

**ERIE COUNTY GAMING REVENUE AUTHORITY
DIRECT LOAN #001**

**ECGRA COMMUNITY FACILITIES
MISSION RELATED INVESTMENT**

CREDIT AGREEMENT

THIS CREDIT AGREEMENT is made this 14th day of August, 2020 effective as of August 14, 2020 by and between the ERIE COUNTY GAMING REVENUE AUTHORITY, a body corporate and politic organized and existing under the provisions of the Pennsylvania Economic Development Financing Law, 73 P.S. §§ 371 et seq., with offices at 5340 Fryling Road, Suite 201, Erie, Pennsylvania ("ECGRA"); and the ERIE CENTER FOR ARTS AND TECHNOLOGY, INC., a 501(c) 3 nonprofit corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, with a mailing address of P.O. Box 6214, Erie, Pennsylvania 16512 and a corporate address of 120 West 10th Street, Erie, Pennsylvania 16501 ("Borrower").

BACKGROUND

A. ECGRA has identified the need to eliminate blight and encourage redevelopment of community facilities as an integral part of its economic development mission; and

B. Borrower purchased the former Wayne Elementary School located at 650 East Avenue, Erie, Pennsylvania (the "Property");

C. Borrower has or will contribute the Property to ECAT Wayne School, Inc., a Pennsylvania non-profit corporation ("QALICB");

D. Borrower is the sole member of QALICB and QALICB is a "supporting organization" of Borrower;

E. QALICB is receiving New Markets Tax Credit ("NMTC") financing to assist with the redevelopment of the Property and, upon completion of the redevelopment of the Property, QALICB will lease the Property to ECAT and the Property will serve as the ECAT headquarters (the "Project");

F. Borrower desires to borrow Five Hundred Thousand Dollars (\$500,000) from ECGRA to provide local capital for the Project;

G. ECGRA is willing to lend Five Hundred Thousand Dollars (\$500,000.00) (the "Loan") to Borrower, subject to the terms and conditions hereof and in the other documents evidencing and securing the Loan.

In consideration of the foregoing background and the promises and the agreements hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 Definitions. When used in this Agreement, the following terms shall have the respective meanings set forth below.

“Advance” means a borrowing under the Commitment pursuant to Paragraph 2.6 hereof.

“Borrower” has the meaning ascribed to it in the Preamble.

“Business Day” means a day other than Saturday, Sunday or a legal holiday when the U.S. Postal Service is closed for delivery.

“CDE” means the Commonwealth Cornerstone Group Ltd. XLV, a Pennsylvania limited partnership.

“CDE Interest” means the Investment Fund’s partnership interest in the CDE and all associated rights to receive distributions, allocations and other payments and all other rights and interests of the Investment Fund with respect thereto, as further described in the Leverage Loan Documents.

“Closing Date” means the date of this Credit Agreement.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and all rules and regulations with respect thereto in effect from time to time.

“Commitment” means the maximum aggregate principal amount which ECGRA has agreed to advance under Section 2 hereof, which on the date hereof is Five Hundred Thousand Dollars (\$500,000.00).

“Credit Agreement” means this Credit Agreement and all exhibits and schedules hereto, as each may be amended from time to time.

“Default” means an event, condition or circumstance the occurrence of which would, with the giving of notice or the passage of time or both, constitute an Event of Default.

“Direct Loan” means the maximum aggregate principal amount of indebtedness advanced by ECGRA under Section 2 of this Credit Agreement to the Borrower.

“Event of Default” means an event described in Paragraph 7.1 hereof.

“GAAP” means generally accepted accounting principles set forth in the Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants.

“Indebtedness” of any person means and includes all obligations of such person which, in accordance with GAAP, shall be classified on a balance sheet of such person as liabilities of such person and in any event shall include all (i) obligations of such person for borrowed money or which have been incurred in connection with acquisition of property or assets, (ii) obligations secured by any lien upon property or assets owned by such person, notwithstanding that such

person has not assumed or become liable for the payment of such obligations, (iii) obligations created or arising under any installment or conditional sale or other title retention agreement with respect to property acquired by such person, notwithstanding the fact that the rights and remedies of the seller, ECGRA or lessor under such agreement in the event of default are limited to repossession or sale of property, (iv) guarantees and (v) letters of credit and letter of credit reimbursement obligations.

“Intangible Assets” means for the applicable entity, all assets of such entity which would be classified in accordance with GAAP as intangible assets, including without limitation, all franchises, licenses, permits, patents, patent applications, copyrights, trademarks, tradenames, goodwill, experimental or organization expenses and other like intangibles, the cash surrender value and other like intangibles of any life insurance policy, treasury stock and unamortized debt discount.

