

# NewsLanc

## SPECIAL EDITION

### The Final Chapter in the Convention Center Series: Betrayals of Public Trust

*This is the fiftieth and last installment in a series concerning the Convention Center Project appearing at [www.NewsLanc.com](http://www.NewsLanc.com).*

*Its purpose is to summarize the questionable, devious, sleights of hand, and, at times, outright mendacious if not fraudulent actions of some of the participants.*

*Fortunately, local circumstances have in general changed for the better. This is especially true concerning the Lancaster Newspapers, Inc. which has returned to its former high standards.*

*The editor thanks Chris A. Hart Nibbrig, the principal author of the text below and many of the installments, and others who choose not to be identified who contributed and helped check facts for the series.*

*Whether the Convention Center Project will be successful or a 'white elephant' is not central to the issues addressed. Rather, the unscrupulous manner of how this huge and dubious undertaking came about is part of the history of our community, and future generations hopefully will benefit for its telling and lessons learned.*

#### The Editor

### Abuses by Lancaster Newspapers:

- Lancaster Newspapers (LNP) failed to disclose the extent of its ownership stake in the project – initially 44% (and later 50%) – until compelled to do so in court in 2006 (1).
- In an early 1998 LNP article introducing the possibility of a hotel room sales tax to subsidize the project, Rep. John Barley, Sen. Gibson Armstrong, County Commissioner, Terry Kauffman, and Lancaster Mayor Charlie Smithgall all said that the hospitality industry would have to support the idea for a room tax to finance the convention center. (2) In the summer of 1999, before the vote to establish the hotel room tax and the LCCCA, the Lancaster County hotel and motel owners' association

conducted a survey regarding the project. Of 58 hotels and motels across the county, 54 voted against the project. Three abstained from voting; only High Hotels' Hampton Inn voted in support of the project. (3)

- LNP failed to follow-up and hold the public officials' accountable for their initial statements.
- In a front page article published in the Intelligencer Journal, December 17, 2004, Lancaster Newspapers reported in detail a proposed RACL purchase of the former Watt & Shand building. Three months later, after Penn Square Partners tax abatement plan was rejected by the Lancaster School Board, and after Dale High pronounced the project 'dead,' Lancaster Newspapers reported a "new" plan for RACL to purchase the Watt & Shand

building. The "new" plan was a mirror of the RACL deal of December, 2004. Before the School Board vote, in private discussions, city officials used the RACL deal as leverage in trying to persuade school board members to vote for their tax plan. (4)

- There was 'off' and 'on' reporting concerning the likelihood of the project prior to and during the biddings of the construction project. Did the news reports discourage bidding by other contractors, and thus benefit winning bidder, High Construction Company?
- Lancaster Newspapers repeatedly reported widespread public support for the project. To the contrary, a poll conducted for Fox 43 by Opinion Dynamics, a national polling firm, showed that 78% of the Lancaster public with an opinion opposed public financing of the





Jack Buckwalter, Lancaster Newspapers

project. (5) Lancaster Newspapers failed to publish the main findings of the Fox/Opinion Dynamics poll. Robert E. Field, publisher of NewsLanc, who underwrote the poll, paid for an advertisement in Lancaster Newspapers which reported the complete findings.

- Despite ongoing references over the years by the newspapers to studies of project “feasibility,” none was undertaken until early 2006 when the Lancaster County Commissioners belatedly engaged industry leader, PKF. (6)

- LNP ‘cherry picked’ data from the market studies, ignoring for the most part their negative observations. The Ernst & Young market study, for example, lists “*Factors Assessed as Competitive Weaknesses: 1) Air Access; 2) Cultural, arts and entertainment attractions; 3) Population; 4) Industry concentration; 5) Historical demand for lodging/meeting facilities; 6) Market image for meetings/conventions/trade consumer shows; 7) Other quality-of-life issues.*” (7)

- With findings of few cultural attractions, no air service, and congested traffic, the market studies were hardly recommendations for the project. However, to read the Lancaster Newspapers’ articles, the studies painted a picture of probable success.

- LNP uncritically published misinformation by representatives of Penn Square Partners and other project proponents.

- LNP allowed – unchecked — the public denigration of the PKF report by project sponsors.

- After promising to release the Ernst & Young report to hotel and motel owners in July, 1999, the sponsoring organization, Lancaster Campaign, reneged on that promise and didn’t release it until the commissioners voted on the tax in early September. (8 ) LNP did not hold the pro-project commissioners accountable for the withholding of vital information.

- Lancaster Newspapers reported that organizations including the Lancaster Campaign, Lancaster Alliance, Economic Development Company of Lancaster (EDC), Lancaster Chamber of Commerce all supported the project, without pointing out that the boards of directors of these organizations either included the private partners, or were working for them. Examples include the Lancaster Alliance and Lancaster Campaign, organizations launched by High, Buckwalter and Fulton, and a small handful of their business associates. The Lancaster Chamber of Commerce was headed by Tom Baldrige, also executive director of the Lancaster Campaign. Jack Buckwalter and Rufus Fulton sat on the EDC board. The failure to disclose the interlocking directorates gave the false impression that the project had wider organizational support than it actually did.

- After the first round of construction bids were returned in May of 2006, Lancaster Newspapers reported a \$13.6 million cost overage. In fact, it was more than \$25 million. (9) It took a member of the convention authority board, Laura Douglas, to point out the discrepancy.

