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Mr. Thomas D. Smithgall
October 18, 2000

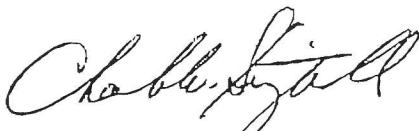
can count on the City's involvement as you finalize your capital structuring for the project.

The City is aware that this element of the capital structure is crucial to your operator selection and securing the franchise arrangement for the hotel and we hope this commitment will assist you in completing those negotiations. The City is fully expecting the development to be first-class and with a nationally recognized franchise operation. We remain convinced that Penn Square Partners and the City are aligned on this, but we will require that this be a contingency of our involvement.

We all realize that this project contains a complex array of steps that must come together in order for the project to proceed. We trust that the City's commitment of \$5 million will be a cornerstone of this effort.

At your earliest convenience, I would like to suggest that your development and financing team meet with me and my staff to outline the actual structure that will be utilized to make this commitment a reality. We remain extremely excited about this project and the future of the Lancaster City revitalization efforts.

Sincerely,



Charles W. Smithgall, Mayor

Cc: Nevin Cooley