“Interest Rate” means the rate as set forth in the Note.

“Investment Fund” means the Erie Center Investment Fund, LLC, a Delaware limited liability company.

“Leverage Loan” means a loan from the Borrower to the Investment Fund in the maximum principal amount of \$6,840,000.00.

“Leverage Loan Documents” means (1) the Leverage Loan Note, which is that certain Promissory Note of even date herewith in the original principal amount of \$6,840,000.00, as amended, modified, restated, substituted, extended and renewed at any time and from time to time, from the Investment Fund payable to the order of Borrower; (2) the Leverage Loan Agreement, which is that certain Loan and Security Agreement of even date herewith, as the same may from time to time be amended, supplemented, restated or otherwise modified, by and between the Borrower, as lender, and the Investment Fund, as borrower; (3) the Leverage Loan Forbearance Agreement, which is of even date herewith by and between the Borrower and the Investment Fund; and (4) any and all other agreements, documents or instruments which evidence, secure, guaranty or otherwise govern the Leverage Loan.

“Local Authorities” means individually and collectively the state and local governmental authorities and administrative agencies which govern the facilities owned or operated by Borrower.

“Material Adverse Effect” means either singly or in the aggregate, a material adverse effect on the business, financial condition or prospects of the Borrower as a result of any condition, circumstance or contingency arising after the date hereof.

“Maturity Date” means the date established in the Note.

“Note” means the promissory note in the aggregate principal amount of Five Hundred Thousand Dollars (\$500,000.00) to be delivered by Borrower to ECGRA, as the same may be amended or modified or extended or restated from time to time.

“Other Source Lenders” means and includes The Erie Community Foundation, the Commonwealth Cornerstone Group, Reinvestment Fund, Inc., ErieBank, a division of CNB Bank, and Northwest Bank; ECGRA shall also be considered a Source Lender.

“Repayment Period” means the time period of repayment established in the Note starting on the Closing Date and ending on the Maturity Date.

SECTION 2. CREDIT FACILITIES

2.1 **The Facility.** Subject to the provisions below, on the Closing Date, ECGRA shall make one Advance to Borrower in an aggregate outstanding principal amount of \$500,000.00.

2.2 **Note.** The indebtedness of the Borrower to ECGRA under the Direct Loan will be evidenced by a Note executed by Borrower in favor of ECGRA. The original principal amount of the Note will be the amount of Five Hundred Thousand Dollars (\$500,000.00) provided, however, that notwithstanding the face amount of such Note, Borrower’s liability under the Note shall be limited at all times to its actual indebtedness, principal, interest and fees, then outstanding hereunder. The Note shall bear interest and shall be repaid by Borrower in the manner and at the times set forth in this Credit Agreement and the Note.

2.3 **Use of Proceeds.** Funds advanced under the Direct Loan (together with other funds of Borrower) shall be used by Borrower to make the Leverage Loan.

2.4 **Repayment.** Borrower shall pay principal and interest as set forth in the Note until the Direct Loan is repaid in full. All principal and interest remaining unpaid shall be paid by the Borrower on the Maturity Date. The Borrower may repay all or part of the principal at any time as set forth in Paragraph 2.7 herein and the Note.

2.5 **Interest.**

(a) In the absence of an Event of Default or Default hereunder, the outstanding balance of the Direct Loan will bear interest and be repaid as set forth in the Note. Interest will be calculated on the basis of the actual number of days elapsed and a year of 360 days.

(b) Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default hereunder, before and after judgment, Borrower hereby agrees to pay to ECGRA interest on the outstanding principal balance of the Direct Loan and, to the extent permitted by law, overdue interest with respect thereto, as set forth in the Note.

2.6 **Advances.**

(a) ECGRA shall make no more than one Advance to Borrower at closing and upon satisfaction of the terms and conditions herein.

2.7 **Early Repayment.**

(a) Borrower may repay the outstanding principal balance under the Direct Loan at any time.

(b) Prepayments prior to the Maturity Date may not be re-borrowed. Partial prepayments will be applied first to accrued interest and then to the principal amount outstanding. Any prepayment shall be in an amount equal to or in excess of Fifty Thousand Dollars (\$50,000.00).

SECTION 3. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants, as follows:

3.1 **Organization and Good Standing.** Borrower is duly organized and existing and in good standing, under the laws of the state of its incorporation, has the power and authority to carry on its business as now conducted, and is qualified to do business in all other states in which the nature of its business or the ownership of its properties requires such qualification.