- Lancaster Newspapers failed to report that the twenty-plus million dollar budget closure in the summer of 2006 was largely illusory and in part fallacious, and that some of the funds came at the direct expense of other, arguably more worthwhile projects, such as the downtown Lancaster Public Library, thus halting plans for its expansion and renovation.

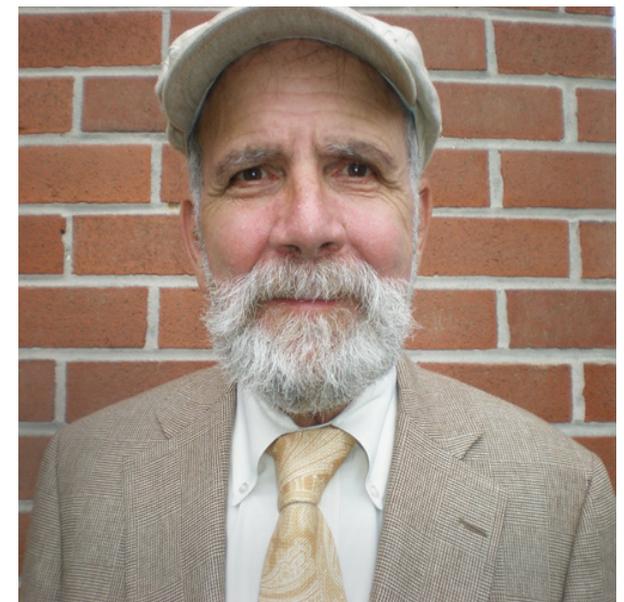
- The sale of Conestoga View Nursing Home was used to smear the two county commissioners who were critical of county guaranties of convention center funding. LNP repeatedly treated the lawful selling of a money-losing county asset as being the height of folly.

- LNP stood by uncritically while District Attorney convened an unprecedented Grand Jury to investigate the hiring of a county employee and kept it in session frantically searching for any wrong doing for almost a year. (The only two prior grand juries in Lancaster County history were convened for murder cases.)

- LNP for three days straight reported a plea bargain by the commissioners for a minor violation of the Sunshine Law as though it were the crime of the century. (10) The real story that went unreported was how the Grand Jury had continuously rebuffed efforts by District Attorney Donald Totaro to find any wrongdoing. The Grand Jury’s final report found no violations whatsoever of any laws. (11)

- Unlike their usual practice of having the Intelligencer Journal take one side of an important issue and the New Era the other, all three newspapers actively supported the project both in their news and editorial coverage.

- LNP used its press to demonize opponents of the project, consistently using terms like “naysayers” and people who wanted to “kill” the project, or suggesting trumped up self interests on the part of critics.



Robert E. Field, investor-builder, political activist and publisher of NewsLanc, shared the cost of the PKF Feasibility Study.

## Abuses and Self-Serving by Penn Square Partners and Its General Partner High Associates

**S. Dale High is the county's most prominent businessman**, heading High Industries Inc. and High Real Estate Group LLC among other High entities, and he is, directly or indirectly, a major contributor to political parties, and also a strategic and highly publicized donor to charitable causes. As such, High could be characterized as the 'boss of bosses' in Lancaster County.

- In the case of the convention center project, High used his connections and status to leverage public officials, LNP, and governmental bodies to provide extraordinary benefits in guarantees, financing, waiver of fees, free city services, exemption from real estate taxes, and unusually favorable contract terms for Penn Square Partners (PSP) with the Lancaster County Convention Center Authority (LCCCA).



(L - R) Senator Gib Armstrong; Lancaster Mayor Rick Gray; Jack Buckwalter, Lancaster Newspapers; Nevin Cooley and Dale High, Penn Square Partners

- High's registered lobbyist, the law firm of Stevens & Lee (12), was named solicitor to the Lancaster County Convention Center Authority, thus creating an arguable conflict of interest by representing both the private and public sectors of the project.

- Several High subsidiary companies received single bid contracts for the project, including the largest "General Trades" contract, of more than \$37 million. When High resigned as construction manager and announced that that his subsidiary would bid in the second round, the prior bidder, Wohlsen Construction, withdrew. Wohlsen's earlier bid was reportedly \$15 million lower! (13)

- A High Group subsidiary was awarded the food concessions contract at the convention center, and was only required to pay a minimal 5% of revenue up to a threshold figure, and 10% commission thereafter, rather than standard industry commissions ranging from 20% to more than 30%. (14)

- PSP, despite initial claims of a \$45 million investment, only contributed upfront \$11 million, in a form that remains unclear, towards the \$72 million plus cost of the hotel. The rest of the funding was taxpayer dollars combined with a \$24 million, 20-year construction mortgage guaranteed by the City of Lancaster (bringing the PSP's total "investment" through bond payments to \$35 million over 20+ years). PSP has an option to acquire the hotel after 20 years for a nominal amount. (15)

- Through a sale and lease-purchase arrangement with RACL (16), PSP was able to avoid the payment of all county, school district and city real estate taxes, costing the city, School District of Lancaster, and the county millions of dollars in lost real estate tax revenue over the 20 year term of the agreement.

