the Defeasance Bonds Indenture directly to the Defeasance Bonds Trustee.

(h) The City is not required to provide any additional funding with respect to the Convention Center Project in addition to the City's obligations under Section 7(a), (b) and (c) herein and the City's Service Fee payments hereunder and any related agreements in connection therewith and is not required to make any additional appropriations (other than for the Hotel Tax and the Hospitality Promotion Tax as provided herein) for the financing, operation or management of the expanded Convention Center during the Term of this Operating Agreement.

8. COMMONWEALTH PAYMENTS TO AUTHORITY.

(a) For the Fiscal Year in which the Defeasance Bonds are issued, the Commonwealth shall make a one-time payment to the Authority, within forty-five (45) days after the Defeasance Bonds are issued, of a prorated portion (on a monthly basis) of the Authority's debt service-principal for such Fiscal Year equal to the amount of any debt service-principal already paid by the City in the Fiscal Year in which the Defeasance Bonds are issued multiplied by the number of months remaining in the Fiscal Year after the Defeasance Bonds are issued divided by twelve.

The Authority shall pay such amount to the City within (ten) 10 business days of receipt of payment from the Commonwealth.

(b) During the Term of this Operating Agreement, and subject to the provisions of Paragraph 12(b) hereunder, the Commonwealth shall pay to the Authority on July 15 of each Fiscal Year an annual amount equal to the sum of operating expenses, regularly scheduled debt service payments (not taking into account any federal subsidies available with respect to Build America Bonds), debt service reserve fund deposits, Reserve Fund contributions, if any, in each Fiscal Year *minus* an amount equal to the sum of operating revenues, the Service Fee (to the extent not then-currently abated under paragraph 7(e) hereof), any amounts on deposit in the Commonwealth Credit Subaccount under the Defeasance Bonds Indenture on December 31 of the preceding Fiscal Year, Hotel Tax revenues, Hospitality Promotion Tax revenues and non-operating income, such as interest earnings, in each such Fiscal Year, provided that such operating expenses, debt service payments and Reserve Fund contributions are not in excess of Commonwealth approved budget amounts. The amount to be paid by the Commonwealth in the Fiscal Year in which the Defeasance Bonds are issued shall be calculated pursuant to the preceding sentence for the remainder of the Fiscal Year after the issuance date of the Defeasance Bonds and paid as soon as practicable after such issuance (but in no event later than forty-five (45) days thereafter). The Commonwealth's obligations hereunder shall commence in the Fiscal Year of the Effective Date of this Agreement and shall continue in each Fiscal Year thereafter. If the Term of this Agreement commences or expires on a date other than the first or last day of a Fiscal Year, the Commonwealth's obligations hereunder shall be calculated accordingly for the remainder of such Fiscal Year for which this Operating Agreement is in effect

(c) Further, if in any Fiscal Year the Authority's operating deficit is greater than the Commonwealth-approved operating deficit (the difference between the Authority's operating deficit and the Commonwealth-approved operating deficit is herein defined as "**Additional Loss**"), the Commonwealth shall fund any such Additional Loss in the immediately subsequent Fiscal Year up to such maximum amount as permitted by Act 53 of 2007. Nothing contained in this paragraph 8(c) shall alter or amend any of the Authority's obligations under this Operating Agreement, including but not limited to, its obligations as set forth in paragraph 10 herein.

9. DEFAULTS.

(a) (i) if the City fails to pay the full amount of its monetary obligations when due hereunder; or (ii) if the City fails to perform any of its covenants, conditions or agreements hereunder within thirty (30) days after the Authority or the Commonwealth has given the City written notice requiring the same to be performed; or (iii) if the City shall be adjudicated a bankrupt, or shall make an assignment for the benefit of creditors or shall file a bill in equity or otherwise initiate proceedings for the appointment of a receiver of the City's assets, or shall file any proceeding in bankruptcy or for reorganization or an arrangement under any federal or state law; or (iv) if any proceeding in bankruptcy or for the appointment of a receiver shall be instituted by any creditor of the City under any state or federal law, and such proceeding has not been terminated within sixty (60) days after its institution, then

and in addition to any other rights or remedies the Authority or the Commonwealth may have under this Operating Agreement and at law and in equity, the Authority and the Commonwealth shall have the right to recover from the City all monies that are not paid when due plus any costs and expenses that will have accrued on such previously unpaid amounts.

(b) (i) if the Authority fails to pay the full amount of its monetary obligations when due hereunder; or (ii) if the Authority fails to perform any of its covenants, conditions or agreements hereunder within thirty (30) days after the Commonwealth or the City has given the Authority written notice requiring the same to be performed; or (iii) if the Authority shall be adjudicated a bankrupt, or shall make an assignment for the benefit of creditors or shall file a bill in equity or otherwise initiate proceedings for the appointment of a receiver of the Authority's assets, or shall file any proceeding in bankruptcy or for reorganization or an arrangement under any federal or state law; or (iv) if any proceeding in bankruptcy or for the appointment of a receiver shall be instituted by any creditor of the Authority under any state or federal law, and such proceeding has not been terminated within sixty (60) days after its institution, then and in addition to any other rights or remedies the City or the Commonwealth may have under this Operating Agreement and at law and in equity, the Commonwealth and the City shall have the right to recover from the Authority all monies that are not paid when due plus any costs and expenses that will have accrued on such previously unpaid amounts.

(c) (i) if the Commonwealth fails to pay the full amount of its monetary obligations when due hereunder; or (ii) if the Commonwealth fails to perform any of its covenants, conditions or agreements hereunder within thirty (30) days after the Authority or the City has given the Commonwealth written notice requiring the same to be performed; or (iii) if the Commonwealth shall be adjudicated a bankrupt, or shall make an assignment for the benefit of creditors or shall file a bill in equity or otherwise initiate proceedings for the appointment of a receiver of the Commonwealth's assets, or shall file any proceeding in bankruptcy or for reorganization or an arrangement under any federal or state law; or (iv) if any proceeding in bankruptcy or for the appointment of a receiver shall be instituted by any creditor of the Commonwealth under any state or federal law, and such proceeding has not been terminated within sixty (60) days after its institution, then and in addition to any other rights or remedies the Authority or the City may have under this Operating Agreement and at law and in equity, the Authority and the City shall have the right to recover from the Commonwealth all monies that are not paid when due plus any costs and expenses that will have accrued on such previously unpaid amounts.

(d) No right or remedy herein conferred upon or reserved to the Authority, the City or the Commonwealth hereunder is intended to be exclusive of any other right or remedy herein or by law or in equity provided, but each shall be cumulative and in addition to every other right or remedy given herein or now or hereafter existing at law, in equity or by statute.

(e) No waiver by the Authority, the City or the Commonwealth of any breach by the other of any of the Authority's, the City's or the Commonwealth's obligations, agreements or covenants herein shall be a waiver of any subsequent breach or of any obligation, agreement or covenant, nor shall any forbearance by the Authority, the City or the Commonwealth to seek a remedy for any breach by the other be a waiver by the Authority, the City or the Commonwealth of any rights and remedies with respect to such or any subsequent breach.

(f) Notwithstanding any provision of paragraph 9(a) hereof to the contrary, it shall be a defense to the failure of the Commonwealth to pay the Payments Subject to Appropriation (as hereinafter defined) when due hereunder if and to the extent that such failure occurs due to the Pennsylvania General Assembly having not appropriated sufficient money in the general fund of the Commonwealth for this purpose to enable the Commonwealth to pay such Payments Subject to Appropriation, provided that, the annual budget request of the Commonwealth submitted to the

Pennsylvania General Assembly for this purpose included sufficient funds to make such Payments Subject to Appropriation.

10. CORRECTIVE ACTION PLANS.

(a) The Authority shall undertake a corrective action plan (the "**Corrective Action Plan**") if one or more of the following events occur during the Term of this Operating Agreement:

(i) if a financial audit, conducted pursuant to the requirements of paragraph 4 of this Operating Agreement, results in one or more negative findings; or

(ii) if a Management Audit, conducted pursuant to the requirements of paragraph 5 of this Operating Agreement, results in one or more negative findings ("**Negative Management Audit Finding**"). For purposes hereof, a Negative Management Audit Finding is defined as a finding which (i) shows that the Authority is not operating in a manner consistent with acceptable or traditional industry or business practices, and (ii) such finding is material; or such finding indicates the Authority's noncompliance with the requirements of this Operating Agreement; or

(iii) if the Authority's monthly year-end forecast shows, or the Commonwealth makes a reasonable finding, that a "**Material Budget Variance**" exists. For purposes herein, a "**Material Budget Variance**" is an operating loss in excess of two (2%) of operating expenses. "**Operating expenses**" for purposes of this subparagraph 10 (a) (iii) is defined as total operating expenses less amount for Operating Reserve Fund contributions and Education and Training Program expenditures; or

(iv) if the Authority forecasts, or the Commonwealth reasonably finds, that Authority capital expenditures in a Fiscal Year will fall short of anticipated capital sources of funds.

(b) If a Corrective Action Plan is required to eliminate or resolve a negative finding, Negative Management Audit Finding or a Material Budget Variance, such Corrective Action Plan will incorporate a revised budget, eliminating the forecasted negative finding or Material Budget Variance, to which the Authority will be bound.

(c) Implementation of any Corrective Action Plan must begin no more than sixty (60) days after an Authority forecast, Commonwealth finding, negative finding, Negative Management Audit Finding or a Material Budget Variance (all as described in subparagraphs (i) - (iv)) occurs.

(d) Should any such Corrective Action Plan include the use of Operating Reserve Fund moneys in excess of two (2%) percent of operating expenses, the Authority must obtain the Commonwealth's approval of such component of the Corrective Action Plan. For purposes of this subsection (d), "operating expenses" is defined as set forth in subparagraph 10(a)(iii).

(e) Should the Authority fail to prepare or implement a Corrective Action Plan or if the Authority acknowledges that the implementation of any such Corrective Action Plan will fail to remedy the relevant deficiencies, the Commonwealth may assume management responsibilities of the Convention Center on a temporary short-term basis until such time as the relevant deficiency has been corrected or until the financial position of the Authority has stabilized. Such management responsibilities may be assumed on behalf of the Commonwealth by Commonwealth employees or by a third party.

(f) Notwithstanding the above, if either (x) the events described in subparagraphs (i) - (iv) above, or (y) the Authority's failure to remedy the relevant deficiency as described in subparagraph

(f) above is as a result of force majeure, then the Commonwealth shall not proceed with its remedies hereunder but will work with the Authority to develop a reasonably acceptable solution to be implemented within a reasonable period of time.

11. REPRESENTATIONS AND WARRANTIES.

(a) The Commonwealth represents, covenants and agrees that, as of the date of this Operating Agreement:

(i) it has the full right, power and authority to execute this Operating Agreement and to perform its obligations and duties hereunder; and

(ii) the Commonwealth's execution and delivery hereof and performance of its obligations hereunder have been duly authorized, are the legal, valid and binding obligations of the Commonwealth (enforceable in accordance with their terms) and do not conflict with or constitute a breach under any law, regulation, ruling, order or instrument by which the Commonwealth is bound or to which the Commonwealth or its properties are subject.

(b) The Authority represents, covenants and agrees that, as of the date of this Operating Agreement:

(i) it is a body corporate and politic organized and in good standing under the laws of the Commonwealth, with full power and authority to enter into this Operating Agreement and to perform its obligations hereunder; and

(ii) the Authority's execution and delivery hereof and performance of its obligation's hereunder have been duly authorized by all necessary corporate action and do not and will not conflict with or constitute a breach under the Authority's enabling legislation or bylaws, or under any bond and indenture, agreement, instrument, law, regulation, ruling, or consent decree by which the Authority is bound or to which the Authority or its properties are subject.

(c) The City represents, covenants and agrees that, as of the date of this Operating Agreement:

(i) it is a municipal corporation, a city of the first class and body corporate and politic organized and in good standing under the laws of the Commonwealth, with full power and authority to enter into this Operating Agreement and to perform its obligations hereunder; and

(ii) the City's execution and delivery hereof and performance of its obligation's hereunder have been duly authorized by all necessary corporate action and do not and will not conflict with or constitute a breach under the City's enabling legislation or bylaws, or under any bond, indenture, agreement, instrument, law, regulation, ruling, or consent decree by which the City is bound or to which the City or its properties are subject.

12. COVENANTS.

(a) During the Term of this Operating Agreement, each of the Authority and the City covenants and agrees to use its best efforts to comply with the provisions of its enabling legislation, including but not limited to, those provisions applicable to the use and operation of the Convention Center.

(b) Both the Authority and City acknowledge, covenant and agree that the payment obligations of the Commonwealth, as set forth in numbered paragraph 8, to the extent they exceed the limitations imposed by Act 53 of 2007 (such payments that exceed such limitations are defined herein as "Payments Subject to Appropriation"), are subject to annual appropriation by the Pennsylvania General Assembly. The Authority and the City further acknowledge that there can be no assurance that the Pennsylvania General Assembly will appropriate funds in any Fiscal Year of the Commonwealth in an amount required to satisfy the Commonwealth's obligations under paragraph 8, if such amounts exceed the limitations imposed by Act 53 of 2007.

(c) The Authority covenants and agrees to comply with the terms and conditions of the Convention Center Lease, including but not limited to, its obligations to maintain or cause to be maintained such insurance that it deems necessary and proper, in its reasonable business judgment, for the protection of the Convention Center, as more specifically set forth in the Convention Center Lease. The City, the Commonwealth and the Authority acknowledge that the Convention Center Lease provides that any insurance policies carried by the Authority and by the Authority's contractors with respect to the Convention Center and the Convention Center Project shall name the Commonwealth and the City as additional insureds and the Commonwealth and the City shall be provided with certificates of insurance evidencing the same.

(d) The Commonwealth covenants and agrees:

(i) to not limit or alter the Commonwealth's payment obligations under Act 53 of 2007 relative to the Convention Center Project;

(ii) to include in the annual budget request submitted by the Governor of the Commonwealth to the Pennsylvania General Assembly an amount for payment of the Payments Subject To Appropriation when due pursuant to the provisions of this Operating Agreement. If the amount for payment is insufficient to pay the Payments Subject To Appropriation in any Fiscal Year as the same becomes due and payable, the Commonwealth shall include amounts not so paid in the Commonwealth's annual budget request for the ensuing Fiscal Year to pay in the ensuing Fiscal Year such balance due for the preceding Fiscal Year in addition to the amount of Payments Subject to Appropriation due for the ensuing Fiscal Year; and

(iii) that its covenants contained herein are material terms of this Operating Agreement the breach of which constitutes a default, however, failure to pay when due Payments Subject to Appropriation which meet the defense for nonpayment described in Section 9(f) hereof shall not constitute a default hereunder.

(e) In the event the Commonwealth determines, based upon the advice of nationally recognized bond counsel, that continued compliance with the provisions of this Operating Agreement could adversely affect the tax-exempt status of the interest on any bonds issued by the Commonwealth, including the Defeasance Bonds, to finance costs related to the Convention Center, the parties agree to make such reasonable efforts, including amendment of the provisions of this Operating Agreement, to the extent necessary to preserve such tax-exempt status; provided, that such amendment will not have a material adverse impact or result in a substantial additional cost to the Authority.

(f) The Authority covenants and agrees to comply with the provisions of the Economic Opportunity Plan as set forth in *Exhibit F* attached hereto and made a part hereof, and when applicable shall include the relevant provisions in any contracts entered into under this Operating Agreement.

(g) The City agrees to make appropriations in each of the City's Fiscal Years to provide for payments due hereunder and to the extent not appropriated in one Fiscal Year to appropriate in the next Fiscal Year.

13. [RESERVED].

14. DESIGNATED REPRESENTATIVES AND NOTICE.

(a) The Commonwealth designates the following individual to be its designated representative for purposes of this Operating Agreement:

Secretary of the Office of the Budget
Office of the Budget
7th Floor, Verizon Tower
303 Walnut Street
Harrisburg, PA 17101-1 808

Copies of all notices, filings, consents or approvals required or permitted by this Operating Agreement shall be given to:

Chief Counsel
Office of the Budget Legal Office
7th Floor, Verizon Tower
303 Walnut Street
Harrisburg, PA 17101-1 808

(b) The Authority designates the following individuals to be its designated representatives for purposes of this Operating Agreement:

President
Pennsylvania Convention Center Authority
1201 Arch Street
Philadelphia, PA

Chief Financial Officer
Pennsylvania Convention Center Authority
1201 Arch Street
Philadelphia, PA

(c) The City designates the following individual to be its designated representative for purposes of this Operating Agreement:

Director of Finance
City of Philadelphia
13th Floor/Municipal Services Building
1401 John F. Kennedy Blvd.
Philadelphia, PA 19107

Copies of all notices, filings, consents or approvals required or permitted by this Operating Agreement shall be given to:

City Solicitor
City of Philadelphia
17th Floor/One Parkway Building
1515 Arch Street
Philadelphia, PA 19102

(d) Except as otherwise specifically provided in this Operating Agreement, any notices, filings, approvals or consents required or permitted by this Operating Agreement shall be in writing and shall be deemed given if (i) delivered to the designated representatives (and a receipt obtained from each designated representative to whom personal delivery has been made); or sent to the designated representatives via certified or registered mail, return receipt requested or (ii) sent to the designated representatives by nationally recognized overnight courier. Delivery shall be deemed to have occurred on the date such notice, information or consent (i) was delivered personally or deposited with the overnight courier, or (ii) on the date of receipt of notice sent by certified or registered mail, return receipt requested.

(e) A designated representative, or the address of a designated representative, may be replaced by the party replacing the designated representative by sending notice to the other parties of such replacement.

15. TERM; MISCELLANEOUS PROVISIONS.

(a) The term of this Operating Agreement (the "**Term**") shall commence (the "**Effective Date**" or the "**Effective Date of the Operating Agreement**") commensurate with the expiration of the term of the Convention Center Agreement. The Term of this Operating Agreement will expire (the "**Expiration Date**") on the Service Fee Expiration Date. Notwithstanding the Service Fee Expiration Date of this Operating Agreement, the City shall remain liable with respect to its financial obligations to make the Service Fee payments hereunder which remain unpaid through the Service Fee Expiration Date until the Defeasance Bonds are no longer outstanding. Further, and notwithstanding the Service Fee Expiration Date of this Operating Agreement, the City shall remain liable with respect to its financial obligations to pay its Hotel Tax and Hospitality Promotion Tax which were collected on or prior to the Service Fee Expiration Date until the Defeasance Bonds are no longer outstanding. In any event, the provisions with respect to abatement as set forth in paragraph 7(e) herein shall survive the Service Fee Expiration Date.

(b) Each of the City and the Authority (collectively, as the "**Contractor**") hereby accepts and agrees to be bound by the nondiscrimination/sexual harassment clause set forth in *Exhibit G* attached hereto, the contractor integrity provisions set forth in *Exhibit H* hereto, the contractor responsibility provisions set forth in *Exhibit I* hereto, and the Americans with Disabilities Act provisions set forth in *Exhibit J* hereto.

(c) To the extent the Authority is required to provide the Commonwealth with plans, reports, financial statements, contracts and other materials as described in this Operating Agreement and the City is not already in receipt of the same, the Authority shall simultaneously provide all such materials to the City.

(d) The Authority shall be bound in its performance under this Operating Agreement with the such provisions as set forth in *Exhibit K* hereto, and when applicable, shall include the relevant provisions in any contracts entered into under this Operating Agreement.

(e) In the event that either party desires an amendment to this Operating Agreement, the party seeking the amendment must present the proposed amendment in writing to the other party. If the other party accepts the proposal, the amendment will be signed by the parties and attached to this Operating Agreement, as a rider.

(f) The provisions of this Operating Agreement are severable, and if any of its provisions become or are found to be unlawful, it shall not be construed to impair any other provision of this Operating Agreement, nor shall it be construed to void the entire Operating Agreement.

(g) This Operating Agreement shall be construed according to the laws of the Commonwealth of Pennsylvania with respect to contracts made and to be performed in Pennsylvania, without regard to its conflicts of laws principles and rules.

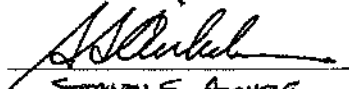
(h) Notwithstanding anything herein to the contrary, this Operating Agreement shall not cause the City to be obligated under both the Lease and Service Agreement and this Operating Agreement at the same time.

(i) Nothing in this Operating Agreement shall waive or be construed to waive the rights and immunities of the parties hereto under the Political Subdivision Tort Claims Act, 42 Pa. C.S.A. §8501 et seq., nor as a limitation on the rights or defenses available to the parties hereto under such act.

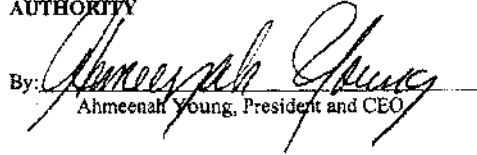
(j) This document contains the entire understanding between the parties with respect to the Convention Center during Phase III and thereafter.

IN WITNESS WHEREOF, the parties have caused this Operating Agreement to be executed by their duly authorized officers and their corporate seals to be hereunto affixed and duly attested, as of the day and year first above written.

ATTEST:


STEPHEN S. ARCHULE
COUNSEL TO PCCA

PENNSYLVANIA CONVENTION CENTER
AUTHORITY

By: 
Ahmeenah Young, President and CEO

CITY OF PHILADELPHIA, ACTING BY AND
THROUGH ITS DEPARTMENT OF FINANCE

By: _____
Rob Dubow, Director of Finance

Approved as to form
Shelley R. Smith, City Solicitor

By: _____

ATTEST:

COMMONWEALTH OF PENNSYLVANIA,
ACTING THROUGH THE DEPARTMENT OF
GENERAL SERVICES

By: _____
Authorized Representative

ATTEST:

COMMONWEALTH OF PENNSYLVANIA,
ACTING THROUGH THE OFFICE OF BUDGET

By: _____
Authorized Representative

Approved as to form and legality:

Chief Counsel, Office of the Budget

Office of General Counsel

Office of Attorney General

1146975.14 11/20/09

IN WITNESS WHEREOF, the parties have caused this Operating Agreement to be executed by their duly authorized officers and their corporate seals to be hereunto affixed and duly attested, as of the day and year first above written.

ATTEST:

**PENNSYLVANIA CONVENTION CENTER
AUTHORITY**

By: _____
Ahmeenah Young, President and CEO

**CITY OF PHILADELPHIA, ACTING BY AND
THROUGH ITS DEPARTMENT OF FINANCE**

By: _____
Rob Dubow, Director of Finance

Approved as to form
Shelley R. Smith, City Solicitor

By: _____


ATTEST:

**COMMONWEALTH OF PENNSYLVANIA,
ACTING THROUGH THE DEPARTMENT OF
GENERAL SERVICES**

By: _____
Authorized Representative

ATTEST:

**COMMONWEALTH OF PENNSYLVANIA,
ACTING THROUGH THE OFFICE OF BUDGET**

By: _____
Authorized Representative

Approved as to form and legality:

Chief Counsel, Office of the Budget

Office of General Counsel

●ffice of Attorney General

IN WITNESS WHEREOF, the parties have caused this Operating Agreement to be executed by their duly authorized officers and their corporate seals to be hereunto affixed and duly attested, as of the day and year first above written.

ATTEST:

**PENNSYLVANIA CONVENTION CENTER
AUTHORITY**

By: _____
Ahmeenah Young, President and CEO

**CITY OF PHILADELPHIA, ACTING BY AND
THROUGH ITS DEPARTMENT OF FINANCE**

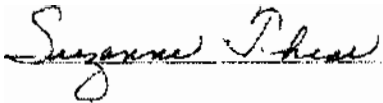
By: _____
Rob Dubow, Director of Finance

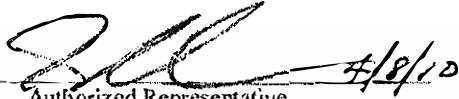
Approved as to form
Shelley R. Smith, City Solicitor

By: _____

ATTEST:

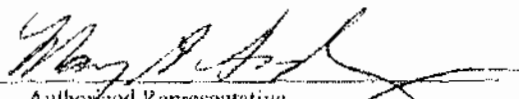
**COMMONWEALTH OF PENNSYLVANIA,
ACTING THROUGH THE DEPARTMENT OF
GENERAL SERVICES**



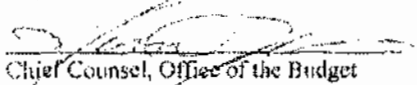
By:  4/8/10
Authorized Representative
James P. Creedon, Secretary of General Services

ATTEST:

**COMMONWEALTH OF PENNSYLVANIA,
ACTING THROUGH THE OFFICE OF BUDGET**

By: 
Authorized Representative
Mary A. Soderberg, Secretary of the Budget

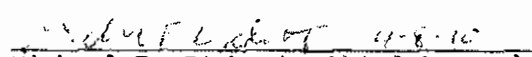
Approved as to form and legality:


Chief Counsel, Office of the Budget

Office of General Counsel

Office of Attorney General

Approved as to form and legality:

 4-8-10
Michael F. Eichert, Chief Counsel
Department of General Services

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Exhibit A Re-investment Plan

	Beg Bal	Upfront Contrib	Estimated PCCA Borrowing Proceeds	Estimated PA Contrib for Debt Service (1)	PA Contrib for "Pay-As-You-Go"	Estimated PCCA Drawdown for DS	Estimated PCCA Drawdown for Capital	Estimated Interest Earnings	End Bal
FY2010	\$0	\$5,000	\$6,000	\$721	\$1,800	(\$721)	(\$9,883)	\$124	\$3,041
FY2011	\$3,041	\$0	\$0	\$721	\$1,800	(\$721)	(\$4,214)	\$27	\$654
FY2012	\$654	\$0	\$0	\$721	\$1,800	(\$721)	(\$53)	\$102	\$2,502
FY2013	\$2,502	\$0	\$0	\$721	\$1,800	(\$721)	(\$570)	\$159	\$3,891
FY2014	\$3,891	\$0	\$48,000	\$4,823	\$1,800	(\$4,823)	(\$33,580)	\$855	\$20,966
FY2015	\$20,966	\$0	\$0	\$4,823	\$1,800	(\$4,823)	(\$13,564)	\$391	\$9,594
FY2016	\$9,594	\$0	\$0	\$4,823	\$1,800	(\$4,823)	(\$1,054)	\$439	\$10,779
FY2017	\$10,779	\$0	\$0	\$4,823	\$1,800	(\$4,823)	(\$249)	\$524	\$12,854
FY2018	\$12,854	\$0	\$0	\$4,823	\$1,800	(\$4,823)	(\$5,222)	\$401	\$9,833
FY2019	\$9,833	\$0	\$0	\$4,823	\$2,775	(\$4,823)	(\$8,291)	\$184	\$4,501
FY2020	\$4,501	\$0	\$0	\$4,102	\$2,775	(\$4,102)	(\$167)	\$302	\$7,411
FY2021	\$7,411	\$0	\$0	\$4,102	\$2,775	(\$4,102)	(\$9,600)	\$25	\$611
FY2022	\$611	\$0	\$0	\$4,102	\$2,775	(\$4,102)	(\$572)	\$120	\$2,934
FY2023	\$2,934	\$0	\$0	\$4,102	\$2,775	(\$4,102)	(\$2,390)	\$141	\$3,460
FY2024	\$3,460	\$0	\$98,000	\$10,494	\$2,775	(\$10,494)	(\$79,398)	\$1,056	\$25,893
FY2025	\$25,893	\$0	\$0	\$10,494	\$2,775	(\$10,494)	(\$22,081)	\$280	\$6,867
FY2026	\$6,867	\$0	\$10,000	\$11,262	\$2,775	(\$11,262)	(\$14,855)	\$203	\$4,990
FY2027	\$4,990	\$0	\$0	\$11,262	\$2,775	(\$11,262)	(\$8,544)	\$0	(\$780)
FY2028	(\$780)	\$0	\$7,500	\$12,164	\$2,775	(\$12,164)	(\$6,458)	\$129	\$3,166
FY2029	\$3,166	\$0	\$0	\$12,164	\$2,775	(\$12,164)	(\$1,324)	\$196	\$4,814
FY2030	\$4,814	\$0	\$0	\$12,164	\$2,775	(\$12,164)	(\$804)	\$288	\$7,073
FY2031	\$7,073	TBD	TBD	TBD	TBD	TBD	TBD	TBD	\$7,073
FY2032	\$7,073	TBD	TBD	TBD	TBD	TBD	TBD	TBD	\$7,073
FY2033	\$7,073	TBD	TBD	TBD	TBD	TBD	TBD	TBD	\$7,073

(1) Commonwealth payments for debt service related to capital reinvestment will only be made to the extent that the Authority has outstanding debt associated with renewal and replacement and/or FF&E expenditures. Such outstanding debt shall not include PEDFA Revenue Bonds or Commonwealth general obligation bonds for the expansion project.

(2) Though the FY2031 through FY2033 lines do not show specific values for the PCCA's borrowing needs and the Commonwealth's payment for debt service associated with capital reinvestment, it is the Commonwealth's intention to provide such a payment. The specific value of that payment will be determined at a later date when the PCCA's borrowing needs for those years are finalized.

Exhibit B

Form of Capital and Operating Budgets
Form of Operating Budget Five-Year Forecast
Form of Capital Budget Five-Year Forecast/Form of Monthly Statements
Form of Sales/Booking Reports

Exhibit B-1 Form of Capital Budget

Sources of Funds

PCCA Bond/Loan Proceeds for Capital Reinvestment
 Commonwealth Contribution for Capital Reinvestment
 Commonwealth Expansion Project Payments
 Capital Reserve Fund Interest
 Construction Fund Interest
 Other Sources

Total Sources of Funds

=====

Uses of Funds

Renewal and Replacement Summary-Existing & Expansion

Heating, Ventilating & Air Conditioning System
 Plumbing System
 Electrical System
 Fire Protection System
 Elevators & Escalators
 Security System
 First Aid
 Structure
 Carpeting
 Technology - Network Equipment
 Professional Fees
 Other

Total Renewal & Replacement

FFE Summary - Existing and Expansion

Exhibit Halls
 Meetings/Ballrooms
 Circulation
 Administration
 Building Support & Services
 Food Service
 Gift Shop/Biz Center
 Other

Total FFE

Expansion Construction Project

Construction Project Costs
 Change Order Contingency
 Architects Fee – Bid & Award Phase
 Architects Fee – Construction Administration Phase
 PCCA Project Staff Salaries & Expenses
 CM Fee – Bid & Award Phase
 CM Fee - Construction Administration Phase
 Offsite Mitigation Costs
 Historic Exhibit
 OCIP Premiums & Administration
 FF&E
 Fine Arts
 Construction Testing
 Owners Cost (inc Legal)

Total Expansion Construction Project

Total Uses of Funds

=====

Net Capital Surplus (Deficit)

=====

Capital Reserve Fund

Beginning Year Balance
 Bonds/Loan Proceeds
 Commonwealth Contribution for Debt Service
 Commonwealth Contribution for "Pay-As-You-Go"
 Other Income
 Interest Earnings
 Drawdown for Debt Service
 Drawdown for R&R and FFE
 Other Drawdowns
Ending Year balance

=====

Exhibit B-2 Form of Operating Budget

License Fees (Rent)	
Net Food & Beverage	
Audio Visual	
Telecommunications and Net Internet	
Utilities	
Equipment Rental	
Pouring Rights	
Retail Leases	
Other	
Total Revenues	<hr/> <hr/>
Personnel Services	
Employee Benefits	
Purchase of Services	
Material & Supplies	
Equipment	
Bad Debt	
Total Expenses	<hr/> <hr/>
Operating Deficit	<hr/> <hr/>
Interest Income (1)	
Hotel Tax Revenue for Education & Training Program	
Operating Reserve Funds used for Operating Budget (Education & Training Program Expense)	
Total Non-Operating Revenue, Net	<hr/> <hr/>
Net Operating Deficit	<hr/> <hr/>
Operating Reserve Fund	
Beginning Year Balance	
Fiscal Year Requirement	
Required Commonwealth Contribution	<hr/> <hr/>
Beginning Balance	
Commonwealth Contribution	
Repayments for Cashflow Borrowing	
Interest Income	
Other Income	
Total Income	<hr/> <hr/>
Drawdowns for Cashflow Purposes	
Drawdowns for Budget Deficit	
Drawdowns for Special Marketing	
Other Drawdowns	
Total Expenditures	<hr/> <hr/>
Ending Balance	<hr/> <hr/>
Budgeted Commonwealth Payment	
Net Operating Deficit	
Operating Reserve Contribution	
Less: PCCA Hotel Tax Revenues Excluding portion for Educ & Training	
Net Commonwealth Payment for Operations	<hr/> <hr/>
Capital Reserve Contribution	
Net Debt Service after Interest Earnings	
Less: City Service Fee	
Net Commonwealth Payment for Outstanding Debt and Capital Investment	<hr/> <hr/>
Commonwealth Payment to PCCA	<hr/> <hr/>

(1) Interest Income from all funds other than Operating Reserve, Capital Reserve, Construction Fund and Debt Service Res

Exhibit B-3
Form of Operating Budget Five-Year Forecast

	Year 1 Budget	Year 2 Forecast	Year 3 Forecast	Year 4 Forecast	Year 5 Forecast
License Fees (Rent)					
Net Food & Beverage					
Audio Visual					
Telecommunications and Net Internet					
Utilities					
Equipment Rental					
Pouring Rights					
Retail Leases					
Other					
Total Revenues					
Personnel Services					
Employee Benefits					
Purchase of Services					
Material & Supplies					
Equipment					
Bad Debt					
Total Expenses					
Operating Deficit					
Interest Income (1)					
Hotel Tax Revenue for Education & Training Program					
Operating Reserve Funds used for Operating Budget (Education & Training Program Expense)					
Total Non-Operating Revenue, Net					
Net Operating Deficit					
Operating Reserve Fund					
Beginning Year Balance					
Fiscal Year Requirement					
Required Commonwealth Contribution					
Beginning Balance					
Commonwealth Contribution					
Repayments for Cashflow Borrowing					
Interest Income					
Other Income					
Total Income					
Drawdowns for Cashflow Purposes					
Drawdowns for Budget Deficit					
Drawdowns for Special Marketing					
Other Drawdowns					
Total Expenditures					
Ending Balance					
Budgeted Commonwealth Payment					
Net Operating Deficit					
Operating Reserve Contribution					
Less: PCCA Hotel Tax Revenues Excluding portion for Educ & Training					
Net Commonwealth Payment for Operations					
Capital Reserve Contribution					
Net Debt Service after Interest Earnings					
Less: City Service Fee					
Net Commonwealth Payment for Outstanding Debt and Capital Investment					
Commonwealth Payment to PCCA					

(1) Interest Income from all funds other than Operating Reserve, Capital Reserve, Construction Fund and Debt Service Reserve Fund.