3.2 **Representations.** All representations and warranties, certifications and/or statements by Borrower are true and correct in all material respects as of the date hereof.

3.3 **Power and Authority: Validity of Credit Agreement.** Borrower has the corporate power and authority under the laws of the Commonwealth and under its articles of incorporation and by-laws to enter into and perform this Credit Agreement, the Note, and all other agreements, documents and actions required hereunder; and all actions (corporate or otherwise) necessary or appropriate for Borrower's execution and performance of this Credit Agreement, the Note, and all other agreements, documents and actions required hereunder have been taken, and, upon their execution, the same will constitute the valid and binding obligations of Borrower to the extent it is a party thereto, enforceable in accordance with their terms.

3.4 **No Violation of Laws or Agreements.** The making and performance of this Credit Agreement, the Note, and the other documents, agreements and actions required of Borrower hereunder will not violate any provisions of any law or regulation, federal, state or local, or the respective articles of incorporation and by-laws of Borrower or result in any breach or violation of, or constitute a default under, any agreement or instruments by which either Borrower or its respective property may be bound.

3.5 **Compliance.** Borrower is in compliance in all material respects with all applicable laws and regulations, federal, state and local (including without limitation those administered by the Local Authorities) material to the conduct of its business and operations; Borrower possesses all the franchises, permits, licenses, certificates of compliance and approval and grants of authority necessary or required in the conduct of its respective business, and the same are valid, binding, enforceable and subsisting without any defaults thereunder or enforceable adverse limitations thereon and are not subject to any proceedings or claims opposing the issuance, development or use thereof or contesting the validity thereof, and no authorization, consent, approval, waiver, license or formal exemptions from, nor any filing, declaration or registration with, any court or consents, governmental agency or regulatory

authority (federal, state or local) or non-governmental entity, under the terms of contracts or otherwise, is required by reason of or in connection with Borrower's execution and performance of this Credit Agreement, the Note, and all other agreements, documents and actions required hereunder.

3.6 Litigation. There are no actions, suits, proceedings or claims which are pending or, to the best of Borrower's knowledge or information, threatened against Borrower which, if adversely resolved, would have a Material Adverse Effect.

3.7 Accuracy of Information: Full Disclosure.

(a) All information furnished to ECGRA concerning the financial condition of Borrower has been prepared in accordance with GAAP and fairly present the financial condition of Borrower as of the dates and for the periods covered and discloses all liabilities of Borrower and there has been no material adverse change in the financial condition or business of Borrower from the date of such statements to the date hereof; and

(b) All financial statements and other documents furnished by Borrower to ECGRA in connection with this Credit Agreement and the Note do not and will not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading. Borrower has disclosed to ECGRA in writing any and all facts which materially and adversely affect the business, properties, operations or condition, financial or otherwise, of Borrower or Borrower's ability to perform its obligations under this Credit Agreement and the Note.

3.8 Taxes and Assessments. (a) Borrower has filed all required tax returns or has filed for extensions of time for the filing thereof, and has paid all applicable federal, state and local taxes, other than taxes not yet due or which may be paid hereafter without penalty; provided that no such taxes shall be required to be paid if they are being contested in good faith by appropriate proceedings and are covered by appropriate reserves maintained in cash or cash equivalents; and (b) Borrower has no knowledge of any deficiency or additional assessment in connection therewith not provided for in the financial statements required hereunder.

3.9 Solvency. To the best of Borrower's knowledge, Borrower is, and after receipt and application of the first Advance will be, solvent such that it is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business. Borrower (i) does not intend to, and does not believe that it will, incur debts or liabilities beyond its ability to pay as such debts and liabilities mature, and (ii) is not engaged in a business or transaction, or about to engage in a business or transaction, for which its property would constitute unreasonably small capital after giving due consideration to the prevailing practice and industry in which it is engaged. For purposes of this Paragraph 3.9, in computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that reasonably can be expected to become an actual matured liability of Borrower.

3.10 Investment Company Act. Borrower is not directly or indirectly controlled by or acting on behalf of any person which is an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

3.11 Criminal Convictions. Except as previously disclosed in writing to ECGRA, neither the Borrower nor any director, officer or person employed or engaged by the Borrower in a senior management capacity has been convicted by any court of any felony or any misdemeanor involving theft, dishonesty, deception, false swearing, or the filing or submission of any false or misleading information to any agency of government.