- Despite being only an investor in the Marriott Hotel business, PSP demanded in the project's agreements half of any additional funds contributed by the state to the convention center portion of the project. (17)

- In the agreements negotiated on behalf of the LCCCA by Stevens & Lee, PSP is to receive 50% of the proceeds from naming rights to the convention center, even though its investment is strictly in the hotel. (18) Because of this, later LCCCA boards have taken no action toward selling these valuable naming rights.

- This same agreement specifies that S. Dale High – named individually – would have "Right of First Offer" to acquiring the naming rights to the convention center, a provision that would discourage other bidders. (19)

- On more than a half-dozen occasions, Dale High threatened to 'pull the plug' on the project if he didn't get his desired concessions. (20)

- After having been publicly exposed that the market studies made on behalf of the project were only market studies, High and PSP continued to mischaracterize them as feasibility studies. (21)



Dale High

- According to real estate investor Robert Field (22), Dale High told him face to face that PSP had a feasibility study for the hotel; they did not. Also according to Field, High told him that High had assurances from other business leaders that they would move major facilities downtown once the project was under way; this did not occur. (Perhaps so advised by High, Lancaster mayor Rick Gray repeatedly made the same kind of statements in front of the City Council board and in committee meetings.)

## Excesses and Abuses by Public Officials

- **Senator Gibson E. Armstrong:** Armstrong amended state law several times to benefit the project. The first time, in October, 1999, he



Gib Armstrong & Mike Sturla at Convention Center Meeting



Former Mayor Charlie Smithgall (l)  
and Nevin Cooley

clandestinely changed the Convention Center Authority Act by amending a small section and inserting it into another, unrelated, bill. (23)

- “Act 23” is a state law repurposed and rewritten by Armstrong specifically to provide construction funding for the hotel tower. Armstrong later pushed through amendments to this law in order to block pending lawsuits. Under the provisions of this law, more than \$14.5 million was borrowed from Fulton Bank, to be repaid by State grants of \$1 million a year over a 20-year period. These grants are justified under “Act 23” by increased sales tax, hotel tax, and personal income tax generated by the project. If the total of these were to fall below \$1 million a year, the City of Lancaster is responsible for paying the difference. (24) Tax forgiveness and state subsidies for the Convention Center Project means higher taxes in general and / or less support for worthier undertakings.

- The ‘heroic’ legislation by Armstrong directly or indirectly cost Lancastrians millions in tax revenues, potentially millions more as a result of bond guarantees, and funding for other worthy local causes and projects, such as the aborted expansion and renovation of the Lancaster Public Library resulting from promised funds being transferred to cover Convention Center costs. It also burdened the tourist industries with a 5% room sales tax.

- Senator Armstrong repeatedly publicly denigrated Commissioner Shellenberger, saying that his fellow Republican was a “liar,” and should resign. (25) This added to the poisonous political climate in Lancaster.

- **Donald Totaro, District Attorney:** Totaro, former Lancaster County District Attorney (now judge) petitioned the court to convene a secret grand jury to investigate the county commissioners over a county executive’s resume discrepancy in late 2005. Totaro launched his grand jury investigation – sending out scores of subpoenas, before reading internal report on the matter. (26) Grand Jury determined that while puffery took place with the resume, that the official application was accurate. The Grand Jury was only the third in Lancaster County history, and the other two were murder cases.

- Brandishing the threat of indictment over the three county commissioners, Totaro presented them with a Hobson’s choice: either possibly be indicted (for reasons not disclosed and a mystery to them), or plead ‘guilty’ to a summary violation of the Sunshine Act for which there was a \$100 fine. Totaro knew that the Grand



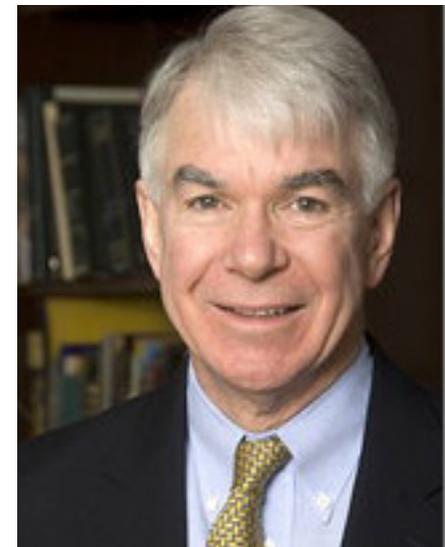
Donald R. Totaro, former Lancaster County District Attorney. Totaro launched only the third Grand Jury in Lancaster County history to investigate the county commissioners in a personnel matter.

Jury had found no evidence of wrong doing by the commissioners, as became evident when their report was made public. (Individual commissioners could not know what wrong doings might have been done by another and feared implication. There also was the need to put the matter behind them prior to running for re-election.)

- **Louis Farina: President Judge.** Farina gave the official go-ahead for Totaro to open his Grand Jury investigation, and empanelled only the third grand jury in Lancaster County history – the others were for murder cases. Moreover, Farina allowed Totaro to flit from new allegation to new allegation, all of which were found to be without merit by the Grand Jury.

- It is extraordinary for a grand jury, especially one in session for almost a year, to come up with no indictment.