Exhibit B-4
Form of Capital Budget Five Year Forecast

	Year 1 Budget	Year 2 Forecast	Year 3 Forecast	Year 4 Forecast	Year 5 Forecast
Sources of Funds					
PCCA Bond/Loan Proceeds for Capital Reinvestment					
Commonwealth Contribution for Capital Reinvestment					
Commonwealth Expansion Project Payments					
Capital Reserve Fund Interest					
Construction Fund Interest					
Other Sources					
Total Sources of Funds					
Uses of Funds					
Renewal and Replacement Summary-Existing & Expansion					
Heating, Ventilating & Air Conditioning System					
Plumbing System					
Electrical System					
Fire Protection System					
Elevators & Escalators					
Security System					
First Aid					
Structure					
Carpeting					
Technology - Network Equipment					
Professional Fees					
Other					
Total Renewal & Replacement					
FFE Summary - Existing and Expansion					
Exhibit Halls					
Meetings/Ballrooms					
Circulation					
Administration					
Building Support & Services					
Food Service					
Gift Shop/Biz Center					
Other					
Total FFE					
Expansion Construction Project					
Construction Project Costs					
Change Order Contingency					
Architects Fee -- Bid & Award Phase					
Architects Fee -- Construction Administration Phase					
PCCA Project Staff Salaries & Expenses					
CM Fee -- Bid & Award Phase					
CM Fee - Construction Administration Phase					
Office Mitigation Costs					
Historic Exhibit					
OCIP Premiums & Administration					
FF&E					
Fine Arts					
Construction Testing					
Owners Cost (inc Legal)					
Total Expansion Construction Project					
Total Uses of Funds					
Net Capital Surplus (Deficit)					
Capital Reserve Fund					
Beginning Year Balance					
Bonds/Loan Proceeds					
Commonwealth Contribution for Debt Service					
Commonwealth Contribution for "Pay-As-You-Go"					
Other Income					
Interest Earnings					
Drawdown for Debt Service					
Drawdown for R&R and FFE					
Other Drawdowns					
Ending Year balance					

Exhibit B-5
Form of Monthly Operating Statements

Month				Year to Date				
Actual	Budget	Variance	Last Year	Actual	Budget	Variance	Last Year	Budget Remaining
Income								
License Fees								
Food and Beverage								
Audio Visual								
Pouring Rights								
Retail Leases								
Telecommunications								
Utilities								
Equipment Rental								
Internet Services, Net								
Other								
Total Operating Income								
Expenses								
Salaries								
Employee Benefits								
Purchased Services								
Advertising & Promotion/Marketing								
Building Insurance								
Car Insurance								
Director's Fees								
Directors'/Tenant Insurance								
Dues and Memberships								
License, Permits and Inspections								
Travel								
Tables & Event Sponsorships								
Meals & Entertainment (Non-Travel)								
Meals (Travel)								
Newspapers and Magazines								
Other Purchased Services								
Postage, Delivery, etc.								
Professional Services								
Expenses Related to Labor								
Expenses Related to Expansion								
Construction-Event related								
Rent-Furniture and Equipment								
Repairs and Maintenance								
Seminar and Training Fees								
Service Charges								
Telephone								
Transportation								
Utilities								
Building Services								
Contract Maintenance Labor								
Exterminating								
Housekeeping								
Landscaping								
Locksmith								
Maintenance								
Security								
Snow Removal								
Production								
Uniform and Laundry								
Window Cleaning								
Waste Removal								
Headhouse								
Chiller Replacement								
Total Purchased Services								

Exhibit B-6 Form of Monthly Capital Statements

Month			Year to Date			
Actual	Budget	Variance	Actual	Budget	Variance	Budget Remaining
Sources of Funds						
Total Sources of Funds						
Uses of Funds						
Renewal and Replacement Summary-Existing & Expansion						
Total Renewal & Replacement						
FFE Summary - Existing and Expansion						
Total FFE						
Expansion Construction Project						
Total Expansion Construction Project						
Total Uses of Funds						
Net Capital Surplus (Deficit)						

<i>Month</i>		
<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
		Capital Reserve Fund
		Beginning Year Balance
		Bonds/Loan Proceeds
		Commonwealth Contribution for Debt Service
		Commonwealth Contribution for "Pay-As-You-Go"
		Other Income
		Interest Earnings
		Drawdown for Debt Service
		Drawdown for R&R and FFE
		Other Drawdowns
		Ending Year balance

<i>Year to Date</i>			
<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Budget Remaining</i>

Exhibit B-7
Form of Monthly Operating Forecasts

	FY2009 YTD Actual	Forecast for Remaining FY	Forecasted YTD Total	FY2009 Budget	Variance	Last Year Actual
License Fees (Rent)						
Net Food & Beverage						
Audio Visual						
Telecommunications and Net Internet						
Utilities						
Equipment Rental						
Pouring Rights						
Retail Leases						
Other						
Total Revenues						
Personnel Services						
Employee Benefits						
Purchase of Services						
Material & Supplies						
Equipment						
Bad Debt						
Total Expenses						
Operating Deficit						
Interest Income (1)						
Hotel Tax Revenue for Education & Training Program						
Operating Reserve Funds used for Operating Budget (Education & Training Program Expense)						
Total Non-Operating Revenue, Net						
Net Operating Deficit						
Operating Reserve Fund						
Beginning Year Balance						
Fiscal Year Requirement						
Required Commonwealth Contribution						
Beginning Balance						
Commonwealth Contribution						
Repayments for Cashflow Borrowing						
Interest Income						
Other Income						
Total Income						
Drawdowns for Cashflow Purposes						
Drawdowns for Budget Deficit						
Drawdowns for Special Marketing						
Other Drawdowns						
Total Expenditures						
Ending Balance						
Budgeted Commonwealth Payment						
Net Operating Deficit						
Operating Reserve Contribution						
Less: PCCA Hotel Tax Revenues Excluding portion for Educ & Training						
Net Commonwealth Payment for Operations						
Capital Reserve Contribution						
Net Debt Service after Interest Earnings						
Less: City Service Fee						
Net Commonwealth Payment for Outstanding Debt and Capital Investment						
Commonwealth Payment to PCCA						

(1) Interest Income from all funds other than Operating Reserve, Capital Reserve, Construction Fund and Debt Service Reserve Fund

Exhibit B-8
Form of Monthly Capital Statements

	FY2009 YTD Actual	Forecast for Remaining FY	Forecasted YTD Total	FY2009 Budget	Variance
Sources of Funds					
PCCA Bond/Loan Proceeds for Capital Reinvestment					
Commonwealth Contribution for Capital Reinvestment					
Commonwealth Expansion Project Payments					
Capital Reserve Fund Interest					
Construction Fund Interest					
Other Sources					
Total Sources of Funds					
Uses of Funds					
Renewal and Replacement Summary-Existing & Expansion					
Heating, Ventilating & Air Conditioning System					
Plumbing System					
Electrical System					
Fire Protection System					
Elevators & Escalators					
Security System					
First Aid					
Structure					
Carpeting					
Technology - Network Equipment					
Professional Fees					
Other					
Total Renewal & Replacement					
FFE Summary - Existing and Expansion					
Exhibit Halls					
Meetings/Ballrooms					
Circulation					
Administration					
Building Support & Services					
Food Service					
Gift Shop/Biz Center					
Other					
Total FFE					
Expansion Construction Project					
Construction Project Costs					
Change Order Contingency					
Architects Fee - Bid & Award Phase					
Architects Fee - Construction Administration Phase					
PCCA Project Staff Salaries & Expenses					
CM Fee - Bid & Award Phase					
CM Fee - Construction Administration Phase					
Offsite Mitigation Costs					
Historic Exhibit					
OCIP Premiums & Administration					
FF&E					
Fine Arts					
Construction Testing					
Owners Cost (inc Legal)					
Total Expansion Construction Project					
Total Uses of Funds					
Net Capital Surplus (Deficit)					
Corrective Action Plan Required? (Yes or No)					
Capital Reserve Fund					
Beginning Year Balance					
Bonds Loan Proceeds					
Commonwealth Contribution for Debt Service					
Commonwealth Contribution for "Pay-As-You-Go"					
Other Income					
Interest Earnings					
Drawdown for Debt Service					
Drawdown for R&R and FFE					
Other Drawdowns					
Ending Year balance					

Exhibit B-9
Form of Monthly Cash Flow Statement

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Total
Operating													
Begining Cash Balance													
Cash Receipts from Operations													
Hotel Tax Receipts													
Commonwealth Payment for Operations													
Total Operating Cash Inflows	<hr/>												
Operating Expenditures													
Education & Training Expenditures													
Total Operating Cash Outflows	<hr/>												
Non-Operating Revenue													
Interest Income													
Budget Deficit Funding (Operating Res.)													
Total Non-Operating Cash Inflows	<hr/>												
Ending Cash Balance	<hr/> <hr/>												
Capital													
Begining Cash Balance													
PCCA Bond/Loan Proceeds for Capital Reinvestment													
Commonwealth Contribution for Capital Reinvestment													
Commonwealth Expansion Project Payments													
Other Sources													
Total Capital Cash Inflows	<hr/>												
Capital Expenditures													
Renewal & Replacement Expenditures													
FF&E Expenditures													
Construction Expenditures													
Total Capital Cash Outflows	<hr/>												
Non-Operating Revenues													
Capital Reserve Fund Interest													
Construction Fund Interest													
Total Non-Operating Cash Inflows	<hr/>												
Ending Cash Balance	<hr/> <hr/>												
Combined Ending Cash Balances	<hr/>												

Exhibit B-10
Form of Monthly Event Results

	<u>Actual</u>		<u>Total</u>	<u>Estimated</u>	<u>PCVB Booked</u>
	<u># Events</u>	<u>Space Revenue</u>	<u>Total Revenue</u>	<u>Attendance (1)</u>	<u>Room Nights</u>
Conventions w/Trade Shows					
Trade Shows					
Meetings					
Conferences					
Seminar					
Banquet					
Public Show					
Other Events (Graduation)					
Other Events - Canceled					
Total					

- 1) Attendance numbers are estimated and can not be confirmed for accuracy.
- 2) This Exhibit to be submitted no later than 30 days after the end of the month
- 3) On an annual basis, if a Material Budget Variance exists, PCCA will provide all relevant factors that make up the variance.

Exhibit B-11 Form of Annual Event Financial Results

	# Events	Space Revenue	Other Revenue	Direct Expenses (2)	Rev Less Dir Exp	Allocated Overhead (3)	Exhibit Space	Estimated Attendance (1)	Estimated Delegate Spending	Estimated Economic Impact	PCVB Booked HotelRoom Nights	PA Sales Tax	Hotel Occupancy Tax
Conventions w/Trade Shows													
Meellngs													
Conferences													
Seminar													
Banquet													
Public Show													
Trade Show													
Other Event													
Total													

	Event ID	Space Revenue	Other Revenue	Direct Expenses (2)	Rev Less Dir Exp	Allocated Overhead (3)	Exhibit Space	Estimated Attendance (1)	Estimated Delegate Spending	Estimated Economic Impact	PCVB Booked HotelRoom Nights	PA Sales Tax	Hotel Occupancy Tax
Conv w/Tradeshow - Detail													
CWTS 1													
CWTS 2													
CWTS3													
Total CWTS													
Meetings - Detail													
Meeting 1													
Meeting 2													
Meeting 3													
Meeting 4													
Total Meetings													
Conferences - Detail													
Conf1													
Conf2													
Total Conf													
Seminars - Detail													
Seminar 0													
Total Seminars													
Banquets - Detail													
Banquet 1													
Total Banquets													
Public Shows - Detail													
Public Show 1													
Public Show 2													
Public Show 3													
Public Show 4													
Public Show 5													
Public Show 6													
Total Public Shows													
Trade Shows-Detail													
Trade Show1													
Total Trade Shows													
Other Events													
Cancelled Event													
Retail Leases 1													
Gift Shop 1													
Miscellaneous Others													
Total Other Event													

Exhibit B-12 Form of Annual Event Revenues

		EVENT START	EVENT END	ATTEND	TOTAL RMS	PEAK RMS	Forecasted Rental \$	Actual Rental \$
PCVB DEFINITE								
	TOTAL Definite							
PCVB TENTATIVE (anticipate definite)								
	TOTAL Tentative							
PCVB Additional Future Bookings								
	TOTAL Additional Future Bookings							
Total PCVB Bookings								
PCCASHORT TERM ANTICIPATED BOOKINGS								
Public Show								
	Total Public Show							
Trade Show								
	Total Trade Show							
Large Association								
	Total Large Association							
Medium Association								
	Total Medium Association							
Small Association								
	Total Small Association							
Large Corporate								
	Total Large Association							
Small Corporate								
	Total Small Corporate							
Large Civic								
	Total Large Civic							
Small Civic								
	Total Small Civic							
Large Meeting								
	Total Large Meeting							
Large SMERF								
	Total Large SMERF							
Small SMERF								
	Total Small SMERF							
Small Trade Show								
	Total Small Trade Show							
Cancelled Events								
Total PCCA Short Term Bookings								
Total FY2009 BOOKINGS								

1) This exhibit to be submitted no later than 60 days after the end of the fiscal year.

Exhibit B-13
Form of Sales/Booking Reports

Event ID	Start Date	End Date	Rank	Status	Estimated Attendance	Peak Room Nights	Total Room Nights	Class	Space Fees	Total Fees
----------	------------	----------	------	--------	----------------------	------------------	-------------------	-------	------------	------------

**Exhibit C-1
Capital Budget**

**FY2009-2010
Budget**

Sources of Funds

PCCA Bond/Loan Proceeds for Capital Reinvestment	6,000,000
Commonwealth Contribution for Capital Reinvestment	2,521,000
Commonwealth Expansion Project Payments	269,450,672
Capital Reserve Fund Interest	124,000
Construction Fund Interest	0
Other Sources	0
Total Sources of Funds	278,095,672

Uses of Funds

Renewal and Replacement Summary-Existing & Expansion

Heating, Ventilating & Air Conditioning System	0
Plumbing System	0
Electrical System	0
Fire Protection System	0
Elevators & Escalators	0
Security System	577,000
First Aid	5,000
Structure	0
Carpeting	2,100,000
Technology - Network Equipment	1,012,000
Professional Fees	0
Other	0
Total Renewal & Replacement	3,694,000

FFE Summary - Existing and Expansion

Exhibit Halls	207,100
Meetings/Ballrooms	1,401,650
Circulation	504,700
Administration	628,200
Building Support & Services	3,136,010
Food Service	311,200
Gift Shop/Biz Center	0
Other	0
Total FFE	6,188,860

**FY2009-2010
Budget**

Expansion Construction Project

Construction Project Costs	244,299,021
Change Order Contingency	9,725,751
Architects Fee – Bid & Award Phase	0
Architects Fee – Construction Administration Phase	1,380,000
PCCA Project Staff Salaries & Expenses	996,000
CM Fee – Bid & Award Phase	0
CM Fee - Construction Administration Phase	3,384,000
Offsite Mitigation Costs	1,000,000
Historic Exhibit	0
OCIP Premiums & Administration	885,000
FF&E	4,280,500
Fine Arts	0
Construction Testing	246,000
Owners Cost (inc Legal)	3,254,400
Total Expansion Construction Project	269,450,672

Total Uses of Funds

279,333,532

Net Capital Surplus (Deficit)

(1,237,860)

Capital Reserve Fund

Beginning Year Balance	5,000,000
Bonds/Loan Proceeds	6,000,000
Commonwealth Contribution for Debt Service	721,000
Commonwealth Contribution for "Pay-As-You-Go"	1,800,000
Other Income	0
Interest Earnings	124,000
Drawdown for Debt Service	(721,000)
Drawdown for R&R and FFE	(9,882,860)
Other Drawdowns	0
Ending Year balance	3,041,140

Exhibit C-2
Operating Budgets

	FY2009-10	FY2010-11	FY2011-12
License Fees (Rent)	\$3,884,857	\$4,500,000	\$5,125,000
Net Food & Beverage	\$2,922,553	\$2,915,000	\$3,980,000
Audio Visual	\$400,953	\$450,000	\$500,000
Telecommunications and Net Internet Services	\$1,115,850	\$908,000	\$1,115,000
Utilities	\$435,695	\$473,889	\$574,373
Equipment Rentals	\$91,105	\$115,000	\$125,000
Pouring Rights	\$75,000	\$75,000	\$75,000
Retail Leases	\$166,915	\$100,000	\$100,000
Other Revenues	\$195,172	\$217,000	\$240,000
Total Operating Revenues	\$9,288,100	\$9,753,889	\$11,834,373
Salaries & Wages	\$5,236,636	\$5,550,000	\$5,819,500
Employee Benefits	\$2,156,437	\$2,331,000	\$2,544,190
Advertising and Promotion/Marketing	\$485,316	\$518,966	\$478,053
Building Insurance	\$843,737	\$1,047,965	\$1,374,735
Car Insurance	\$2,316	\$2,375	\$2,444
Directors Fees	\$26,962	\$27,650	\$28,354
Directors/Tenant Insurance	\$69,377	\$71,146	\$73,197
Dues and Memberships	\$43,729	\$44,844	\$46,224
License, Permits and Inspections	\$45,641	\$60,622	\$99,907
Travel	\$67,235	\$68,949	\$71,417
Tables and Event Services	\$51,962	\$53,287	\$54,646
Meals and Entertainment (Non-Travel)	\$28,816	\$29,551	\$30,895
Newspapers and Magazines	\$5,707	\$5,853	\$6,025
Other Purchased Services	\$296,348	\$426,864	\$437,749
Postage, Delivery	\$29,109	\$29,851	\$30,968
Professional Services	\$1,336,675	\$1,268,528	\$1,214,407
Expenses Related to Labor	\$232,958	\$238,898	\$251,494
Rent - Furniture and Equipment	\$89,308	\$91,585	\$94,276
Repairs and Maintenance	\$611,754	\$647,580	\$790,000
Seminar and Training Fees	\$35,975	\$36,892	\$38,543
Service Charges	\$7,711	\$7,908	\$8,109
Telephone	\$100,696	\$103,264	\$105,897
Transportation	\$7,963	\$8,166	\$8,375
Utilities	\$3,283,926	\$3,959,994	\$5,882,859

	FY2009-10	FY2010-11	FY2011-12
Building Services			
Contract Maintenance Labor	\$3,411,482	\$4,048,459	\$4,366,606
Exterminating	\$20,500	\$28,826	\$51,484
Housekeeping and Set-up	\$4,187,396	\$4,748,449	\$5,409,346
Landscaping	\$50,394	\$86,760	\$121,176
Locksmith	\$12,942	\$17,385	\$26,291
Maintenance	\$424,819	\$504,750	\$589,870
Security	\$1,375,537	\$1,753,357	\$2,161,037
Snow Removal	\$37,746	\$47,487	\$68,357
Production	\$26,962	\$32,415	\$47,324
Uniform and Laundry	\$2,157	\$5,128	\$5,258
Window Cleaning	\$16,177	\$19,447	\$37,859
Waste Removal	\$145,593	\$173,763	\$262,913
Headhouse	\$503,279	\$528,443	\$554,865
Chiller Replacement	\$1,167,436	\$1,176,721	\$1,186,285
Total Purchased Services	\$19,085,641	\$21,922,128	\$26,017,245
Building Supplies	\$350,444	\$560,870	\$736,155
Books, Videos	\$8,666	\$8,887	\$11,217
Expendable Furniture and Equipment	\$38,423	\$39,403	\$50,294
Food and Related Materials	\$38,908	\$39,900	\$51,435
General Hardware and Tools	\$14,682	\$18,485	\$33,653
Gift Shop Inventory	\$62,797	\$64,398	\$76,557
Office Supplies	\$44,433	\$45,566	\$46,728
Photography	\$2,010	\$2,061	\$7,372
Printing	\$36,293	\$37,218	\$48,684
Total Material and Supplies	\$596,656	\$816,789	\$1,062,095
Bad Debt	\$43,139	\$44,239	\$45,367
Equipment	\$97,666	\$99,883	\$119,750
Total Operating Expenses	\$27,216,175	\$30,764,039	\$35,608,147
Operating Deficit	(\$17,928,075)	(\$21,010,150)	(\$23,773,774)
Interest Income	\$30,000	\$32,000	\$38,000
Hotel Tax Revenue for Education & Training Program	\$1,500,000	\$1,545,000	\$1,591,350
Operating Reserve Funds Used for Operating Budget (Education & Training Program Expenses)	\$0 (\$1,500,000)	\$0 (\$1,545,000)	\$0 (\$1,591,350)
Non-Operating Revenues (Expenses)	\$30,000	\$32,000	\$38,000
Net Deficit	(\$17,898,075)	(\$20,978,150)	(\$23,735,774)

Exhibit D
Renewal and Replacement Plan

FY2009-2010				
INFRASTRUCTURE				
Qty	Item	Group	ECON LIFE	YR 1 FY 2010
	Heating, Ventilating & Air Conditioning System			
	1 - Lot Pumps		20	
	1 - Lot Air Handling Units, a/c units		20	
	1 - Lot Fintube Radiation		20	
	1 - Lot Cabinet Unit Heaters		20	
	1 - Lot Unit Heaters		20	
	1 - Lot Fan Coil Units		20	
	1 - Lot Fuel Oil Equipment		20	
	1 - Reheat Water System		20	
	1 - Lot Fans		20	
	1 - Chilled Water System		20	
	1 - Hot Water System		20	
	1 - Lot Heat Pumps		20	
	1 - Lot Reheat Coils		20	
	1 - Market Air Handler		20	
	Heat Exchangers		20	
	Absorbion Chillers		20	
	Centrifugal Chillers		25	
	Boilers		25	
	Cooling Towers		25	
	Expansion Tanks		20	
	Air Equipment		20	
	1 - Lot ancillary appurtenances to include: insulation, ATC, site utility work, excavation, sheetmetal, piping, connections, ID equipment tags		30	
	Building Automation System		15	
	Subtotal			\$ -
	Plumbing System			
	1 - Lot Urinals, toilets, showers, service sinks		20	
	1 - Lot Water Treatment Equipment		20	
	1 - Lot Fixtures		20	
	1 - Lot Water Heaters		20	
	1 - Lot Gas Booster Equipments		20	
	1 - Lot Food Service Equipment		20	
	1 - Lot Pumps		20	
	1 - Lot Sump Pumps		20	
	1 - Lot ancillary appurtenances to include: testing, piping, traps, primers, drains, cleanouts		30	
	Subtotal			\$ -
	Electrical System			
	1 - Lot transformers, panelboards, switch gear, motor control centers		20	
	1 - Lot Emergency Generators with allied equipment		20	
	Lightning Protection		20	
	Fixtures & Dimmers		20	
	1 - Lot ancillary appurtenances to include: conduit, wire, cable, devices, busduct		30	
	1 - Lighting system north side Arch Street		20	
	Subtotal			\$ -

Fire Protection System			
1 - Lot Fire Pumps, Controls	20		
1 - Lot piping, heads, testing, control ancillary equipment	30		
Subtotal		\$	-
Elevators & Escalators			
1 - Lot Millar Elevators	20		
1 - Lot Montgomery Escalators	20		
Subtotal		\$	-
Security System			
Magnometers	20	\$	40,000
Electric Door Lock System	15	\$	135,000
(12) Remote Mic	5	\$	-
Card Access System	7	\$	-
Identification Badging System	5	\$	-
Intercom System	5	\$	20,000
Key System	5	\$	200,000
Radio Communication System	12	\$	-
CCTV System	10	\$	-
CCTV Cameras w/Lens & Mounting	10	\$	150,000
Heater Fan Unit	10	\$	2,000
First Aid Centers	10	\$	30,000
Outdoor Housing	10	\$	-
Subtotal		\$	577,000
First Aid			
Wheel Chairs	5	\$	5,000
Privacy Screens	5	\$	-
Couches	10	\$	-
Subtotal		\$	5,000
Structure			
Roof	20		
Expansion Joints - Interior	20		
Expansion Joints - Exterior	15		
Loading Dock	20		
Overhead Doors	20		
Fire Door	20		
Operable Partitions	20		
Subtotal		\$	-
Carpeting			
Concourses	8		
Ballroom	12		
Meeting Rooms	15	\$	2,100,000
Subtotal		\$	2,100,000
Technology			
Network Equipment			
Internet DSLAM	8	\$	80,000
LAN Router & Data Switches	5	\$	140,000
Phone & Data Cable Up-grades	5	\$	35,000
Fiber Optics Up-grade/Repairs	15	\$	40,000
Subtotal		\$	295,000

Telecommunications (Voice)				
	Wireless Voice (VoIP) System		\$	\$ 145,000
	Voice Mail System		\$	\$ 90,000
	Call Accounting System		\$	\$ 75,000
	Subtotal			\$ 310,000
Computers and LAN Servers				
	Computer Workstation Replacement	4	\$	\$ 75,000
	Internet Webcasting System	5	\$	\$ 60,000
	LAN Server Upgrade/Replacement	4	\$	\$ 70,000
	UPS Systems	4	\$	\$ 9,000
	Internet Kiosk Computer Installs/Replacement	4	\$	\$ 45,000
	Subtotal			\$ 259,000
Video				
	LCD Plasma Display Panels 42" - 50"/	5		
	Signage		\$	\$ 148,000
	Subtotal			\$ 148,000
TOTAL INFRASTRUCTURE				\$ 3,694,000
FURNITURE, FIXTURES & EQUIPMENT				
A1 - Exhibit Hall				
3,000	Folding Chairs	10	\$	\$ 177,000
60	Chair Trucks	10	\$	\$ 29,000
20	Starter Block	10	\$	\$ 1,100
1	Stage	20		
3	Seating Risers	20		
1	Performance Stage	20		
	Subtotal		E	\$ 207,100
B1 - Meetings/ Ballrooms				
615	Plywood Tables	10	\$	\$ 101,000
5	Plywood Tables	10	\$	\$ 450
170	Plywood Tables	10	\$	\$ 21,000
69	Table Trucks	10	\$	\$ 15,000
600	Dance Floor Sections w/240 Trim Pieces	20		
24	Dance Floor Caddy's	5	\$	\$ 6,000
1	Stage (76 x 16-24)	20		
1	Stage (72 x 24)	20		
500	Folding Tables	10	\$	\$ 45,000
500	Folding Tables	10	\$	\$ 79,000
100	Table Trucks	10	\$	\$ 35,000
130	Table Skirts	5	\$	\$ 14,000
13,000	Stacking Chairs	10	\$	\$ 785,000
39	Chair Trucks for stacking chairs	20		
23	Chair Trucks for chairs	20		
	Subtotal		M	\$ 1,101,450
B2 - Lecture Room				
610	Chairs w/Tablet Arms & 138 Side Panels	20		
31	Seat Back Covers	10	\$	\$ 2,000
	Subtotal		M	\$ 2,000
B4 - Ballroom Tech Equip				
1	Portable Stage	20		
4	Decks for stages (4 x 8)	20		
2	Stage Stairs	10	\$	\$ 3,900
3	Decks for stages (custom)	20		
1	Lot Stage Drapes & Rigging	10	\$	\$ 129,000
	Subtotal		M	\$ 132,900

C - Circulation				
8	Custom Granite Benches	15	\$	10,000
113	Lounge Chairs	10	\$	88,000
28	Tables	10	\$	11,000
50	Planters	20		
15	Benches	5	\$	11,000
348	Sq Yds of Area Carpets	5		
16	Upholstered Benches	5	\$	26,000
128	Lounge Chairs - Grand Hall	5	\$	234,000
16	Love Seats	5	\$	38,000
72	Tables for Grand Hall	5	\$	64,000
30	Trash Cans (concrete)	20		
1	Wheelchair Lift	15	\$	20,000
8	Ash/Trash Cans	5	\$	2,700
	Subtotal		\$	504,700
D1 - Service-dock office				
	Gates	S	20	\$ -
D4 - Communication Dept				
2	Table Top Lecturns	10	\$	2,900
2	Standing Lecturns	10	\$	5,400
5	Portable Chalkboards	5	\$	6,200
50	Portable Easels	5	\$	6,200
15	Easels w/Whiteboards	5	\$	4,500
5	Whiteboards	5	\$	4,500
8	Baby Changing Stations	5	\$	6,200
10	Garment Racks	5	\$	9,000
40	Standing Lecturns	15	\$	51,000
10	Lecturns	15	\$	6,000
10	Ticket Boxes	15	\$	4,700
2	Attendant's Shelters	10	\$	24,000
8	Flags, poles & stands	30		
1	Handw Piano	30		
	Subtotal	M		\$ 130,600
D5 - Housekeeping				
2	Cleaning Machine	10	\$	15,000
2	Tennant Sweepers	10	\$	50,000
2	Tennant Scrubbers	10	\$	60,000
1	Scrubber w/battery charger	10	\$	8,970
1	Sweeper w/battery charger	10	\$	4,310
1	Upholstery Extraction System	10	\$	3,000
1	Cleaning Machine for Escalator	10	\$	4,200
8	Wool Mats	5	\$	7,500
1	16 HP Tractor w/hydraulic lift	10	\$	12,000
1	12 HP Tractor, walk behind	10	\$	6,000
1	Power Brush	10	\$	2,000
2	Snow Thrower	10	\$	3,000
1	Slip resistant floor coating	10		
	Subtotal	S		\$ 175,980
D9/10 - Employee Lockers				
540	Lockers	S	30	\$ -
D12 - Maintenance Shops				
20	Bar Stools	5	\$	1,700
3	Patrol Cars	10	\$	13,600
1	Ford Pick-Up Truck	10	\$	35,000
1	Boom Lift	15	\$	69,000
1	Aerial Work Platform w/waffle attachmt	15	\$	14,000
1	20 Scissors Lift	15	\$	15,000
1	Pallet Truck	10	\$	600
1	Safety Cabinet	30		
13	Bulk Storage Racks	30		
	Shelving	30		
2	Cylinder Cabinets	30		
4	Drawer Unit & Related Items	30		
2	Forklift	15	\$	40,000
1	Lot Aluminum Signs	10	\$	1,500
50	Shelves	15	\$	5,800
	Bike Racks	30		
1	Welder	15	\$	470
1	Lot of Trash Cans & Dollies	10	\$	10,850
1	Drill Press	20		
12	Tree Grates	30		
	Subtotal	S		\$ 207,520

D15 - General Storage				
1	Lot Storage items	S	30	\$ -
E1 - VIP Lounge				
12	Conference Room Chairs		5	\$ 11,000
16	Armless Chairs		10	\$ 15,000
2	Tables		10	\$ 2,300
	Subtotal	F		\$ 28,300
E3 - Box Office				
4	Safes w/electric combination locks		30	
4	Cash Registers		5	\$ 2,300
10	Ticket Boxes		15	\$ 4,700
	Subtotal	S		\$ 7,000
E8 - Dressing Rooms				
24	Stools	M	5	\$ 6,400
F1/F2 - Food Service				
129	Table Tops & Bases		5	\$ 38,000
18	Table Tops & Bases		5	\$ 8,600
	Millwork in Overlook Cafe		30	
249	Chairs		5	\$ 68,000
16	Bar Stools		5	\$ 5,000
	Subtotal	F		\$ 119,600
F9 - Solid Waste Mgmt				
30	Ash/Trash Cans		5	\$ 10,000
12	Recycling Containers		5	\$ 4,500
51	Trash Cans		5	\$ 55,000
	Subtotal	S		\$ 69,500
G1 - Administration				
1	Custom Board Room Table		20	
2	Custom Corner Consoles - Board Room		20	
1	Reception Furniture		5	\$ 15,000
6	Custom Lamps		30	
38	Side Chairs		10	\$ 14,000
1	Custom Office Furniture		10	\$ 5,000
1	Conference Room Table		10	\$ 3,000
58	United Chairs		10	\$ 21,000
1	Safe w/Interior		30	
1	Custom Conference Room Table		20	
12	Custom Chairs		10	\$ 12,700
4	Modular Conference Tables w/finishes		10	\$ 5,000
1	1 of Modular Office Furniture		15	\$ 263,000
20	Custom Board Room Chairs		10	\$ 20,900
22	Storage Units/Lateral Files		15	\$ 42,000
16	Conference Tables		15	\$ 17,000
22	Executive Desks		15	\$ 87,000
22	Banquettes		15	\$ 75,000
1	Executive Desk		15	\$ 5,600
30	Conference Room Chairs		10	\$ 23,900
1	Executive Desk		15	\$ 3,700
19	Breakroom Tables		15	\$ 5,600
1	Credenza		15	\$ 1,200
1	Custom Reception Desk		20	
1	Buffet Serving Cart		10	\$ 7,600
	Subtotal	A		\$ 628,200
H1 - Bldg Systems-Signs				
1	Lot of All Signage		20	
1	Lot Stainless Signs - interior & exterior		30	
125	Misc. Engineering Dept Signs		10	\$ 1,800
12	Custom Signs		10	\$ 2,300
	Subtotal	S		\$ 4,100

H2 - Audio Visual System Equipment				
	Lot - Building System		15	\$ 1,500,000
	Board Room AV		10	
	Lot - A/V Equipment		10	\$ 600,000
	Subtotal			\$ 2,100,000
H5 - Fire Extinguishers				
370	10 lb Fire Extinguishers	S	5	\$ 14,910
H9 - Window Treatments				
1	Lot Window Treatments	S	5	\$ 59,000
Utility Services				
1	Electrical Supplies		10	\$ 175,000
1	Telecommunications Supplies		10	\$ 135,000
1	Plumbing Supplies		10	\$ 121,000
1	Miscellaneous/AV Supplies		10	\$ 67,000
	Subtotal			\$ 498,000
KITCHEN EQUIPMENT				
VIP East & West				
2	Backbars		30	
2	Hand Sinks		30	
2	Bars		30	
2	3-Bowl Sinks		30	
	Subtotal	F		\$ -
Overlook Bar				
1	Installation of customer seating		30	
1	Bar		30	
1	Counter		20	
	Subtotal	F		\$ -
Concession Stands				
5	Hand Sinks		30	
5	Ice Carts		10	\$ 11,000
3	Walk-in Coolers		20	
5	Pot & Pan Sinks		30	
5	Refrigerators		20	
	Subtotal	F		\$ 11,000
Banquet Kitchen				
1	Walk-in Cooler		20	
1	Walk-in Complex		20	
1	Water Fountain		20	
3	Hand Sinks		30	
2	Half Hot Top Ranges		30	
1	Warewasher		20	
1	Warewasher		20	
1	Scullery Sink		30	
2	Plating Conveyors		10	\$ 9,000
2	Ice Machines		15	\$ 156,000
1	Mixer		15	\$ 15,600
1	100 Gal Steam Kettle		20	
2	80 Gal Steam Kettles		20	
2	Steamers		20	
3	Convection Ovens		20	
1	Combi-Oven		20	
1	Lot of non-mechanical equip		30	
	Subtotal	F		\$ 180,600
TOTAL FURNITURE, FIXTURES & EQUIPMENT				\$ 6,188,860
TOTAL RENEWAL & REPLACEMENT EXPENDITURES				\$ 9,882,860

Exhibit E
Marketing Plans

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1. INTRODUCTION

Philadelphia's success in the hospitality industry is anchored on the numbers of meetings and conventions it can attract each year. Because of its geographical location within two hours of New York City (the financial capital of the world) and Washington (the political capital of the world) Philadelphia is easy to get to and from to conduct business in the same day. This geographical location weakens Philadelphia's ability to have business travelers stay overnight – the market segment that in other competing cities is the strongest segment for them.

However, Philadelphia's geographical location is strength for meetings and conventions because it is easy for attendees to get to Philadelphia by air, rail or highway. Enhancing ease of access is 40% of the US population is within a day's drive of Philadelphia, driving higher attendance which meeting planners and show organizers seek in selecting a destination. The meetings and convention segment of the hospitality industry averages 40% of Philadelphia's (Center City) total market mix on an annual basis (Commercial 31%; Leisure 25%; Airline Crew 4%).

Selling and marketing Philadelphia as a diverse and contemporary meetings and convention destination requires complete focus, understanding and analysis of customer needs as the PCVB and PCC work hand in hand to deliver the message. Sales and marketing have to be unified. Everyday meeting planners and show organizers are inundated with sales calls and impressions about competing destinations. They are overwhelmed with information, often times not relevant to their needs, wants and desires. Breaking through the clutter becomes essential in reaching the customer and getting the buy.

Sales and marketing strategies have to be fully integrated – the message to the buyers has to be consistent. The PCVB/PCC Sales and Services professionals have to build strong relationships, win the customer, deliver the promise and build loyalty and assure repeat business. Marketing - supporting sales efforts have to reinforce Philadelphia's uniqueness as a convention destination that stands out above our competition. Philadelphia and the Philadelphia Convention & Visitors Bureau (PCVB) and the Pennsylvania Convention Center (PCC) get it because we are working together.

Strategically - with excellent physical product – the Center, the hotels and Philadelphia's total package; a seasoned sales and services team with over 300 years of experience combined; creative messaging - brings historic Philadelphia to life as a vibrant destination for today and tomorrow's meetings and conventions business.

2. PHILADELPHIA – THE DESTINATION

Philadelphia has great regional assets...

Strategically located in the heart of the Eastern Seaboard of the United States, Greater Philadelphia is a vibrant metropolitan area that offers convenient access to the global marketplace and a competitive cost of doing business. The region is the fourth largest US metropolitan area in population, following only New York, Los Angeles and Chicago.

Philadelphia is the second largest region on the East Coast in terms of employment, population and income. With a 2006 population of 6.096 million people and employment in 2006 of 3.01 million jobs, the region is both a large market and major economic force. Within 200 miles of the region live 46

million people who generate \$1.3 trillion of income annually. Over 40% of the United States' population is within a days drive.. Taking into account total income and income per person, along with the cost of living, the area's residents have larger amounts of money to spend on products and services than people in most other markets. Additional indicators of Greater Philadelphia's size and scope include: 6th largest gross metro product; 5th largest personal income; 4th largest media market in the country.

Greater Philadelphia has a strong and vibrant regional economy that features a highly diverse mix of business. The region is particularly strong in a number of knowledge-based sectors and is especially well positioned to succeed in the following industry clusters: information technology, life sciences, healthcare, chemicals, financial services and high-tech manufacturing. The region's industry clusters are the same segments that attract both the national conventions and trade shows in selecting Philadelphia as a destination for their events.

Philadelphia is connected globally...

Philadelphia International Airport (PHL) is a critical gateway for the region. With more than half a million takeoffs and landings, it ranked as 9th busiest in the US and the 28th busiest airport in the world. This growth elevated the airport to 16th busiest in passenger traffic in the US. Philadelphia's two largest carriers are low cost providers, making the cost of air travel affordable (increasing attendance) – important to meeting planners and show organizers who bringing thousands of attendees to the destination.

Amtrak's Northeast Corridor is the busiest railroad in North America with 1,700 trains running daily. Philadelphia's 30th Street Station is the third busiest Amtrak station in the country and is located mid-point between New York City and Washington DC. Amtrak serving the Philadelphia market is a key factor in both meeting planners and show organizers. Another unique feature of Amtrak service is upon departing trains at 30th Street Station visitors can board any regional rail train (SEPTA) traveling east and exit one stop after and be at the Pennsylvania Convention Center. The reverse is true for west bound travelers to connect to Amtrak trains at 30th Street Station.

Major highways, such as I-95, I-76, I-295, I-476 and the New Jersey Turnpike make getting to and around the region convenient.

Philadelphia also is recognized nationally as one of the country's most walkable cities. More people walk to work in Philadelphia than in Chicago or Washington DC. To meeting planners and show organizers, Philadelphia's downtown compactness and ease of navigation reduces costs in transporting attendees to the convention center and other venues, thus defraying expensive transportation costs.

Philadelphia offers high quality restaurants, world-class museums, music, multicultural festivals, big-league sports, important historical sites and ethnic neighborhoods to explore. These unique assets give meeting planners and show organizers interesting options to build attendance.