3.12 Tax Exempt Status. Borrower is duly organized as a 501(c)(3) non-profit corporation and Borrower agrees that it will not perform any act or enter into any agreement that will adversely affect its tax-exempt status. Borrower has not received any indication or notice, written or verbal, from representatives of the IRS Service to the effect that its exemption under Section 501(c)(3) of the Code has been modified, limited, revoked or superseded, or that the IRS Service is considering modifying, limiting, revoking or superseding such exemption, and to Borrower’s knowledge, the exemption of Borrower under Section 501(c)(3) of the Code is still in full force and effect as of the date hereof. Borrower is in compliance with the terms, conditions and limitations of its exemption under Section 501(c)(3) of the Code. There has been no change in the purposes, character, activities and methods of operation of Borrower of a nature or to a degree as would warrant any action by the IRS Service to modify, limit, revoke or supersede the exemption under Section 501(c)(3) of the Code.

SECTION 4. CONDITIONS

4.1 Advance. The obligation of ECGRA to make an Advance shall be subject to ECGRA’s receipt of the following documents, each in form and substance satisfactory to ECGRA:

- (a) Funding Agreement. The Community Facilities Mission Related Investment Funding Agreement between ECGRA and the Borrower.
- (b) Credit Agreement. This Credit Agreement duly executed by the Borrower and ECGRA.
- (c) Promissory Note. The Note duly executed by Borrower.
- (d) Authorization Documents. A certified copy of resolutions of the Board of Directors of Borrower authorizing Borrower’s execution and full performance of this Credit Agreement, the Note, and all other documents and actions required hereunder, and a Certificate of the Borrower’s Secretary certifying as to the signatures and incumbency of the Borrower’s officers, to the authenticity of documents, the compliance by the Borrower with certain closing conditions, and various matters, and to include copies of the (i) Articles of Incorporation, and (ii) Bylaws.
- (e) Opinion of Counsel. An opinion letter from counsel for Borrower in the form approved by ECGRA counsel.

(f) Searches. Uniform Commercial Code, tax and judgment lien searches against Borrower in those offices and jurisdictions as ECGRA shall reasonably request.

(g) Other Documents. Such additional documents as ECGRA reasonably may request.

4.2 Transaction Costs. On or before closing of the Loan, Borrower shall have reimbursed to ECGRA the fees and costs of ECGRA's counsel in connection with the origination of the Loan and facilitating closing.

SECTION 5. SECURITY FOR REPAYMENT OF LOAN AND COLLATERAL

5.1 The Security. To secure the payment of the Note and the duties and obligations of the Borrower under the terms of this Agreement, and of the Borrower under the Loan Documents, the following security shall be given and granted to ECGRA:

(a) all of Borrower's right, title and interest in and to the Leverage Loan and all Leverage Loan Documents, whether now owned or hereafter acquired, the collateral for which includes the Investment Fund's pledge of the CDE Interest, including, without limitation, the Investment Fund's right to receive distributions, allocations and payments from the CDE, and Borrower's assignment of all rights to receive distributions, allocations and payments pursuant to the Leverage Loan Documents.

All of the foregoing is collectively referred to herein as the "Collateral."

5.2 Representations; Covenants. Borrower hereby represents, warrants, and covenants that, until the termination of this Agreement:

(a) ECGRA has and shall at all times continue to have a valid Lien in the Collateral, and except as set forth in the Intercreditor Agreement, ECGRA's Lien in the Collateral is and shall at all times be senior to any and all other indebtedness and obligations now or hereafter owed by Borrower to any other Person.

(b) Borrower will promptly take all action which in the reasonable opinion of ECGRA or its counsel is necessary or appropriate in order to perfect, and maintain perfection of, the security interests contemplated by this Agreement, such that such security interests shall constitute perfected liens, and Borrower will, promptly upon the request of ECGRA, give such evidence thereof as ECGRA may reasonably request, which evidence shall be in form and substance reasonably satisfactory to ECGRA and its counsel.

(c) Promptly upon the request of ECGRA, Borrower will give to ECGRA such information pertaining to the Collateral as ECGRA may reasonably request.

(d) Borrower has and shall at all times maintain good title to the Collateral and the Collateral shall be free and clear of all Liens, except those granted to ECGRA and the Other Source Lenders. Borrower will not sell, exchange, lease, assign, encumber, pledge, hypothecate or otherwise dispose of any of the Collateral without the prior written consent of ECGRA.

(e) Borrower will maintain the Collateral in good condition and repair and preserve it against loss, damage or depreciation in value, other than normal wear and tear and damage by act of God or casualty, will take all steps necessary to preserve and maintain the Collateral and its value, and will not permit anything to be done to the Collateral which may impair its value or security.