- **Paul Thibault, Lancaster County Commissioner (Chairman):** Backed by High, Buckwalter, and Fulton’s Lancaster Alliance, Thibault as commissioner led the passage of the room tax, and established the LCCCA board in 1999. (27) Four years later, as a lame duck commissioner, less than a week before the general election to select his replacement, he tied the hands of the next board by passing a \$40 million county-backed bond guarantee for the project. (28) So long as debt remained on that bond, nothing could be done by future commissioners reduce or repeal the hotel room sales tax.



Paul Thibault, Former  
Lancaster County Commissioner

- **Terry Kauffman, Lancaster County Commissioner:** Kauffman, a Republican who left office in 1999, voted to impose the hotel room sales tax and establish the Convention Center Authority despite a critical Ernst & Young market report and concerns expressed by hoteliers and the public. Kauffman publicly said he was basing his vote on the Ernst & Young “feasibility” study. (29)

- **Rick Gray, Mayor of Lancaster:** As a candidate for Mayor of Lancaster, Gray promised that he would convene a study group to investigate the feasibility of the proposed center. (30) After the election, Gray's 'panel' questioned only people who were intimately involved in the project, and no one else. The day after Gray's inauguration as Mayor, he viciously attacked those who were asking questions about the project at a public forum held at the Farm & Home Center (31). There, Gray's statement that state money should not be passed up suggested he either had been a supporter of the project or was unwilling to clash with the convention center sponsors. Later, after impulsively suggesting a feasibility study be sponsored by the Commissioners (32), he back peddled on his request and subsequently publicly trashed the reputable PKF feasibility study.

- **Arthur E. Morris, former Lancaster city mayor and Sunday News columnist.** Morris, more than anyone, kept the Conestoga View issue in the press with a fusillade of criticism for the county commissioners. His concerns about the future of the facility in private hands did not come to pass; instead, Conestoga View was able to maintain, and even improve, the quality of their services.



Former Mayor, Art Morris

- **Dick Shellenberger, County Commission Chair:** He erred and later publicly apologized for not allowing more time than was required for public comment on the sale of Conestoga View Nursing Home. He had campaigned for office as a conservative Republican and had espoused privatization of government functions where possible, a position consistent with that

of then president George W. Bush and other Republican leaders. Although overwhelmingly elected, his courageous position of questioning and later opposing the county guarantee of convention center debt caused him to be hounded from office by center supporters and the Lancaster newspapers.

## Abuses by Lancaster County Convention Center Authority (LCCCA)

The Lancaster County Convention Center Authority was established in September, 1999, along with the imposition of a hotel room rental tax and an additional excise tax. Eighty percent of the tax from the room rental tax goes to the LCCCA board to administer the project.

- **James Pickard**, in his role as chairman of the LCCCA, represented in a \$15 million application for state funds that the Pricewaterhouse market study "represents the market and economic feasibility of the project...". This misrepresentation of a market study as a feasibility study came close to, if not actually being, either a misdemeanor or a felony. (33)

- Both chairman Pickard and his successor **Ted Darcus** refused to accept questions from the public nor would they allow public comment on matters before the authority board, other than setting aside a period at each meeting for public comment limited to three minutes per speaker. Eventually, a successful law suit brought by a community activist forced the LCCCA to allow public comment on each item as it was. Even so, Darcus as chairman consistently looked down at the podium and appeared to be reading or writing whenever a member of the public raised a pertinent issue.

- Darcus deprived county appointed board members sufficient opportunity to review contracts with PSP by having them delivered only a little over a day beforehand and then refusing to postpone a vote to provide adequate time for review of the voluminous and one sided agreements prejudicial to the LCCCA's and the public's interests.(34)

- Darcus would not allow public review of even redacted Stevens and Lee invoices nor would he make them available locally for authority board members to peruse. Lamentably, this detracted the attention and energy of project critics from critical issues, since, when the invoices were allowed to be reviewed after the

project was underway by then chair Art Morris, the invoices were found to be proper.

- Almost a million dollars was paid to consultant Dan Logan without apparent work product. (35) Similarly, hundreds of thousands of taxpayer dollars were paid to other consultants, with inconsistent and often incomplete results. It was Logan in his prior capacity of managing the Brunswick Hotel who had not returned calls to Mayor Charles Smithgall who at the time had wanted to explore placing the convention center next to the Brunswick in order to revitalize the hotel and Lancaster Square.

- The LCCCA thwarted the County Commissioners by refusing to pay the balance of \$18,000 on the \$40 million bond which would have freed the Commissioners to reduce or repeal the hotel room sales tax.

- Terms of agreements between the private partners and the public LCCCA redound overwhelmingly to Penn Square partners. In addition to delivering voluminous documents to the board members in a little more than a day before a vote was taken, then LCCCA board chairman Ted Darcus consistently did not arrange for the board to be briefed by counsel Stevens & Lee concerning these unusually one side arrangements.

- Although the hotel and convention center are owned by two separate distinct entities, the entire project is served by several electric



Ted Darcus, form Chairman of the LCCCA Board

meters which cover the “integrated facility” in ways that do not correspond to its division of ownership (36). Project architects told and reconfirmed to NewsLanc that the failure to meter separate use of the hotel and the convention center was at the instructions of PSP partners’ spokesman, Tom Smithgall of High Industries. The architects later denied having said that.