3. THE PHILADELPHIA REGION FROM 30,000 FEET

Philadelphia and the region is a global brand. Selling and marketing Philadelphia takes strategic focus. This Plan provides a new view of Philadelphia from 30,000 feet – globally, nationally, regionally and locally.

With the rollout of the Philadelphia Convention & Visitors Bureau's (PCVB) strategic plan entitled "***A Strategic Plan to take Philadelphia's Hospitality Industry to New Heights***" in third quarter of 2007, the PCVB has taken an in depth look at its business model and how it must adapt to change to succeed in the global market place in the future. In the development of its Strategic Plan, the PCVB reached out to its partner, the PCC, and other stakeholders to participate in a formal planning process that identify trends and potential visions that could positively impact Philadelphia and the region as a "must" destination for customers.

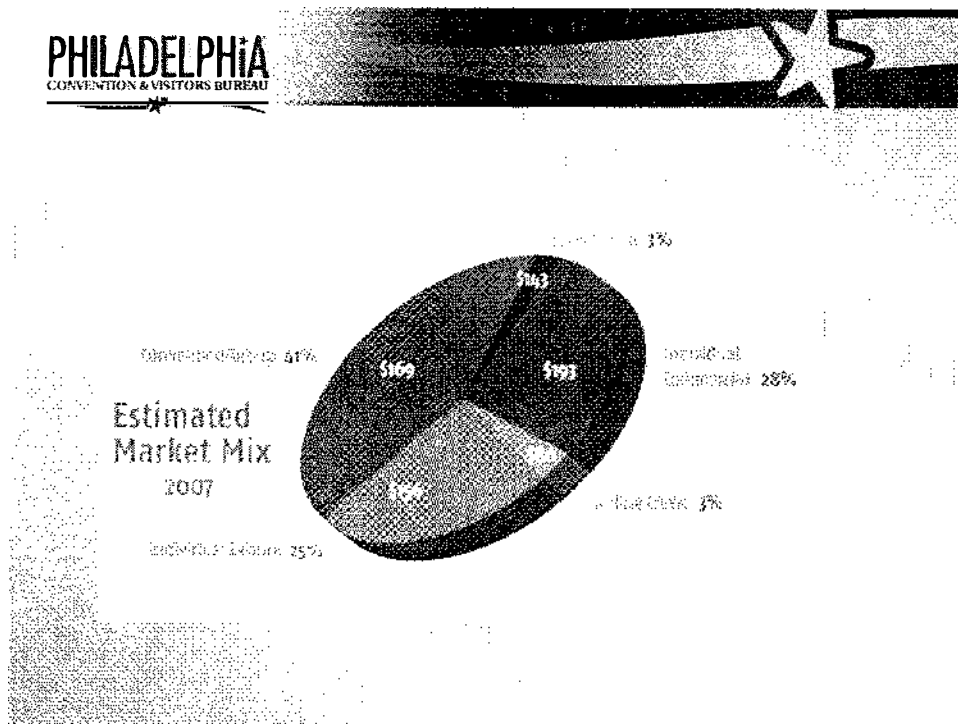
Reaching out, viewing the city and the region from 30,000 feet, the PCVB and the PCC, examine its existing customer base as well as identify opportunities to expand its customer base in the future.

From extensive mapping and input by stakeholders during the formal planning process of the strategic plan, six key strategies were developed for fiscal years 2008-2012. These strategies are noted below and have been incorporated into this sales and marketing plan.

- 1. Deliver an exceptional convention experience***
- 2. Deliver exceptional sales and services, and leverage the market power of the three Congresses***
- 3. Raise Philadelphia's profile as a global destination***
- 4. Extend the Philadelphia brand through collaboration and niche marketing***
- 5. Strengthen the PCVB infrastructure as a platform for success***
- 6. Achieve local pride in the Philadelphia region through signature events & supporting infrastructure improvements***

Extensive research has taken place to identify opportunities to garner more business from existing customers and develop new customers in conjunction with the six key strategies outlined.

4. CENTER CITY DEMAND SEGMENTS



The chart above shows the hotel demand segmentation mix for Center City Philadelphia for calendar year 2007. The largest segment being Convention/Group at 41%

CONVENTION & GROUP DEMAND

Historically, conventions booked by the PCVB that utilize the convention center and large hotels, comprised the largest segment of the convention and group demand in Center City. This segment increased from less than 50,000 room-nights in 1993, prior to the opening of the PCC, to consistent levels of 400,000 to 550,000 room-night range from 1996 through 2003.

The strongest convention year ever for Philadelphia was 2002, with 27 citywide conventions (2000+ hotel rooms on peak night) and over 1.1 million room-nights demand.

Unfortunately, well-publicized labor inefficiencies and related high labor costs at the convention center from the late 1990's through 2002 contributed to extremely low levels of re-bookings and greatly reduced booking pace of conventions for the convention center resulting in fewer citywide conventions and the lowered room-night contributions from this segment reflected in the years 2003 through 2006.

Fortunately, in October of 2003, a new labor agreement (the Customer Satisfaction Agreement or CSA) was implemented and new management was retained, which continues to improve the customer experience at the Convention Center. During that time, convention center competition strengthened in the northeast as Washington DC opened its new center in April 2003 and Boston opened its new center in June 2004. Thus convention planners have alternative northeast locations to select from as they waited for labor improvements and expansion of the PCC to take place.

Joint efforts by the PCVB, PCC, the hotel sales teams and improved operational climate at the Convention Center combined to overcome the short-term softness in convention bookings in 2004, 2005, and 2006. The total convention and group demand again exceeded one million room-nights, representing Center City's second, third, and fourth best years ever for this important segment.

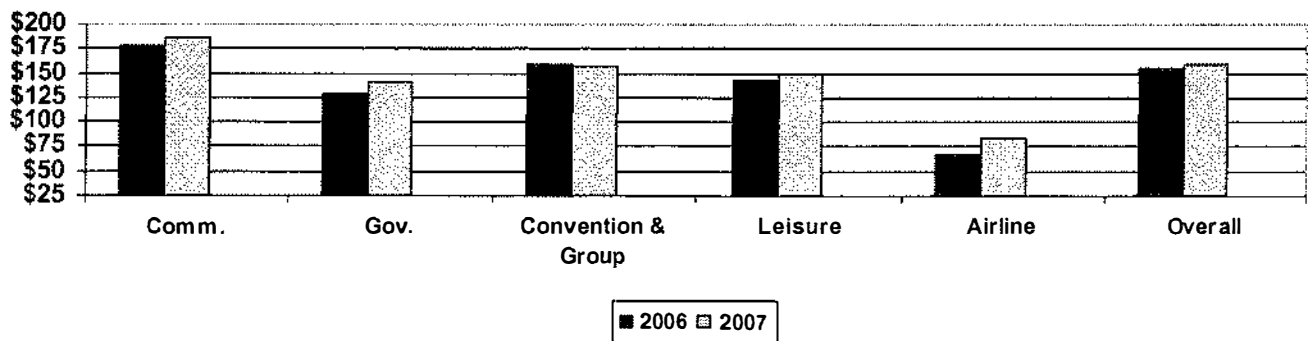
**CENTER-CITY PHILADELPHIA LODGING MARKET MIX
1982 THROUGH 2007
(DEMAND IN THOUSANDS OF ROOM-NIGHTS)**

Year	Commercial		Convention & Group		Leisure		Airline Crew		Total Demand
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	
1982	535	43%	505	40%	217	17%	In Leisure		1,257
1983	550	42	549	41	220	17	In Leisure		1,319
1984	536	42	530	41	214	17	In Leisure		1,280
1985	536	42	534	42	213	16	In Leisure		1,283
1986	579	43	552	41	216	16	In Leisure		1,347
1987	554	44	521	41	185	15	In Leisure		1,260
1988	557	43	531	41	203	16	In Leisure		1,291
1989	537	42	516	41	220	17	In Leisure		1,273
1990	485	39	512	42	235	19	In Leisure		1,232
1991	490	40	473	39	260	21	In Leisure		1,223
1992	509	40	486	38	276	22	In Leisure		1,271
1993	514	39	535	40	283	21	In Leisure		1,332
1994	521	38	552	41	285	21	In Leisure		1,358
1995	567	35	754	46	321	19	In Leisure		1,642
1996	613	34	771	43	294	17	105	6%	1,783
1997	667	37	769	43	254	14	104	6	1,794
1998	654	37	721	41	293	17	88	5	1,756
1999	703	36	788	40	386	20	81	4	1,958
2000	798	35	983	43	418	18	83	4	2,282
2001	788	34	971	42	476	20	105	4	2,340
2002	800	31	1,116	43	573	22	86	4	2,575
2003	834	33	985	38	675	26	76	3	2,570
2004	887	33	1,035	38	687	25	94	4	2,703
2005	885	33	1,063	39	657	24	108	4	2,713
2006	824	31	1,049	40	671	25	98	4	2,642
2007	843	32	1,064	40	678	25	94	3	2,679

Source: PKF Consulting.

The chart above indicates by year the total demand hotel-room nights and the amount of hotel rooms consumed by market segment mix and its percentage to total. The 25-year average percentage Convention/Group is 42.5% (Amount & Demand room nights in the thousands)

Center-City Market Segment ADRs 2006 & 2007



The above chart graphically presents segment demand hotel-average daily rates (ADR) comparisons 2006 to 2007.

CONVENTION AND GROUP DEMAND BY "SEGMENT" 1993 THROUGH 2007

Year	Total Convention & Group			Sold/Booked by the PCVB				Sold/Booked by Center-City Hotels	
				Convention-Center Related		Non-Convention-Center Related			
	Demand	% Chg	# Ctywd	Demand	% Chg	Demand	% Chg	Demand	% Chg
1993	535,000		1	49,000		N.A.	N.A.	N.A.	N.A.
1994	552,000	3.2	5	165,000	236.7	N.A.	N.A.	N.A.	N.A.
1995	754,000	36.6	12	331,000	100.6	N.A.	N.A.	N.A.	N.A.
1996	771,000	2.3	23	536,000	61.9	126,000	N.A.	109,000	N.A.
1997	769,000	-0.3	23	508,000	-5.2	163,000	29.4	98,000	10.1
1998	721,000	-6.2	24	470,000	-7.5	187,000	14.7	64,000	-34.7
1999	788,000	9.3	18	420,000	-10.4	257,000	37.4	111,000	73.4
2000	983,000	24.7	24	547,000	30.2	205,000	-20.2	231,000	108.1
2001	971,000	-1.2	18	394,000	-28.0	246,000	20.0	331,000	43.3
2002	1,116,000	14.9	27	574,000	45.7	259,000	5.3	283,000	-14.5
2003	985,000	-11.7	19	406,000	-29.3	257,000	-0.8	322,000	13.8
2004	1,035,000	5.1	14	277,000	-31.8	272,000	5.8	486,000	50.6
2005	1,063,000	2.8	15	315,000	13.7	290,000	6.6	458,000	-5.6
2006	1,049,000	-1.3	16	310,000	-1.6	270,000	-6.9	470,000	2.6
2007	1,064,000	1.4	14	336,000	8.4	235,000	-13.0	493,000	4.9

Sources: PCVB; hotels concerned; PKF Consulting.

The above chart shows total Hotel-Group Demand by Segment from 1993 through 2007. The Pennsylvania Convention Center opened in 1993. A citywide convention is defined as a group consuming 2,000 hotel rooms or more on peak night and requiring multiple hotels.

The Convention & Group Demand segment is and will continue to be the largest producing generator of Center City's hotel room-nights. The overall success with this demand segment is directly aligned with both operational performance and expansion of the Pennsylvania Convention Center.

5. THE REGION'S ECONOMIC HOSPITALITY ENGINE

The Pennsylvania Convention Center is the city and region's hospitality economic engine. With its opening in 1993 a new industry, national convention, national trade shows and events, emerged for the region. Since then, the hospitality industry has grown and supported 50,000 jobs in center city as well as created excitement and a noticeable degree of energy and new businesses both day and night in center city.

Large national conventions, trades shows and events fill Center City hotel rooms and create compression for our hotels throughout the region, positively impacting occupancies and revenues. Events in the PCC also impact other segments of our hospitality industry including restaurants, parking, shopping and attractions.

PCC TODAY

Currently the Pennsylvania Convention Center today is the 24th largest center in North America. Strategically located in the center of downtown Philadelphia, it is the hub of the region's hospitality industry. The PCC is architecturally significant incorporating the historic Reading Terminal Head House, Reading Terminal Market and train shed with state-of-the art facilities, and has played host to over 13 million guests attending events in the building. Quality finishes throughout, and management's attention to facility maintenance ensures customers clean, appealing and unique event experience.

When it opened in 1993 the PCC launched Philadelphia from a local and regional meetings destination to a national destination for meeting planners and show organizers. Philadelphia was the only major Northeast destination in the '90s to have a new world-class convention center.

Philadelphia's market share of national trade shows, "blue-chip" conventions and large multicultural and religious groups grew exponentially with unbeatable formula of thousands of hotel rooms attached or within walking distance of the Center. These large events led to a renaissance of restaurants, retail growth and night time activities benefiting the attendee as well as the residents of the region. The historical and cultural venues of Philadelphia also flourished as people attending a meeting in Philadelphia took advantage of their free time to explore these national treasures.

During this time national trade shows and associations enjoyed economic growth to the point where they outgrew the PCC's capabilities. At the same time, competitive northeast destinations like Washington DC and Boston noted the success of Philadelphia and began building new centers to ensure their own market share of the convention and trade show business.

PCC EXPANDED

Convention center related business accounts for approximately 40% of the room nights sold in Center City Philadelphia annually. Convention related business is the largest demand segment for Philadelphia/Center City.

Philadelphia's location, mid-point between New York City and Washington DC is a convenient destination for the business traveler, as it offers a same day return.

An expanded Center with anticipated completion date of January 5, 2011 gives Philadelphia greater flexibility to host larger groups or multiple events simultaneously, reducing denials because of lack of space, and improves operating efficiency. Additional space generates high hotel room consumption especially in 1st quarter when a convention can meet simultaneously with a gate show.

Expansion of the Center stimulates economic growth, including new hotel rooms in Center City that create more construction and hospitality-related jobs. Expansion also keeps Philadelphia competitive as a world-class destination for meetings and conventions, tourism and the overall hospitality industry.

6.COMPETITION

PRIMARY

Philadelphia’s primary competition for national convention and trade shows is the major cities in the Northeast, specifically Boston, New York City, Baltimore and Washington DC. Direct competition for the lucrative national convention business is Boston and Washington DC. Baltimore competes for smaller national conventions. New York City is direct competition for the trade show business that Philadelphia seeks. Toronto is Philadelphia’s #1 competitor as an international destination for conventions.

The chart below notes how Philadelphia’s convention center compares in size to its primary competitive destinations and the size of their centers.

PCC Ranking Philadelphia’s Primary Competitive Cities – GSF

New York (Jacob K. Javits Convention Center)	814,400
Pennsylvania Convention Center (expansion)	700,000
Washington DC Convention Center	700,000
Boston Convention Center	516,000
Pennsylvania Convention Center (existing)	440,000
Baltimore Convention Center	300,000

2008 TSW (Convention Facilities PRIME EXHIBIT SPACE)

SECONDARY

Philadelphia’s secondary competition for East Coast rotation is destinations east of the Mississippi River including Atlanta, New Orleans and Orlando.

PCC Ranking Philadelphia's Primary/Secondary Competitive Cities – GSF

Orlando (Orange County Convention Center)	1,984,755
Atlanta (George World Congress Center)	1,400,000
New Orleans (Ernest N. Morial Convention Center)	1,100,000
Toronto (The National Trade Center)	1,000,000
New York (Jacob K. Javits Convention Center)	814,400
Pennsylvania Convention Center (expansion)	700,000
Washington DC Convention Center	700,000
Boston Convention Center	516,000
Miami Beach Convention Center	502,800
Pennsylvania Convention Center (existing)	440,000
Baltimore Convention Center	300,000

2008 TSW (Convention Facilities PRIME EXHIBIT SPACE)

Top 30 North American Convention Centers Ranking by Exhibit Space Size

1	Chicago (McCormick Place)	2,200,000
2	Las Vegas Convention Center	2,000,000
3	Orlando (Orange County Convention Center)	1,984,755
4	Atlanta (George World Congress Center)	1,400,000
5	New Orleans (Ernest N. Morial Convention Center)	1,100,000
6	Toronto (The National Trade Center)	1,000,000
7	Houston (George R. Brown Convention Center)	930,000
8	Anaheim Convention Center	815,000
9	New York (Jacob K. Javits Convention Center)	814,400
10	San Francisco (Moscone Center)	734,092
11	Dallas Convention Center	726,700
12	Los Angeles Convention Center	720,000
13	Pennsylvania Convention Center (with expansion)	700,000
14	Washington DC Convention Center	700,000
15	Cobo Conference Center (Detroit MI)	700,000
16	San Diego Convention Center	616,000
17	Colorado Convention Center	584,000
18	Boston Convention Center	516,000
19	Salt Palace Convention Center	515,000
20	Miami Beach Convention Center	502,800
21	St. Louis (America's Center)	502,000
22	Atlantic City Convention Center	500,000
23	Minneapolis Convention Center	475,000
24	Pennsylvania Convention Center (existing)	440,000
25	San Antonio (Henry B. Gonzalez Convention Center)	440,000
26	Greater Columbus Convention Center	426,000
27	Indiana Convention Center & RCA Dome	403,700
28	Kansas City Convention Center	388,000
29	Baltimore Convention Center	300,000
30	Charlotte Convention Center	280,000

TSW (Trade Show Week) 2008

GAYLORD HOTELS & RESORTS

Also competing with Philadelphia for the national convention business in 2008 and beyond is the Gaylord National Resort & Convention Center in Prince George's County, MD (April 2008) directly across the

Potomac River from Alexandria, VA. While the complex is not as robust as the combination of Philadelphia's convention center, hotel package, the Gaylord National Resort & Convention Center complex will be able to self contain a convention of 1500 room nights on peak – which are excellent “mid-size” conventions that could be hosted simultaneously with a larger convention in Philadelphia.

Gaylord Hotels & Resorts also offer multi-year contracts to the national conventions booking with rotation destinations throughout the United States. The chart below identifies the size and locations of each Gaylord hotel & resort.

GAYLORD HOTELS	# GUEST ROOMS	TOTAL SF/EXHIBIT SF
Gaylord Opryland USA, Nashville, TN	2,881	600,000/263,000
Gaylord Palms, Orlando FL	1,406	400,000/178,000
Gaylord Texan Resort, DFW Area	1,511	400,000/180,000
Gaylord National Resort & Convention Center, Prince George's County, MD	2,000	470,000/180,000
Gaylord Chula Vista, San Diego, CA	TBD	TBD

COMPETITIVE CITIES

CITY	EXHIBIT SPACE SQ FOOTAGE	# OF EXHIBIT HALLS	SQ FOOTAGE OF MTG RMS	# OF MTG RMS	SQ FOOTAGE OF BALLROOM	RIGHT TO WORK STATE
Boston	516,000	10	160,000	82	40,020	No
New York City	814,400	11	760,000	100+	n/a	No
Philadelphia	440,000	4	90,000	52	32,000	No
Baltimore	300,000	8	70,000	50	36,000	Yes
Washington DC	700,000	5	125,000	66	53,000	Yes

CITY	HOTEL ROOMS – CITY	HOTEL ROOMS – METRO	# OF CITY HOTELS	CITY COMMIT. ROOMS	ATTACHED TO CONV CTR
Boston	17,204	30,134	103	40%	Westin (793)
New York City	64,351	73,333	200	Varies	N/A
Philadelphia	10,200	17,000	35	60%	Marriott (1,400)
Baltimore	8,203	10,100	17	50%	Hilton (757)
Washington DC	25,730	65,000	100	40%	N/A

7.PCC BOOKING PARAMETERS

CENTER-CITY LODGING MARKET MONTHLY PERFORMANCE LEVELS 2005 THROUGH 2007						
Month	Occupancy			Average Room Rate		
	2005	2006	2007	2005	2006	2007
January	58.3%	60.7%	54.6%	\$123.71	\$134.61	\$148.54
February	61.9	63.6	64.5	127.46	139.70	152.16
March	74.8	72.8	73.2	134.12	144.81	158.01
April	83.4	76.2	75.5	148.50	157.39	170.60
May	78.3	81.8	80.2	149.51	169.61	176.72
June	86.3	79.8	85.6	155.03	161.12	173.76
July	72.9	77.2	79.9	133.42	145.70	158.91
August	69.6	73.7	79.2	129.25	146.66	161.61
September	78.8	80.6	80.8	147.21	165.24	172.84
October	77.2	82.3	85.8	159.22	171.66	190.64
November	76.8	75.1	73.6	160.29	172.00	174.69
December	56.5	55.4	49.6	146.87	153.76	155.96

Source: Smith Travel Research.

The above chart identifies Center City Philadelphia's strong, shoulder and valley periods by month over a three year period.

PCC EXISTING

a. *Selling Existing Building – 2008 - 2010*

Effective 18 months and 1 day up to 3 years out

High Season – 3,000 rooms per night/minimum

Low Season – 2,000 rooms per night/minimum

Effective 3-5 years out

High Season – 3,000 rooms per night/minimum

Low Season – 2,000 rooms per night/minimum

Effective 6 years out and further

All building sell

High Season – 4,000 rooms per night/minimum

Low Season – 3,000 rooms per night/minimum

Definition of Seasons

High Season – March, April, May, June, September, October and November

Low Season – National holidays and December, January, February, July and August

PCC EXPANSION

Selling Expansion – 2011 and Future

Effective 5 and Beyond

5,000 rooms per night minimum for an all building sell or
3,000 rooms peak for Halls ABC
2,000 rooms peak for Halls D&E

Effective 3-4 years out

4,000 rooms per night minimum for an all building sell or
2,500 rooms peak for Halls ABC
1,800 rooms peak for Halls DE

Effective 18 months and 1 day up to 3 years out

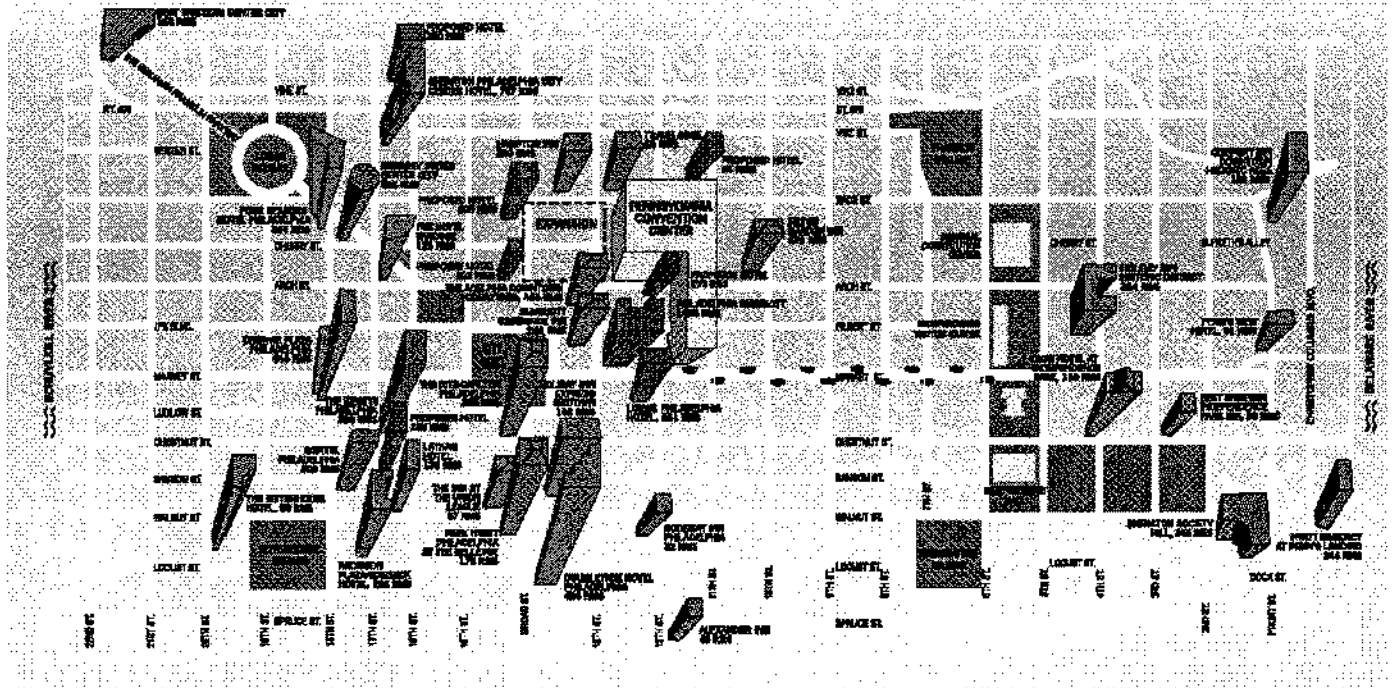
3,000 rooms per night minimum for an all building sell or
2,000 rooms peak for Halls ABC
1,200 rooms peak for Halls D

Further peak night consideration will be extended to conventions during the months of July, August, December, January and February and conventions that fall directly over major holiday periods that are historically soft occupancy periods for Philadelphia.

8. HOTEL PRODUCT – HOTEL DEVELOPMENT

LOCATION	BRAND/LEVEL	TOTAL ROOMS	OPENING DATE	STATUS	EMPLOY
CENTER CITY					
12th & Race Streets	Four Points	95	July 2008	Delayed: 100%	37
1421 Arch Street	Le Meridien; Upscale	202	June 2009	Planning; 90%	300
17th & Samson Streets	Kimpton Palomar	235	Sept. 2009	Planning; 90%	165
Front & Sansom Streets	aloft	156	January 2010	Planning; 90%	63
1601 Vine Street	Intercontinental; M.U.	250	January 2010	Planning; 75%	175
13th & Spruce Streets	Parker-Spruce Hotel	111	January 2010	Planning; 75%	45
12th & Arch Streets	W Hotel; M.U.	275	April 2010	Start 1/08; 90%	193
Broad & Race Street	N/A; Full Service	500	January 2011	Planning; 75%	500
Broad & Race Street	N/A; Limited Services	300	January 2011	Planning; 75%	130
TOTAL		2124			1608
UNIVERSITY CITY					
30th & Market Streets	Mid Market (Drexel)	250	January 2010	Planning; 75%	175
TOTAL		250			175
AIRPORT					
Island Ave - Next to Sheraton Suites	aloft	146	July 2008	U.C.; 100%	60
Airport Interplex	LaQuinta	70	January 2009	Planning; 75%	130

Scott Plaza	Hilton Garden Inn	284	July 2009	Planning; 75%	124
TOTAL		500			314
GRAND TOTAL		2874			2097



9. PCVB/PCC SALES & MARKETING MISSION

The mission of the PCVB/PCC Sales and Services divisions is to sell service and market Philadelphia and the region by increasing the awareness of Philadelphia as a premier convention and meeting destination. The PCVB is the official sales agent for the PCC and is responsible for all conventions, meetings and trade shows booked into the Center 18-months out. The PCVB works seamlessly with the PCC in securing business for the Center. The PCC sales efforts are focused on short-term bookings eighteen months or less, in concert with the PCVB.

10. SALES ACTION PLAN

The PCVB's strength and success has been and continues to be predicated on a direct sales strategy in Convention Sales. The strategy is focused on large association citywide conventions and trade shows building long-term base of business for Philadelphia and the PCC for 2011 and beyond, then fill in the available hotel inventory in 2008 through 2010 through the short-term sales effort with particular emphasis on smaller association meetings and the national and regional corporate market.

The PCVB/PCC Sales Team is trained in *TOTAL ACCOUNT MANAGEMENT* (TAM). The PCVB sales team's geographical and "peak" room night assignment supports this sales strategy. TAM insures penetration of each account from top down and bottom up. Each PCVB sales person handles portion of the account based on the peak room night (total room nights blocked on one given night in Philadelphia) scale they handle: 10-300; 301-1000; 1001-2000; 2001+.

Regardless of what sales professional is working the account he/she will build the relationship within their assigned peak room nights, but will also qualify other meetings and conventions that the account generates outside their parameters, who handles those groups and pass the information on to the other PCVB sales professional/professionals as appropriate. Further account penetration – especially with local accounts – the PCVB sales professional also ask the questions "does your organization hold meetings or events that do not require hotel rooms?" They share this information with their PCC buddy to solicit for short-term business for the PCC meeting space.

11.CONVENTION SALES

To achieve the mission the PCVB/PCC has established the "buddy" system between the two organizations allowing everyone to focus on both our long-term and short-term customers seamlessly. Any group interested in booking the PCC while also needing room night accommodations will require both buddies participation.

The PCVB/PCC puts the best package together to ensure win-win-win results for all.

- WIN for the customer – excellent value package that addresses all their needs
- WIN for the city – overall economic impact – PCC, hotels, venues and the city's tax base creates compression in the region.
- WIN for the sales and marketing efforts - that the customer chose Philadelphia allowing the sales teams to find the next customer.

Establishing a buddy system ensures total sales connectivity for the customer from both the PCVB & PCC. It shows the customer that the PCVB and PCC are in the finding, booking and servicing process together and eliminates a "WE – THEY" mentality. Everyone is engaged from the initial stages of the selling and marketing process, focused on the customer and how Philadelphia and the Pennsylvania Convention Center are going to meet the customer's needs and exceed expectations. The buddy system eliminates the element of surprise with everyone focused on the customer's needs and that the business is the right business, is securely booked

LONG TERM SALES

The PCC related - otherwise known as the long term - sales team is charged with building the base of business at the PCC through citywide conventions, typically ranging from 2,000 to 7,000 peak rooms (with expansion), outside of the eighteen month window. The long-term team is deployed geographically

against our most lucrative and highest-producing territories and segments, with Sales Directors residing and working in those markets, as well as in Philadelphia.

PCVB SALES PERSON	TITLE	TERRITORY & PEAK NIGHT
Pat Kraft Hilpl	Vice President, Convention Sales	Northeast, VIP Accounts (1000+)
Nell Chadwick	Director of Sales	DC & Maryland (1000+) Southeast (2000+)
Tom Rohlfig	Director of National Accounts	VA (1000+)
Julie Brion	Director of Sales	DC/MD/VA (301-1000) Southeast (301-2000) Northeast Pharmaceutical (500+) All International Groups
Maria Grasso	Director of Sales	West (701+) All Sports Groups
Mitchell Eaton	Director of National Accounts	Midwest (701+)

SHORT TERM SALES

Most often the non-PCC related – usually short-term bookings of meetings and conventions generate hotel room nights throughout the region are handled by short-term sales team. Typically, these meetings average less than 1000 rooms on peak night and book within 6-36 months. These opportunities are an important source of in-house business for the center city and regional hotel community.

PCVB SALES PERSON	TITLE	TERRITORY & PEAK NIGHT
Yolanda Cooper	Vice President, Short Term & Multicultural Sales	All Religious & Multicultural (10+)
Darnell Belford	National Sales Manager	DC/MD/VA & SE (10-300)
Conchevia Washington	National Sales Manager	Northeast (10-1000) Pharmaceutical (10-500)
Marion Joy	National Sales Manager	Midwest & West (10-700) All GLBT

PCCA SHORT TERM SALES

The PCCA sales team is responsible for bookings that fall within the 18-month rolling window. Each year the fiscal year budget for meetings and conventions is based on the number of bookings that is already placed on the books for the year. The PCCA sales team is charged with ramping up business to create the “plug” amount for each month to achieve the end of year fiscal goal. The EBMS system is analyzed to determine available inventory coupled with the return for each market segment.

The PCCA sales team is deployed in various market segments to capitalize on short term bookings that have historically generated a large revenue share year over year. The segments are: Medical/Pharmaceutical, Corporate, Sports, Scientific/Engineering, Job Fairs, Education, Consumer Shows, SMERF and Multicultural. While the PCCA sales team is not incentivized, they are given a month end pace goal that serves as productivity measurement and basis for license fee contribution towards the fiscal budget.

The PCCA sales team work hand in hand with the PCVB sales team to deliver the hotel room nights to the PCVB while meeting space is adequately secured at the Center. In addition, the PCCA sales team works cooperatively with their PCVB Buddy to manage long term accounts to expedite a license agreement to the customer. Sales initiatives are also collaborated with the PCCA/PCVB teams to include sales calls, convention/tradeshaw participation, site tours, and client meetings.

PCCA SALES PERSON	TITLE	MARKET SEGMENTS
Stephanie M. Boyd	VP of Sales, Marketing & Customer Relations	VIP Bookings
Russell R. Kice, CMP	National Sales Manager	Consumer Shows, Trade Shows Medical/Pharmaceutical, Gay & Lesbian
Elizabeth Hudock	National Sales Manager	Corporate, Scientific, Engineering Sports Market, Technology
Linda Jones, CMP	Sales Manager	Education, Legal, Government, Job Fairs, Chamber Music Society
Bernard Carpenter	National Sales Manager	Social, Multicultural, Religious Fraternal, Military
Diane Staton	Booking Manager	
Tamara Barnes	License Administrator	

RELATIONSHIP SELLING

Today's convention industry customer is more sophisticated and demanding of higher levels of customer service than ever before. They want someone on the supplier side that they can trust who understands their needs and wants. This is particularly important in the meetings industry where an annual convention can represent 40-50% of the Association's yearly income. The PCVB practices relationship selling, also known as Consultative Selling, as a primary sales tool. Relationship selling is based on trust.

While both the short and long-term sales are impacted through relationship selling; it is often more evident in the long-term sales process where the sales professional has the time to build and develop the relationship. In this e-commerce age, business opportunities in the short-term sales process are becoming more transactional by nature and are often either identified, pursued and/or closed electronically. Relationship selling impacts short-term sales efforts as well. Short-term sales provides quick solutions and one stop shopping to the customers they serve.

Relationship selling/building does not consist of a simple set of techniques that need to be mastered; rather at its core are the qualities of trust, flexibility, and a deep desire to understand the customer's business. The focus of the sales professional is to create real solutions that respond to and mirror the genuine needs of their customers. This sales method is not only satisfying on a personal level but also quite effective in creating a steady stream of sales for Philadelphia.

The hallmarks of relationship selling are:

1. Building Trust
2. Focusing on Filling Customers' Needs
3. Asking Open-Ended Questions
4. Listening More Than Talking
5. Delivering
6. Following up

Building Relationships with Clients is critical at the PCVB and the PCCA.

TARGETED SITE INSPECTIONS

Site inspections are an essential part of the buying process for this market, especially in Philadelphia. Well planned and executed site inspections that support the objectives of the specific meeting or convention make the difference between being considered and being selected as the host destination. Demonstrating the ease of travel in the mid-atlantic corridor either via high-speed tram or by air, the proximity of the city center to the airport and train station and the extraordinary walkability of the Philadelphia convention campus are must-have experiences when positioning Philadelphia for a convention. Dining at a well known restaurant within walking distance of the hotels or touring the historic or cultural attractions reinforce the uniqueness of Philadelphia's offering as does showcasing the inherent educational, healthcare, life-sciences or industry specific talent and resources of the region. Philadelphia, everyday, has to show itself as a clean, safe city to the meeting planner or show organizer to feel comfortable in making the right choice for their organization.

INDUSTRY TRADE SHOWS & INDUSTRY MEETINGS

Industry related trade shows and meetings are essential elements of the Sales and Marketing processes of Philadelphia, the brand. Both are vital channels of distribution to reach both long-term and short-term customers.

Trade Shows

Industry trade shows bring together many of our existing and potential customers (both long and short-term buyers). Each show has a unique audience that challenges the sales and marketing team to be strategic in the pre-planning and post show execution to ensure maximum effectiveness of time and resources. Philadelphia's quick turn around of hand delivered RFP's during a show or meeting, can mean the difference between winning and losing the business. At each show, there is an assigned booth leader who is a senior person within the sales organization that completes the show report and assigns leads by territory.

The PCVB booth has had a record turnout of late at shows such as Springtime in DC and ASAE. In addition to exciting new marketing graphics and collateral material, we have created a trade-show experience unique to Philadelphia and in the industry, by showcasing local favorites such as cheese steaks prepared fresh on-site. We have also added music highlighting "The Sound of Philadelphia". Our exhibitors are wearing themed Philadelphia shirts and branded Philadelphia specific giveaways are provided. Pre-show mailers and post-show follow up complete the extension of the brand, Philadelphia.

The PCVB in conjunction with the PCC, exhibits at trade shows or attends industry meetings in the unique vertical markets of Multicultural, Religious, Government and Pharmaceutical along with the premier meetings industry events such as, PCMA, ASAE and MPI.

In Market Industry Meetings & Events

Like industry trade shows, industry meetings and events are essential in establishing, building and enhancing relationships through networking and partnerships. Usually industry meetings are held monthly by local or regional chapters of a national trade organization. Relationship building at the local level builds strong respect for the PCVB/PCC for short-term meetings and on the national level with this local support.

INTERMEDIARY PARTNERSHIPS

The PCVB/PCC also participates in sales missions organized by third parties such as Experient, Smith-Bucklin and the Kellen Company. Partnering with these organizations as a sponsor provides an opportunity to reach out to the myriad associations and corporations represented by the intermediary to accomplish the following objectives:

- Reinforces the endorsement of Philadelphia as a destination of choice by the intermediary.
- Emphasizes the relationship between the intermediary and the sales and service professionals in Philadelphia.
- Encourages the end user, the customer, to consider or rebook Philadelphia.