(f) Borrower shall keep and maintain accurate and current books and records regarding the Collateral and its business operations and shall, at all reasonable times, allow ECGRA to examine or inspect said books and records.

(g) Borrower will maintain insurance with responsible and reputable insurance companies satisfactory to ECGRA in such amounts and covering such risks as may be required by ECGRA in its reasonable discretion from time to time, provided that such coverage is usually carried by similar businesses and by owners or operators of similar property in the same general area, as reasonably determined by ECGRA. Without limiting the foregoing, Borrower shall provide and keep in force insurance on the Collateral required under the terms and provisions of this Agreement. Borrower shall supply ECGRA with certificates evidencing such insurance at such times as ECGRA may reasonably request.

(h) Borrower will pay when due taxes and assessments of any nature relating to the Collateral or its use, if any, provided that Borrower shall have the right to contest in good faith, by an appropriate proceeding promptly initiated and diligently conducted, the validity, amount or imposition of any such tax, assessment or charge, and upon such good faith contest to delay or refuse payment thereof, if (i) Borrower establishes adequate reserves to cover such contested taxes, assessments or charges, and (ii) such contest does not have a material adverse effect on the financial condition of Borrower or the priority or value of ECGRA's security interest in the Collateral.

(i) If any of the Collateral is or becomes evidenced by a promissory note, trade acceptance or any other instrument for the payment of money or other instrument (as that term is defined in the Uniform Commercial Code), Borrower will promptly deliver such instrument to ECGRA appropriately endorsed to ECGRA's order (subject to the Intercreditor Agreement). Regardless of the form of such endorsement, Borrower hereby waives presentment, demand, dishonor, notice of dishonor, protest and notice of protest and all other notices with respect thereto.

(j) Borrower will not change its name, identity or structure such that any filed financing statement pertaining to the Collateral becomes seriously misleading, nor will Borrower change the state of situs of (i) any of the Collateral, (ii) its principal place of business, (iii) its chief executive office, or (iv) the office where it keeps its records concerning its accounts and contract rights; without in each case first (A) notifying ECGRA in writing of such a change at least thirty (30) days prior to such change, and (B) taking all action required to maintain the perfected status of the security interests purported to be created hereunder.

(k) At any time and from time to time, upon the written request of ECGRA, Borrower will execute and deliver such further documents (including without limitation financing and continuation statements) and do such further acts and things as ECGRA may

reasonably request in order to better assure, convey, assign, transfer, and confirm unto ECGRA the security interests hereby granted.

(l) At its expense, Borrower will defend the title to the Collateral (or any part thereof), and will promptly upon request by ECGRA execute, authorize, and deliver or obtain any financing statement, continuation statement, security agreement, assignment, instruments, acknowledgments, landlord, bailee and other third party waivers, filings or other document as may be necessary or beneficial, in the opinion of ECGRA, to perfect (by control or otherwise), preserve, provide notice of, maintain, continue, realize upon, protect and/or extend the Lien granted to Lender under this Agreement and its priority.

5.3 Financing Statements. The Borrower authorizes the filing of such financing statements and continuation statements under the Uniform Commercial Code or other applicable law as ECGRA may deem necessary in order to perfect and maintain perfection of the ECGRA's security interests under the Loan Documents and will pay the costs of filing the same in such public offices as ECGRA may designate.

5.4 Set-Off. In addition to all other rights and remedies available to ECGRA, ECGRA shall have a continuing lien on, and is hereby granted a security interest in and right of set-off against, all property of the Borrower and the proceeds thereof held or received by or for ECGRA whether or not for the express purpose of serving as collateral security for the Loan.

5.5 Additional Security. As additional security for the obligations of the Borrower to ECGRA, the Borrower irrevocably assigns and grants to ECGRA a security interest in (a) all proceeds of the Direct Loan now or hereafter held by ECGRA, whether or not disbursed and, (b) all funds of Borrower now or hereafter deposited by Borrower with ECGRA.

SECTION 6. AFFIRMATIVE COVENANTS

Borrower covenants and agrees that so long as the Commitment of ECGRA to Borrower or any indebtedness of Borrower to ECGRA is outstanding, Borrower will:

6.1 Existence and Good Standing. Preserve and maintain its existence as a corporation, and its good standing in all states in which it conducts business and the validity of all its franchises, licenses, permits, certificates of compliance or grants of authority required in the conduct of its business.