- Without separate metering of the hotel areas, the convention center areas, and shared space, it is not possible to accurately allocate costs.
- The large break out areas in front of the convention center exhibition center is continuous with the lobby of the Marriott with no provision for isolating the areas. This wastes huge amounts of energy due to the high cost to continuously air condition the multi-story convention center break out areas to a temperature suitable for the hotel public areas. A convention center is in use, at best, only half the days over the course of the year.
- Parts of the building that are built and maintained by the LCCCA, such as the hotel kitchen, third floor ballroom and meeting rooms, fourth floor meeting rooms, half of the huge hotel lobby, and parts of the business office, are areas that Penn Square Partners’ will pay only a nominal \$100 a year for 99 years to use. (37) All revenue received from any of these areas goes directly to the Penn Square Partners, even if the rest of the event is booked in the convention center’s facilities.
- LCCCA sued county commissioners Shellenberger and Henderson in an attempt to prevent them from discussing the project publicly. (38)
- During the critical stages of sending out contracts, when county appointed board members objected to the short time for review of the documents and moved to postpone votes, they were overridden by the rubber-stamp, city-appointed majority. At one LCCCA board meeting, former member Joe Morales harshly criticized board members for demanding enough time to study what they were to vote on, stating that he trusted the LCCCA’s solicitors (Stevens & Lee) to do what was right for the public.
- The LCCCA paid millions of dollars to consultants, who left little work product to show for it. For example, Dan Logan (a former

manager at the Brunswick Hotel) was paid almost \$1 million for consulting work, with no evidence of his work product.

- Consultant Logan based his marketing strategy, he said at a LCCCA meeting in 2006, on a PricewaterhouseCoopers (PwC) market study. This study had been disavowed and withdrawn by PwC by the time of Logan’s comments. (39)
- Several city appointed members of the LCCCA had little to zero experience either in the hospitality industry or in building large municipal projects. They sat quietly at meeting and voted per chairman Darcus’ recommendations.
- David Hixson was engaged as executive director despite a background almost exclusively in public relations, hardly any administrative experience, and no background in developing major projects. Thus much of the planning and coordination of the project was performed by the law firm of Stevens & Lee at \$250 to \$300 per hour.
- The LCCCA denounced the PKF Feasibility Report study even before it began, refused to cooperate with its research, and went on to completely ignore its recommendations. (40)

### **Abuse by Law Firm of Stevens & Lee**

Stevens & Lee authored the Third Class County Convention Center Authority Act (41), which permitted taxation of hotel and room rentals to pay for construction of publicly-owned convention centers, and established a convention center authority board to administer the project. In 1999 when the convention center project was launched in Lancaster, Stevens & Lee represented Luzerne County and the Luzerne County Convention Authority, and Berks County and the Berks County Convention Center Authority.

- Conflicts of interests made Stevens & Lee improbable advisors to the LCCCA board members and likely contributed to the one-sided contracts with Penn Square Partners and High Industries.