SALES MISSIONS

A very important aspect of the Sales Strategic Plan is in-person sales missions to our primary feeder markets, Washington, DC, Chicago and New York and emerging or transitioning markets such as the West Coast and Southeast. These missions are not only targeted communication to our association, corporate and tradeshow clients but they also allow us to put our arms around the Global Sales Offices of the major hotel companies represented in Philadelphia, such as Marriott, Starwood, Loews and Hilton, further extending our sales reach through their sales efforts.

A well planned and executed sales mission accomplishes the following:

- Book business
- Identify and qualify new business for Philadelphia
- Communicate important messages
- Extend our sales reach
- Reinforce the Philadelphia brand through joint sales calls with key hoteliers and vendors
- Circle back to existing clients to re-emphasize the importance of their business to Philadelphia and drive new leads
- Move the organization to include Philadelphia on its rotation pattern or short list.

We have several sales missions planned for FY '08/'09 which will enable Philadelphia to:

- Drive the PCC expansion message in concert with the new hotel development
- Update clients on PCC management and labor improvements and enhancements
- Showcase our new Mayor and his commitment to the hospitality industry in the Philadelphia region

- Get “buy-in” from meeting planner or show organizer to commit to Philadelphia being in the organization’s rotation pattern or on its short list
- Reinforce commitment of Philadelphia to the rotation pattern or short list.

FAM TRIPS

One-Day

Since time is the currency of the 21st Century and planners and organizers can’t always allocate multiple days to site a new destination, in 2008 we will reinvigorate the one-day Fam trips that have historically been a signature sales and marketing event for Philadelphia. One-day Fams showcase the city in a tight timeframe, generally with a departure from a key feeder city at 8AM with a return to that same city by 6PM. Our first go-to choice for transportation is AMTRAK, due to the outstanding northeast corridor service, (targeted to our Washington, DC and New York markets) however, US Airways has also partnered with us in the past, allowing us to expand the invitation to clients in our critical mid-west market (Chicago, St. Louis, Indianapolis market). They can also include theater or special events like the Olympic tryouts – USA verses Puerto Rico boxing event.

As the sales and marketing arm of the PCC eighteen months and out, these Fams help us achieve a critical objective of proving that the expansion is proceeding along a schedule that ensures a timely delivery to definite clients. It also builds credibility with our tentative customers and those “still on the fence” about Philadelphia’s ability to handle a large citywide convention. In the non PCC hotel-related sales arena, one-day Fams can generate very lucrative hotel revenue on a short-term basis.

Multi-Day

Multiple day Fams are another great resource to showcase the city. They are typically held over a weekend and often in conjunction with a unique signature event such as the Flower Show, Army-Navy Game, Eagles football game or a major art exhibit or interesting cultural event. These events give the clients more time to discover the city and to experience the hotels, while enjoying our restaurants and usually a themed event at the PCC.

Upcoming Fams in FY ‘08/’09 will include: Philadelphia Flower Show Fam sponsored by Marriott International and the PCVB; and the Multi-cultural/Religious Fam sponsored by PCVB, PCCA and interested hotels.

A well planned and executed multi-day Fam accomplishes the following objectives

- Showcase the expansion of the PCC
- Reemphasize our key existing hotel product improvements (over \$300 Million in Center City hotels)
- View the new hotel inventory and the strategic location of this hotel development to the PCC
 - Builds stronger relationships with clients

CONVENTION SPONSORSHIPS

Cost of doing business in today’s competitive marketplace has created a paradigm shift. Planners/organizers in the past relied on their organization’s marketing departments to build attendance or get more exhibitors to come to destination. Since 2003 that has all changed – the planner/organizer is upfront and expecting – how is Philadelphia to help me grow my event in attendance, exhibitors or cost-effectively?

As a destination Philadelphia has to be prepared to address sponsorships to win the business. Customized electronic communications regarding Philadelphia via the planner/organizer's Website integrated with ours has been a cost effective way of building attendance. However that is the tip of the iceberg. Partnerships with our business community through the Greater Philadelphia Chamber of Commerce, Select Greater Philadelphia or the City of Philadelphia or the Commonwealth of Pennsylvania are ways to identify sponsorships.

Utilization of the PCVB'S appropriate congresses (Greater Philadelphia Life Science Congress, Multicultural Affairs Congress or the Philadelphia Sports Congress) for a particular group is another way to provide partnership/sponsorship initiatives.

Through the relationship selling of the PCVB/PCC partnerships/sponsorships are identified early on in the sales process. Careful evaluation is done by senior management within the PCVB/PCC to evaluate the business and address if in-market sponsorship should be extended to a group or not. Critical in an in-market sponsorship event is the time of the year they meet as well as Philadelphia's need for the business opportunity at that time. Sponsors should identify the PCVB/PCC in collateral as a premiere sponsor.

12.CONVENTION SERVICES

To ensure successful events at the PCC our SALES/SERVICES team is fully integrated and understands the role each plays in delivering an exceptional experience. Our "buddy system" also extends to our services personnel and how they deliver the promises made by our Sales professionals. Servicing our customer is the key factor in winning and keeping the customer for the long term. SERVICES include both external – those outside the PCC and internal – those inside the PCC that will impact the overall success of the event.

PCVB SERVICES PERSON	TITLE
Philomena Petro	Vice President, Convention Services
Janice Telstar	Director of Convention Services
Arlene Iannacone	Senior Convention Services Manager
Mariya Brewer	Senior Convention Services Manager

PCCA EVENTS SERVICES PERSON	TITLE
Lois McLaughlin	Director
Eric Erle	Assistant Manager
Maria Joe	Coordinator
Jorge Palmieri	Coordinator
Jessica Gerace	Coordinator
Todd Alexander	Coordinator

SITE INSPECTIONS

PCVB/PCC Services teams work together in coordinating all pre-event visits by clients to the Convention Center and the City. These visits (site inspections) consist of the planner of the event and vendors who support the convention and occur on a continual basis approximately 12 – 16 months before the meeting.

The purpose of the visits includes:

External Logistics

- Final selection of hotels
- Selection of special event venues
- Meeting with city officials to discuss any permitting , etc
- Meeting with affiliated organizations/universities (Select Philadelphia) to obtain lists of potential attendees to enhance attendance

Internal logistics

- Review allocation of space at the Convention Center for exhibits and meetings
- Meetings with vendors at the Pennsylvania Convention Center to coordinate technology needs, security, communications, catering, audio visual
- Pre-event labor meetings

CUSTOM CONVENTION PROMOTIONS

The PCVB offers a promotion program to selected conventions coming to Philadelphia. The program aims to increase attendance at conventions and educate attendees and exhibitors at no additional cost to the meeting through an electronic promotion campaign and a customized micro-website.

The campaign consists of:

External logistics

- A customized website with links to Philadelphia information, including new developments, calendar of events and sightseeing and dining options (sample at <http://www.pcvb.org/mla>).
- A broadcast email (designed similar to website) to all prospective attendees promoting your Philadelphia meeting and directing them to the website.

Internal logistics

- A broadcast email and website specifically for exhibitors to educate them on working efficiently at the Pennsylvania Convention Center and understanding the customer Rights and Work Rules.

WELCOME

PROGRAM

The Philadelphia Convention & Visitors Bureau (PCVB) offers a comprehensive complimentary welcome program to selected conventions to create awareness for the convention and provide a warm welcome for their attendees.

External Components

- Welcome Buttons for hotel staff of all participating hotels
- Welcome signage at Philadelphia International Airport
- Customized banners throughout the city

- An on-site information /restaurant reservation service
- Citywide welcome message on PECO crown lights
- Valuable discounts offered to conventioners

Internal Components

- On-site Concierge service at the Convention Center to provide city information
- Ask – Me volunteer program where PCC volunteers are available to attendees throughout the facility to provide directions and answers questions.

ON SITE SERVICING

PCVB/PCC Services team works together to assist planner with all logistics during move-in/show dates and move-out.

External logistics

- The PCVB schedules City Wide Pre-Convention meetings with all participating hotels ; meeting planner and appropriate vendors
- PCVB creates a citywide alert which is sent to over 1400 members of the Convention Bureau providing them with details of the upcoming convention
- PCVB attends the Convention Center Pre-Convention meeting; distributes and reviews citywide alert highlighting the number of hotels; number of rooms picked up; number of registration staff; welcome program components; transportation logistics.
- PCVB checks in with planner on a daily basis to monitor the clients' experience and any needs as it relates to the following:
 - Hotel
 - Registration Temporary Staff
 - Tour Services
 - Restaurant Booth
 - City Issues

Internal Logistics

- PCC pre conference meetings allow show managers and their staff to discuss their event

DESTINATION PROMOTIONS

PCVB/PCC Services team attends the annual meeting of identified conventions and trade shows the year prior to coming to Philadelphia to increase awareness, impact higher attendance and understand the servicing needed in Philadelphia. This service is not extended to all groups because of the cost involved. However, the ROI in hosting a destination promotion can help build attendance and exhibitor industry increasing revenues generated for Philadelphia. Destination promotions are handled by PCVB/PCC Services staff after the event is booked definite for Philadelphia.

SERVICES SUPPORT

PCVB/PCC Services teams furnish clients with information vital to the planning process. Advanced electronic communications have enhanced the servicing process.

External

- Digital Service Kit – this on-line services kit provides the client with all of the necessary tools to prepare for their Philadelphia experience.
Categories include: Multimedia resources
City Logistics including transportation; housing procedures
Attendance /Promotion Generators
Philadelphia regional information
Local suppliers /resources – PCVB membership base
Link to Pennsylvania Convention Center
- Collateral information- All planners are furnished with a comprehensive Philadelphia tool kit 12 months prior to Philadelphia meeting.
Tool Kit includes: Meeting Planning guides
Philadelphia promotional DVD's
Membership directories featuring 1400 member companies

Internal

- The PCC provides a number of tools to ensure that clients have a first rate experience.
They include: Online ordering for Facility Services
User-friendly expanded PCC website – www.paconvention.com

LOCAL PARTNERSHIPS

PCVB Services team is charged with assisting client with generation of increased attendance at the Philadelphia meeting.

- PCVB services team works with the three congresses- Greater Philadelphia Life Sciences Congress; Philadelphia Sports Congress and Multicultural Affairs Congress to identify potential audiences/resources for outreach by client.
- PCVB works with local business community – Select Philadelphia and universities to identify potential audiences/resources.
- PCVB services team works closely with specific convention’s local host committees to identify potential audiences/resources.

MEASURING PERFORMANCE

PCVB/PCC services teams survey the meeting planners, show organizers and show contractors to obtain customer feedback/suggestions.

External

- Post Convention meetings are scheduled with clients to review citywide experience as it relates to:
Hotels
Local Vendors
City Services
Overall City Impressions
- Post Convention Surveys measuring performance citywide as well as the convention center experience are executed by the PCVB services team immediately following each convention.

Reviews of the customer surveys and post convention minutes are analyzed and utilized to improve future performance.

Internal

- PCC conducts post-conference meetings at the client's request
- TRACKER – Online Exhibitor Survey for feedback

13. GOALS - FISCAL YEAR 2008-2010

Refer to PCCA supplement prepared by the CFO for the 3 years of revenue splits between PCCA & PCVB.

Room night generated by the PCVB in separate document.

14. STRATEGIC SALES PROCESS

As acknowledged by industry surveys and our own Customer Advisory Board feedback, the long-term sales process - primarily impacted through *relationship selling* - differs from the short term sales process which tends to be more *transaction based*, immediate and quite often today, these business opportunities are identified, pursued and/or closed electronically. Systems that support the different type of sales process are critical to our success.

Tools that support the long-term sales efforts are important for staying focused on business 5 years out and beyond and also for tracking and measuring how Philadelphia is faring against the competitive set into the future. Philadelphia's base citywide hotel occupancy and the PCC's base occupancy level are often determined at the 7-10 year out point. Some of the initiatives we have developed to stay on point are:

Universe of Accounts – Each Director has approximately 75-100 primary accounts tracked in a format referred to as their Universe of Accounts. This “book of accounts” represents the rotation schedules of the major citywide conventions within that geographical territory. Each individual market universe is combined to form a global Universe of Accounts that allows us to track the national association rotation around the country historically and into the future, providing a measure of our competitive position and future open east coast rotations to pursue.

Funnels - All major identified citywide conventions are tracked via individual territorial Universe of Accounts which interfaces with the Funnel, when the sales process is actively engaged. The Funnel tracks prospects and/or RFP distribution (above the funnel), leads or tentatives (in the funnel) and closing the business (best/few) sales activity. Each Director is responsible for the maintenance and updating of these tools on a regular basis.

Research – the need for information in the sales process to identify new business opportunities and to position Philadelphia as the right choice is undeniable. Fortunately, online resources are abundant and generous with information. These sites include but are not limited to the organization's own web site. The PCVB has identified a need for this resource in the sales process to assist with identifying local Board Members, the number of businesses within a specific mile radius, a Philadelphia connection piece and/or anything substantial that can be included in a proposal that positions Philadelphia as a destination of significance to their industry or that places Philadelphia more favorably than our competition.

Research strategy based on the following criteria:

- 1) Give us greater knowledge of the account and how Philadelphia can perform in servicing

- 2) SOPS in place that support the sales manager's need for research, while they can continue finding more and new customers to "buy" Philadelphia
- 3) Implemented a research program for an intern or graduate student that does this for the division on an ongoing basis.
- 4) Ensure Convention Division behavioral initiatives change toward iDSS and they see as our CRM database as our bible.
- 5) Competitive destination information.
- 6) DMAI MINT database for historical and future analysis.

15. PCVB CONGRESSES & OTHER SALES TOOLS

The PCVB has three congresses that assist in the sales and servicing of key segments. These congresses interface with the sales team regularly beginning with the prospecting stage and throughout the sales process to promote the region, connect networks and position Philadelphia favorably in the meetings and convention market.

Multicultural Affairs Congress

A great resource for all planners, the Philadelphia Multicultural Affairs Congress (MAC) works to increase Philadelphia's share of multicultural meetings and tourism markets. MAC maximizes opportunities for the region by promoting Philadelphia as an ethnically diverse visitor destination, encouraging multicultural business and social responsibility that contributes to and benefits from the varying multicultural communities that enhance our region's hospitality and tourism industry.

Greater Philadelphia Life Sciences Congress

The GPLSC brings representatives of the five prongs of the life sciences together: regional healthcare, pharmaceutical, biotechnology, higher education and business. These professionals help position Philadelphia as the center for life sciences meetings, conventions and business.

Philadelphia Sports Congress

The PSC actively partners with the sales team to attract major sporting events and conventions on behalf of the Philadelphia region for economic development purposes. The PSC's highly engaged staff and Board have a demonstrated record of bringing new sporting event business to Philadelphia.

International Market

The international meetings market potential for Philadelphia is trending toward travel in conjunction with U.S. based association or corporate annual conventions and meetings already decided for Philadelphia. In other words, the average international group customer in Philadelphia usually comes here by invitation of a domestically based company or professional association (often pharmaceutical or healthcare related) and the travel is arranged separately through an intermediary. This is big business for our hotels as this sub-segment usually goes around the citywide block and frequently prefers four and five star properties.

However with globalization, we recognize that there is potential for independent international meetings and conferences to convene on the east coast of the U.S. We suspect that this interest will probably be due to our regional infrastructure of healthcare and pharmaceutical industries. To identify new business opportunities, we have joined the International Congress and Convention Association (international equivalent of the U.S. based Destination Management Association International (DMAI) to explore the database and business potential for Philadelphia. One PCVB account manager is deployed against this market.

Association Management Companies (AMC)

These organizations play an important role in the PCVB moving forward in finding new business. AMC's manage multiple association and their numbers are telling. In the aggregate, AMC's manage more than 3,000 associations with budgets ranging from \$150,000 to \$16M – a total in excess of \$4B annually. AMC's provide diverse services that range from routine administration and executive-level management to public relations, marketing & most important to us, meeting management. AMC's as noted above, will be an important resource for identifying new business for Philadelphia. The AMC's we work most frequently with are SmithBucklin Associates, Experient, Anthony J. Jannetti, Talley Management Group, Association Headquarters, Inc., Fernley and Fernley and Kellen Company, to name a few. All account managers are deployed against this segment.

Incentive Companies

Another important avenue for sourcing new business is available through incentive companies. While resorts tend to be the destination of choice for incentive business, incentive companies also source business especially in the automotive, pharmaceutical and insurance segments, for top urban areas. Those companies include Maritz, Carlson Wagon-Lits, George P. Johnson and Gray Consulting. Several account managers are deployed against this segment.

One of the growing trends in the meetings and convention market is the rise of the independent meeting planner. This growth has been fueled by companies such as Conference Direct and Helms Briscoe, employing former meetings and hospitality industry veterans to manage the lead process for association and corporate accounts on a commissionable basis. These companies deliver to Philadelphia not only on a citywide, PCC-related level but also are an invaluable source of new business for our hotels. All account managers are deployed against this segment.

16. TRADE SHOWS

In conjunction with the expansion of the PCC, Philadelphia has a unique opportunity to secure additional business from the trade show market – especially from its greatest competitor in this lucrative demand segment – New York City. The reason – the existing condition of and decision not to expand the Jacob Javits Center.

The PCVB has been working closely with the “big” show organizers, who own the shows and can book them within 12 to 24 months. Integrating large trade shows with convention business can be a huge win for Philadelphia after expansion is completed in December 2010.

The condition of the New York Javits Center combined with its cancelled expansion and the impending opening of the PCC's expansion in 2010, are creating renewed interest in Philadelphia as a site for large national tradeshow market. Optimism surrounding the Customer Satisfaction Agreement (enacted in 2003) is also creating new business opportunities for the Philadelphia and PCC from this segment.

17. CUSTOMER ADVISORY BOARD

The Philadelphia Customer Advisory Board (CAB), which partnerships with the PCC is always involved and plays a key role in Philadelphia's sales & marketing strategies as well as understanding the competition, what product and service improvement needs to be achieved and what will separate Philadelphia from the pack.

CAB is made up of key customers who are meeting planners, show organizers and show contractors. They buy nationally and know Philadelphia well. But they also know Philadelphia's competition and the

40 major destinations in North America as well and how Philadelphia compares to them. As members of Philadelphia’s CAB they are asked to tell us how Philadelphia stacks up, and what can and should be done to enhance or improve to gain more customers market share.

The CAB meets twice a year, but is communicated with throughout the year on key issues to comment on or to inform them about events and activities in Philadelphia. CAB represents Philadelphia’s typical national customer and market mix and is a barometer for what our customers want and expect.

PCVB CAB members serve three-year terms, at which time they are replaced with other national meeting planners that provide new input and insight to improve Philadelphia’s product and position it strongly as a national destination. A strong relationship with CAB members is hallmark to the success of Philadelphia in the future as they become “apostles” delivering our brand message to others.

18. SHOW CONTRACTORS – THE OTHER CUSTOMER

While the show contractor can be viewed as a vendor to the meeting planner or show organizer, Philadelphia and the PCVB/PCC need to view them as a customer/partner in providing an exceptional experience in Philadelphia.

The show contractor can dramatically impact the outcome of the convention, trade show or event in Philadelphia and cannot be overlooked. Many show contractors have long- term relationships with the meeting planner or show organizer and their organization. With such relationships between the planner or organizer the contractor provides “piece of mind” because they have a proven track record with their customer that the destination may not have. The meeting planner and show organizer seek input from the show contractor about working in a destination, the labor climate and cost of doing business in the destination and should a destination be considered. While the show contractor’s input may not affect the final decision in the selection of a particular destination, they influence the meeting planner and show organizer and this influence could eliminate a destination making the short list for a planner’s or organizer’s future sites or rotation.

SERVICE CONTRACTOR	# TOP 200 SHOWS	MARKET SHARE
Freeman	102	51%
GES Exposition Services	54	27.0%
Geo. E. Fern	8	4.0%
Champion Exposition Svcs	8	2.5%
Rosemont Exposition Svcs	5	2.5%
Shepard Exposition Svcs	3	2.0%
Brede Exposition Svcs	3	1.5%
The Expo Group	2	1.0%
Merchandise Mart Propert.	2	1.0%
Reber-Friel	2	1.0%
Penn State Expo Svcs	1	.5%
Chene Expositions	1	.5%

Chart above outlines the larger show contractors (TSW 2008 –TOP 200)

19. TECHNOLOGY & THE CUSTOMER

The environment we live into today is not only global but totally connected as the result of advanced technology. To be competitive Philadelphia has to be a leader in reaching the customer through state-of-the-art technologies and at the same time for understand what customers technologies needs are to ensure successful outcomes in the destinations they chose for their events.

Reaching the customer through advanced technologies has required re-tooling how our customer database is managed at the PCVB and the PCC. Both organizations have invested in technologies that will enhance the relationship we have with customers including both their business and personal preferences that impacts their buying decisions.

TECHNOLOGIES THAT HELP US REACH THE CUSTOMER

PCVB – iDSS

The PCVB migrated to iDSS in 2007, as a web-based solution providing us access to our customers 24/7 anywhere in the world. It allows the PCVB Sales/Services professionals to deal with this Customer Relationship Management (CRM) program and update customer information anywhere they have Internet access.

iDSS offers a complete web-based system for convention/travel trade sales, destination marketing activities, and client/member management. This powerful system delivered over the internet streamlines processes and eliminates redundancy of information making critical data available anywhere an Internet connection is available.

Prior to implementing iDSS, the PCVB had a cumbersome and inefficient lead distribution process. This process required printing and faxing or scanning and emailing the business lead documents to each member hotel, then receiving the hotel's response via fax or email. Now every hotel member has a login and password to iDSS and they can log on regularly to receive new business opportunities and receive updates regarding existing opportunities. When they respond, it is recorded directly into the database, so the PCVB sales team can see up-to-the-second who is participating in an opportunity. The sales team can communicate through the database, with a trail of all communications, privately to individual hotels, or to all hotels who receive the lead.

Features of the database include:

- Account & Contact Management - All organization contacts in ONE database with easy searching capabilities
- Sales Leads templates for many types of leads – Convention Center/multiple hotels, Accommodations, Meeting Space, Sports Events, Tour Groups etc.
- Custom Profiles for all major groups (PCC related/Multiple hotel related groups)
- On-line lead response tool for Industry Partners / Convention Center /Hotels
- Reporting capabilities for both production and analysis of PCVB work
- Membership Module with extensive publication options and dues billing options

- Sponsorship, In-kind and Partnership Tracking and Invoicing
- Integrated E-marketing solution
- Site Inspection Itineraries
- Familiarization Itineraries
- Expense Tracking and Reporting
- Template screens available to customize for specific needs
- On-line Registration module integrated with Membership Data for Member Events
- One database management program for all departments of the PCVB

PCCA – EBMS

The PCCA instituted a new Event Management System Application called EBMS (Event business Management System) from Ungerboeck, Inc. in October 2004. The Event management System or EBMS is an integrated module system that covers the entire business spectrum from Marketing, Booking, Event Management, Service and Work Orders, Workforce Scheduling, Procurement, Inventory, Operations, Accounting and Finance, and CAD Management. The extreme functionality of this event management software provides real time management of all events, event information and services, and financial statistics for all events hosted at the PCC. In addition, the EBMS application provides online services to customers via the Internet to order technology, client utility, and other services directly from the PCC website in a secure format. This data is automatically transferred to the internal EBMS application so there is no dual entry of data.

The EBMS application is also shared with the PCVB to coordinate efforts through a common goal. The PCVB sales team has been granted a “view only access” to provide the ability of real time account management. The shared database application also serves as the “account file” for each client account where full documentation of each account activity is recorded and stored.

To keep abreast of all of the new and advanced features that the EBMS software offers, PCCA attends the yearly conference where a 3 day conference is chock full of information for enhanced business procedures. After returning from the conference, the PCCA conference delegates then provide in-house training sessions to roll out the new and enhanced features of the product.

The functionality of the EBMS database include:

Multi-Organizational Usage – EMBS may be shared with multiple organizations on a Local Area network (LAN) or via the Internet.

International Capabilities – EBMS is equipped to handle all aspects of international commerce, including currency transactions, international taxation, multiple user languages, field formats, and multi-lingual event management.

Integrated Accounting – From Event Sales to Operations, whenever an activity gives rise to accounting transactions as receivables, payables, and inventory, the EBMS application provides comprehensive reports for complete account reconciliation.

Notes, traces, and Reminders – Notes, checklists, and follow up traces (reminders) may be attached virtually anywhere, total...account, diary entries, bookings, events, work orders, inventory items, transactions, etc. These elements provide full documentation for account management.

Management Reports – The EBMS database provides comprehensive reports that can be compiled for administrative management and review.

Secure Online Services – The EBMS Application provides customers with the ability to purchase services online in a secure format. Information entered is transferred automatically to the internal EBMS application saving valuable time and operating expenses.

TAP REPORT

Trends Analysis Projections LLC (TAP) is a data service provider and consultant to over 45 convention bureaus in the U.S. and Canada.

TAP information has been developed by industry professionals with the focus on how a destination can better manage its meetings and convention business with its three principal stakeholders – convention bureaus, convention centers and destination hotels.

TAP Peer Set Benchmarking Reports are the only tools in the industry that allow destinations to measure their performance against competing markets for market share, pace and conversion performance. TAP Peer Set Reports analyze critical market data, allowing bureaus to accurately position convention bids for future years.

STARCITE

A future investment that the PCVB will make is with StarCite, with 35% of all of the meetings and convention segment booked in Philadelphia being medical, healthcare and life-science related. StarCite enhances Philadelphia's ability to be part of the procurement process from the onset, especially with the pharmaceutical and biosciences companies.

StarCite, Inc. is the largest on-demand global meetings management company in the \$300 billion global marketplace for corporate meetings and events. Processing more than 3 million attendee registrations a year and delivering over \$7.5 billion in revenue opportunities annually to meeting suppliers, StarCite brings together buyers and suppliers of meeting-related services on an unprecedented scale; delivering value through world class technology and services to both audiences. StarCite's On Demand Global Meeting Solutions™ Ensure control and compliance for the corporation and provides reach new customers and drive incremental revenues to vendors.

20. PCC PRICING POLICIES

A survey was conducted to provide a snapshot sampling of 11 cities from various areas of the county. The cities that were surveyed are Baltimore, Atlanta, Orlando, Las Vegas, San Diego, Chicago, Washington, DC, New York, Boston and Philadelphia.

In order to provide a fair comparison, a sample request was used to calculate rental rate for a tradeshow of 8 days with 4 days of show and 4 days move in/out. It was further determined that proportional meeting

space was granted to the clients at a complimentary rate. In addition, a second sample study was conducted to calculate the rental rate for the usage of Ballroom space. It should be noted that these rates are the published rates as of April 2008 and are subject to change and do not take into consideration for any food and beverage related discounts.

The sample surveys were used to identify the positioning of the Pennsylvania Convention Center amongst its competitive set. This study was also used to substantiate and amend the rate schedules for the years 2008-2010 and also 2011-2013. A study was also conducted to glean the business practices of the competitive set to determine revenue generating areas that would enhance the business methods currently used at the PCCA. As an example: The concourse space of the PCCA will now receive a charge of \$1.00 per net square footage used. This has been an area where clients utilize the concourse space for additional vending space. We believe that this has been a missed opportunity to secure additional revenue while keeping aligned with our competitive set.

The competitive set rate survey and rate schedules for the Pennsylvania Convention Center are attached.

21. INDUSTRY TRADE SHOWS CALENDAR

JANUARY

Association for Convention Operations Management (ACOM) Annual Meeting - Made up of convention services managers of hotels, convention centers and CVBS. www.acomonline.org

Professional Convention Management Association (PCMA) Annual Meeting - Made up of nonprofit organizations involved in planning conventions, expositions and meetings – originally focused toward the healthcare industry. www.pcma.org

Meeting Professionals International (MPI) Education Conference - Made up of meeting planners and suppliers – corporate focus. www.mpiweb.org

Religious Conference Management Association (RCMA) Annual Conference & Expo - Made up of meeting and convention planners for religious organizations. www.rcmaweb.org

FEBRUARY

Council of Engineering & Scientific Society Executives (CESSE) Annual CEO Mid-Winter Meeting – CESSE offers its members a forum for exchanging information about their experiences and a venue for addressing the problems, challenges, and opportunities they face in operating their societies.

Association for Conference Marketing Executives (ACME) Annual Conference – Made up of over 100 marketing and sales executives from convention centers and bureaus across the country.

MARCH

Destination Marketing Association International (DMAI) & Destination Showcase Washington DC - Made up destinations marketing agencies and convention & visitors bureaus. Show geared to expose to national trade associations, corporate and government meeting planners and organizers. www.destinationmarketing.org

Society of Independent Show Organizers (SISO) CEO Conference - Made up of for-profit exhibition organizers. www.siso.org

APRIL

HSMAI Affordable Meetings Mid-America: Trade show for meeting professionals who represent all segments of the industry to meet with CVB's Convention Centers, airlines, conference centers, trade publications, DMC's etc. who service the industry. www.affordablemeetings.com

IMEX: the groundbreaking exhibition for meetings and incentive travel. www.imex-frankfurt.com

International Association of Conference Centers (IACC) – Made up of IACC members that includes educational sessions and opportunities to network www.iacconline.org

International Association of Exhibitions & Events Technology Conference - Made up of exhibition, event managers and suppliers. www.iaem.org

MAY

Society of Government Meeting Professionals (SGMP) - Is the only national organization in the United States dedicated exclusively to improving the knowledge and expertise of individuals in the planning and execution of government meetings through education, training, and industry relationships.

JUNE

Healthcare Convention & Exhibitors Association (HCEA) Annual Meeting - Made up of healthcare exhibiting companies, suppliers and associations. www.hcea.org

Springtime Washington DC (PCMA) - Focus on destination promotion to the association market.

HSMAI Affordable meetings West - Trade show for meeting professionals who represent all segments of the industry to meet with CVB's Convention Centers, airlines, conference centers, trade publications, DMC's etc. who service the industry. www.affordablemeetings.com

Exhibition Services & Contractors Association (ESCA) Summer Educational Conference - Made up service contractors, unions, labor organizations and suppliers. www.esca.org

National Association of Consumer Shows (NACS) Annual Convention - Made up of consumer show producers and suppliers. www.publicshows.com

Destination Showcase International (DMAI) Chicago - Designed to promote destinations through CVBS to association and corporate meeting planners and show organizers. www.destinationmarketing.org

JULY

Council of Engineering & Scientific Society Executives (CESSE) Annual CEO Summer Meeting – CESSE offers its members a forum for exchanging information about their experiences and a venue for addressing the problems, challenges, and opportunities they face in operating their societies.

Major American Trade Show Organizers (MATSO) Annual Meeting & Congress - Made up of organizers of tradeshow of at least 200,000 net square feet. www.matso.org

Destination Marketing Association International (DMAI) Annual Convention - Made up of destination marketing agencies and conventions and visitors bureaus. www.destinationmarketing.org

International Association of Assembly Managers (IAAM) Annual Conference - Made up of exhibition and events managers and suppliers. www.iaem.org

Meeting Professional International (MPI) World Education Conference - Made of meeting planners and suppliers – focused on corporate segment. www.mpiweb.org

AUGUST

American Society of Association Executives & The Center for Leadership Learning (ASAE) Annual Meeting & Expo - Made up of association executives and suppliers. www.asaenet.org

HSMAI Affordable Meetings, National - Made of suppliers focused on promoting destinations to the association and corporate market segments. www.hsm.ai.org

HIGO Classic - Gold tournament for national association meeting planners and suppliers.

OCTOBER

TEAMS - The world's largest gathering of sports-event organizers—it's the place to be for anyone who wants to be a player in the sports-event industry. www.teams.org

DECEMBER

Exhibition Services & Contractors Association (ESCA) Annual Meeting - Made up of service contractors, unions, labor organizations and suppliers. www.esca.org

International Association of Exhibitions & Events (IAEE) Expo! Expo! – Made up of exhibition, event managers and suppliers. www.iaam.org

Association Forum of Chicagoland and Holiday Showcase - Made up of destination suppliers geared at attracting association and corporate meetings and conventions to destination.

Convention Industry Council (CIC) Hall of Leadership: made up organizations involved with meetings, conventions & exhibitions. www.conventionindustry.org

22. PERFORMANCE DEVELOPMENT

Through the analysis of surveys, customer feedback and lost business reports, the PCVB/PCC will focus on *lessons learned* to improve and enhance performance levels or product improvement. Review of customer surveys; TRACKER exhibitor surveys; post convention minutes with meeting planners, show organizers and show contractors analysis will be done and measures taken to improve marginal performance to ensure more positive experiences in the future.

Outside surveys (Metropoll and Watkins Study) will also be used to improve sales, service and product offerings as well.

Findings will be shared with staff that can impact change. With regard to show workers in the PCC, management will work to enhance the customer experience.

- Sales/Services – Performance Improvement
- Minority Executives DELP
- Technology Training
- Show Services – Business Agents Show Workers Monthly Lessons Learned

23. INDUSTRY TRENDS

The paradigm shift in Green thinking will impact every aspect of our lives, where we will consciously or unconsciously consider the environment in every act we take. Hotel patrons will consider turning their lights off when they leave their rooms, stop demanding fresh towels when they return, want natural fiber bedding, non-toxic soaps, and so on. In essence, consumers may very well decide to stay at a particular hotel simply by the “color” of it, and the deeper shade of green an establishment is

The trend of “Greening” in all businesses is gaining momentum. Meeting planners and show organizers are including questions in their RFP’s as it relates to the convention center, the destinations recycling initiatives, and environment sensitivity.

The PCC and its services partners have undertaken a number of green initiatives including recycling, low environmental impact cleaning policies and the use of recycled materials.

As the hospitality industry hub the Philadelphia Convention & Visitors Bureau and Pennsylvania Convention Center “Green” Initiative needs to be a multi –faceted approach where policies are adopted that :

- Impact operations at the Pennsylvania Convention Center
- Impact the membership base and the hospitality community at large
- Impact planning efforts of clients by offering green solutions when meeting in Philadelphia..

Working with our Hospitality partners our community will adopt the Convention Industry Council’s Green Meetings Task Force initiatives as outlined below:

Convention & Visitors Bureaus/Destination Management Companies

Minimum Best Practices:

- Establish detailed environmental policies and a strategy to implement them.
- Consistently communicate the policies in various ways to engage all employees, clients, members and visitors.
- Survey the city’s event venues, hotels, transportation providers, event suppliers and local government departments to discover the environmental programs/services they offer or have undertaken (i.e., energy efficiency, water conservation, waste management, hazardous waste elimination, etc.).
- Compile the information in a database of suppliers of ‘green’ programs.
- Make staff aware of these suppliers’ efforts.
- Use the information to help event organizers make their supplier selections.
- Use the information to recommend hotels and venues with environmental management practices, and/or those that minimize travel by being centrally located or on public transit routes.

- Establish a purchasing policy to buy environmentally friendly products, including ENERGY STAR® equipment¹, remanufactured toner cartridges, post-consumer² recycled content paper, and recyclable plastics.
- Have maps of walking trails and local parks available and be ready to suggest off-site events and tours that involve event attendees in the area's natural environment with minimal impact.

Green initiatives will also be aligned with the City's Philadelphia Going Green campaign; Green Philadelphia partners; Center City District

The Convention Industry Council's Green Meetings Task Force was charged with creating minimum best practices for event organizers and suppliers to use as guidelines for implementing policies of sustainability. The task force was composed of individuals from the EPA, the Ocean's Blue Foundation, the Society of Incentive Travel Executive's Green Meeting Group, the World Travel Organization, hotels, convention and visitor's bureaus, convention centers, and meeting-planning organizations.

24. TAXES & GRANTS

In fiscal years 2005, 2006 and 2007 the State of Pennsylvania provided a \$500,000 grant through the DECD to the PCVB for the marketing of the Pennsylvania Convention Center. With expansion underway the marketing of the Center and Philadelphia as a meeting and convention destination it is essential that there is steady revenue flow to ensure an effective marketing campaign, uninterrupted that keeps Philadelphia in front of the customer and sets it apart from others as a premiere meetings and convention destination for this lucrative billion dollar market segment.

25. MARKETING

Creating the Brand – Philadelphia: Meetings & Conventions - 2006/2007

Destination

On December 13, 2006, the Pennsylvania Convention Center Authority and the Commonwealth of Pennsylvania announced their approval of the conceptual design for the PCC expansion. The commitment of \$700 million – the largest capital expenditure in Pennsylvania history – underscores how important the PCC has become to the region's economic vitality. Once the doors open in 2010, our newly expanded Convention Center will boast, among other things:

- o More than one million square feet of saleable space
- o The largest contiguous exhibit space in the Northeast
- o The largest convention center ballroom on the East Coast
- o Plus, more meeting rooms and improved signature amenities

It is critical that these and other sales points are conveyed to meeting and event planners, tradeshow organizers, conventioners, and exhibitors. If you build it, they will come

Campaign brand

A new campaign tagline was launched...Philadelphia is now officially

“Where You're at Liberty to Meet.”SM

A graphic based on the Liberty Bell to accompany the tagline. The creative concept behind both the tagline and graphic is to link Philadelphia with its most valuable asset and best understood differentiator—history—while integrating images that clearly present Philadelphia as America’s great, diverse, and vibrant city.