6.2 RESERVED.

6.3 Annual Financial Statements. Furnish to ECGRA within one hundred twenty (120) days after the close of each fiscal year commencing with fiscal 2020 audited consolidated annual financial statements with footnotes, which consolidated financial statements shall be prepared in accordance with GAAP and shall be accompanied by an unqualified opinion (except with respect to changes in GAAP as to which Borrower's independent certified public accountants have concurred) by an independent certified public accounting firm satisfactory to ECGRA.

6.4 **Books and Records.** Keep and maintain satisfactory and adequate books and records of accounts in accordance with GAAP and make or cause the same to be made available to ECGRA at any reasonable time upon reasonable notice for inspection and to make extracts thereof and permit the ECGRA Executive Director to discuss contents of same with senior officers of Borrower, and also with outside auditors and accountants of Borrower and ECGRA.

6.5 **Insurance.** Keep and maintain all of its property and assets in good order and repair and fully covered by insurance with reputable and financially sound insurance companies against such hazards and in such amounts as is customary in the industry.

6.6 **Litigation: Event of Default.** Notify ECGRA in writing within five (5) Business Days of the institution of any litigation, the commencement of any administrative proceedings or the happening of any event which could have a Material Adverse Effect or the occurrence of any Event of Default or Default hereunder.

6.7 **Taxes.** Pay and discharge all taxes, assessments or other governmental charges or levies imposed on it or any of its property or assets prior to the date on which any penalty for non-payment or late payment is incurred, unless the same are (a) currently being contested in good faith by appropriate proceedings, diligently prosecuted and (b) are covered by appropriate reserves maintained in cash or cash equivalents in accordance with GAAP.

6.8 **Compliance: Notification.** Comply in all material respects with all local, state and federal laws and regulations applicable to its business, including without limitation the Federal Securities Act of 1933 and all laws and regulations of the Local Authorities, and the provisions and requirements of all franchises, permits, certificates of compliance and approval issued by regulatory authorities and other like grants of authority held by Borrower; and notify ECGRA immediately in detail of any actual or alleged failure to comply with or perform, breach, violation or default under any such laws or regulations or under the terms of any of such franchises or licenses, grants of authority, or of the occurrence or existence of any facts or circumstances which with the passage of time, the giving of notice or otherwise could create such a breach, violation or default or could occasion the termination of any of such franchises or grants of authority.

6.9 **Guaranties.** Disclose in the Borrower's annual audit, all guaranties or assumptions or agreements to assume or agree to become liable in any way, either directly or indirectly, for any additional indebtedness or liability of others except to endorse checks or drafts in the ordinary course of business.

6.10 **Liens and Encumbrances.** Disclose in the Borrower's annual audit all liens, security interests, or any other encumbrances.

6.11 **Acquisitions and Investments.** Disclose in Borrower's annual audit all acquisitions (including without limitation by way of share exchange) of any part or amount of the capital stock or assets of, or any investments in any other firm or corporation; or the entering into any new business activities or ventures not directly related to its present business; or merger or consolidation with or into any other firm or corporation; or creation of any subsidiary corporations.

6.12 Other Information. Provide ECGRA with any other documents and information, financial or otherwise, reasonably requested by ECGRA from time to time.

6.13 Management Changes. Notify ECGRA in writing within thirty (30) days of any change in, including internal transfers of, the key management personnel.

6.14 Programmatic Conditions. Comply with the terms and conditions of the Funding Agreement, as may be amended, intended to be executed of even date herewith.

6.15 Nondiscrimination/Sexual Harassment. The Borrower will not discriminate against or intimidate any employee or any applicant for employment because of gender, race, creed, or color, in any manner, including but not limited to the following activities: employment; upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

SECTION 7. NEGATIVE COVENANTS

So long as the Commitment or any indebtedness of Borrower to ECGRA remains outstanding hereunder, Borrower covenants and agrees that without ECGRA's prior written consent, it will not:

7.1 Transfer of Assets. The Borrower shall not permit any legal or equitable interest in Borrower to be sold, transferred, conveyed, encumbered or assigned to any parties, nor shall Borrower convert, whether by operation of law or otherwise, to any other form of business entity.

7.2 Net Revenue. Permit annual expenses to exceed adjusted annual revenues in two (2) consecutive fiscal year periods as measured on an annual fiscal year basis.

7.3 Margin Securities. Use any of the proceeds of the Direct Loan, directly or indirectly, to purchase or carry margin securities within the meaning of Regulation U of the Board of Governors of the Federal Reserve System; or engage as its principal business, in the extension of credit for purchasing or carrying such securities.