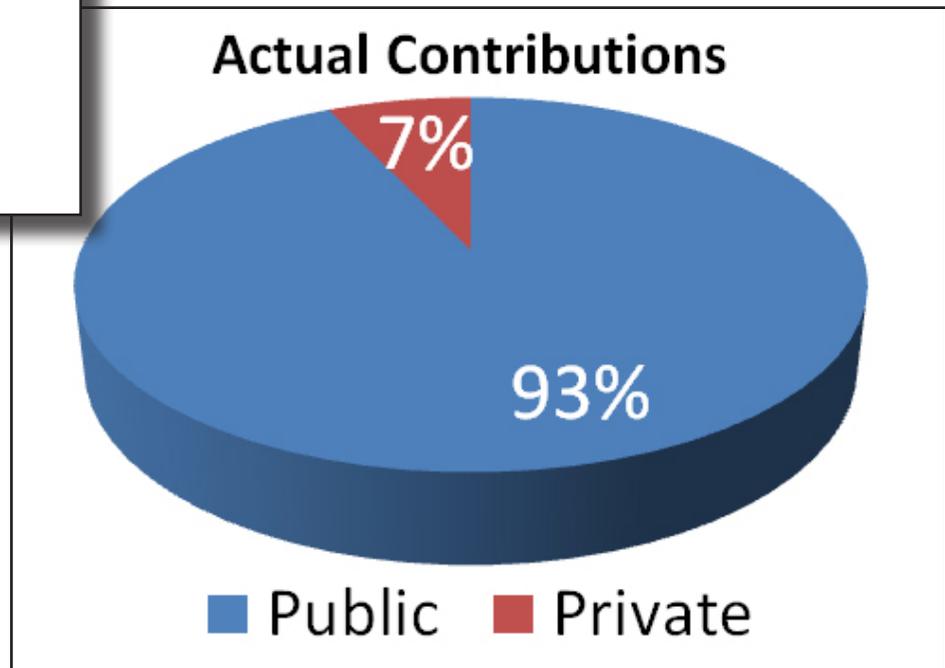
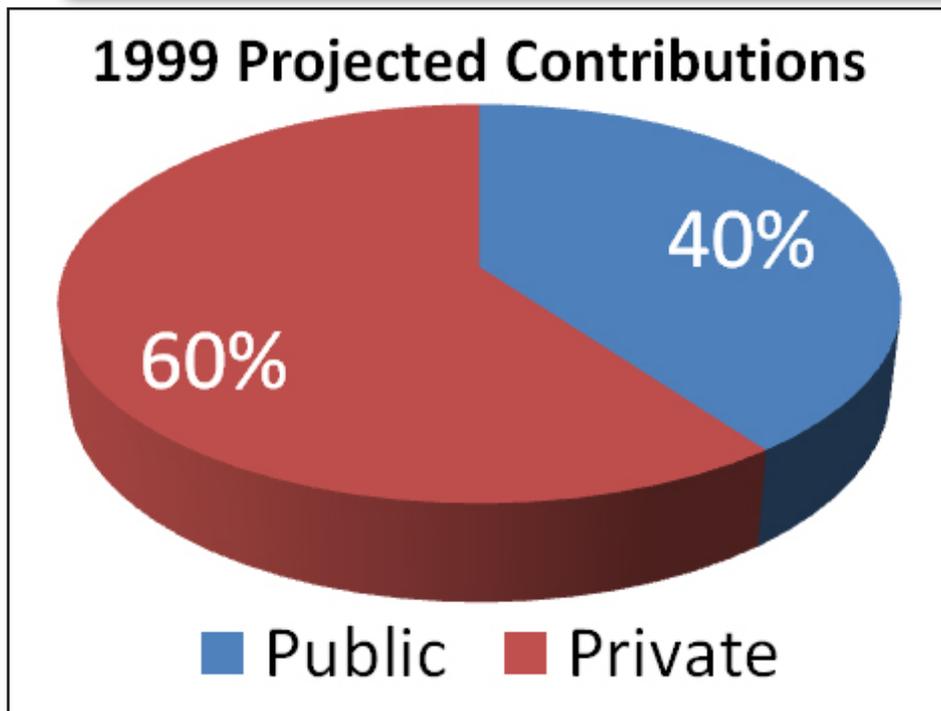
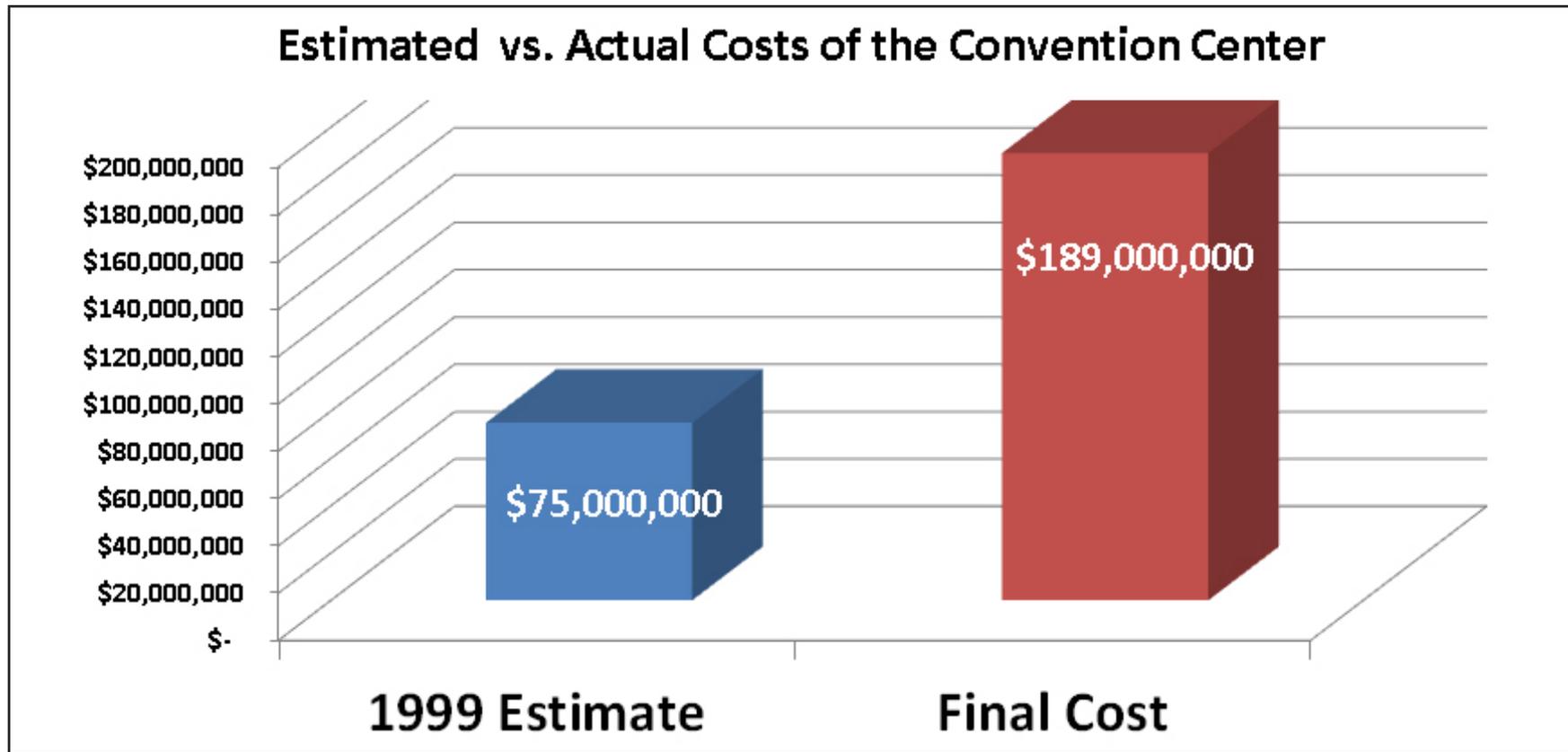
#### **Note:**

- Stevens & Lee was the solicitor of record for the LCCCA.