Campaign logo

We also created a PCC logo for this campaign to be more aligned with its creative concept, which references without overemphasizing our historical origins.

Ad concepts

The ad concepts discussed in the Creative Brief section of “Thinking Bigger, 2006” have been rolled out. In the launch year, we spent \$200,000 on paid print advertising (with online added value) in the following targeted publications: *Association Meetings, Convene, RCMA Directory, USAENews, Meeting Professional, Mid-Atlantic Events, Medical Meetings, Tradeshow Week, Hispanic Meetings & Travel, Black Meetings & Tourism, Philadelphia Business Journal* and *The Philadelphia Tribune*. These publications created an estimated 3.5 to 4 million impressions.

In December 2006, it was announced the new campaign won a 2006 Silver Davey Award, an international honor.

A handwritten signature in black ink that reads "Be at Liberty to Meet". The script is fluid and cursive, with a long horizontal line extending from the end of the word "Meet".

Even though the focus of these ads was the expansion, the PCVB/PCC was able to work with the PCVB’S congresses (the Philadelphia Multicultural Affairs Congress, the Philadelphia Sports Congress, and the Greater Philadelphia Life Sciences Congress) and our short-term sales teams to tailor messages to target particular audiences, like medical, Hispanic, African American, educational, and religious meeting planners.

With the success of these ads, the PCVB/PCC began to incorporate other messages into the campaign, specifically to engage the local community. So, with one twist of a phrase, we started to explain “Why Bigger Means Better.”

Extending the campaign was hallmark to the PCVB/PCC marketing efforts – the goal - create an emotional connection with Philadelphia. Taking liberty with the “Where X Meets Y” construct to create a series of catchy signature Philadelphia ad concepts that tied icons with words the PCVB/PCC was able to achieve the impact it was looking for. The PCVB/PCC began running the first of these concepts in the convention trades with Philadelphia’s own Patti LaBelle who provided her services/image to the campaign.

Sales/Marketing Sales Material Comprehensive sales materials integrating the new creative concepts and messaging are tools for the PCVB/PCC sales force and hundreds of customers. This includes a 45-page “Work/Play Book” (or bid book) and a one-of-a-kind formatted brochure with pull-outs on hotel maps, and current and expansion floor plans.

Road Shows – Integrated Sales & Marketing @ Trade Shows

The PCVB/PCC also created the tools and materials needed to reinforce the message at the tradeshow. With new booth and banner designs that incorporate the “X Meets Y” creative in fun ways.

Internet Marketing and Web Site Development

Providing 24/7 Access to Philadelphia for the Customer

The PCVB/PCC integrated the campaign creatives into online promotional material. This is part of PCVB/PCC ongoing strategy to integrate the campaign messages into all aspects of the sales and marketing efforts, creating a seamless flow of content and reinforcement of the Philadelphia message everywhere.

Public Relations

Supporting Sales & Marketing With Media & Trade Publications

The PCVB/PCC’S public relations team strategically approached both media and the trades to spotlight Philadelphia and the PCC with national meeting planners, show organizers, and the local community.

Stories (nationally, regionally and locally) on the new campaign, Convention Center expansion, new developments, kept Philadelphia – as a destination for meetings, conventions and events – in front of the buying customer. Folded into the PCVB/PCC public relations strategies were themes of diversity and inclusion working with MAC to attract a greater audience of planners and organizers for multicultural meetings, conventions and events. Important initiatives also were integrated to raise the region’s profile in partnership with the Greater Philadelphia Life Sciences Congress and the Philadelphia Sports Congress.

Strategically, in late 2005 executives of the PCVB/PCC meet with the editorial boards of Philadelphia’s major daily news papers: the Philadelphia Inquirer, the Philadelphia Daily News, and the Philadelphia Tribune to encourage the dailies to look to and talk about the positives of the Pennsylvania Convention Center and the importance of the convention and trade show business for the hospitality industry and Philadelphia as a destination. In 2004 when there were 419 negative articles about the Convention Center published – most ran in the local daily papers. By the end of calendar year 2006 there were dozens of positive articles and only a handful of unfavorable pieces.

Educating Philadelphia and the Region

With demolition of the first building and expansion becoming a tangible reality on August 13, 2007, the PCVB/PCC communications focus was to educate the local community, therefore keeping them engaged and supportive of the project, with two distinct messages and campaigns:

“Why Bigger Means Better”: The PCVB/PCC efforts began in 2006 with a series of targeted ads focusing on the importance of an expanded Convention Center to the region. The local community needed to be educated on the importance of the building to truly understand the magnitude of its economic impact and to continue to have buy-in. The Convention Center is the hospitality industry’s largest economic engine and affects all industries in the region. In 2008, the PCVB/PCC will continue to expand on this campaign and include more messaging about the

educational and professional development initiatives, and the minority-owned business opportunities.

“Bring it Home”

Two key components to the Bring it Home campaign were long-term partnerships with the Greater Philadelphia Chamber of Commerce (GPCC) and the *Philadelphia Business Journal* (PBJ).

The PCVB/PCC entered into a year-long commitment with the GPCC to sponsor key events such as the Chamber Annual Meeting and Mayor’s Luncheon. The events offer captive exposure to the business community.

The PCVB/PCC also entered into a successful 13-week print and online partnership with the PBJ that resulted in an increase of page views of more than 100%.

The Bring it Home campaign will also be the way to reach Philadelphia Area Meeting Professionals International (PAMPI) members to book or keep a portion of their meetings in Philadelphia.

Executive staff from the PCVB also met with leaders from the Hispanic and African American Chambers of Commerce about the campaign. Both chambers embraced the program and distributed materials to their respective members.

Reinforcement of the Message is Critical for Future Sales

In 2007, the PCVB/PCC had a budget of \$250,000 of the \$500,000 grant for ad placement to reach our national customers, focusing again on industry media and local outlets. This represents a 25% increase from 2006. We deepened the media relationships with increased exposure in publications and on key industry Web sites and e-newsletters. We also worked with the Multicultural Affairs Congress (MAC) and Mecca Marketing Media on multicultural placements. The coordination with MAC helped us extend the brand into already-planned multicultural placements and avoided duplication in publications.

The 2005 Metropoll XI study showed the PCVB had significant room for growth in advertising. Our Customer Advisory Board also said we were not in the trades with enough frequency. In order to stay top-of-mind, Philadelphia needed to increase placements (Hospitality expert Bruce Turkel states in his seminar, *7 Steps to Building Brand Value*, you must “Repeat, Repeat, Repeat” the message).

We asked our Customer Advisory Board anecdotally what publications they like to read and how they read them. We confirmed those publications and news outlets were in our media buy and customized our message in terms of placement, adjacencies, and relevant editorial content.

For maximum impact, we targeted insertions around major industry tradeshows such as the Professional Convention Management Association, Meeting Professionals International, and the American Society of Association Executives’ two shows: Springtime in the Park and their Annual Meeting.

We also continued our efforts to showcase our creative work by negotiating unique and strategic placements and seeking out unique sizes, like half-page spreads and strip ads allowing us to stretch our investment.

Getting Even More “E”

Electronic Communication Enhancing the Sales/Service Processes

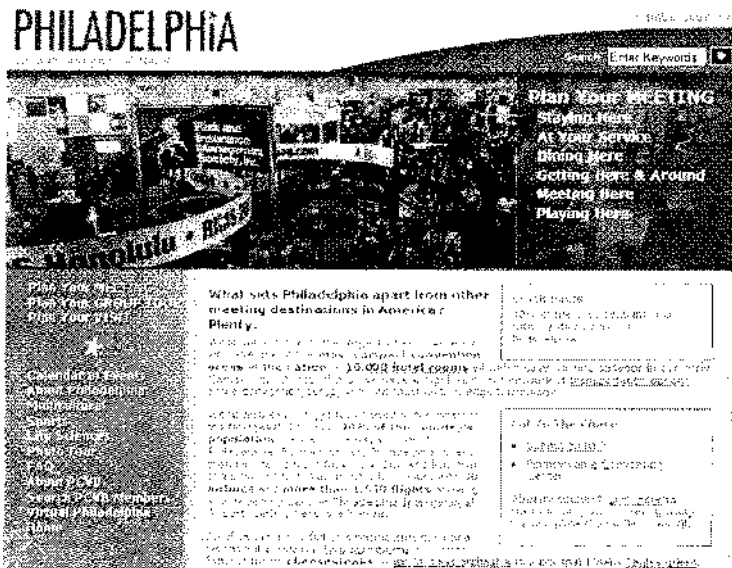
The PCVB/PCC revamped its online presence and essentially created an online bid book. New Web sites for both the PCC and PCVB (see above) have continued to integrate the new messaging and creative.

The PCVB/PCC implemented the first search engine marketing (SEM) campaign for Philadelphia’s meetings market in 2007. From January to October 2007, this program has aided in the increase of traffic to the PCVB’S Web site generating more than 133,000 visits and nearly 52 million impressions.

Compared to other destinations, the PCVB/PCC online tools are getting even more cutting edge. With a significant investment of time and money from the PCVB/PCC and Center City District, *Virtual Philadelphia* took major strides toward a mid-2008 site launch to take online destination research to a whole new level. Virtual Philadelphia is a true-to-life model of Center City. Web site users will have the ability to walk, fly or drive through the streets of Philadelphia and interact with storefront businesses – including how to get from my hotel to the Convention Center. Working with the Web team at the PCC, time-lapse construction of the Convention Center will be shown, along with floor plans and interactive tours of the existing and expanded space.

With online users demanding even more interactive and visual content, the PCC has answered the call by making up-to-the-second photos of the demolition site available via www.paconvention.com. Partnering with the PCC the PCVB has integrated this and other expansion-related content on www.PhiladelphiaUSA.travel

Podcasts featuring Philadelphia’s meetings and conventions assets will be packaged as short segments that are viewed online. Topics will include Philadelphia’s hotel package, off-site venues, the historic square mile, etc.

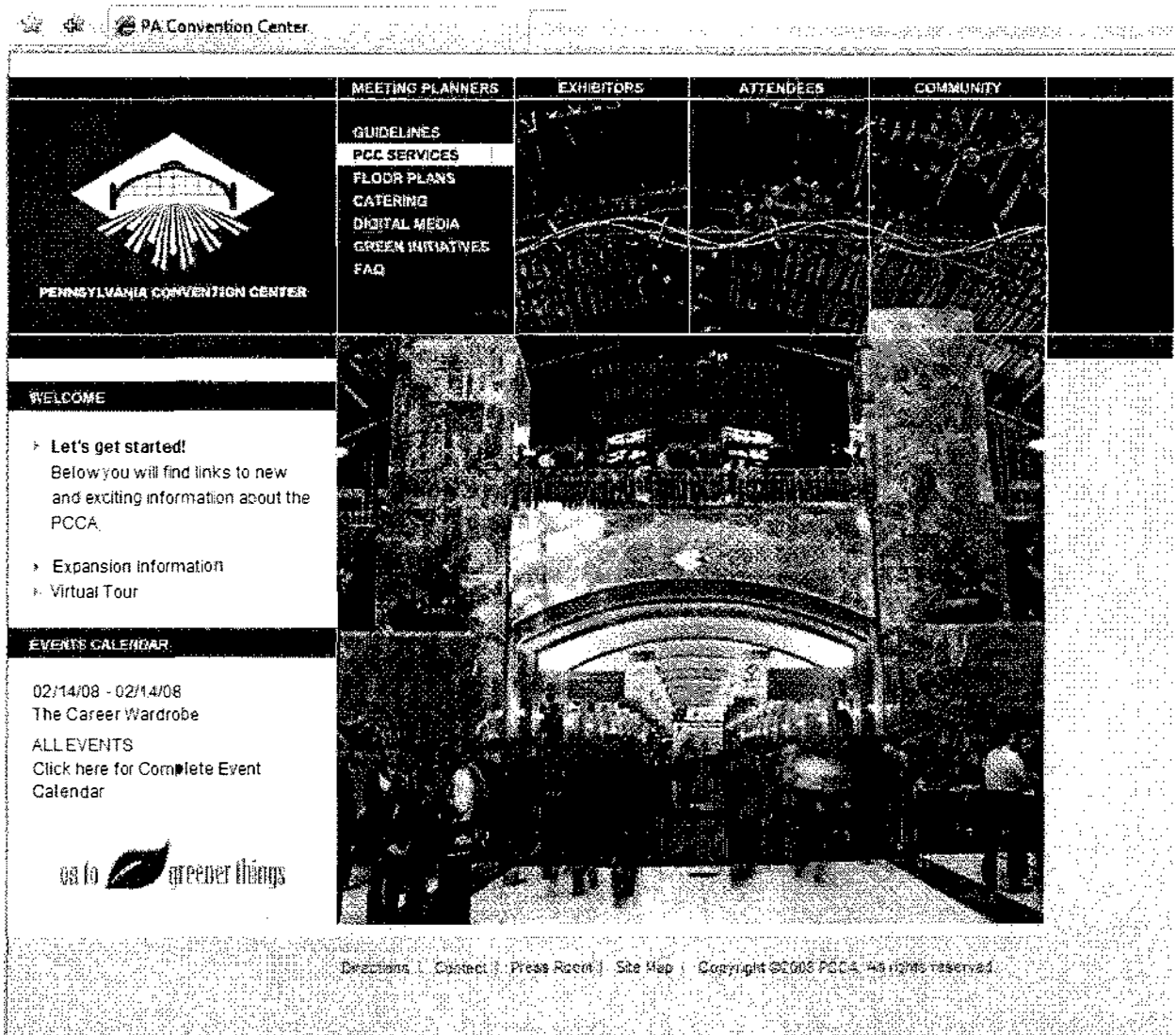


PCCA Website Redesign

The PCC is in the process of redesigning the organization’s website, paconvention.com. The new website will focus on our main customers; meeting planners, exhibitors, attendees and the local community. The new brand will consist of the “BIGGER, BETTER, FASTER marketing initiative. This new initiative will signal to our customers that our facility is BIGGER (with expansion) BETTER (with streamlined service to deliver quality customer care and FASTER (online service ordering, one stop shopping, expedient delivery of workforce service and speedy response to client requests) . The website will focus on easy one-click navigation for customers to access what they need in an expeditious manner. The website will host many new features targeted at each of our customer types and promoting the local businesses and venues in the Philadelphia Area, community outreach initiatives, Green Initiatives, as well as the art collection of the PCCA.

The PCCA Wireless Zone is the facility’s wireless infrastructure available to customers in all public areas of the building. Wireless access to the Internet is available in all exhibit halls, grand hall and ballrooms, meeting rooms and concourses in the PCC. Ordering wireless is automatic for customers. Customers need only connect to the wireless network, select their desired wireless options and pay online in a secure format.

Event and show managers can also rent part of or the entire facility’s wireless infrastructure for their attendees. Show management can advertise or offer sponsorships on the wireless splash web page.



PUBLIC RELATIONS

2006: Public relations efforts garnered more than 250 media stories in publications making more than 60 million impressions with a media value of \$1.6 million—helping to stretch the marketing campaign’s reach.

2007: Public relations efforts garnered more than 123 media stories in publications with a media value of more than \$1 million—again helping to stretch the marketing campaign’s reach.

MARKETING 2008

Broadening the Brand Reach in 2008

In 2007, the PCVB/PCC embarked on a strategic planning process with input from regional stakeholders. What has remained central to the PCVB/PCC sales and marketing efforts is the

focus on getting bigger, better, and louder with greater attention to research trends analysis and long-term planning to fill an expanded Convention Center.

Pennsylvania Convention Center & Philadelphia Convention & Visitors Bureau Marketing Plan Budget

Meetings & Conventions Media Buy

Philadelphia has had \$500,000 from the Commonwealth for the last four years. However, in 2008, this funding was cut from the State budget.

It is critical that we re-establish this marketing fund and grow it as quickly as possible or we will lose momentum, fast.

The budgets below show the historical media buys as well as a proposed 2009-12 plan of \$700,000.

The \$700,000 media buy is allocated from a \$2,450,000-funded program annually for 2009-12 based upon revenue from the PCVB's portion of the proposed 1% hotel tax (Hospitality Promotion Fund) for the meetings and conventions market.

2009-12 Proposed Annual Media]				
Print				
<u>Publication</u>	<u>Segment</u>	<u>Insertions</u>	<u>Cost</u>	
Associations Now	Association	12	\$	87,156.00
Black Meetings and Tourism	Multicultural	6	\$	31,770.00
Convene	Association	12	\$	78,994.32
Hispanic Meetings and Travel	Multicultural	4	\$	11,200.00
Meeting Professional International	Corporate	8	\$	46,568.08
Meetings & Conventions	Corporate	7	\$	45,000.00
Meetings East	Corporate	8	\$	25,380.00
Metro Philadelphia	Corporate/Local	8	\$	16,944.00
Mid-Atlantic Events	Corporate/Local	4	\$	12,705.88
Philadelphia Business Journal	Corporate/Local	30	\$	28,744.80
Tradeshaw Week	Tradeshaw	24	\$	95,472.00
USAE	Association	14	\$	54,809.72
Total Print			\$	534,744.80 \$ 534,744.80
Online				
Meetings & Conventions	Corporate	(month) 12	\$	58,600.00
Tradeshaw Week	Tradeshaw	(month) 8	\$	11,400.00
Total Online			\$	70,000.00 \$ 70,000.00
Other				
Capitvate (elevator signage)	Corporate/Local	(week) 10	\$	38,270.00
WPHT (Big Talker)	Corporate/Local	72	\$	18,360.00
Billboard on 95	Corporate/Local	(week) 24	\$	31,362.00

Bus Shelter	Corporate/Local (week) 18	\$ 7,752.00	
Total Other		\$ 95,744.00	\$ 95,744.00
Total 2009-12 Proposed Media Bu			\$ 700,488.80

2008 Media Buy			
No budgeted dollars for 2008		\$ 0.00	\$ 0.00

*\$500,000 grant not received from the State

2007 Media Buy			
Print			
<u>Publication</u>	<u>Segment</u>	<u>Insertions</u>	<u>Cost</u>
Associations Now	Association	3	\$ 21,789.00
Black Meetings and Tourism	Multicultural	3	\$ 15,885.00
Convene	Association	7	\$ 46,080.00
Hispanic Meetings and Travel	Multicultural	2	\$ 5,600.00
Meetings & Conventions	Corporate	7	\$ 45,000.00
Meetings East	Corporate	4	\$ 12,690.00
Meeting Professional International	Corporate	3	\$ 17,463.02
Meeting Professional International (Phila Chapter)	Local	1	\$ 817.55
Metro	Local	1	\$ 2,118.00
Mid-Atlantic Events	Corporate/Local	2	\$ 6,352.94
Philadelphia Business Journal	Local	15	\$ 14,372.40
Reunions Magazine		2	\$ 3,761.86
Tradeshaw Week	Tradeshaw	5	\$ 19,890.00
USAE	Association	7	\$ 27,404.87
Total Print			\$ 239,224.64
Online			
Meetings & Conventions	Corporate	(month) 3	\$ 14,650.00
Tradeshaw Week	Tradeshaw	(month) 2	\$ 2,850.00
Total Online			\$ 17,500.00
Other			
Capitvate (elevator signage)	Corporate/Local	(week) 1	\$ 3,827.00
WPHT (Big Talker)	Corporate/Local	12	\$ 3,060.00
Billboard on 95	Corporate/Local	(week) 8	\$ 5,227.00
Bus Shelter	Corporate/Local	(week) 3	\$ 1,292.00
Total Other			\$ 13,406.00
Total 2007 Media Buy			270,130.64

2006 Media Buy				
Print				
Association Meetings	Association	3	\$25,365.00	
Black Meetings & Tourism	Multicultural	2	\$10,116.28	
Convene	Association	3	\$27,959.85	
Expo	Tradeshow	3	\$24,656.20	
Hispanic Meetings & Travel	Multicultural	2	\$ 9,306.00	
Medical Meetings	Corporate	3	\$14,819.10	
Meeting Professional International	Corporate	3	\$26,525.86	
Mid-Atlantic Events	Corporate/Local	2	\$ 8,366.00	
Philadelphia Business Journal	Local	4	\$14,303.04	
Philadelphia Tribune	Local	1	\$ 1,989.49	
RCMA Directory	Religious	1	\$ 4,244.10	
Tradeshow Week	Tradeshow	4	\$18,330.00	
USAE	Association	5	\$22,138.18	
Total Print			\$208,119.10	\$208,119.10
Online				
Convene	Association	(month) 3	\$3,251.29	
Medical Meetings	Corporate	(month) 2	\$1,692.00	
Mid-Atlantic Events	Corporate/Local	(month) 12	\$3,760.00	
Meeting Professional International	Corporate	(month) 2	\$4,700.00	
Total Online			\$13,403.29	\$13,403.29
Total 2006 Media Buy			\$221,522.39	\$221,522.39

Exhibit F
Economic Opportunity Plan

PENNSYLVANIA CONVENTION CENTER
AUTHORITY EXPANSION PROJECT

ECONOMIC OPPORTUNITY PLAN-BILL NO. 070994

I. Convention Center Project and Plan Introduction.

The Pennsylvania Convention Center Authority (the "Authority") is an agency and public instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") and a body politic and corporate created and existing under the Pennsylvania Convention Center Authority Act, 64 Pa. Cons. Stat. Ann. § 6001, et seq, as amended (the "Act"). The Authority is authorized and empowered under the Act for the purposes of, inter alia, acquiring, holding, developing, designing, constructing, 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 in cities of the first class.

The City of Philadelphia (the "City"), a municipal corporation, is a city of the first class and a body corporate and politic, organized and existing under the laws of the Commonwealth.

The City, the Authority and the Commonwealth (the "Parties") desire to have developed, designed, constructed, furnished, equipped, financed, operated and maintained a convention center facility within the geographical limits of the City (the "Original Convention Center"). In order to undertake the foregoing, the Authority issued its Revenue Bonds, 1989 Series A, in the original aggregate principal amount of \$285,860,610.65 (the "1989 Bonds"), for the purpose of financing a portion of the costs of a project of the Authority consisting of the development, design, construction, operation and management of the Original Convention Center (the "Original Convention Center Project").

In conjunction with the Original Convention Center Project and the 1989 Bonds issued to finance the same, the Authority and the City entered into a Lease and Service Agreement dated as of December 14, 1989 (the "Original Lease and Service Agreement") pursuant to which, among other things, the City leased certain real property to the Authority (the "Land") in consideration of certain rentals payable by the Authority to the City, and the City agreed to pay to the Authority a certain service fee (the "Service Fee") in consideration of the undertakings of the Authority with respect to the Original Convention Center Project and the financing thereof. Further, the Original Lease and Service Agreement provided that upon its termination, title to all buildings, improvements and/or fixtures (as described therein) (the "Improvements") would automatically vest in the City without the need for any further action.

The City, the Authority and the Commonwealth now desire to expand and renovate the Original Convention Center (the "Convention Center Project"), and will undertake, or have undertaken, the development, design, construction, and operation of the expansion and renovation of the Original Convention Center, as contained in drawings, specifications and the Design Development Summary Report constituting the design development documents, which the Authority caused to be prepared and submitted to the Commonwealth for review and acceptance. The Convention Center Project consists of the following:

- (i) acquisition of land, demolition, site preparation and the design and construction of an approximately 960,000 square foot expansion of the Original Convention Center (the "Expanded Portion," and together with the Original Convention Center, the "Convention Center"). The Expanded Portion will begin at the westerly wall of the Original Convention Center at 13th Street and proceed west to Broad Street and north from Arch Street to Race Street, excluding the Liberty Title Building;
- (ii) renovation of the Original Convention Center to accommodate new elevators and support space for the Expanded Portion. The renovation of the Original Convention Center consists of demolishing and reconstructing approximately 30,000 square feet of the back of the Original Convention Center support spaces; and
- (iii) purchase and installation of the furniture, furnishings and equipment for the Expanded Portion.

In addition to its payment obligations hereunder, the City agrees to provide the following support to the Convention Center Project:

- (i) the waiver of all permitting fees, licensing fees, assessments and other charges imposed by the City and associated with the review and approval of plans, granting of permits, utility shut-offs and relocations, inspections and certificates of occupancy relative to the Convention Center Project;
- (ii) the reimbursement to the Authority for the relocation of certain water systems in and around the Expanded Portion, as defined in the Asset Acquisition Agreement by and between the Philadelphia Water Department and the Authority;
- (iii) the transfer of fee title to the former fire station, located at 1328 Race Street; and
- (iv) the closure of portions of Cherry Street and other rights-of-way and encroachments within portions of 13th Street and Broad Street, as authorized by City Council.

The City, the Authority and the Commonwealth further agree that because the Convention Center Project occurs within the geographical limits of the City of Philadelphia, the Authority agrees to accept in connection with said Project the provisions contained in Chapter 17-1600 ECONOMIC OPPORTUNITY PLANS, as contained within the Philadelphia Code. It is understood by the Parties that some "covered" work may be completed or under contract. As to that work not completed but under contract, the Parties will consider appropriate ways to seek compliance with this Economic Opportunity Plan (the "Plan").

The purpose, standards and procedures of this Economic Opportunity Plan (the "Plan") are the expressed wishes of the Authority as set forth herein. "Participant" shall be as defined in

Philadelphia Code Chapter 17-1601(4). All Participants shall be obligated to fully comply with the requirements of the Plan.

The Authority is committed to provide meaningful and representative opportunities for minority-owned, women-owned and disabled-owned business enterprises as such businesses are defined and certified by governmental certifying agencies (referred to hereafter individually, as "MBEs", "WBEs", "DSBEs", respectively and collectively, as "M/W/DSBEs"), and individuals that are Philadelphia residents (referred to hereafter as "local residents"), in all phases of the Convention Center Project. Authority will require that all Participants commit to the foregoing commitment. Neither the Authority nor any Participant shall (and furthermore shall ensure that their associates, partners or representatives shall not) discriminate on the basis of race, color, religion, sex, national origin, sexual orientation, gender identity, ancestry, age, or handicap in the award and performance of contracts pertaining to the Convention Center Project or with respect to any and all related employment practices.

All Participants in the Convention Center Project shall observe and be subject to the enforcement of all relevant City, Commonwealth and federal laws, ordinances, orders, rules and/or regulations regarding M/W/DSBEs and locally-based business enterprises. Furthermore, proactive action will be taken, consistent with sound procurement policies and applicable laws, to ensure that M/W/DSBEs are afforded a meaningful and representative opportunity to participate in contracts relating to the Convention Center Project.

For the purposes of this Plan, the term "minority person" shall refer to the following: African American or Black, Hispanic American, Asian American and Native Americans. The term "disabled person" shall refer to a person who has a physical or mental impairment that substantially limits one or more of his or her major life activities, such as caring for oneself, performing manual tasks, e.g., walking, seeing, hearing, speaking, breathing, learning and performing physical work.

Agencies and representatives of the City and/or Commonwealth may be consulted regarding the appropriate inclusion of M/W/DSBEs in this Convention Center Project as outlined in this Plan and with regard to its implementation.

II. Construction Opportunities; Aspirational Participation Goals:

The Parties desire to use the largest public works project in the City as an engine for new economic opportunity for businesses and employees, particularly for minority persons, women and disabled persons. The Authority will require that its General Contractor use nondiscriminatory employment practices and make best and good faith efforts to employ minority and female persons in the construction workforce consistent with workforce utilization goals of 40% (25%-African-American; 10%-Hispanic-American; and 5% Asian American) and 10%, respectively. The Authority will include these goals in all construction related contracts and will require its General Contractor to reference these workforce utilization goals in all of its subcontracts.

The Authority shall also require that the General Contractor and its subcontractors make best and good faith efforts to provide contract opportunities for certified M/W/DSBEs with the

goals of 35% (20%-African-American; 10%-Hispanic-American; and 5%-Asian American) participation by MBEs, 15% participation by WBEs and encourage participation of DSBEs. These percentages for participation will be applied to the total dollar value of all contracts let by the Authority or the General Contractor, including all change orders and scope adjustments.

With respect to the employment of local residents, the Authority will also require that its General Contractor make best and good faith efforts to employ local residents in the construction workforce consistent with a workforce utilization goal of 50%.

Scope/Duration. - This Plan shall apply to contracts awarded and procurements sourced by the Authority and all Participants throughout the construction of the Convention Center Project. Applicable provisions of the Plan will be implemented by the Authority during the operation of the expanded Convention Center.

III. Permanent Employment Opportunities:

- A. As a part of this Plan, the Authority commits to staffing diversity in the existing eighty (80) full-time and part-time positions. Of the twenty (20) new full-time jobs expected to be created in connection with the operation of the new facility (the "Facility"), the Authority shall make every effort to meet the following minimum goals for the employment of minority persons, females and disabled persons in the operation of the Facility: 35% for minority persons, 15% for females and encouraged percentage for disabled persons.
- B. The Authority shall make every effort to reach out to sources of employment like the Philadelphia Workforce Development Corporation, the Urban League of Philadelphia, the Opportunity Industrial Center and the Jewish Employment and Vocational Services that can refer minority, female and disabled workers.
- C. Building Operations: The Authority may contract with third parties for security services, food services and/ or other building operations services. In consultation with MBEC the Convention Center Project Oversight Committee and other appropriate parties, the Authority will establish participation ranges for all such contracts and will apply all applicable provisions of this Plan to said contracts.

IV. Procedures for Determination and Monitoring of Best and Good Faith Efforts

- A. **Statement of Objectives.** - The objectives set forth in the Plan shall be incorporated in all requests for proposals, bid packages and solicitations (collectively, "Invitations to Bid") for the Convention Center Project and communicated to all Participants. Subject to the provisions of the Pennsylvania Convention Center Authority Act, as amended, all Invitations To Bid are subject to this Plan and the requirements as set forth in Section 17-1603 (2) of Chapter 17-1600 of The Philadelphia Code. Accordingly, by submission of its bid, a Participant makes a legally binding commitment to abide by the provisions of this Plan which includes Participant's commitment to exercise its best and good faith efforts throughout the contract term to provide meaningful and representative contracting opportunities for M/W/DSBEs and to employ, to the extent feasible,

an appropriately diverse workforce of minority, women and disabled persons in all phases of the contract awarded under its bid.

Participants shall respond to the Aspirational Participation Goals set forth in Part II by completing the attached Documentation of Best and Good Faith Efforts Form ("BGFE Form") documenting its solicitations and commitments to M/W/DSBEs along with information, presented in question and answer style, detailing its exercise of best and good faith efforts to include M/W/DSBEs in the contract. The submission of the BGFE Form is an element of bid responsiveness and failure to include this form with the Plan may result in the rejection of the bid. A Participant's failure to use good faith in completing the BGFE Form may result, upon investigation, in Participant being found non-responsible.

- B. Best and Good Faith Efforts. - Participants shall use best and good faith efforts (as defined hereunder) to provide appropriate participation and utilization opportunities for M/W/DSBEs, minority workers, female workers and local resident workers. *Best and good faith efforts* are those efforts, the scope, intensity and appropriateness of which are designed and performed to achieve the objectives of this Plan including goals expressed herein. Best and good faith efforts will be deemed adhered to when a Participant meets the criteria set forth in this Plan and demonstrates and documents its efforts throughout the duration of the Project. Each Participant must submit a BGFE Form showing how *best and good faith efforts* were made to achieve said goals, even if the goals were not met. The BGFE Form should include evidence that the Participant engaged, among other things, in the following efforts:
1. Solicitation through job fairs, newspapers, periodicals, advertisements and other organizations or media that focus on construction and are owned by M/W/DSBE and/or that focus on M/W/DSBEs.
 2. Telephone logs.
 3. Evidence of solicitation to qualified M/W/DSBEs certified by the Philadelphia Minority Business Enterprise Council ("MBEC") or those entities identified in Part VI(A) of this Plan or any successor agency, the Department of General Services of the Commonwealth of Pennsylvania pursuant to the principles found in 4 Pa. Code 958.201 et seq. or members of the Pennsylvania Unified Certification Program ("PA UCP"). Participant must determine with certainty if the M/W/DSBEs are interested by taking appropriate steps to follow upon initial solicitation; one time contact, without any follow up, is not acceptable.
 4. Bid results and reasons as to why no awards were made to M/W/DSBEs.
 5. Correspondence between the contracting firm and any M/W/DSBE firms.
 6. Attendance logs and/or records of any scheduled pre-bid or pre-proposal meeting.

7. Encourage M/W/DSBEs to confer with GPUAC, PWDC, and similar organizations regarding specific, general and technical assistance offered and provided to M/W/DSBEs related to their portion of the Convention Center Project.
 8. Proof there was notification of and access to bid documents at the contracting firm's office or other office locations for open and timely review.
 9. Sought assistance from Greater Philadelphia Urban Affairs Coalition, Careerlink Philadelphia, Opportunity Industrial Center and the Philadelphia Workforce Development Corporation ("PWDC") to perform employment outreach.
 10. Maintain a published policy of nondiscrimination in the hiring, retention and promotion of employees.
 11. Have an agreement with an apprenticeship or training program that targets the employment of minority persons, disabled persons and women.
 12. Made commitments to use M/W/DSBEs in its bid for subcontracted services and materials supply even when the non-MBEs, WBEs and DSBEs Participant might otherwise prefer to perform/supply these items without subcontracting.
 13. Provided interested M/W/DSBEs with adequate information about the plans, specifications, and requirements of the contract in a timely manner to assist them in responding to a solicitation.
 14. Provided arms length business assistance to interested M/W/DSBEs which may include access/introduction to major manufacturer/suppliers, lines of credit and union halls.
 15. Negotiated in good faith with interested M/W/DSBEs. A Bidder using good business judgment would consider a number of factors in negotiating with subcontractors, including M/W/DSBE subcontractors, and would take a firm's price and capabilities as well as the objectives of the Authority's Antidiscrimination Policy into consideration.
- C. *Monitoring of Best and Good Faith Efforts.* – The monitoring and reporting of *best and good faith efforts* of the Participants shall be established by the Authority in consultation with appropriate city, state and federal agencies and/or private professional entities, and shall include (in addition to any further measures that may be required) the following:
1. All Participants that are on-site contractors or subcontractors involved in the construction of the Convention Center Project shall submit copies of

"certified" payrolls, signed contracts and purchase orders with M/W/DSBE contractors and subcontractors.

2. Subject to all applicable law, including but not limited to the Prompt Payment Act as defined in the Commonwealth Procurement Code relating to payment obligations. Participants shall be ready to provide evidence of timely payments to M/W/DSBE subcontractors, sub-consultants and supply vendors for participation verification. This documentation should be provided monthly or included with every request for payment.
 3. At the conclusion of the Convention Center Project, Participants shall provide evidence of the actual dollar amounts paid to M/W/DSBE contractors or subcontractors.
 4. All Participants that are on-site contractors involved in the construction of the Convention Center Project shall be prepared to submit data sufficient to verify workforce utilization.
 5. The Authority or its agents shall conduct on-site labor census at least twice per week, on a random basis, to document levels of minority and female participation, based upon information provided for payroll verification, and prepare reports on their findings each time a census is conducted.
- D. Documentation of *Best and Good Faith Efforts* and Compliance. Two components have been established to document the inclusion of M/W/DSBEs as contractors and vendors, and minority/female/local residents as Convention Center Project site workforce participants:
1. *M/W/DSBE Contracting and Vending Participation Levels* - the basis for each determination will be the percentage of the total dollar amount of Participant's bid/contract OR the total dollar amount of the bid/contract for the identified Project task.
 2. *Minority/Female/Local Resident Employment Participation Levels* - the basis for each determination will be the projected total on-site field employee hours divided by the number of minority, female and local resident employee hours anticipated to be performed on the contractor's payroll, and each of the contractor's on-site subcontractors payrolls.
- E. Oversight Committee.
1. The Authority will establish and identify the members of a "Convention Center Project Oversight Committee." The Convention Center Project Oversight Committee is expected to include: representatives of the Authority, the City including City Council and other City representatives, the Commonwealth and other appropriate parties including one representative from the Hispanic Chamber of Commerce and the African American Chamber of Commerce, and shall meet during all phases of the

Convention Center Project. The Authority and the Convention Center Project Oversight Committee will engage in monitoring, reporting (including to City Council) and problem solving activities including regular meetings to address all matters relevant to further development of this Plan, carrying out its implementation and the successful completion of the Project.

2. The Authority will convene meetings of the Convention Center Project Oversight Committee no later than one (1) month after the initiation of the construction phase of the Convention Center Project.

V. Responsiveness

A presumptively responsive submission is one in which a Participant submits the BGFE form demonstrating best and good faith efforts, as above defined, to provide meaningful and representative contracting opportunities for M/W/DSBEs and commits to employ, to the extent feasible, an appropriately diverse workforce of minority, women and disabled persons in all phases of the contract and achieves the Aspirational Participation Goals set forth in Part II.

If however the proposed level of M/W/DSDBE participation falls below the goals set forth in Part II the bidder must prove to the satisfaction of the Authority that notwithstanding its best and good faith efforts, its proposed level of M/W/DSDBE participation is the best that can be attained. If the bidder proves to the satisfaction of the Authority that it has exercised best and good faith efforts, its bid shall be deemed to be responsive in this respect.