7.4 Name Change. The Borrower will not change its name unless prior written notification has been sent to ECGRA.

SECTION 8. DEFAULT

8.1 Events of Default. Each of the following events shall be an Event of Default hereunder:

(a) If Borrower shall fail to pay when due any installment of principal, interest, fees, costs, expenses or any other sum payable to ECGRA hereunder or otherwise, and such default shall continue uncured for sixty (60) days after written notice thereof to Borrower given by ECGRA;

(b) If any representation or warranty made herein or in connection herewith or in any statement, certificate or other document furnished hereunder is intentionally false or misleading in any material respect when made, and such default shall continue uncured for sixty (60) days after written notice thereof to Borrower given by ECGRA; provided, however, that if the curing of such default cannot be accomplished within said thirty (30) day period and Borrower has commenced to cure such default within the said thirty (30) day period and is diligently pursuing such cure, the cure period shall be extended to a period of time necessary to cure such default.

(c) If Borrower shall default in the performance of any other agreement or covenant contained herein (other than as provided in subparagraphs (a) or (b) above) or in any document executed or delivered in connection herewith, and such default shall continue uncured for sixty (60) days after written notice thereof to Borrower given by ECGRA; provided, however, that if the curing of such default cannot be accomplished within said thirty (30) day period and Borrower has commenced to cure such default within the said thirty (30) day period and is diligently pursuing such cure, the cure period shall be extended to a period of time necessary to cure such default.

(d) If custody or control of any substantial part of the property of Borrower shall be assumed by any governmental agency or any court of competent jurisdiction at the instance of any governmental agency; if any material license or franchise shall be suspended, revoked or other-wise terminated; if any governmental regulatory authority or judicial body shall make any other final non-appealable determination the effect of which would be to affect materially and adversely the operations of Borrower as now conducted; if Borrower misuses Direct Loan proceeds by violation of operating restrictions;

(e) If Borrower becomes insolvent, bankrupt or generally fails to pay its debts as such debts become due; is adjudicated insolvent or bankrupt; admits in writing its inability to pay its debts; or shall suffer a custodian, receiver or trustee for all or substantially all of its property to be appointed and if appointed without its consent, not be discharged within ninety (90) days; makes an assignment for the benefit of creditors; or suffers proceedings under any law related to bankruptcy, insolvency, liquidation or the reorganization, readjustment or the release of debtors to be instituted against it and if contested by it not dismissed or stayed within ninety (90) days; if proceedings under any law related to bankruptcy, insolvency, liquidation, or the reorganization, readjustment or the release of debtors is instituted or commenced by Borrower if any order for relief is entered relating to any of the foregoing proceedings; if Borrower shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debts; or if Borrower shall by any act or failure to act indicate its consent to, approval of or acquiescence in any of the foregoing;

(f) If any judgment, writ, warrant or attachment or execution or similar process which calls for payment or presents liability in excess of \$100,000.00 shall be rendered, issued or levied against Borrower or its respective property and such process shall not be paid, waived, stayed, vacated, discharged, settled, satisfied or fully bonded within ninety (90) days after its issuance or levy; or

(g) If Borrower defaults and fails to cure within applicable cure period, under any agreement or instrument evidencing the Borrower's indebtedness to another lender.

8.2 **Remedies.** Upon the happening of any Event of Default and at any time thereafter, at the election of ECGRA, and by sixty (60) days written notice to Borrower, which shall be given by ECGRA (except if an Event of Default described in Paragraph 7.1 (e) shall occur in which case acceleration shall occur automatically without notice), ECGRA may declare the entire unpaid balance, principal, interest and fees, of all indebtedness of Borrower to ECGRA to be immediately due and payable. Upon an Event of Default, the Commitment shall immediately and automatically terminate and ECGRA shall have no further obligation to make any Advances and the immediate right to enforce or realize on any collateral security granted therefore in any manner or order it deems expedient without regard to any equitable principles of marshaling or otherwise. In addition to any rights granted hereunder or in any documents delivered in connection herewith, ECGRA shall have all the rights and remedies granted by any applicable law, all of which shall be cumulative in nature.