- At the same time, Stevens & Lee represented Lancaster County as its solicitor of record.
- Stevens & Lee was also High Industries registered lobbyist in Harrisburg (42)
- The first convention center offices were located within Stevens & Lee office space in the Fulton office building.
- Stevens & Lee collected more than \$7 million in fees for work funneled from the LCCCA.

### **Abuse by Redevelopment Agency for the City of Lancaster (RACL)**

- RACL did not question its being used by former mayor Charlie Smithgall as a device to allow Penn Square Partners to avoid paying real estate taxes on their ‘private’ hotel.
- RACL officials refused to cooperate with the PKF feasibility study, commissioned by Lancaster County Commissioners. (43)



# NewsLanc

## SPECIAL EDITION NOTES

1: The trial at which the LCCCA sued the Lancaster County Commissioners, attempting to enjoin them from shrinking the area of the room tax, was known as the “Madenspacher Trial.” The trial began on July 12, 2006. It was at this hearing when the ownership stakes of the partners were first revealed. The hearing granted a permanent injunction against county commissioners acting against tax or county bond guaranty. Lancaster New Era, “Judge saves center funds,” July 24, 2006.

2: Lancaster Newspapers, Intelligencer Journal, “LOCAL LEADERS CONSIDER TAXING TOURISTS TO HELP CITY,” April 2, 1998. Quotes: Sen. Gib Armstrong; “Let’s check it out with some of the people in the hospitality industry. The hospitality industry has to be reassured.” ; Rep. John Barley: “If I were a county commissioner, I wouldn’t be interested in doing this unless I had the support of the affected community - the hotel people.” ; Commissioner Terry Kauffman: “Private enterprise could help, and I think that’s something we should look at before we go taxing people.” These comments were disingenuous as virtually the entire Lancaster County hotel and motel owners opposed the tax and the project.

3: Vote taken at August meeting of Greater Lancaster Hotel and Motel Association (GLHMA). 54 of 58 voting members voted against the project. Three members abstained. The only member of GLHMA that voted for the project, was Hampton Inn, owned by project sponsor, High Hotels.

4: Lancaster Newspapers, December 17, 2004, Intelligencer Journal; March 25, 2005, Intelligencer Journal, “New Plan Saves Center.”

5: Fox-43 TV and Opinion Dynamics poll, at <http://www.newslanc.com/document/fox43survey.pdf>.

6: The PKF feasibility study commissioned by the Lancaster County Commissioners was the first performed on the project in 2006 – seven years after the project began. All of the studies done on the project can be found at <http://lancasterfirst.org/>.

7: Ibid. The Ernst & Young study can be found at <http://lancasterfirst.org/>.

8: In a letter to Allan Erselius, Executive Director of the PDCVB, August 12, 1999—four weeks after receiving the completed Ernst & Young report—the Campaign’s Baldrige rescinded his offer to the hoteliers to release the complete Ernst & Young study.

“At the most recent meeting with hoteliers,” Baldrige writes, “I assured them that they would get copies of the complete Ernst & Young study as a means to further their due diligence on the project. Unfortunately—and with much apology—I have been informed by Ernst & Young that I am not permitted to share the complete report.”

The full report, which was finished in mid July, 1999, was not released publicly until after the County Commissioners passed the Hotel and Motel Room Sales Tax on September 15, 1999.

9: Lancaster Newspapers, Intelligencer Journal, “City center officials open bids,” May 18, 2006. Low bids for the construction of a proposed downtown hotel/convention center came in at least \$13.6 million over budget. The low bids for the 21 construction contracts add up to about \$102.6 million; original budget: \$89 million.

10: The headlines the Lancaster New Era and Intelligencer Journal ran on consecutive days (and the Sunday News, a day later), were ‘above-the-fold’ banner headlines for the summary, \$100 violations. Lancaster New Era, “Commissioners plead guilty,” December 14, 2006; Intelligencer Journal, “Commissioners guilty of violating state law; Grand Jury concludes year-long probe,” December 15, 2006; Lancaster New

Era, “Guilty Pleas: Are Commissioners on way out?”; Sunday News, “County home: What’s next? After Guilty pleas for illegal meetings, a civil challenge could be tried to reopen sale,” December 17, 2006. There followed another half-dozen articles in the coming days.

11: The Grand Jury Report – the third in Lancaster County history – can be found here: [http://www.newslanc.com/document/grand\\_juror\\_report\\_final.pdf](http://www.newslanc.com/document/grand_juror_report_final.pdf).

12: Stevens & Lee remains High Industries officially registered lobbyist. See: <http://www.legis.state.pa.us/CFDOCS/Legis/home/lobbyists/views/main2.cfm?View=Search>.

13: Lancaster Newspapers, Intelligencer Journal, “Bids doom center plans,” July 27, 2006. In this article, the sponsors again proclaimed the project ‘dead.’