VI. Certified M/W/DSBEs

- A. Only businesses that are owned and controlled, in both form and substance by minority persons, women and disabled persons shall be counted towards participation under this Plan. To ensure this standard, all businesses, including participants of joint ventures, must be certified by one of the following certifying agencies: MBEC, or any successor agency, the Department of General Services of the Commonwealth of Pennsylvania pursuant to the principles found in 4 Pa. Code § 58.201 et seq. for the purposes of this Plan or the Pennsylvania Unified Certification Program (Pa UCP). In order to maximize opportunities for as many businesses as possible, Authority will permit each prime consultant and primo contractor to identify certifiable firms to their bid ("certifiable firms" shall mean those firms which are eligible for certification). These certifiable firms must be certified prior to the award of contract in order for their participation to count towards the prime's best and good faith efforts. The City's MBEC grants reciprocal certification to businesses that have been duly certified by approved governmental entities, including their home state, or other jurisdictions that similarly grant reciprocity to M/W/DSBEs certified by the MBEC.
- B. M/W/DSBE certification shall not be the sole determination of a bidder's or contractor's financial or technical ability to perform specified work. The Authority reserves the right to evaluate the contractor's or subcontractor's ability

to satisfy financial, technical, or other criteria separate and apart from said certifications before bid opening. Pre-qualification conditions and requirements shall be conveyed in a fair, open and non-discriminatory manner to all.

- C. The Authority recognizes that M/W/DSBE certifications may expire or the firm may experience decertification by an authorized governmental entity. Certifications that expire during an M/W/DSBE's participation on a particular phase of the Convention Center Project may be counted toward overall goals for participation ranges. However, said firm **MUST** become recertified prior to consideration for future range/goal credit in this Plan. If a firm has been decertified, said firm will not be eligible to participate or be counted.

VII. Non-Compliance

- A. In cases where the Authority has cause to believe that a Participant, has failed to comply with the provisions of this Plan, the Authority in consultation with the Convention Center Project Oversight Committee and/or appropriate agencies and professional entities, will attempt to resolve the noncompliance through conciliation and mediation.
- B. In cases where the Authority, its agents, consultants, in consultation with the Convention Center Project Oversight Committee, has cause to believe that any Participant has failed to comply with the provisions of this Plan, the Authority will conduct an investigation.
- C. After affording the Participant notice and an opportunity to be heard, the Authority, its agents, consultants, in consultation with the Convention Center Project Oversight Committee, may take corrective, remedial and/or punitive action. Such actions may include, but are not limited to:
1. Declaring the Participant in default;
 2. Suspending and/or debaring the violating Participant from doing business with the Authority;
 3. Withholding payments to the violating Participant.

VIII. Guidelines for Joint Venturing

Joint Venture relationships with certified M/W/DSBEs must meet the following criteria in order to receive credit towards the participation goals:

- A. The M/W/DSBE partner(s) must be certified by MBEC, PA UCP or an agency authorized by law to certify such enterprises prior to proposal/bid submission.
- B. The M/W/DSBE partner(s) must be substantially involved in significant phases of the contract including, but not limited to, the performance (with its own work

force) of a portion of the on-site work, and of administrative responsibilities, such as bidding, planning, staffing and daily management.

- C. The business arrangements must be customary (i.e., each partner shares in the risk and profits of the joint venture commensurate with their respective ownership interest).
- D. If a certified partner is an M/W/DSBE, the participation will be credited only to the extent of the partner's ownership interest in the joint venture. M/W/DSBE participation ranges or goals will apply to the joint venture.

XX. Referral Apprentice Participation Program ("Program")

The goal of this Program is to provide individuals in the Philadelphia community, who have not previously participated in a governmentally-certified apprentice program, an opportunity to become a full-fledged participant in such a program. The Authority is advised by PWDC that such Philadelphia residents are available and qualified to work on the Convention Center Project. This is accomplished by requiring Convention Center Project contractors to hire individuals that come through the Program to work as apprentices on the Convention Center Project, and sponsor their admission to a governmentally-certified apprentice program. In this way, these individuals become full participants in such apprentice programs. The essential elements of the Program are, in summary, as follows:

Individuals will be recruited from the Philadelphia community on a non-discriminatory basis as "Candidates" for the program. Once the Program is satisfied that the Candidates meet all of the qualifications to participate in such an apprentice program, actually pass the apprentice program's standard entrance examination and are prepared to work on the Convention Center Project, they will be "Certified Pre-Apprentices." The Program will then include their name on a list provided to contractors on the Convention Center Project for hiring purposes. When they are hired by a contractor to meet their contractual requirements on the Convention Center Project, the contractor will also sponsor their admission to the apprentice program. These individuals thereby become full participants in the apprentice program while working for the contractor. At this point, they will be known as "New Apprentices". As full participants in the apprentice program, they have all the rights and obligations of any apprentice program participant.

To make sure there are sufficient opportunities for individuals to benefit from the Program, the Authority will require that the maximum number of apprentices permissible under existing journeyman/apprentice ratios be utilized on the Convention Center Project. The Program further requires that a minimum of 50% of all apprentice hours in each trade be performed by New Apprentices, i.e., individuals who were recruited and processed through the Program, and who are hired by the contractor from the list compiled by the Program. These requirements will be incorporated into each construction contract and, preferably, a project labor agreement.

X. Reporting Requirements and Public Records.

A. Reporting

1. By the fifteenth (15th) day following the end of each month, the Authority shall provide a report to the Convention Center Project Oversight Committee (including City Council) that documents the status of participation of M/W/DSBE contractors and subcontractors which includes the names of each company, the trade or specialty, the amount of each contract, the percent of contract completion for the month being reported and what percent of the overall project this participation represents for the month being reported.
2. By the fifteenth (15th) day following the end of each month, the Authority shall provide a report to the Convention Center Oversight Committee (including City Council) that documents the status of participation of minority, female and local employment on the project. This report at minimum shall include, by trade or specialty, total work force, minority, female and local employment by both number of persons and number of hours worked.

B. Public Records

All records, reports, submissions, including minutes of meetings and decisions made by the Convention Center Oversight Committee, pertaining to the implementation and monitoring of this Economic Opportunity Plan shall be declared public records to the extent permissible by law and shall be made available to the public upon request.

Documentation of Best and Good Faith Efforts Form

Bid Title: _____
 City of Philadelphia Bid Number: _____
 Name of Bidder: _____
 Date: _____

I. MWDBE Participation

Name of MWDBE Satisfied: _____

Street Address, Telephone and Facsimile Number:

MWBE Certification Number _____

(Check all that apply):

MBE (Minority Owned Business Enterprise)

WBE (Woman Owned Business Enterprise)

DBE (Disabled Owned Business Enterprise)

Date(s) Satisfied (mm/dd/yyyy): _____

Method(s) of Satisfaction (check all that apply):

Telephone

Mail

Advertisement

Commitment:

Yes (If yes, please proceed to Part A)

No (If no, please proceed to Part B)

Part A

If yes, describe / identify the following:

CCP. Bid

Subcontractor - Type of Work _____
 - Supplier - Type of Supply Effort _____
 Dollar Amount: \$ _____
 Percentage of Bid _____ %

Note: Please attach Letter of Intent and/or Quotation

Part B

If a commitment resulted from the solicitation, please explain what good faith efforts were made and why they were unsuccessful.

Did you attempt to negotiate a price and scope (please be specific, attaching any dated price quotations and correspondence)?

What kind of business assistance did you offer the MW/DBE (e.g., introduction to manufacturer, helped provide access to line of credit, access to inventory, etc.)?

What efforts were made to provide to MW/DBE's information about the scope of work required?

Are you planning to award this work or supply effort to a non-MW/DBE? If so, please explain why. Identify the name of the awarded firm(s), provide the awarded firm's quotation and any price adjusted quotations, scope of work and experience of the awarded firm(s).

II. Workforce Diversity

Do you operate or provide funding to any on-the-job training programs? If so please describe and provide the number of business and breakout of minority and female participants.

END



Provide your list of minority and female recruitment agencies or other community based organizations that you plan to use for employment placement:

Describe any specific outreach activities taken to advise minority persons and women of employment opportunities with your company.

Identify the unions with which you have a collective bargaining agreement. Describe any hiring practices, including apprenticeship programs, that specifically encourage the training and employment of minority persons and women.

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Exhibit G

Non-Discrimination/Sexual Harassment Clause

During the term of the contract, Contractor agrees as follows:

1. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under the contract or any subcontract, the Contractor, subcontractor, or any person acting on behalf of the Contractor or subcontractor shall not, by reason of gender, race, creed, or color, discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.

2. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the contract on account of gender, race, creed, or color.

3. Contractors and subcontractors shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.

4. Contractors shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the contracts relates.

5. The Contractor and each subcontractor shall furnish all necessary employment documents and records to and permit access to their books, records, and accounts by the contracting agency and the Bureau of Contract Administration and Business Development, for purposes of investigation, to ascertain compliance with provisions of this Nondiscrimination/Sexual Harassment Clause. If the Contractor or any subcontractor does not possess documents or records reflecting the necessary information requested, the Contractor or subcontractor shall furnish such information on reporting forms supplied by the contracting agency or the Bureau of Contract Administration and Business Development.

6. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that such provisions will be binding upon each subcontractor.

7. The Commonwealth may cancel or terminate the contract, and all money due or to become due under the contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

Exhibit H

Contractor Integrity Provisions

1. Contractor Integrity Provisions

a. For purposes of this clause only, the words “confidential information,” “consent,” “financial interest,” “gratuity,” and “Contractor” shall have the following definitions:

(1) “Confidential information” means information that is not public knowledge, or available to the public on request, disclosure of which would give an unfair, unethical, or illegal advantage to another desiring to contract with the Owner or the Commonwealth.

(2) “Consent” means written permission signed by a duly authorized officer or employee of the Owner, provided that where the material facts have been disclosed, in writing, by prequalification, bid, proposal, or contractual terms, the Owner shall be deemed to have consented by virtue of execution of this Contract.

(3) “Financial Interest” means:

(A) ownership of more than a 5% interest in any business; or

(B) holding a position as an officer, director, trustee, partner, employee, or the like, or holding any position of management.

(4) “Gratuity” means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind.

(5) “Contractor” means the individual or entity that has entered into this Contract with the Owner or the Commonwealth, including directors, officers, partners, managers, key employees, and owners of more than a 5% interest.

b. Contractor shall maintain the highest standards of integrity in the performance of this Contract and shall take no action in violation of state or federal laws, regulations, or other requirements that govern contracting with the Owner or the Commonwealth.

c. Contractor shall not disclose to others any confidential information gained by virtue of this Contract. Contractor shall not, in connection with this or any other Contract with the Owner or the Commonwealth, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any officer or employee of the Owner or the Commonwealth.

d. Contractor shall not, in connection with this or any other Contract with the Owner or the Commonwealth, directly or indirectly, offer, give, or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employee of the Owner or the Commonwealth.

e. Except with the consent of the Owner, neither Contractor nor anyone in privity with Contractor shall accept or agree to accept from, or give or agree to give to, any person, any gratuity from any person in connection with the performance of work under this Contract except as provided therein.

f. Except with the consent of the Owner, Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on the Project.

g. Contractor, upon being informed that any violation of these provisions has occurred or may occur, shall immediately notify the Owner in writing.

h. Contractor, by execution of this Contract and by the submission of any bills or invoices for payment pursuant thereto, certifies and represents that it has not violated any of these provisions.

i. Contractor, upon the inquiry or request of the Owner or the Inspector General of the Commonwealth or any of that official's agents or representatives, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Owner or the Inspector General to Contractor's integrity or responsibility, as those terms are defined by the Commonwealth's statutes, regulations, or management directives. Such information may include, but shall not be limited to, Contractor's business or financial records, documents, or files of any type or form that refer to or concern this Contract. Such information shall be retained by Contractor for a period of five (5) years after the later of final payment or termination of the Contract, unless otherwise provided by law.

j. For violation of any of the above provisions, the Owner may terminate this and any other Contract with Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all expenses incurred in obtaining another party to complete performance hereunder, and the Owner or Commonwealth may debar and suspend Contractor from doing business with the Owner or the Commonwealth. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation or otherwise.

Exhibit I

Contractor Responsibility Provisions

1. Contractor Responsibility Provisions

a. Suspension or Debarment of Contractor. Contractor certifies that it is not currently under suspension or debarment by the Owner or the Commonwealth, any other state, or the federal government, and if the Contractor cannot so certify, then it agrees to submit along with the bid proposal a written explanation of why such certification cannot be made.

b. Suspension or Debarment of Subcontractors/Individuals. If Contractor enters into any Subcontracts or employs under this Contract any Subcontractors/individuals who are currently suspended or debarred by the Owner, the Commonwealth or the federal government or who become suspended or debarred by the Owner, the Commonwealth or the federal government during the term of this Contract or any extensions or renewals thereof, the Owner shall have the right to require the Contractor to terminate such Subcontracts or employment.

c. Reimbursement for Investigations. The Contractor agrees to reimburse the Owner and the Commonwealth for the reasonable costs of investigation incurred by the Owner or the Office of Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Owner or the Commonwealth which results in the suspension or debarment of the Contractor. Such costs shall include, but not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.

d. List of Suspended or Debarred Contractors. The Contractor may obtain the current list of suspended and debarred contractors by contacting the:

Department of General Services
Office of General Counsel
North Office Building Room 603
Harrisburg, Pennsylvania 17125
Phone: 717-783-6472
Fax: 717-787-9138

Exhibit J

Provisions Concerning The Americans with Disabilities Act

1. Americans With Disabilities Act Provisions

a. Compliance. Pursuant to federal regulations promulgated under the authority of The Americans with Disabilities Act, 28 C.F.R. 35.101 et seq., the Contractor understands and agrees that no individual with a disability shall, on the basis of the disability, be excluded from participation in the Contract or from activities provided for under the Contract. As a condition of accepting and executing this Agreement, the Contractor agrees to comply with the General Prohibitions Against Discrimination, 28 C.F.R. 35.130, and all other regulations promulgated under Title II of the Americans with Disabilities Act which are applicable to the benefits, services, programs, and activities provided by the Commonwealth through contracts with outside contractors.

b. Hold Harmless. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Indemnified Parties (as defined in the Contract) from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against any of the foregoing as a result of the Contractor's failure to comply with the provisions of the paragraph above.

Exhibit K

Provisions Required by the City of Philadelphia

(1) Records; Reports; Right to Audit.

(a) Authority shall maintain full, complete and accurate books of account and other records relating to its performance under this Operating Agreement, and promptly make them available for inspection by the City upon the City's request.

(b) During the Term of this Operating Agreement, the City Controller shall have the right to audit the affairs of the Authority to the extent required under Section 6-400 of the Home Rule Charter. In order to facilitate such an audit, upon prior reasonable notice, Authority must provide the Controller with reasonable access to Authority's books and financial records.

(2) Labor-Management Relationships; Prevailing Wages.

(a) As required by Section 17-107 (10) of The Philadelphia Code, all employees performing work under any applicable contract ("Contract") entered into by the Authority shall be paid at least the applicable prevailing wages for the respective occupational classifications designated, and shall be given at least the applicable presently prevailing working conditions during the entire period of work under the Contract. Such working conditions are those which are given to employees pursuant to a bona fide collective bargaining agreement for the applicable craft, trade or industry in the Philadelphia area on the date the General Bidding and Contract Requirements are issued for that Contract. The occupational classifications for all employees under the Contract shall be only the specific categories of jobs within a given craft, trade or industry for which a separate hourly wage rate for the Philadelphia area is determined by the Secretary of Labor of the United States, in accordance with the provisions of the Davis-Bacon Act. In the event that any Contractor believes that work under the Contract should be performed by employees in an occupational classifications omitted from the schedule attached to the General Bidding and Contract Requirements of that Contract, it shall so advise the Managing Director's Office (the "MDO"), Labor Standards Division, which shall remedy the omission if it agrees.

(b) The Authority may withhold from any sums due to the Contractor under the Contract so much as may be necessary to pay the employees the difference between the wages required to be paid and the wages actually paid to such employees, and the Authority may make such payments directly to the appropriate employees.

(c) The Authority shall require any Contractor and all Subcontractors to comply with and be bound by all of the provisions of Section 17-107 of The Philadelphia Code, and the Contractor shall insert the requirements of Section 17-107 in all Subcontracts.

(d) Every Contractor and Subcontractor shall keep an accurate record preserved on employee time sheets or time cards showing the name, address, social security number, occupational classification, wages and other benefits paid or provided and number of hours worked for each employee assigned to city-work (as "city work" is defined in Section 17-107(1)(b) of The Philadelphia Code), and such record shall be preserved at the current place of business of the employing Contractor or Subcontractor for two (2) years from the date of the Final Estimate on the Contract. The Contractor shall maintain and make his or her accounting and employment records and records relating thereto available for inspection by authorized representatives of the City, at all reasonable hours, and shall permit such representatives to interview employees during the hours on the job, all without prior notice. Neither the

Contractor nor any Subcontractor shall allow any employee or other person to interfere with any such inspection or interview.

(e) All Contractors and Subcontractors performing city-work shall, upon request of the City, file with the MDO, Labor Standards Division a certified statement setting forth the name, address, occupational classification, wages and other benefits paid or provided and number of hours worked with respect to each employee performing city-work. Such statement shall be made weekly for each preceding weekly period. The certification shall affirm that the statement is correct and complete, that the wages set forth therein are not less than those required by the Contract for city-work and that the occupational classification set forth for each employee conforms with the work performed.

(f) Nothing herein shall preclude the payment by the Contractor of wages at rates higher than those specified as the minimum under Section 17-107. However, no increase in any Contract price shall be allowed or authorized on account of the payment of wages in excess of those so specified, or on account of wage increases granted hereafter. No increases above the amounts specified in the then applicable schedule attached to the General Bidding and Contract Requirements will be required by any Contract during the term thereof except in the case of an error or omission in such schedule. Such an error or omission shall be called to the attention of the MDO, Labor Standards Division as promptly as possible; but the remedying thereof by the Department shall not constitute grounds for withdrawal of a Bid or cancellation of a Contract, nor for an increase in the Contract price or other claim or recovery against the City, nor a ground for failure or refusal to pay the applicable proper minimum to all employees.

(g) The minimum wages required hereby shall be paid unconditionally without any subsequent deduction or rebate of any kind except in accordance with Applicable Law governing payroll deductions for taxes, benefits and collective bargaining charges. Any assignment of wages by an employee for the direct or indirect benefit of the Contractor shall constitute a violation of this Paragraph; and any purported release of rights under Section 17-107 of The Philadelphia Code by an employee shall be void and of no effect.

(h) The Authority and Contractor shall refer to Section 17-107 of The Philadelphia Code, and to the regulations to be issued from time to time by the MDO, Labor Standards Division, for further information concerning the administration of the foregoing requirements. In addition, it shall be the responsibility of all Bidders and Contractors to inform themselves as to all prevailing working conditions, including, without limitation, length of work day and work week, overtime compensation, and holiday and vacation rights.

(3) The Philadelphia Code, Chapter 17-400.

(a) In accordance with Chapter 17-400 of The Philadelphia Code, as it may be amended from time to time, Authority agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment on the basis or race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes, a substantial breach of this Operating Agreement entitling the City to all rights and remedies provided herein or otherwise available at law or in equity.

(b) The Authority agrees to include the immediately preceding subparagraph, with appropriate adjustments for the identity of the parties, in all Subcontracts which are entered into for work to be performed pursuant to the Operating Agreement.

(c) The Authority agrees to cooperate with the City's Commission on Human Relations in any manner which the Commission deems reasonable and necessary for the Commission to carry out its responsibilities under Chapter 17-400 of The Philadelphia Code. The Authority's failure to so cooperate shall constitute a substantial breach of the Operating Agreement entitling the City to all rights and remedies provided herein or otherwise available at law or in equity.

(4) Employment of Low - and Moderate - Income Persons.

(a) As required by Section 17-1000 of The Philadelphia Code, for all construction and demolition contracts entered into by the Authority with a total value in excess of \$150,000 (a "**Covered Construction Contract**"), the Contractor must certify to the City's Procurement Department that at least forty percent (40%) of the workers who work on a Covered Construction Contract are low- or moderate-income persons. Apprentices and those working in on-the-job training positions shall be considered workers for the purpose of meeting the requirements of Section 17-1000.

(b) A low- or moderate-income person is defined under Section 17-1000 as a person whose income does not exceed more than eighty percent (80%) of the median income for the Philadelphia metropolitan area, as determined or adjusted by the Secretary of Housing and Urban Development pursuant to 42 U.S.C. §5302(a)(20). A person who no longer meets the income eligibility criteria set forth in Section 17-1000 because of employment by a party to a Covered Construction Contract, but who met the criteria on his or her date of hire, shall be deemed a low- or moderate-income person for three years from the date of hire.

(c) Each Contractor shall require all Subcontractors to comply with and be bound by all of the provisions of Section 17-1000 of The Philadelphia Code, and the Contractor shall insert the requirements of Section 17-1000 in all Subcontracts.

(5) Authority's Duties and Covenants Pursuant to 17-1400.

(a) If Authority is a City-Related Agency, as defined at Philadelphia Code Subsection 17-1401(9), Authority shall abide by the provisions of Philadelphia Code Chapter 17-1400 in awarding any contract(s) pursuant to this Operating Agreement as though such contracts were directly subject to the provisions of Chapter 17-1400, except that the exception set forth at Subsection 17-1406(8) shall apply to Authority as if Authority were listed in that subsection.

(b) Unless approved by the City to the contrary, any approvals required by the Philadelphia Code Chapter 17-1400 to be performed by the City Solicitor shall be performed by Authority by its General Counsel; any approvals required to be performed by the Director of Finance shall be performed by Authority by its Chief Financial Officer; and any approvals required to be performed by the Mayor shall be performed by Authority by its Executive Director.

(6) Executive Order 002-04.

(a) Pursuant to Executive Order 002-04, no official or employee in the Executive and Administrative Branch of the City shall solicit or accept, directly or indirectly, anything of value, including any gift, gratuity, favor, entertainment or loan from any of the following sources:

i) A person seeking to obtain business from, or who has financial relations with, the City;

ii) A person whose operations or activities are regulated or inspected by any City agency;

iii) A person engaged, either as principal or attorney, in proceedings before any City agency or in court proceedings in which the City is an adverse party;

iv) A person seeking legislative or administrative action by the City; or

v) A person whose interests may be substantially affected by the performance or nonperformance of the official's or employee's official duties.

Authority understands and agrees that if it offers anything of value to a City official or employee under circumstances where the receipt of such item would violate the provisions of this Executive Order shall be subject to sanctions with respect to future City contracts. Such sanctions may range from disqualification from participation in a particular contract to debarment, depending on the nature of the violation.

(7) Disadvantaged Business Enterprise Participation.

(a) In accordance with Executive Order 2-05, as it may be amended from time to time, the City has established an antidiscrimination policy that relates to the solicitation and inclusion of Minority Business Enterprises ("**MBE**"), Woman Business Enterprises ("**WBE**"), and Disabled Business Enterprises ("**DSBE**") (collectively, "**M/W/DSBE**") in City contracts. The purpose of Executive Order 2-05 is to ensure that all businesses desiring to do business with the City have an equal opportunity to compete by creating access to the City's procurement process and meaningfully increasing opportunities for the participation by M/W/DSBEs in City contracts at all tiers of contracting, as prime contractors, subcontractors and joint venture partners. In furtherance of this policy, the City will, from time to time, establish participation ranges for City Contracts and City Related Special Projects. Authority agrees to comply with the requirements of Executive Order 02-05, and where participation ranges are established by the City, Authority agrees, without limitation, to submit documentation responsive to each of the participation ranges established for the Contract.

(b) In furtherance of the purposes of Executive Order 2-05, Authority agrees to the following:

i) Authority, if it has achieved participation commitments with M/W/DSBEs, represents that it has entered into legally binding agreement(s) with M/W/DSBEs as participants under this Operating Agreement for the services and in the dollar amount(s) and percentage(s) as specified in the M/W/DSBEs Participation Exhibits to this Operating Agreement.

ii) Authority shall secure the prior written approval of the Minority Business Enterprise Council ("**MBEC**"), before making any changes or modifications to any contract commitments made by Authority herein, including, without limitation, substitutions for its MBEs, WBEs and/or DSBEs, changes or reductions in the services provided by its M/W/DSBE Subcontractors, or changes or reductions in the dollar and/or percentage amounts of commitments with its M/W/DSBE Subcontractors.

iii) Unless otherwise specified in a legally binding agreement as described in (2) (a) above, Authority shall, within five (5) business days after receipt of a payment from the City for work performed under this Operating Agreement, deliver to its M/W/DSBE Subcontractors the proportionate share of such payment for services performed by its M/W/DSBE Subcontractors. In

connection with payment of its M/W/DSBE Subcontractors, Authority agrees to fully comply with the City's payment reporting process which may include the use of electronic payment verification systems.

iv) Authority shall, in the event of an increase in units of work and/or compensation under this Operating Agreement, increase its commitments with its M/W/DSBE Subcontractors proportionately. The MBEC may from time to time request documentation from Authority evidencing compliance with this provision.

v) Authority shall submit, within the time frames prescribed by the City, any and all documentation the City may request, including, but not limited to, copies of Subcontract(s) with M/W/DSBEs, participation summary reports, M/W/DSBE Subcontractor invoices, telephone logs and correspondence with M/W/DSBE Subcontractors, cancelled checks and certification of payments. Authority shall maintain all documentation related to this Section for a period of five (5) years from the date of Authority's receipt of final payment under this Operating Agreement.

vi) Authority agrees that the City may, in its sole discretion, conduct periodic reviews to monitor Authority's compliance with the terms of Executive Order 2-05.

vii) Authority agrees that in the event the Director of Finance determines that Authority has failed to comply with any of the requirements of Executive Order 2-05, the City may, in addition to any other rights and remedies it may have under this Operating Agreement which includes termination of this Operating Agreement, exercise one or more of the following remedies which shall be deemed cumulative and concurrent:

(a) Debar Authority from proposing on and/or participating in any future contracts for a maximum period of three (3) years.

(b) Recover as liquidated damages, one percent (1%) of the total dollar amount of this Operating Agreement, which amount shall include any increase by way of amendments to this Operating Agreement, for each one percent (1%) (or fraction thereof) of the shortfall in commitment(s) to Authority's DBE Subcontractors.

No privity of contract exists between the City and any M/W/DSBE Subcontractor identified herein and the City does not intend to give or confer upon any such M/W/DSBE Subcontractor(s) any legal rights or remedies in connection with the subcontracted services under Executive Order 2-05 or by reason of this Operating Agreement except such rights or remedies that the M/W/DSBE Subcontractor may seek as a private cause of action under any legally binding contract to which it may be a party. The remedies enumerated above are for the sole benefit of the City and City's failure to enforce any provision or the City's indulgence of any non-compliance with any provision hereunder, shall not operate as a waiver of any of the City's rights in connection with this Operating Agreement nor shall it give rise to actions by any third parties including identified M/W/DSBE Subcontractors.

It is understood that false certification or representation is subject to prosecution under Title 18 Pa. C.S. Sections 4107.2 and 4904.

(c) In accordance with Section 17-1402(f) of The Philadelphia Code, the Authority shall during the Term of this Operating Agreement, disclose the name and title of each City officer or employee who directly or indirectly advised the Authority, any officer, director or management employee of the Authority, or any Person representing the Authority that a particular Person could be used by the Authority to satisfy any goals established in this Operating Agreement for the participation of minority,

women, disabled or disadvantaged business enterprises. The Authority shall also disclose the date the advice was provided, and the name of such particular Person. Such disclosure shall be made on a form provided by the Department awarding the contract, and the form shall be signed and filed with the Department within five business days after the Authority was so advised.

The Department receiving the disclosure form shall forward copies to the President and Chief Clerk of Council, and to the Mayor, Finance Director, Procurement Department, and the Department of Records.

(8) Compliance with Applicable Law.

(a) "Applicable Law" means all applicable present and future federal, state or local laws, ordinances, executive orders, rules, regulations and all court orders, injunctions, decrees and other official interpretations thereof of any federal, state or local court, administrative agency or governmental body, including the City, the Commonwealth, and the United States of America. Applicable Law includes, without limitation, laws, etc. relating to the environment, the Philadelphia Home Rule Charter, as amended from time to time, the Philadelphia Code, as amended from time to time, including § 9-2404(2)(b) (Predatory Lending), § 10 602(5)(b) (Smoking Prohibited in Public Places), § 17-110(2) (Alcohol Advertisement), § 17-1306 (21st Century Minimum Wage Standard), and Executive Order 01-98 (Billboards and Other Advertising Signs).

(b) Authority shall deliver and perform their respective obligations under this Operating Agreement, under and pursuant to the applicable provisions of all Acts of the Pennsylvania General Assembly and applicable ordinances of the City, as such enactments may hereafter be supplemented or amended. Authority shall inform the Responsible Official, in writing, of any notices of violations of any Applicable Law within forty-eight (48) hours of receipt thereof, and shall correct any violations within the time prescribed by law, or immediately in the case of any emergency.

(9) Non-Discrimination; Fair Practices.

(a) The Authority and City acknowledge that they have entered into and intend to perform the Operating Agreement under the terms of the Philadelphia Home Rule Charter, as it may be amended from time to time, and in performing under the Operating Agreement, the Authority shall not discriminate or permit discrimination against any individual because of race, color, religion or national origin. In addition, the Authority shall, in performing under the Operating Agreement, comply with the provisions of the Fair Practices Ordinance of The Philadelphia Code (Chapter 9-1100) and the Mayor's Executive Order No. 4-86, as each may be amended from time to time, both of which prohibit, among other things, discrimination against individuals because of race, color, sex, sexual orientation, religion, national origin, ancestry, age, handicap (including but not limited to Human Immunodeficiency Virus infection), marital status, presence of children or source of income, in employment, housing and services in places of public accommodation. In the event of any breach of this provision, the City may, in addition to any other rights or remedies available under the Operating Agreement, at law or in equity, suspend or terminate the Operating Agreement forthwith.

(b) In accordance with Act 57 of 1998, 62 Pa.C.S. § 3701, in the hiring of employees for the performance of work under the Operating Agreement or any Subcontracts, neither the Authority, nor any of its Subcontractors, nor any Person acting in their behalf shall discriminate, by reason of gender, race, creed, or color, against any citizen of the Commonwealth who is qualified and available to perform the work to which the employment relates. In addition, neither the Authority, nor any of its Subcontractors, nor any Person acting in their behalf shall in any manner discriminate against or intimidate any employee hired for the performance of work under the Operating Agreement on account of

gender, race, creed, or color. In addition to any other remedies available to the City, the Operating Agreement may be cancelled or terminated by the City, and all money due on or to become due under the Operating Agreement may be forfeited for a violation of the terms or conditions of this provision.

(c) Authority agrees to include subparagraphs (a) and (b) of this provision, with appropriate adjustments for the identity of the parties, in all sub-grants or subcontracts which are entered into pursuant to this Operating Agreement.

(d) Authority further agrees to cooperate with the Commission on Human Relations in any manner which the said Commission deems reasonable and necessary for the Commission to carry out its responsibilities under Chapter 17-400 of The Philadelphia Code.

Exhibit "B"

Financial Audit Report for Fiscal Years 2023 and 2024

PENNSYLVANIA CONVENTION CENTER AUTHORITY

**Financial Statements, Required Supplementary Information,
and Other Supplementary Information
For the Years Ended June 30, 2024 and 2023
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

PENNSYLVANIA CONVENTION CENTER AUTHORITY
For the Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pennsylvania Convention Center Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Pennsylvania Convention Center Authority (the Authority), a component unit of the Commonwealth of Pennsylvania as of and for the years ended June 30, 2024 and 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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

The Authority'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.

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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 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 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedules of proportionate share of net pension liability and contributions and schedule of changes in the total OPEB liability and related ratios on pages 5 through 11 and 45 and 46, respectively, 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 GAAS, 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining statement of net position, combining statement of revenue, expenses, and changes in net position, and schedules of General Account operating expenses (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mitchell Titus, LLP

September 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS

INTRODUCTION

The following discussion and analysis of the Pennsylvania Convention Center Authority’s (the Authority, or PCCA) financial performance is presented to provide an overview of the Authority’s financial activities for the fiscal year ended June 30, 2024, with selected comparative information for the years ended June 30, 2023 and 2022. This discussion has been prepared by management and should be read in conjunction with the Authority’s financial statements, which follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position provide information about the activities of the Authority and present a longer-term view of the Authority’s finances. The supplementary information following the Authority’s financial statements reports operations in more detail than these statements by providing information about the Authority’s various accounts.

BACKGROUND INFORMATION ON PCCA

The Authority is a separate legal entity, and it is an agency and public instrumentality of the Commonwealth of Pennsylvania (the Commonwealth). The Authority was established to acquire, hold, develop, design, construct, maintain, manage, operate, finance, furnish, fixture, equip, repair, lease or sublease either in the capacity of lessor or lessee, and own a convention center.

The Authority received its original funding from the following sources:

Bond issue	\$ 277,195,000
City of Philadelphia	42,000,000
Commonwealth of Pennsylvania grant	185,000,000
Hotel tax revenue	<u>19,147,000</u>
Total	<u>\$ 523,342,000</u>

The original Pennsylvania Convention Center (the Center) opened in 1993 and the expansion, a 960,000-square-foot addition to the Center, opened in March 2011. The \$786 million expansion project was funded from \$700 million in Commonwealth general obligation bonds and \$86 million in Pennsylvania Economic Development Financing Agency (PEDFA) bonds. In addition, the City of Philadelphia (the City) provided land, other cash, and in-kind items to the project, which are valued at approximately \$30 million.

The Commonwealth and the City have determined that the Authority is a component unit of the Commonwealth for financial reporting purposes for the fiscal years ended 2024 and 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

In fiscal year 2024, the Authority's operating loss was \$8.7 million less than budget, mainly due to increased revenue as the Center continued to recover from the government shutdown of facilities and prohibition on events that began in March 2020 due to the COVID-19 pandemic, as well as savings in operating expenses, specifically personnel, utilities, and contracted services. The total number of events held was generally flat at 135 events in 2024 from 139 events in 2023; however, the 135 events held in 2024 accounted for \$522.8 million in total economic impact to the City and region. In comparison, the 139 events held in 2023 accounted for \$468.9 million in economic impact, a difference of 11.5%, mainly due an overall increase in event attendance and associated attendee hotel night stays in 2024. Economic impact is driven primarily by attendee hotel night stays and associated spending. Total event attendance increased 6.9% to 898,000 attendees in 2024 from 836,500 in 2023.

	<u>Fiscal 2024</u>	<u>Budget 2024</u>	<u>Fiscal 2023</u>
Operating revenue	\$ 23,306,259	\$ 18,517,042	\$ 18,808,132
Operating expenses, excluding depreciation and amortization	<u>(37,190,999)</u>	<u>(41,082,822)</u>	<u>(32,851,154)</u>
Operating loss	<u>\$ (13,884,740)</u>	<u>\$ (22,565,780)</u>	<u>\$ (14,043,022)</u>
Total economic impact to the region	<u>\$ 522,818,000</u>	<u>\$ -</u>	<u>\$ 468,870,000</u>

Revenue

The Authority realized revenue of \$23.3 million and \$18.8 million for the years ended June 30, 2024 and 2023, respectively, an increase of 24%. In 2024, the third full year of operations after the pandemic, event activity was budgeted to recover to approximately 84% of pre-pandemic levels. Revenue was higher than budgeted for 2024 by \$4.8 million or 26%, due to higher-than-expected revenue across all revenue lines. Space fees accounted for \$6.1 million and food and beverage commissions totaled \$7.3 million for 2024 as compared to \$6.4 million and \$5.9 million, respectively, for 2023.

Interest Income

The Authority earned interest income of \$3.3 million and \$1.8 million for the years ended June 30, 2024 and 2023, respectively, an increase of 87%. This increase is mainly due to the increase in available cash and short-term interest rates.

Expenses

Total operating expenses (excluding depreciation) amounted to \$37.2 million and \$32.9 million in 2024 and 2023, respectively, and were \$3.9 million below budget for 2024. Savings were mainly due to lower-than-expected expenses for salaries, benefits and contracted labor.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS *(continued)*

Pension Expense

For the year ended June 30, 2024, pension expense was \$613,227, a decrease of 20.3% from \$769,226 in 2023.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), requires employers in cost-sharing pension plans to record their proportionate share of pension plan costs. On June 18, 2024 and June 13, 2023, the Pennsylvania State Employees Retirement System (SERS) released Korn Ferry's GASB 68 valuations, which included the Authority's proportionate share of pension plan amounts (net pension liability, deferred outflow of resources, deferred inflow of resources and pension expense). The Authority's proportionate share of pension expense was \$613,227 and \$769,226 for the years ended December 31, 2023 and 2022, respectively. Of those amounts, \$547,455 and \$511,099 were related to the Authority's required contributions to the pension plan in 2023 and 2022, respectively. For the fiscal years ended June 30, 2024 and 2023, the Authority recorded an expense of \$40,641 and \$260,454, respectively, due to recording adjustments to the net pension liability, deferred outflows of resources and deferred inflows of resources.

Postemployment Benefits Other than Pension (OPEB) Expense

For the year ended June 30, 2024, total OPEB liability increased, resulting in an expense of \$287,642 and an increase in expense from the total expense credit of \$512,107 in 2023 due to differences between expected and actual experience in the actuarial valuation.