14 - 19: These documents can be found in their entirety at [www.lancasterfirst.org](http://www.lancasterfirst.org).

20: The sponsors, including High, said the project was definitively “dead” if they didn’t get the single manager concession from the LCCCA board, if the School board didn’t accept PSP’s Tax Increment Financing (TIF) proposal, and three times around the bid overages.

21: This happened repeatedly, perhaps most notably in a letter written by Penn Square Partners President Nevin Cooley to School Board president Patrice Dixon. See: <http://newslanc.com/2010/04/02/2005-part-i-the-rift-over-the-tif/>.

22: [http://newslanc.com/document/high\\_buckwalter\\_letter.pdf](http://newslanc.com/document/high_buckwalter_letter.pdf).

23: Lancaster Newspapers, Intelligencer Journal, “ARMSTRONG BILL ALTERS CONVENTION LAW,” October 27, 1999\*) Armstrong was criticized by several members of the Lancaster legislative delegation for the move.

24: Act 23 can be located at <http://www.legis.state.pa.us/cfdocs/legis/home/session.cfm>.

25: Lancaster Newspapers, Lancaster New Era (PA) “Leaders: Shellenberger should quit,” September 22, 2005.

26: Lancaster Newspapers, Intelligencer Journal, “Grand jury investigates Heinke’s hiring,” November 18, 2005.

27: Lancaster Newspapers, Lancaster New Era, “TO APPLAUSE, HOTEL TAX PASSES,” September 15, 1999.

28: The county-backed \$40 million bond guarantee occurred on October 29, 2003, days before the general election that would elect a new majority. The new board opposed the guaranty. Lancaster Newspapers, Lancaster New Era, “County Backs Center; Commissioners give planned downtown convention center a major boost by agreeing to guarantee \$40 million bond issue for the \$55 million project.”

29: Op cit. Lancaster Newspapers, September 15, 1999.

30: In a letter to Robert E. Field, Pat Brogan, Rick Gray’s campaign manager, outlined Gray’s position on the convention center issue, saying if his “task force” felt the project wasn’t viable Gray would explore other uses for the building.

31: On January 4 at a public meeting called by the three LCCCA county-appointed board members, Gray arrived at the Farm & Home Center and excoriated the crowd for its opposition to the project.

32: Days after his tirade at the Farm & Home Center against opponents of the project, Mayor Gray showed up at the next

County Commissioners’ meeting and told them that if they wanted a feasibility study, then they should pay for it themselves. They did, and the PKF study is the result. (Gray then trashed the PKF study.)

33: In an application to the state for a \$15 million grant, then-Executive Director and Chairman of the LCCCA, James Pickard represented that he was basing the application on the “economic feasibility” of the PriceWaterhouse Coopers market study. <http://newslanc.com/document/pickardofficialapplication.pdf>.

33: The county board members repeatedly complained about the short time allowed to review key documents. In one instance, crucial construction bid documents were dropped off with only a few days for review. This was reported in Lancaster Newspapers, Intelligencer Journal, “Officials to seek construction bids,” March 20, 2006. Laura Douglas, a county-appointed board member was quoted:

“It makes it look bad for the public, and there may not be cause for concern, but I think to all appearances the public has a reason to be concerned,” she said. “It’s just everything they do seems to underscore public suspicion.”

35: Logan, who rebuffed Mayor Charlie Smithgall in his role of general manager of the Brunswick Hotel, was later hired by the LCCCA as a marketing consultant. See Jim Sneddon’s NewsLanc detailed report: <http://newslanc.com/2009/01/16/daniel-logan-million-dollar-convention-center-mystery-man/>.

36: To read the agreements between Penn Square Partners and the LCCCA, please go to LancasterFirst.org. They are on the homepage.

37: Ibid. <http://www.lancasterfirst.org>.

38: The LCCCA sues County Commissioners Shellenberger in a Lancaster Court on the grounds the commissioners were endangering the project. A report on the suit was reported in Lancaster Newspapers, Intelligencer Journal, “Developers of center/hotel sue officials,” June 14, 2006.

39: Rob Canton was the principal writer of the PriceWaterhouse Coopers market study. In a letter to board member Jim Craver, Canton wrote that since the project “doesn’t resemble” the project he studied, he asked that PWC not be associated with the project. After PwC withdrew its study, the aforementioned Daniel Logan still used the study as the basis for his market reports.

40: In an open letter to Commissioners Shellenberger and Henderson to the Sunday News, February 26, 2006, the LCCCA chairman Ted Darcus wrote neither the “[LCCCA], the Redevelopment Authority of the City of Lancaster nor Penn Square Partners have expressed any willingness to participate in this further feasibility study by PKF.” None of these bodies cooperated with the PKF study.

41: From the Stevens & Lee official website: “We helped bring about legislation that now permits property and casualty insurance companies to convert from mutual to stock form and access the capital markets, legislation allowing Pennsylvania’s third-class counties to impose a tax on hotel room occupancy to provide revenues to build sports complexes and civic centers...” <http://www.stevenslee.com/practice/govtaffairs.html>.

42: Stevens & Lee is High Industries’ registered lobbyist: <http://www.legis.state.pa.us/CFDOCS/Legis/home/lobbyists/views/main2.cfm?View=Search>.

43: Lancaster Newspapers, Sunday News, “Letter sent by Authority,” February 26, 2006.