OVERVIEW OF THE FINANCIAL STATEMENTS

Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position

One of the most important questions asked about the Authority's finances is, "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is consistent with the accounting used by most private sector companies. All the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

FINANCIAL ANALYSIS

The Authority's total net position changed from a year ago, decreasing \$7.1 million to \$562.6 million as of June 30, 2024 from \$569.7 million as of June 30, 2023, due to standard depreciation expense, offset by capital funding from the Commonwealth. In comparison, total net position decreased \$14.2 million from \$584.0 million in 2022 to \$569.7 million in 2023, mainly due to standard depreciation expense, offset by an increase in capital funding from the Commonwealth. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Authority's activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS *(continued)*

Table 1
Statement of Net Position
(In Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 114,949	\$ 92,003	\$ 80,726
Non-current assets	1,994	2,121	2,245
Capital assets, net	<u>519,365</u>	<u>532,500</u>	<u>547,925</u>
Total assets	<u>\$ 636,308</u>	<u>\$ 626,624</u>	<u>\$ 630,896</u>
Deferred outflows of resources related to pension and OPEB	<u>\$ 1,507</u>	<u>\$ 2,107</u>	<u>\$ 1,680</u>
Current liabilities	\$ 54,744	\$ 36,677	\$ 25,507
Other liabilities	<u>17,739</u>	<u>19,060</u>	<u>18,513</u>
Total liabilities	<u>\$ 72,483</u>	<u>\$ 55,737</u>	<u>\$ 44,020</u>
Deferred inflows of resources related to pension, OPEB and leases	<u>\$ 2,694</u>	<u>\$ 3,245</u>	<u>\$ 4,596</u>
Net investment in capital assets	\$ 515,588	\$ 528,724	\$ 531,933
Restricted	<u>47,050</u>	<u>41,026</u>	<u>52,027</u>
Total net position	<u>\$ 562,638</u>	<u>\$ 569,749</u>	<u>\$ 583,960</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS *(continued)*

Table 2
Statement of Revenue, Expenses, and Changes in Net Position
(In Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
OPERATING REVENUE			
Space license fees	\$ 6,127	\$ 6,426	\$ 4,693
Commissions	7,343	5,888	1,927
Other event revenue	8,007	5,751	2,782
Other revenue	1,829	743	432
Total revenue	<u>23,306</u>	<u>18,808</u>	<u>9,834</u>
OPERATING EXPENSES			
Personnel services	11,030	9,461	7,722
Purchase of services	20,472	18,487	14,835
Employee benefits	4,155	3,639	2,739
Depreciation and amortization	36,927	35,133	33,818
Other operating expenses	1,534	1,264	1,168
Total expenses	<u>74,118</u>	<u>67,984</u>	<u>60,282</u>
NON-OPERATING REVENUE			
Hotel tax revenue	56,402	53,406	38,228
Interest income	3,312	1,772	90
Operating agreement revenue/(expense)	(30,368)	(28,940)	(13,199)
Interest expense	(261)	(292)	(322)
Other expenses	(10,884)	(10,231)	(5,883)
Total non-operating revenue, net	<u>18,201</u>	<u>15,715</u>	<u>18,914</u>
Decrease in net position before contributions	(32,611)	(33,461)	(31,534)
Capital contributions	25,500	19,250	22,805
Decrease in net position	<u>\$ (7,111)</u>	<u>\$ (14,211)</u>	<u>\$ (8,729)</u>

Revenue of \$23.3 million in fiscal 2024 increased \$4.5 million, or 23.9%, from \$18.8 million in fiscal 2023, and increased \$8.9 million, or 91.3%, in 2023 from 2022. The revenue fluctuations can be attributed to an increase in revenue for Center capital improvements made by Aramark under the Authority's agreement with Aramark, as well as events and associated attendance as the convention industry continues to recover from the coronavirus pandemic.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS *(continued)*

Operating expenses increased \$6.1 million to \$74.1 million in fiscal 2024 and increased \$7.7 million to \$68.0 million in fiscal 2023 from \$60.3 million in 2022. In 2024 and 2023, personnel and contracted services increased as events began to return after the significant decreases due to reduced event activity in 2022. Non-operating revenue increased to \$18.2 million in fiscal 2024 from \$15.7 million in fiscal 2023, mainly due to the increase in other expenses related to a settlement agreement and marketing services supported by hotel tax revenue. In 2023, non-operating revenue decreased to \$15.7 million in fiscal 2023 from \$18.9 million in fiscal 2022, mainly due to the increase in hotel tax revenue as offset by the corresponding increase in operating agreement expense, a product of the operating deficit and hotel tax revenue. Under the terms of the Operating Agreement, the operating deficit is funded by the hotel tax and any surplus is returned to the Commonwealth as an operating agreement expense while any shortfall is funded by the Commonwealth as operating agreement revenue. In both 2023 and 2024, the significant increase in hotel tax resulted in a corresponding increase in operating agreement expense.

Hotel tax revenue increased by \$3.0 million to \$56.4 million in fiscal 2024 and increased by \$15.2 million to \$53.4 million in 2023, as travel and tourism demand increased and event activity continued to return. Interest income in fiscal year 2024 increased to \$3.3 million from \$1.8 million in 2023 and \$90,000 in 2022, due to higher interest rates and cash balances because of increased revenue and additional capital funding.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the Authority had \$1.1 billion invested in capital assets, consisting primarily of the Center facility and related equipment (see Table 3). Additionally, Note 5 to the financial statements reflects the changes in capital assets for the years ended June 30, 2024 and 2023, including the changes in the accumulated depreciation and amortization as applicable.

Table 3
Schedule of Capital Assets

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Land	\$ 3,028,563	\$ 3,028,563	\$ 993,835
Fine arts	3,776,733	3,776,733	3,776,733
Buildings	754,480,130	754,480,131	754,480,131
Building improvements	74,810,828	60,304,243	53,419,622
Construction-in-progress	14,132,140	13,141,204	30,238,680
Equipment	197,097,270	190,433,992	163,166,988
Furniture and fixtures	36,495,655	35,043,239	34,526,321
Leasehold improvements	2,027,417	2,027,417	2,027,417
Total	<u><u>\$ 1,085,848,736</u></u>	<u><u>\$ 1,062,235,522</u></u>	<u><u>\$ 1,042,629,727</u></u>

MANAGEMENT’S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR’S OUTLOOK

In fiscal 2022, due to the uncertainties surrounding the pandemic and related government restrictions on travel and group meetings at the beginning of this fiscal year, the Authority and facility manager, ASM Global, began developing a robust Reactivation Plan that included comprehensive safety measures, facility enhancements and health-conscious policies and procedures, all designed to ensure the safety of our attendees, while maintaining the highest levels of customer service in a hospitable environment. This comprehensive approach will have the added benefit of positioning the Center as one of the safest facilities in an increasingly more competitive convention market.

In addition, the Authority worked closely with health and safety experts to establish new best practices and to earn the Global Bio-risk Advisory Council (GBAC) STAR Accreditation, which demonstrates that the facility has the correct work practices, procedures, and systems in place to prepare, respond, and recover from outbreaks and pandemics. These capital improvements and safety measures enabled the facility to begin hosting local events, serving the community as an election polling place, ballot-processing center for the 2022 General Election and COVID-19 vaccination clinic administering over 325,000 vaccines in 12 weeks. In March 2021, the Authority welcomed back the Northeast Volleyball Qualifier tournament, making Philadelphia the first major Northeast city to host a citywide event at a convention center in over a year. The recovery continued in fiscal year 2024 as the Authority hosted 136 events with 894,000 attendees, revenue of \$21.9 million and an estimated economic impact of \$521.1 million.

Recovery is expected to continue with convention and group meeting business forecasted to return to pre-pandemic levels (2019) by fiscal year 2025. In fiscal year 2025, the Authority is trending to host an estimated 900,000 attendees at 160 events, including 101 conventions, conferences and trade shows, with revenue of \$20.6 million.

CONTACTING THE AUTHORITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority’s finances and to show the Authority’s accountability for the money it receives. If you have questions about this report or need additional financial information, email the Authority at info@paconvention.com.

FINANCIAL STATEMENTS

PENNSYLVANIA CONVENTION CENTER AUTHORITY
Statements of Net Position
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 23,395,359	\$ 70,219,622
Temporary investments	75,475,517	13,908,968
Receivables, net	14,767,062	6,721,628
Lease receivables	131,002	123,862
Prepaid expenses and other assets	<u>1,180,217</u>	<u>1,028,551</u>
Total current assets	<u>114,949,157</u>	<u>92,002,631</u>
Lease receivable, non-current	1,994,174	2,121,306
<i>Capital assets being depreciated</i>		
Buildings	754,480,130	754,480,131
Building improvements	74,810,828	60,304,243
Furniture and fixtures	36,495,655	35,043,239
Equipment	197,097,270	190,433,992
Leasehold improvements	<u>2,027,417</u>	<u>2,027,417</u>
	1,064,911,300	1,042,289,022
Less: Accumulated depreciation and amortization	(566,484,063)	(529,735,194)
<i>Capital assets not being depreciated</i>		
Land	3,028,563	3,028,563
Construction-in-progress	14,132,140	13,141,204
Fine arts	<u>3,776,733</u>	<u>3,776,733</u>
Total capital assets, net	<u>519,364,673</u>	<u>532,500,328</u>
Total assets	<u>636,308,004</u>	<u>626,624,265</u>
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSION AND OPEB		
	<u>1,507,342</u>	<u>2,106,800</u>
LIABILITIES		
Accounts payable and other accrued expenses	15,877,834	11,495,624
Operating agreement liability	29,648,828	21,084,565
Unearned revenue	7,764,483	2,242,395
Current portion of equipment purchase payable	1,654,643	1,654,643
Current portion of net other postemployment benefits liability	<u>(201,888)</u>	<u>199,658</u>
Total current liabilities	54,743,900	36,676,885
Equipment purchase payable	8,987,262	10,154,135
Net pension liability	4,965,347	5,404,396
Net other postemployment benefits liability	<u>3,786,707</u>	<u>3,501,295</u>
Total liabilities	<u>72,483,216</u>	<u>55,736,711</u>
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION, OPEB AND LEASES		
	<u>2,693,652</u>	<u>3,244,926</u>
NET POSITION		
Net investment in capital assets	515,587,940	528,723,595
Restricted by Commonwealth of Pennsylvania Operating Agreement	<u>47,050,537</u>	<u>41,025,833</u>
Total net position	<u>\$ 562,638,477</u>	<u>\$ 569,749,428</u>

The accompanying notes are an integral part of these financial statements.

PENNSYLVANIA CONVENTION CENTER AUTHORITY
Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUE		
<i>Convention Center events</i>		
Space license fees	\$ 6,127,208	\$ 6,425,960
Commissions	7,343,165	5,888,216
Other event revenue	8,007,242	5,751,019
Other revenue	<u>1,828,644</u>	<u>742,937</u>
Total operating revenue	23,306,259	18,808,132
Operating expenses, excluding depreciation and amortization*	<u>37,190,999</u>	<u>32,851,154</u>
Operating loss before depreciation and amortization	(13,884,740)	(14,043,022)
Depreciation and amortization	<u>36,927,400</u>	<u>35,132,823</u>
Operating loss after depreciation and amortization	<u>(50,812,140)</u>	<u>(49,175,845)</u>
<i>Non-operating revenue (expenses)</i>		
Hotel tax revenue	56,402,267	53,405,884
Interest income	3,311,549	1,772,111
Operating agreement revenue (expense)	(30,368,267)	(28,939,745)
Interest expense	(260,748)	(292,262)
Other expenses	<u>(10,883,612)</u>	<u>(10,230,787)</u>
Total non-operating revenue, net	<u>18,201,189</u>	<u>15,715,201</u>
Decrease in net position before capital contributions	(32,610,951)	(33,460,644)
Capital contributions	<u>25,500,000</u>	<u>19,249,991</u>
Decrease in net position	(7,110,951)	(14,210,653)
Net position, beginning of year	<u>569,749,428</u>	<u>583,960,081</u>
Net position, end of year	<u>\$ 562,638,477</u>	<u>\$ 569,749,428</u>

*See supplemental schedule for details of operating expenses.

The accompanying notes are an integral part of these financial statements.

PENNSYLVANIA CONVENTION CENTER AUTHORITY
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from Convention Center events	\$ 23,868,958	\$ 16,885,697
Salaries and administrative costs paid to employees	(12,597,059)	(11,157,561)
Payments to suppliers for services	<u>(22,360,520)</u>	<u>(20,942,103)</u>
Net cash and cash equivalents used in operating activities	<u>(11,088,621)</u>	<u>(15,213,967)</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES		
Hotel tax receipts from the City and the Commonwealth	31,881,054	35,802,224
Other expenses	(10,722,746)	(10,230,787)
Cash reserve funds received from the Commonwealth	<u>453,333</u>	<u>1,065,937</u>
Net cash and cash equivalents provided by non-capital financing activities	<u>21,611,641</u>	<u>26,637,374</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital funds received from Commonwealth	25,500,000	19,249,991
Cash received from equipment purchase payable	219,054	674,462
Decrease in equipment purchase payable	(1,385,926)	(1,354,591)
Interest paid in equipment purchase payable	(268,717)	(300,051)
Purchase of capital assets, net	<u>(23,156,694)</u>	<u>(20,717,154)</u>
Net cash and cash equivalents provided by (used in) capital and related financing activities	<u>907,717</u>	<u>(2,447,343)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase, sales and maturities of investments, net	(61,566,549)	29,106,238
Interest income	<u>3,311,549</u>	<u>1,772,111</u>
Net cash (used in) provided by investing activities	<u>(58,255,000)</u>	<u>30,878,349</u>
Net (decrease) increase in cash and cash equivalents	(46,824,263)	39,854,413
Cash and cash equivalents, beginning of the year	<u>70,219,622</u>	<u>30,365,209</u>
Cash and cash equivalents, end of the year	<u>\$ 23,395,359</u>	<u>\$ 70,219,622</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES		
Operating loss	\$ (50,812,140)	\$ (49,175,845)
<i>Adjustments to reconcile operating loss to net cash and cash equivalents used in operating activities</i>		
Depreciation and amortization	36,927,400	35,132,823
Bad debt expense	100,000	100,000
<i>Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources</i>		
Accounts receivable	(4,959,389)	(2,080,667)
Prepaid expenses and other assets	(151,666)	1,416,302
Deferred outflows of resources	599,458	(426,485)
Accounts payable and accrued expenses	2,792,085	108,627
Unearned revenue	5,522,088	(213,339)
Net pension liability	(640,937)	1,987,447
OPEB liability	85,754	(711,765)
Deferred inflows of resources	<u>(551,274)</u>	<u>(1,351,065)</u>
Net cash and cash equivalents used in operating activities	<u>\$ (11,088,621)</u>	<u>\$ (15,213,967)</u>

The accompanying notes are an integral part of these financial statements.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 1 ORGANIZATION AND HISTORY

General

The Pennsylvania Convention Center Authority (the Authority, or PCCA) was established as a public body by the Commonwealth of Pennsylvania Act 1986-70 to develop, promote, and operate a convention center facility (the Center) in the Philadelphia metropolitan area. Financing for the Authority during the construction period was provided by grants from the Commonwealth of Pennsylvania (the Commonwealth) and the City of Philadelphia (the City), a portion of the local hotel tax, as authorized by the Authority's enabling legislation, issuance of Authority bonds, and earnings on invested funds.

The Council of the City enacted an ordinance, Bill No. 533, signed and approved by the Mayor on June 29, 1989, whereby in cooperation with the City, the Authority has undertaken the design, development, construction, financing, and operation of the Center. The City and Authority entered into a Lease and Service Agreement (LSA) under which the City leased land to the Authority and paid an annual Service Fee for the net costs associated with the construction and management of the Center.

In 2004, the state legislature authorized the expenditure of up to \$400 million of capital funds (Act 40) to expand the existing Center and, in 2006, authorized an additional \$300 million of capital funds (Act 53) for the project. In 2012, the Commonwealth, through the PEDFA, issued \$281 million of revenue bonds to defease the Authority's outstanding bonds and fund the remaining \$86 million portion of the expansion project.

Effective April 20, 2010, with the defeasance of the Authority's outstanding bonds, the LSA was terminated and the Commonwealth, City, and Authority entered into a new Operating Agreement, which will remain in effect until December 31, 2039.

The Commonwealth has determined that the Authority is a component unit of the Commonwealth for financial reporting purposes for fiscal years 2024 and 2023 and thus, the financial results of the Authority are included in the Commonwealth's June 30, 2024 and 2023 Annual Comprehensive Financial Reports.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Basis of Presentation

The financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Focus, Basis of Accounting, and Basis of Presentation *(continued)*

Revenue is recognized when earned, and expenses are recognized when incurred.

The statements of net position and statements of revenue, expenses, and changes in net position include all activities of the Authority. The other supplementary information has been provided to reflect the activity in each account. All the Authority's net position, which was not invested in capital assets, was restricted under the requirements imposed by the Operating Agreement.

Cash Equivalents and Temporary Investments

Cash equivalents and temporary investments are reported at fair value. Cash equivalents are short-term, liquid investments that are readily convertible to known amounts of cash and are so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include amounts in money market mutual funds, certificates of deposit and United States Treasury bills with original maturities when purchased of three months or less. Temporary investments include amounts in money market mutual funds, certificates of deposit and United States Treasury bills with original maturities greater than three months. Cash equivalents and temporary investments are held for the purpose of meeting short-term liquidity requirements, rather than for investment purposes.

Receivables

Receivables consist mainly of outstanding Center event-related charges and hotel tax receipts that were collected by hotels as of June 30, 2024 and 2023, and subsequently transferred to the Authority from the City.

Compensated Absences

Compensated absences are accrued when earned and reported as a liability in the statements of net position. The Authority's policy allows employees to accumulate vacation leave, and the balances are available for immediate use. Upon termination, accumulated vacation leave is paid to the employee.

Capital Assets

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are generally as follows:

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital Assets *(continued)*

Buildings	40 years
Building improvements	15 years
Furniture and fixtures	5–10 years
Equipment	3–20 years
Leasehold improvements	10–15 years

Building assets and improvements are capitalized if the cost exceeds \$5,000. Equipment and furniture are capitalized if the cost exceeds \$1,000. No depreciation is recorded relating to fine arts.

Funds Contributed by the Commonwealth and City

The Authority entered into grant agreements with the Commonwealth, whereby the Commonwealth provided a total of \$185 million to the Authority during the design and construction phase of the original Center.

The \$786 million expansion project was funded from \$700 million in Commonwealth General Obligation Bonds and \$86 million in PEDFA bonds. Of the total project cost, \$562 million was contributed to the Authority for the construction of the expansion facility and is reflected in net position. The balance of \$224 million was used to acquire the land for the expanded portion of the Center, which is owned by the Commonwealth and is not included in these financial statements.

Operating Revenue

The Center event operating revenue consists primarily of space license fees and commissions. Space license fees are based primarily on per square foot or flat rate schedules per room, and commissions are generally based on a percentage of revenue generated by food and beverage, audiovisual, and utility services provided to the Authority and its customers by in-house vendors.

Non-operating Revenue and Expenses

Non-operating revenue includes hotel tax revenue that is collected by hotels and subsequently transferred to the Authority from the City. Non-operating expenses include expenses related to education and training distributed to the Philadelphia Academies, the Opportunities Industrialization Center, and Mercy Vocational High School in accordance with the terms of the Operating Agreement.

PENNSYLVANIA CONVENTION CENTER AUTHORITY
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Lease and Service Fee and Operating Agreement Fee

The LSA between the City and the Authority terminated on April 20, 2010, concurrent with the defeasance of the 2005 Bonds. Under the terms of the Agreement, the City leased certain premises to the Authority upon which the Authority developed, financed, constructed, and operated the Center.

With the termination of the LSA, the City, Commonwealth and Authority entered into an Operating Agreement that requires the Commonwealth to fund the Authority's net operating deficits, reserve fund requirements and debt service related to the expansion project and defeasance of the Authority bonds. The City is required to pay an annual service fee of \$15 million for the defeased bonds and remit the Authority's portion of hotel tax receipts to the Commonwealth.

Operating Agreement Fee

	<u>Commonwealth Obligation 2024</u>	<u>Commonwealth Obligation 2023</u>
Operating deficit—General Account	\$ 13,884,740	\$ 14,043,022
<i>Add:</i> Contribution to Education and Training Account	2,091,967	1,995,109
Operating reserve contribution	453,333	1,065,937
Capital reserve contribution	25,500,000	19,249,991
Attraction fund contribution	500,000	500,000
PHLCVB MSA expense	8,095,591	6,692,452
Unfunded net OPEB obligation	382,224	596,906
Unfunded net pension obligation	(40,641)	(260,454)
GASB 87 implementation	(4,584)	(4,584)
GASB 94 implementation	1,486,351	-
<i>Less:</i> Authority interest earnings	(814,983)	(162,250)
Hotel tax revenue	<u>(56,402,267)</u>	<u>(53,405,884)</u>
Fee due to (due from) the Authority	(4,868,268)	(9,689,755)
<i>Less:</i> Net amount paid by the Commonwealth	(13,646,566)	(11,061,471)
Prior-year balance due (to)/from the Commonwealth	(21,084,565)	(9,554,509)
Hotel tax retained by the Commonwealth	<u>9,950,571</u>	<u>9,221,170</u>
Amount payable to the Commonwealth	<u>\$ (29,648,828)</u>	<u>\$ (21,084,565)</u>

Operating Expenses

Operating expenses consist primarily of expenses for salaries and wages, fringe benefits, contractual services, repairs and maintenance, utilities, and office supplies and expenses.

Income Taxes

The Authority is exempt from federal income taxes under Internal Revenue Code Section 501(c)(1) and exempt from state and local taxes under Section 29 of PA Act 1986-70.0.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of Estimates

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses recognized during the reporting period. Accordingly, actual results could differ from those estimates.

Adoption of Accounting Pronouncement

In April 2023, the GASB issued Statement No. 99, Omnibus 2024. The Authority adopted for the year ended June 30, 2024. This statement had no impact on financial statement amounts.

Accounting Pronouncements Not Yet Adopted

In June 2023, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The Authority is required to adopt Statement No. 100 for the fiscal year ending June 30, 2025.

In June 2023, the GASB issued Statement No. 101, *Compensated Absences*. The Authority is required to adopt Statement No. 101 for the fiscal year ending June 30, 2025.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The Authority is required to adopt Statement No. 102 for the fiscal year ending June 30, 2026.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The Authority is required to adopt Statement No. 103 for the fiscal year ending June 30, 2027.

Currently, management is evaluating the impact of these statements on the financial statements.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 3 CASH, CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

The components of cash, cash equivalents and temporary investments at June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 23,395,359	\$ 70,219,622
<i>Temporary investments</i>		
Money market mutual funds	6,290	1,086,434
Certificates of deposit	-	2,233,747
U.S. Treasury bills	<u>75,469,227</u>	<u>10,588,787</u>
Total temporary investments	<u>\$ 75,475,517</u>	<u>\$ 13,908,968</u>

Money market mutual funds and U.S. Treasury bills are reported at fair value based on current share price and quoted prices in active markets, respectively, for identical assets on a recurring basis. There have been no changes to the methodologies used to measure the fair values of assets from June 30, 2023 to 2024.

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 because of future changes in interest rates. The Authority manages its exposure to interest rate risk by investing in fixed-rate obligations with short-term maturities. Cash equivalents have original maturities of three months or less. Temporary investments have original maturities of approximately three months or greater.

Custodial Credit Risk

The Authority assumes levels of custodial credit risk for its cash and cash equivalents with financial institutions and temporary investments. Custodial credit risk is the risk that, in the event of a bank or counterparty failure, the Authority's cash or investments may not be returned.

As of June 30, 2024 and 2023, the Authority's cash deposits bank balance, including certificates of deposit, equaled \$23,401,648 and \$72,453,369, respectively, of which \$3,927,860 and \$3,268,162, respectively, was uninsured but collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania by securities held by the pledging financial institution, its trust department or agency, but not in the Authority's name. The Authority's U.S. Treasury securities are in book-entry form in the Authority's name and are held by bank trust departments, acting as the counterparty; accordingly, these securities are not subject to custodial credit risk. Money market mutual funds are not subject to custodial credit risk because their existence is not evidenced by physical or book entry securities.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 3 CASH, CASH EQUIVALENTS AND TEMPORARY INVESTMENTS *(continued)*Custodial Credit Risk *(continued)*

The Authority has not established a formal custodial credit risk policy for its cash and cash equivalents.

NOTE 4 RECEIVABLES, NET AND LEASE RECEIVABLES

Receivables as of June 30, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Convention Center events	\$ 12,354,142	\$ 7,348,968
Less: Allowance for uncollectible amounts	<u>(653,132)</u>	<u>(627,340)</u>
	11,701,010	6,721,628
Hotel tax receivable	<u>3,066,052</u>	<u>-</u>
Total receivables, net	<u>\$ 14,767,062</u>	<u>\$ 6,721,628</u>
Lease receivable, current	\$ 131,002	\$ 123,862
Lease receivable, non-current	<u>1,994,174</u>	<u>2,121,306</u>
Total lease receivables	<u>\$ 2,125,176</u>	<u>\$ 2,245,168</u>

The Authority has recorded lease receivables for two leases, as described below, measured at the present value of lease payments expected to be received during the lease term at a discount rate of 2.30%. A deferred inflow of resources was recorded in an amount equal to the initial recording of the lease receivables. The deferred inflow of resources is amortized as lease revenue on a straight-line basis over the term of the leases.

The total lease receivable was \$2,125,176 and the current portion was \$131,002 as of June 30, 2024. The deferred inflows of resources due to the leases after amortization for fiscal year 2024 was \$1,976,908. The total lease receivable was \$2,245,168 and the current portion was \$123,862 as of June 30, 2023. The deferred inflows of resources due to the leases after amortization for fiscal year 2023 was \$2,142,324.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 4 RECEIVABLES, NET AND LEASE RECEIVABLES *(continued)*

In November 2015, the Authority entered into a license agreement with InSite Wireless Development, LLC for the right to use portions of the property to install, operate and maintain a neutral host distributed antenna system (DAS) and provide sub-licensees access to the DAS for purposes of receiving and transmitting radio frequency signals to portable wireless devices. The master lease commenced in June 2016, with two sub-leases executed in August 2016 and a third in April 2017. The license fee payable to the Authority is equal to 55% of the total payments received under the sub-leases. The master lease, and the related sub-leases, include automatic extensions that are reasonably expected to be exercised, extending the leases through June 30, 2036.

In March 2019, the Authority amended a lease with Celco Partnership (d/b/a Verizon Wireless) to retain the rights to install certain equipment on the exterior of the Center in order to operate a macro-site facility. Initial license fee was set at \$4,000 per month retroactive to May 1, 2017, with a 2% escalator beginning on May 1, 2019, and continuing annually through the remaining term. This lease includes automatic extensions that are reasonably expected to be exercised, extending the lease through April 30, 2036.

In each of the fiscal years ending June 30, 2024 and 2023, the Authority recognized lease revenue of \$165,416 and interest income of \$52,799 under these leases.

PENNSYLVANIA CONVENTION CENTER AUTHORITY
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

NOTE 5 CAPITAL ASSETS

Changes in capital assets for the years ended June 30, 2024 and 2023, are as follows:

	Year Ended June 30, 2024			Ending Balance
	Beginning Balance	Increases	Decreases	
	(in thousands)			
<i>Capital assets being depreciated and amortized</i>				
Buildings	\$ 754,480	\$ -	\$ -	\$ 754,480
Building improvements	60,304	14,507	-	74,811
Equipment	190,434	6,663	-	197,097
Furniture	35,043	1,453	-	36,496
Leasehold improvements	2,028	-	-	2,027
Total capital assets being depreciated and amortized	1,042,289	22,623	-	1,064,911
<i>Less: Accumulated depreciation and amortization for</i>				
Buildings	(375,386)	-	(18,825)	(394,211)
Building improvements	(14,968)	-	(4,249)	(19,217)
Equipment	(106,940)	-	(11,739)	(118,679)
Furniture	(30,412)	-	(1,937)	(32,349)
Leasehold improvements	(2,028)	-	-	(2,028)
Total accumulated depreciation and amortization	(529,734)	-	(36,750)	(566,484)
Net capital assets being depreciated and amortized	512,555	22,623	(36,750)	498,427
<i>Capital assets not being depreciated</i>				
Land	3,029	-	-	3,029
Fine arts	3,777	-	-	3,777
Construction-in-progress	13,141	991	-	14,132
Total capital assets not being depreciated	19,947	991	-	20,938
Total capital assets	\$ 532,502	\$ 23,614	\$ (36,750)	\$ 519,365

PENNSYLVANIA CONVENTION CENTER AUTHORITY
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

NOTE 5 CAPITAL ASSETS (continued)

	Year Ended June 30, 2023			Ending Balance
	Beginning Balance	Increases	Decreases	
(in thousands)				
<i>Capital assets being depreciated and amortized</i>				
Buildings	\$ 754,480	\$ -	\$ -	\$ 754,480
Building improvements	53,420	7,015	(131)	60,304
Equipment	163,167	27,365	(98)	190,434
Furniture	34,526	550	(33)	35,043
Leasehold improvements	2,028	-	-	2,028
Total capital assets being depreciated and amortized	<u>1,007,621</u>	<u>34,930</u>	<u>(262)</u>	<u>1,042,289</u>
<i>Less: Accumulated depreciation and amortization for</i>				
Buildings	(356,563)	(18,824)	-	(375,387)
Building improvements	(11,441)	(3,527)	-	(14,968)
Equipment	(96,176)	(10,835)	71	(106,940)
Furniture	(28,497)	(1,955)	40	(30,412)
Leasehold improvements	(2,028)	-	-	(2,028)
Total accumulated depreciation and amortization	<u>(494,705)</u>	<u>(35,141)</u>	<u>111</u>	<u>(529,735)</u>
Net capital assets being depreciated and amortized	<u>512,916</u>	<u>(211)</u>	<u>(151)</u>	<u>512,554</u>
<i>Capital assets not being depreciated</i>				
Land	994	2,035	-	3,029
Fine arts	3,776	-	-	3,776
Construction-in-progress	30,239	17,832	(34,930)	13,141
Total capital assets not being depreciated	<u>35,009</u>	<u>19,867</u>	<u>(34,930)</u>	<u>19,946</u>
Total capital assets	<u>\$ 547,925</u>	<u>\$ 19,656</u>	<u>\$ (35,081)</u>	<u>\$ 532,500</u>

Land of the original Center and Train Shed, excluding the Reading Terminal Market, is owned by the City and is leased to the Commonwealth under a Conveyance Agreement and, accordingly, is not included in these financial statements. Land of the expanded portion of the Center is owned by the Commonwealth and is also not included in these financial statements.

On July 1, 2022, the Authority entered into a Food and Beverage Services Agreement with Aramark Sports and Entertainment Services, Inc. (Aramark), to provide certain food and beverages services at the Center in accordance with the terms of the agreement. The agreement expires June 30, 2027.

Aramark pays the Authority commission fees based upon gross sales generated for the prior accounting period. In addition, Aramark is providing an investment of up to \$6,000,000 towards mutually agreed upon leasehold improvements for provision of the food and beverage services provided under the agreement at the Center. Title to all leasehold improvements purchased with the investment vests in the Authority.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 5 CAPITAL ASSETS *(continued)*

Under GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, the Authority is defined as a Transferor in this arrangement and this agreement meets the definition of a Service Concession Arrangement (SCA). GASB No.94 requires that the Transferor recognize an asset for improvements made by the operator (Aramark) to an existing underlying asset of the Transferor and a deferred inflow of resources when the improvements are placed into service.

At June 30, 2024, Aramark had expenditures of \$5.9M related to the agreed upon investment. As of the date placed in service, the Authority recorded the gross value of the Aramark investment as leasehold improvements along with an equal amount of deferred inflows. The Authority is depreciating the leasehold improvements on a straight-line basis using useful lives consistent with the Authority's policies and past practices. The related deferred inflows are being recognized as income on a straight-line basis over the remaining term of the agreement. Variable payments, including payments related to revenue sharing agreements based on future performance of Aramark, are recorded as income in the period to which they relate in accordance with GASB No. 94.

In the event the agreement expires or is terminated for any reason (including the uncured default of either party) prior to the full amortization of the investment, the Authority agrees to pay to Aramark a payment equal to the unamortized balance of the investment as of the date of such expiration or termination.

NOTE 6 EQUIPMENT PURCHASE PAYABLE

The Authority entered into an agreement with Siemens Public, Inc. to purchase capital equipment in the amount of \$14,539,187, with semi-annual payments for 10 years at an interest rate of 2.30% per year. The total amount was placed in an escrow account, and liability is recognized as draw-down payments are made. The total liability recorded under the agreement at June 30, 2024, was \$10,641,905. The funds for repayment will be provided by the Commonwealth through its Office of Budget as part of the annual capital reserve funding as required in the Operating Agreement. Semi-annual interest and principal payments of \$827,321 were paid on March 28, 2023 and September 26, 2024.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 6 EQUIPMENT PURCHASE PAYABLE (continued)

Future principal and interest payments for the agreement with Siemens Public, Inc. through maturity are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,417,986	\$ 236,657
2026	1,450,787	203,856
2027	1,484,347	170,296
2028	1,518,683	135,960
2029	1,553,814	100,829
2030-2031	3,216,289	92,997
Total	\$ 10,641,905	\$ 940,595

NOTE 7 PENSION PLAN

All full-time employees of the Authority are covered by the Commonwealth of Pennsylvania State Employees' Retirement System (SERS or the Plan). The Plan is a cost-sharing, multi-employer public employees' retirement system and provides pension, death, and disability benefits to four classes of employees. The employer and employee contribution rates for each class are detailed in the table that follows on the next page.

<u>Class</u>	<u>Category</u>	<u>Vesting Period</u>	<u>Annual Benefit</u>	<u>2024 Employer Rate</u>	<u>2023 Employer Rate</u>	<u>2024/2023 Employee Rate</u>
A	Retirement age of 60	5 years of service	2% of highest three-year average salary time years of service	32.24%	30.44%	5.00%
AA	Retirement age of 60	5 years of service	2.5% of highest three-year average salary time years of service	41.09%	38.82%	6.25%
A-3	Retirement age of 65	10 years of service	2% of highest three-year average salary time years of service	27.60%	26.05%	6.25%
A-4	Retirement age of 65	10 years of service	2.5% of highest three-year average salary time years of service	27.60%	26.05%	9.30%
A-5 Hybrid	Retirement age of 67	10 years of service	1.25% of highest five-year average salary time years of service	17.40%	18.43%	8.25%
A-6 Hybrid	Retirement age of 67	10 years of service	1.25% of highest five-year average salary time years of service	17.65%	18.43%	7.50%
A-6 Hybrid	N/A	3 years of service	N/A	19.60%	18.37%	7.50%

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 7 PENSION PLAN *(continued)*

Employees who retire at age 60 with 30 years of service, or with 35 years of service if under age 60, are entitled to a normal annual retirement benefit. The general annual benefit is 2% of the member's highest three-year average salary times years of service. Benefits vest after 10 years of service. Ad hoc cost-of-living adjustments are provided at the discretion of the General Assembly. Article II of the Commonwealth of Pennsylvania's Constitution assigns the authority to establish and amend the benefit provisions of the Plan to the General Assembly.

Effective May 2001, Act 2001-9 was signed, which created Class AA and provided for the following changes to the Plan:

- Increased the Class AA member contribution rate to 6.25%, effective January 2003.
- Increased the retirement benefit formula to 2.5% from 2.0% of an employee's final average salary.
- Changed the vesting requirement for all members to five years from 10 years.
- Authorized the use of actuarial debts for all purchases of creditable non-state service, prior state service, and payment of joint coverage contributions.

New members of the Plan were automatically enrolled into Class AA. However, election for current members at the time of enactment was voluntary.

Effective January 2011, Act 120 was signed, which created Class A-3 and A-4 and provided for the following changes to the Plan:

- The Class A-3 member contribution rate became 6.25% and the Optional Class A-4 contribution rate became 9.3%.
- The retirement benefit formula is based on 2% of final average salary for Class A-3 and 2.5% of final average salary for the Optional Class A-4.
- Increased the vesting requirement for Class A-3 and Class A-4 members to 10 years.
- Increased the normal retirement age for Class A-3 and Class A-4 members to 65 from 60 with a minimum of three years of credited services.
- Class A-3 and Class A-4 members may retire before normal retirement age without penalty if they have the combination of years of service and age equal to 92.

Effective January 2019, Act 2017-5 was signed which created two hybrid plans and a straight defined contribution plan (Class A-5, A-6 and DC-only plans) and provided the following changes to the Plan:

- The Class A-5 member contribution rate became 5.00% for defined benefit and 3.25% for defined contribution for a total of 8.25%.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 7 PENSION PLAN *(continued)*

- The optional Class A-6 member contribution rate became 4.00% for defined benefit and 3.50% for defined contribution for a total of 7.50%.
- The optional DC-Only Plan member contribution rate became 7.50%.
- Increased the normal retirement age for Class A-5 and Class A-6 to 67 from 65.
- Changed the vesting requirement for the defined contribution portion of the plans to three years. The vesting requirement for the defined benefit portion remains at 10 years.
- Class A-5 and Class A-6 members may retire before normal retirement age without penalty if they have the combination of years of service and age equal to 97.

New members of the Plan are automatically enrolled into Class A-5 unless they select to enroll into Class A-6 or the DC-Only Plan. Additionally, all pre-2019 employees were offered an irrevocable option to join one of the new hybrid options or the straight DC plan between January 1, 2019 and March 31, 2019, with an effective date of July 1, 2019. The newly elected tier or plan is prospective only and generally applies to all future service.

The Plan's funding policy, as set by the Plan's Board, provides for periodic active member contributions at statutory rates. The contributions are recorded in an individually identified account that also is credited with interest, calculated at 4% per year, as mandated by statute.

Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

The Plan's funding policy also provides for periodic employer contributions at actuarially determined rates, expressed as a percentage of annual covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due.

Separately issued financial statements for the SERS can be obtained from SERS management at www.sers.pa.gov.

SERS GASB 68 Valuation

On June 18, 2024 and June 13, 2023, the SERS released the "GASB 68 Valuation," which had valuation dates of December 31, 2023 and 2022 (measurement date), respectively, to the cost-sharing employers of the multiple-employer defined benefit retirement plan. The GASB 68 Valuation included "Schedules of Employer Allocations and Schedules of Pension Amounts by Employer." The SERS external auditors (KPMG) issued an opinion on the Plan's schedules mentioned above, notes to the Plan's schedules, and supplementary information schedules.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 7 PENSION PLAN *(continued)*

Actuarial Methods and Assumptions

The GASB 68 Valuation states that every five years the SERS is required to conduct an actuarial experience study to determine whether the assumptions used in its annual actuarial valuations remain accurate based on current and anticipated demographic trends and economic conditions. The *19th Investigation of Actuarial Experience study* for the period 2015 to 2019 was released in July 2020. The actuary, under oversight of the SERS Board, reviewed economic assumptions (such as the assumed future investment returns and salary increases) as well as demographic assumptions (such as employee turnover, retirement, disability, and death rates). Some assumption adjustments increased the projected cost and some decreased the projected cost, but the overall result was a slight increase to the net pension liability.

The following methods and assumptions were used for the December 31, 2023 and 2022, measurement dates:

- Actuarial cost method – Entry age
- Investment rate of return – 6.875% for 2023 and 6.875% for 2022, net of expenses, including inflation
- Projected salary increases – Average of 4.55% with a range of 3.30% to 6.95%, including inflation
- Asset valuation method – Fair market value
- Inflation – 2.50%
- Mortality rate – Projected PubG-2010 and PubNS-2010 Mortality Tables adjusted for actual plan experience and future improvement
- Cost-of-living adjustment – none – ad hoc

The long-term expected real 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 manager fees and inflation) were developed for each major asset class.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 7 PENSION PLAN *(continued)*

Actuarial Methods and Assumptions *(continued)*

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the SERS current and target asset allocation as of December 31, 2023 and 2022, are summarized in the following tables:

Asset Class	2023	
	Target Allocation	Long-term Expected Real Rate of Return
Private equity	16.00 %	6.00 %
Real estate	7.00	4.80
U.S. equity	31.00	4.85
International developed markets equity	14.00	4.75
Emerging markets equity	5.00	4.95
Fixed income	22.00	1.75
Inflation protection (TIPS)	3.00	1.50
Cash	2.00	0.25
Total	100.00 %	

Asset Class	2022	
	Target Allocation	Long-term Expected Real Rate of Return
Private equity	16.00%	5.75%
Real estate	7.00	5.12
U.S. equity	31.00	4.35
International developed markets equity	14.00	4.25
Emerging markets equity	5.00	4.65
Fixed income	22.00	(0.50)
Inflation protection (TIPS)	3.00	(1.00)
Cash	2.00	(1.05)
Total	100.00%	

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 7 PENSION PLAN *(continued)*

Discount Rate

The discount rate used to measure the total pension liability was 6.875% for both 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each member and that employer contributions will be made based on rates determined by the actuary. Based on those assumptions, the SERS fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active SERS members. Therefore, the long-term expected rate of return on the SERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following table presents the Authority’s proportionate share of the net pension liability, calculated using the discount rate of 6.875% as of June 30, 2024 and 2023, respectively, as well as the impact on the net pension liability if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease of the Discount Rate 5.875%</u>	<u>Current Discount Rate 6.875%</u>	<u>1% Increase of the Discount Rate 7.875%</u>
As of June 30, 2024			
Net pension liability	<u>\$6,251,212</u>	<u>\$4,258,197</u>	<u>\$3,507,100</u>
	<u>1% Decrease of the Discount Rate – 5.875%</u>	<u>Current Discount Rate – 6.875%</u>	<u>1% Increase of the Discount Rate – 7.875%</u>
As of June 30, 2023			
Net pension liability	<u>\$6,371,740</u>	<u>\$4,970,741</u>	<u>\$3,787,501</u>

Allocation Percentage Methodology

The allocation percentage assigned to the Authority was based on a projected-contribution method. This methodology applies to the most recently calculated contribution rates for the Commonwealth’s 2024-2025 fiscal year, from the December 31, 2023 funding valuation, to the expected funding payroll for the allocation of the calendar year 2023 amounts, and the contribution rates for the 2023-2024 fiscal year from the December 31, 2022 funding valuation, to the expected funding payroll for the allocation of the 2022 net pension liability.

The amounts assigned to the Authority represent its proportionate share of the net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources determined in accordance with the GASB 68 valuation.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 7 PENSION PLAN *(continued)*

Allocation Percentage Methodology *(continued)*

The following tables present the Authority's allocations as of and for the years ended December 31, 2023 and 2022 (measurement date):

	<u>2023</u>
Projected contributions, July 1, 2024 through June 30, 2025	\$ 546,689
Total SERS projected contributions, July 1, 2024 through June 30, 2025	<u>\$ 2,425,722,698</u>
Allocation percentage (rounded)	<u>0.022%</u>
	<u>2022</u>
Projected contributions, July 1, 2023 through June 30, 2024	\$ 574,638
Total SERS projected contributions, July 1, 2023 through June 30, 2024	<u>\$ 2,429,406,209</u>
Allocation percentage (rounded)	<u>0.024%</u>

Proportionate Share of Net Pension Liability

The SERS valuation date and measurement date of December 31, 2023 and 2022, were not the same as the Authority's fiscal years end.

The following tables present the calculation of the Authority's proportionate share of net pension liability as of June 30:

	<u>2024</u>
SERS collective net pension liability	\$ 19,355,439,847
Allocation percentage (rounded)	<u>0.025%</u>
Proportionate share of net pension liability	<u>\$ 4,763,459</u>
	<u>2023</u>
SERS collective net pension liability	\$ 21,014,884,526
Allocation percentage (rounded)	<u>0.024%</u>
Proportionate share of net pension liability	<u>\$ 4,970,741</u>

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 7 PENSION PLAN *(continued)*

Proportionate Share of Total Deferred Outflows of Resources and Total Deferred Inflows of Resources

As of June 30, 2024, deferred outflows of resources and deferred inflows of resources related to pensions were \$838,054 and \$195,942, respectively.

The following tables present the components of the proportionate share of total deferred outflows of resources and total inflows of resources related to pensions as of June 30, 2024:

(Dollars in thousands)
Deferred Outflows of Resources

Differences Between Expected and Actual Experience	Difference Between Employer Contributions and Proportionate Share of Contributions	Changes in Proportion	Changes in Assumptions	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Contributions Made Subsequent to the Measurement Date	Total Deferred Outflow of Resources
\$134	\$32	\$92	\$205	\$374	\$273	\$1,111

(Dollars in thousands)
Deferred Inflows of Resources

Differences Between Expected and Actual Experience	Difference Between Employer Contributions and Proportionate Share of Contributions	Changes in Proportion	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Total Deferred Inflow of Resources
\$10	\$22	\$164	\$ 0	\$196

As of June 30, 2023, deferred outflows of resources and deferred inflows of resources related to pensions were \$1,656,261 and \$59,438, respectively.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 7 PENSION PLAN *(continued)*

Proportionate Share of Total Deferred Outflows of Resources and Total Deferred Inflows of Resources *(continued)*

The following tables present the components of the proportionate share of total deferred outflows of resources and total inflows of resources related to pensions as of June 30, 2023:

(Dollars in thousands)

Deferred Outflows of Resources

Differences Between Expected and Actual Experience	Difference Between Employer Contributions and Proportionate Share of Contributions	Changes in Proportion	Changes in Assumptions	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Contributions Made Subsequent to the Measurement Date	Total Deferred Outflow of Resources
\$79	\$1	\$211	\$364	\$734	\$267	\$1,656

(Dollars in thousands)

Deferred Inflows of Resources

Differences Between Expected and Actual Experience	Difference Between Employer Contributions and Proportionate Share of Contributions	Changes in Proportion	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Total Deferred Inflow of Resources
\$15	\$29	\$15	\$0	\$59

Net Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension expense over a 5.2-year closed period, which reflects the weighted-average remaining service life of all SERS members, beginning the year in which the deferred amount occurs. The annual difference between the projected and actual earnings on the SERS investments are amortized over a five-year closed period beginning the year in which the difference occurs.

The \$273,000 and \$267,000 reported as deferred outflows of resources related to pension as of June 30, 2024 and 2023, respectively, resulting from the Authority's contributions after the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 7 PENSION PLAN *(continued)*

Net Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources *(continued)*

The net amounts of deferred outflows of resources and deferred inflows of resources related to the above items reported as of June 30, 2024 will be recognized in pension expense in future periods as follows:

<u>For Years Ending June 30,</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Net amortization	<u>\$ 197,000</u>	<u>\$ 312,000</u>	<u>\$ (91,000)</u>	<u>\$ (1,150)</u>

The net amounts of deferred outflows of resources and deferred inflows of resources related to the above items reported as of June 30, 2023 will be recognized in pension expense in future periods as follows:

<u>For Years Ending June 30,</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Net amortization	<u>\$ (90,000)</u>	<u>\$ (124,000)</u>	<u>\$ 1,000</u>

Pension Contributions and Expense

For the years ended June 30, 2024 and 2023, required contributions to the pension plan were \$540,196 and \$529,538, respectively, and these contributions were equal to the required contributions set by the SERS.

For the year ended June 30, 2024, the Authority's proportionate share of total employer pension expense was approximately \$613,000, representing \$544,000 of the Authority's proportionate share of pension expense and \$69,000 of amortization.

For the year ended June 30, 2023, the Authority's proportionate share of total employer pension expense was approximately \$769,000, representing \$681,000 of the Authority's proportionate share of pension expense and \$88,000 of amortization.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 8 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Effective January 1, 1995, the Authority created a Supplemental Executive Retirement Plan (SERP) to provide additional retirement benefits to certain employees designated by the Board of Directors of the Authority. In the past, SERP participants have been awarded units by the Board, and each unit entitles the participant to receive retirement benefits equal to \$10,000 per year for 15 years. Vesting of benefits occurred on January 1, 1997, for employees designated as participants as of June 30, 1995. In 1999, 2000, and 2002, additional units were granted to certain employees, two units of which vested on June 30, 1999, one unit of which vested on June 30, 2000, and two units of which vested on February 1, 2002. The Authority contributed \$75,000 to the SERP in 2013. Assets held in trust are subject to the claims of the Authority's general creditors. Assets of the trust are used to pay employees for federal and state taxes that are due on the date of vesting as well as retirement benefits. Contributions to the SERP are expected to be sufficient to cover future retirement benefits.

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEBs)

Plan Description

The Authority self-administers its single-employer, retiree medical, prescription drug, dental, and life insurance defined benefit plan (the Retiree Health Plan or the Plan). The Board of Directors of the Authority has the authority to establish and amend benefit provisions. The Plan does not issue stand-alone financial statements, and the accounting for the Plan is reported within the financial statements of the Authority. All active employees who retire at age 60 or older with at least three years of completed service are eligible to participate in the Retiree Health Plan. Benefits to participants differ based on hire date and years of service.

Funding Policy

The contribution requirements of the plan are established and may be amended by the Authority's Board of Directors. Employer contributions are based on pay-as-you-go financing requirements. For this reason, a trust or equivalent arrangement is not used. For the years ended June 30, 2024 and 2023, \$201,888 and \$199,658, respectively, were paid on behalf of a total of 30 retirees.

As of June 30, 2024, the following employees were covered by the Plan:

Inactive employees currently receiving benefit payments	30
Active employees	12

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

Funding Policy *(continued)*

As of June 30, 2023, the following employees were covered by the Plan:

Inactive employees currently receiving benefit payments	30
Active employees	12

For retirees who were hired before January 1, 2000, the Authority pays the retirees' cost. For retirees who were hired after January 1, 2000, the retirees and spouses contribute the full cost of their premiums.

Net OPEB Liability

The Authority's OPEB liability is based on actuarial calculations using the entry age normal cost method with 30-year open amortization period. The OPEB valuation had a measurement date of June 30, 2023 for the fiscal year ended June 30, 2024. The net OPEB liability is included in the statements of net position. The following table shows the changes in the Authority's net OPEB obligation to the Retiree Health Plan as of the measurement date:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Service cost	\$ 17,990	\$ 24,258
Interest	128,109	93,694
Difference between expected and actual experiences	162,913	21,958
Changes in assumptions	(21,370)	(652,017)
Benefit payments	<u>(201,888)</u>	<u>(199,658)</u>
Net change in total OPEB liability	85,754	(711,765)
Net OPEB liability, beginning of fiscal year	<u>3,700,953</u>	<u>4,412,718</u>
Net OPEB liability, end of fiscal year	<u>\$ 3,786,707</u>	<u>\$ 3,700,953</u>

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

Total Deferred Outflows of Resources and Deferred Inflows of Resources

The following tables present the components of total deferred outflows of resources and total inflows of resources related to OPEB, for the years ended June 30, 2024 and 2023.

Deferred Outflows of Resources				
<u>As of</u>	<u>Differences Between Expected and Actual Experience</u>	<u>Changes in Assumptions</u>	<u>Contributions Subsequent to the Measurement Date</u>	<u>Total Deferred Outflow of Resources</u>
June 30, 2024	\$163,000	\$29,000	\$203,000	\$396,000
June 30, 2023	\$105,000	\$144,000	\$202,000	\$451,000

Deferred Inflows of Resources			
<u>As of</u>	<u>Differences Between Expected and Actual Experience</u>	<u>Changes in Assumptions</u>	<u>Total Deferred Inflow of Resources</u>
June 30, 2024	\$(53,000)	\$(468,000)	\$(521,000)
June 30, 2023	\$(156,000)	\$(887,000)	\$(1,043,000)

Net Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

The \$203,000 and \$202,000 reported as deferred outflows of resources related to OPEB as of June 2024 and 2023, respectively, resulting from the Authority's contributions after the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year.

The remainder of deferred outflows of resources and deferred inflows of resources as of June 30, 2024, is amortized as an increase (decrease) in OPEB expense over three years as follows:

<u>For Years Ended June 30,</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Net amortization	<u>\$(232,000)</u>	<u>\$(27,000)</u>	<u>\$ -</u>

The remainder of deferred outflows of resources and deferred inflows of resources as of June 30, 2023, is amortized as an increase (decrease) in OPEB expense over three years as follows:

<u>For Years Ended June 30,</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Net amortization	<u>\$(360,000)</u>	<u>\$(267,000)</u>	<u>\$(167,000)</u>

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

OPEB Expense

Total OPEB expense was \$287,642 and \$(512,017) for the years ended June 30, 2024 and 2023, respectively. The components of total OPEB expense are as follows:

<u>For Years Ended June 30,</u>	<u>Service Cost</u>	<u>Interest Cost</u>	<u>Changes in Assumptions</u>	<u>Differences Between Expected and Actual Experience</u>	<u>Total OPEB Expense</u>
2024	\$ 17,990	\$ 128,109	\$ 162,913	\$ (21,370)	\$ 287,642
2023	\$ 24,258	\$ 93,694	\$ 21,958	\$ (652,017)	\$(512,107)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer 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 employer and plan members to that point.

The following methods and assumptions were used in the OPEB valuation for the June 30, 2023 measurement date:

- Actuarial cost method – Entry age normal
- Actuarial value of assets – Fair value of assets on the valuation date
- Census date – July 1, 2023 for June 30, 2023 measurement
- Discount rate – 3.65% as of June 30, 2023 and 3.54% as of June 30, 2022
- Investment rate of return – 3.54%, net of OPEB plan investment expense, including inflation
- Mortality rate – PUB-2010 Headcount Weighted Mortality Table “General Employees” projected generationally with MP-2023 from the central year for the June 30, 2023 measurement
- Salary increases – 4.5%
- Coverage assumptions – Actuary assumed that 100% of active participants hired prior to January 1, 2000 will elect healthcare benefits at their full eligibility age, or current age if later. All current retirees and spouses are assumed to continue receiving healthcare benefits. All active participants hired on or after January 1, 2000 are assumed to decline coverage.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

Actuarial Methods and Assumptions *(continued)*

The following methods and assumptions were used in the OPEB valuation for the June 30, 2022 measurement date:

- Actuarial cost method – Entry age normal
- Actuarial value of assets – Fair value of assets on the valuation date
- Census date – July 1, 2022 for June 30, 2022 measurement
- Discount rate – 3.54% as of June 30, 2022 and 2.16% as of June 30, 2021
- Investment rate of return – 2.16%, net of OPEB plan investment expense, including inflation
- Mortality rate – RP-2014 Headcount Weighted Mortality Table projected generationally with MP-2022 from the central year for the June 30, 2022 measurement
- Salary increases – 4.5%
- Coverage assumptions – Actuary assumed that 100% of active participants hired prior to January 1, 2000 will elect healthcare benefits at their full eligibility age, or current age if later. All current retirees and spouses are assumed to continue receiving healthcare benefits. All active participants hired on or after January 1, 2000 are assumed to decline coverage.

All current retirees and spouses are assumed to continue receiving health care benefits.

OPEB Liability and Sensitivity to Changes in the Discount and Medical Trend Rates

The tables that follow present the total OPEB liability as of June 30, 2024 and 2023, calculated using the discount rate and the medical trend rate as well as the impact on the OPEB liability if it were calculated using the discount and medical trend rates that are one percentage point lower or one percentage point higher than the current rates.

<u>As of June 30, 2024</u>	<u>1% Decrease of Current Rate</u>	<u>Current Rate</u>	<u>1% Increase of Current Rate</u>
Discount rate – 3.65%	\$ 4,233,152	\$ 3,786,707	\$ 3,409,298
Medical trend rate – 8.25%	\$ 3,340,283	\$ 3,786,707	\$ 4,131,025

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

OPEB Liability and Sensitivity to Changes in the Discount and Medical Trend Rates *(continued)*

<u>As of June 30, 2023</u>	<u>1% Decrease of Current Rate</u>	<u>Current Rate</u>	<u>1% Increase of Current Rate</u>
Discount rate – 3.54%	\$ 4,156,893	\$ 3,700,953	\$ 3,318,257
Medical trend rate – 7.35%	\$ 3,379,080	\$ 3,700,953	\$ 4,078,085

NOTE 10 RISK MANAGEMENT

The Authority purchases commercial insurance to cover risks of loss related to general liabilities, torts, theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The commercial insurance has been sufficient to substantially or completely satisfy loss claims during recent fiscal years for both operations and the Reading Terminal Market.

Additionally, the Authority requires all licensees to maintain, at their own expense, comprehensive general liability insurance and, unless specifically waived by the Authority, employers' liability, automobile and umbrella excess liability insurance for the terms of the events. The Authority is able to purchase daily insurance for most licensees that are not able to obtain the insurance coverage previously mentioned, also at the licensees' expense.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Under the new Operating Agreement, the Authority used \$1,500,000 of hotel tax receipts to support the Education and Training Program in the first year of the Operating Agreement (2010) and continues to fund the program through fiscal year 2028, with an annual amount equal to the lesser of the preceding year's funding, as adjusted every year by CPI, or 5% of all City hotel tax receipts. The amounts required to be provided for fiscal years 2024 and 2023 were \$2,091,967 and \$1,995,109, respectively. The amounts in the Education and Training account will be distributed to the Philadelphia Academies, the Opportunities Industrialization Center, and Mercy Vocational High School according to the terms of the Operating Agreement.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 11 **COMMITMENTS AND CONTINGENCIES** *(continued)*

The Metropolitan Regional Council of Carpenters (the Carpenters) was not a party to the new Customer Satisfaction Agreement entered into in early May 2014 and, therefore, no longer performed show labor work at the Center for the Authority's labor supplier, Elliott-Lewis Corporation (Elliott-Lewis). On May 23, 2014, the Carpenters Pension Fund (the Fund) assessed Elliott-Lewis with \$1,400,707 in a partial withdrawal liability under ERISA, claiming that by removing the Carpenters from the Center, Elliott-Lewis permanently ceased to have an obligation to contribute to the Fund for work performed at that location. Under ERISA, once a Fund assesses withdrawal liability, the employer must pay it within a fixed period even if it contests the fact of the withdrawal or the amount. Later, once the case is resolved, if the employer wins, the Fund must refund the payments with interest. In accordance with ERISA, Elliott-Lewis contested the assessment of a partial withdrawal liability by filing a claim with the Fund and made the required payment to the Fund under protest in November 2014. As it is obligated to indemnify its labor supplier for such costs, the Authority deposited \$1.4 million with Elliott-Lewis pending judgment in the matter, which has been recorded in prepaid expenses and other assets. In September 2022, Elliott-Lewis and the Carpenters agreed on a settlement with the previously remitted payment of \$1.4 million accepted as full satisfaction of any and all claims that have been or could have been asserted by the Fund through the plan year ended April 30, 2020. The \$1.4 million prepayment was recorded as a non-operating expense in fiscal year 2023.

In August 2022, the Authority purchased property located at 711 Vine Street that had been previously rented from PennDOT. Subsequently, the Authority received notice from the Water Department that PennDOT's previously unpaid storm water bill in the amount of \$143,330 was transferred to the Authority. PennDOT's position, as an agency of the Commonwealth of Pennsylvania, is that it is exempt from municipal claims, including stormwater bills, concerning real estate it owns. The Authority is not currently claiming an exemption to any water/sewer assessments since it acquired the property but has filed an appeal with the City of Philadelphia Tax Review Board on the charges disputed by PennDOT. A public hearing has been rescheduled twice by agreement of the parties and the Office of Administrative Review. The status hearing is currently set on October 8, 2024. Pending the outcome of this appeal, the Authority has accrued the full amount of the claim which was recorded as an operating expense in fiscal year 2023.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*

In January 2023, the Authority received a check from ASM Global, its venue management firm, in the amount of \$219,906 representing a refund of employer payroll taxes pursuant to the Employee Retention Tax Credit (ERTC). This refund was part of a larger claim submitted by ASM Global, as the employer, for taxes paid for employees working at 17 facilities it manages. All costs incurred by ASM Global to manage the facility are funded by the Authority. The Authority was unaware it was included as part of ASM Global's ERTC claim and has engaged counsel to review the validity of the refund. Counsel advised PCCA to send written notice to ASM 1) instructing them not to include PCCA in any future ERTC claims they may file and 2) advising that they would be solely responsible for any fees (including, but not limited to, penalties, fines, interest, legal fees or other expenses) arising out of the claim it already filed. The Authority recorded the refund as unearned revenue in fiscal year 2023. For fiscal year 2024 and subsequent years, the Authority will continue to carry the ERTC refund as unearned revenue until such time that the five (5) year window for the IRS to audit the claim has expired.

In the normal course of business, the Authority is subject to litigation. Management of the Authority does not believe the outcome of such litigation will have a material adverse effect on the Authority's financial statements.

NOTE 12 OPERATIONS MANAGEMENT AGREEMENT

The Authority has contracted with ASM Global (formerly SMG), a worldwide convention venue management firm, to promote, operate and manage the Center. In January 2019, the Authority amended and restated the management contract with ASM Global for a five-year-term, commencing December 1, 2018, with an option for renewal of up to an additional five years. The Authority exercised this option in June 2023 and the contract term has been extended until November 30, 2028.

The ASM Global contract calls for an annual fixed fee of \$300,000 in the first year and an incentive fee totaling no more than the annual fee. The annual fixed fee is adjusted each year based on CPI. For fiscal year 2024, the fixed fee is \$372,000 and the estimated incentive fee is \$372,000 for a total of \$744,000. For fiscal year 2023, the fixed fee was \$315,000 and the incentive fee was \$236,000 for a total of \$551,000.

NOTE 13 SUBSEQUENT EVENTS

The Authority evaluates events occurring after the date of the financial statements to consider whether the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation was performed as of September 30, 2024, the date the financial statements were approved for issuance.

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 13 **SUBSEQUENT EVENTS** *(continued)*

In early 2020, an outbreak of the novel strain of coronavirus emerged globally causing widespread economic turmoil. The travel and tourism industry was heavily impacted by mandates from federal, state and local authorities to contain and suppress the spread of the disease. Three years later, the travel and tourism industry is still recovering – as both travel activity and group meeting demand continue to improve. Although there are still uncertainties around variants and disease containment, recovery is expected to continue over the next several years, with convention and group meeting business forecast to return to pre-pandemic levels by fiscal year 2025. The specific impact of the recovery is not readily determinable as of the date of these financial statements, and these statements do not include any adjustments that might result from the outcome of this uncertainty. There were no other subsequent events that should be accounted for or require disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Schedules of Proportionate Share of Net Pension Liability and Contributions

As of and For the Year Ended June 30, 2024

Measurement Date	PCCA's Proportionate (%) Share of Collective Net Pension Liability	PCCA's Proportionate (\$) Share of Collective Net Pension Liability	PCCA's Covered Payroll	PCCA's Proportionate Share of Collective Net Pension Liability as a % of Covered Payroll	Fiduciary (SERS) Net Position as a % of the Total Pension Liability
12/31/2023	0.024%	\$ 4,763,459	\$ 1,578,132	301.8%	65.3%
12/31/2022	0.024%	\$ 5,404,396	\$ 1,649,348	327.7%	61.5%
12/31/2021	0.023%	\$ 3,416,949	\$ 1,607,884	212.5%	76.0%
12/31/2020	0.023%	\$ 4,185,705	\$ 1,593,544	262.7%	67.0%
12/31/2019	0.023%	\$ 4,173,124	\$ 1,581,254	263.9%	63.1%
12/31/2018	0.020%	\$ 4,227,910	\$ 1,383,311	305.6%	56.4%
12/31/2017	0.021%	\$ 3,669,027	\$ 1,419,368	258.5%	63.0%
12/31/2016	0.020%	\$ 3,802,655	\$ 1,297,805	293.0%	57.8%
12/31/2015	0.019%	\$ 3,544,960	\$ 1,314,504	269.7%	58.9%
12/31/2014	0.017%	\$ 2,595,742	\$ 1,126,716	231.0%	64.8%

Schedule of PCCA's Contributions

As of and for the Years Ended June 30 (PCCA's fiscal year end)

Year Ended	Required Contributions	PCCA's Contributions Recognized by the Pension Plan	Contribution Excess/ (Deficiency)	PCCA's Covered Payroll	PCCA's Contributions as a % of Covered Payroll
6/30/2024	\$ 540,196	\$ 540,196	\$ -	\$ 1,772,847	30.5%
6/30/2023	\$ 529,538	\$ 529,538	\$ -	\$ 1,726,156	30.7%
6/30/2022	\$ 501,939	\$ 501,939	\$ -	\$ 1,630,437	30.8%
6/30/2021	\$ 493,438	\$ 493,438	\$ -	\$ 1,608,765	30.7%
6/30/2020	\$ 486,188	\$ 486,188	\$ -	\$ 1,629,928	29.8%
6/30/2019	\$ 442,770	\$ 442,770	\$ -	\$ 1,533,931	28.9%
6/30/2018	\$ 414,096	\$ 414,096	\$ -	\$ 1,459,936	28.4%
6/30/2017	\$ 351,100	\$ 351,100	\$ -	\$ 1,383,479	25.4%
6/30/2016	\$ 275,259	\$ 275,259	\$ -	\$ 1,295,732	21.2%
6/30/2015	\$ 196,352	\$ 196,362	\$ -	\$ 1,134,122	17.3%

PENNSYLVANIA CONVENTION CENTER AUTHORITY
Schedule of Changes in Total OPEB Liability and Related Ratios
As of and For the Years Ended June 30 (measurement date)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Total OPEB liability</i>								
Service cost	\$ 17,990	\$ 24,258	\$ 24,416	\$ 29,102	\$ 61,714	\$ 67,669	\$ 90,699	\$ 66,499
Interest cost	128,109	93,694	111,653	165,081	191,148	184,747	188,113	219,772
Differences between expected and actual experiences	162,913	21,958	207,142	(322,352)	(406,294)	-	(8,713)	-
Change of assumptions	(21,370)	(652,017)	(843,859)	737,691	225,081	(202,954)	(1,416,161)	866,822
Benefit payments	<u>(201,888)</u>	<u>(199,658)</u>	<u>(227,435)</u>	<u>(283,155)</u>	<u>(266,906)</u>	<u>(262,975)</u>	<u>(279,045)</u>	<u>(290,524)</u>
Net change in total OPEB liability	85,754	(711,765)	(728,083)	326,367	(195,257)	(213,513)	(1,425,107)	862,569
Total OPEB liability – beginning	<u>3,700,953</u>	<u>4,412,718</u>	<u>5,140,801</u>	<u>4,814,434</u>	<u>5,009,691</u>	<u>5,223,204</u>	<u>6,648,311</u>	<u>5,785,742</u>
Total OPEB liability – ending	<u>\$ 3,786,707</u>	<u>\$ 3,700,953</u>	<u>\$ 4,412,718</u>	<u>\$ 5,140,801</u>	<u>\$ 4,814,434</u>	<u>\$ 5,009,691</u>	<u>\$ 5,223,204</u>	<u>\$ 6,648,311</u>
Covered payroll	1,742,186	1,675,180	1,615,894	1,614,670	1,618,332	1,541,540	1,447,195	1,246,134
Total OPEB liability as a percentage of covered payroll	217.35%	220.93%	273.08%	318.38%	297.49%	324.98%	360.92%	533.51%

The schedule presented above is to illustrate the required 10-year trend of information. However, until a full 10-year trend of information can be compiled, schedules for years for which information is available will be presented.

OTHER REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Pennsylvania Convention Center Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pennsylvania Convention Center Authority (the Authority), which comprise the statement of net position as of June 30, 2024, the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mitchell Titus, LLP

September 30, 2024

OTHER SUPPLEMENTARY INFORMATION

PENNSYLVANIA CONVENTION CENTER AUTHORITY
Combining Statement of Net Position
As of June 30, 2024

	General Account	Education and Training Account	Original Building Account	Market Acquisition	Expansion Project Account	Attraction Fund Account	Hotel Tax Account	Operating Reserve Account	Capital Reserve Account	Combined Totals 2024
ASSETS										
Cash and cash equivalents	\$ 3,986,619	\$ 917,259	\$ -	\$ -	\$ -	\$ 3,523,709	\$ 5,573,972	\$ 3,533,354	\$ 5,860,446	\$ 23,395,359
Temporary investments	-	-	-	-	-	-	18,381,704	11,357,576	45,736,237	75,475,517
Receivables, net	11,701,010	-	-	-	-	-	3,066,052	-	-	14,767,062
Lease receivable	131,002	-	-	-	-	-	-	-	-	131,002
Prepaid and other assets	1,180,217	-	-	-	-	-	-	-	-	1,180,217
Due from (to) other funds	(365,000)	(7,000)	-	-	-	(125,000)	997,000	(500,000)	-	-
Total current assets	16,633,848	910,259	-	-	-	3,398,709	28,018,728	14,390,930	51,596,683	114,949,157
Lease receivable, non-current	1,994,174	-	-	-	-	-	-	-	-	1,994,174
Capital assets	634,124	-	334,173,470	7,500,000	558,317,241	-	-	-	185,223,901	1,085,848,736
Less: Accumulated depreciation and amortization	(634,124)	-	(252,218,322)	(5,037,500)	(247,552,031)	-	-	-	(61,042,086)	(566,484,063)
	-	-	81,955,148	2,462,500	310,765,210	-	-	-	124,181,815	519,364,673
Total assets	18,628,022	910,259	81,955,148	2,462,500	310,765,210	3,398,709	28,018,728	14,390,930	175,778,498	636,308,004
Deferred outflows of resources related to pension and OPEB	1,507,342	-	-	-	-	-	-	-	-	1,507,342
LIABILITIES AND NET POSITION										
Accounts payable and accrued expenses	11,111,898	211,798	-	-	-	-	1,514,179	-	3,039,960	15,877,835
Operating agreement liability	-	-	-	-	-	-	29,648,828	-	-	29,648,828
Current portion of equipment purchase payable	-	-	-	-	-	-	-	-	1,654,643	1,654,643
Current portion of net OPEB liability	(201,888)	-	-	-	-	-	-	-	-	(201,888)
Unearned revenue	7,764,483	-	-	-	-	-	-	-	-	7,764,483
Total current liabilities	18,674,493	211,798	-	-	-	-	31,163,007	-	4,694,603	54,743,901
Equipment purchase payable	-	-	-	-	-	-	-	-	8,987,262	8,987,262
Net pension liability	4,965,347	-	-	-	-	-	-	-	-	4,965,347
Net OPEB liability	3,786,707	-	-	-	-	-	-	-	-	3,786,707
Total liabilities	27,426,547	211,798	-	-	-	-	31,163,007	-	13,681,865	72,483,217
Deferred inflows of resources related to pension, OPEB and leases	2,693,652	-	-	-	-	-	-	-	-	2,693,652
Net position	\$ (9,984,835)	\$ 698,461	\$ 81,955,148	\$ 2,462,500	\$ 310,765,210	\$ 3,398,709	\$ (3,144,279)	\$ 14,390,930	\$ 162,096,633	\$ 562,638,477

PENNSYLVANIA CONVENTION CENTER AUTHORITY
Combining Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

	General Account	Education and Training Account	Original Building Account	Market Acquisition	Expansion Project Account	Attraction Fund Account	Hotel Tax Account	Operating Reserve Account	Capital Reserve Account	Combined Totals 2024
OPERATING REVENUE										
<i>Convention Center events</i>										
Space license fees	\$ 6,127,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,127,208
Commissions	7,343,165	-	-	-	-	-	-	-	-	7,343,165
Other event revenue	8,007,242	-	-	-	-	-	-	-	-	8,007,242
Other revenue	1,828,644	-	-	-	-	-	-	-	-	1,828,644
Total operating revenue	23,306,259	-	-	-	-	-	-	-	-	23,306,259
Operating expenses, excluding depreciation and amortization	(37,190,999)	-	-	-	-	-	-	-	(160,866)	(37,351,865)
Depreciation and amortization	-	-	(8,139,323)	(150,000)	(18,057,936)	-	-	-	(10,580,141)	(36,927,400)
Operating loss after depreciation and amortization	(13,884,740)	-	(8,139,323)	(150,000)	(18,057,936)	-	-	-	(10,741,007)	(50,973,006)
<i>Non-operating revenue (expenses)</i>										
Hotel tax revenue	-	-	-	-	-	-	56,402,267	-	-	56,402,267
Interest income	177,073	6,568	-	-	-	124,525	560,937	272,928	2,169,518	3,311,549
Interest expense	-	-	-	-	-	-	-	-	(260,748)	(260,748)
Operating agreement revenue (expense)	-	-	-	-	-	-	(30,368,267)	-	-	(30,368,267)
Other expenses	-	(2,308,423)	-	-	-	(625,000)	(8,095,592)	93,259	213,010	(10,722,746)
Change in net position before transfers in (out)	(13,707,667)	(2,301,855)	(8,139,323)	(150,000)	(18,057,936)	(500,475)	18,499,345	366,187	(8,619,227)	(32,610,951)
Transfers in (out), net	10,204,592	2,091,967	-	-	-	500,000	(19,195,300)	453,333	5,945,408	-
Increase (decrease) in net position before capital contributions	(3,503,075)	(209,888)	(8,139,323)	(150,000)	(18,057,936)	(475)	(695,955)	819,520	(2,673,819)	(32,610,951)
Capital contributions	-	-	-	-	-	-	-	-	25,500,000	25,500,000
Increase (decrease) in net position	(3,503,075)	(209,888)	(8,139,323)	(150,000)	(18,057,936)	(475)	(695,955)	819,520	22,826,181	(7,110,951)
Net position (deficiency), beginning of year	(6,481,760)	908,349	90,094,471	2,612,500	328,823,146	3,399,184	(2,448,324)	13,571,410	139,270,452	569,749,428
Net position (deficiency), end of year	\$ (9,984,835)	\$ 698,461	\$ 81,955,148	\$ 2,462,500	\$ 310,765,210	\$ 3,398,709	\$ (3,144,279)	\$ 14,390,930	\$ 162,096,633	\$ 562,638,477

PENNSYLVANIA CONVENTION CENTER AUTHORITY

Schedules of General Account Operating Expenses

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Salaries and wages	\$ 11,030,077	\$ 9,460,509
Employee benefits	4,154,831	3,639,223
	<u>15,184,908</u>	<u>13,099,732</u>
Contractual services	15,168,277	13,754,944
Repair and maintenance	1,594,962	1,415,327
Advertising and marketing	365,056	388,488
Rental	49,890	45,856
Utilities and telephone	2,546,728	2,329,259
Office supplies and expenses	647,526	553,729
Bad debt expense	100,000	100,000
Other administrative expenses	1,533,652	1,163,819
Total	<u><u>\$ 37,190,999</u></u>	<u><u>\$ 32,851,154</u></u>