SECTION 9. MISCELLANEOUS

9.1 **Indemnification and Release Provisions.** Borrower hereby agrees to indemnify and defend ECGRA and its directors, officers, agents, employees and counsel (collectively, "Indemnified Parties") from, and hold each of them harmless against, any and all losses, liabilities (including without limitation settlement costs and amounts, transfer taxes, documentary taxes, or assessments or charges made by any governmental authority), claims, damages, interest judgments, costs, or expenses, including without limitation fees, disbursements and expenses of counsel, incurred by any of them arising out of or in connection with or by reason of this Credit Agreement, the Commitment, the making of the Direct Loan, including without limitation, any and all losses, liabilities, claims, damages, interests, judgments, costs or expenses relating to or arising under any environmental law or regulation or the application of any such law or regulation to any of Borrower's properties or assets, except to the extent caused by or resulting from the gross negligence or willful misconduct of any Indemnified Parties. Borrower hereby releases ECGRA and its directors, officers, agents, employees and counsel from any and all claims for loss, damages, costs or expenses caused or alleged to be caused by any act or omission on the part of any of them, except to the extent caused by or resulting from the gross negligence or willful misconduct of any Indemnified Parties. All obligations provided for in this Section 9.1 shall survive any termination of this Credit Agreement or the Commitment and the repayment of the Direct Loan.

9.2 **Binding and Governing Law.** This Credit Agreement and all documents executed hereunder shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns and shall be governed as to their validity, interpretation and effect by the laws of the Commonwealth of Pennsylvania.

9.3 **Survival.** All agreements, representations, warranties and covenants of Borrower contained herein or in any documentation required hereunder shall survive the execution of this Credit Agreement and the making of the Direct Loan hereunder, and except as provided in Section 9.1, will continue in full force and effect as long as any indebtedness or other obligation of Borrower to ECGRA remains outstanding.

9.4 **No Waiver: Delay.** No delay by ECGRA in the exercise of any power, right or remedy shall, under any circumstances, constitute or be deemed to be a waiver, express or implied, of the same and no course of dealing between the parties hereto shall constitute a waiver of ECGRA's powers, rights or remedies. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

9.5 **Modification: Waiver.** Except as otherwise provided in this Credit Agreement, no modification or amendment hereof, or waiver or consent hereunder, shall be effective unless made in a writing signed by appropriate officers of the parties hereto.

9.6 **Headings.** The various headings in this Credit Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Credit Agreement or any provision hereof.

9.7 Notices. Any notice, request or consent required hereunder or in connection herewith shall be deemed satisfactorily given if in writing (including facsimile transmissions) and delivered by hand or by a recognized overnight delivery service or mailed (registered or certified mail) to the parties at their respective addresses or telecopier number set forth below or such other addresses or telecopier numbers as may be given by any party to the others in writing:

if to Borrower:

Daria Devlin, Executive Director
Erie Center for Arts and Technology, Inc.
P.O. Box 6214
Erie, PA 16512

if to ECGRA:

Tom Maggio, Grants Manager
Erie County Gaming Revenue Authority
5340 Fryling Road, Suite 201
Erie, PA 16510

With a copy to:

Timothy S. Wachter, Esq.
Knox McLaughlin Gornall & Sennett, P.C.
120 West 10th Street
Erie, PA 16501

9.8 Severability. If any provision of this Credit Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Credit Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

9.9 Counterparts. This Credit Agreement may be executed in any number of counterparts with the same effect as if all the signatures on such counterparts appeared on one document, and each such counterpart shall be deemed to be an original.

9.10 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS CREDIT AGREEMENT OR THE NOTE OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ECGRA OR AGENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR ECGRA ENTERING INTO THIS CREDIT AGREEMENT.

9.11 CONFESSION OF JUDGMENT. IF THERE EXISTS AN EVENT OF DEFAULT AS DEFINED IN THIS CREDIT AGREEMENT WHICH REMAINS UNCURED SIXTY (60) DAYS AFTER WRITTEN NOTICE THEREOF IS GIVEN BY ECGRA TO THE BORROWER (OF WHICH AN AFFIDAVIT ON BEHALF OF ECGRA SHALL BE

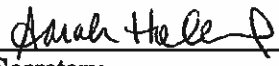
SUFFICIENT EVIDENCE) BORROWER HEREBY IRREVOCABLY AUTHORIZES AND EMPOWERS ANY ATTORNEY OR ATTORNEYS OR THE PROTHONOTARY OR CLERK OF ANY COURT IN THE COMMONWEALTH OF PENNSYLVANIA, OR ELSEWHERE, TO APPEAR FOR AND CONFESS JUDGMENT AGAINST BORROWER FOR THE AMOUNT FOR WHICH BORROWER MAY BE OR BECOME LIABLE TO ECGRA UNDER THIS CREDIT AGREEMENT OR THE NOTE AS EVIDENCED BY AN AFFIDAVIT SIGNED BY AN OFFICER OF ECGRA SETTING FORTH THE AMOUNT THEN DUE, PLUS ATTORNEYS' FEES AND COSTS OF SUIT, WITH RELEASE OF ERRORS AND WITHOUT RIGHT OF APPEAL AND FOR SO DOING THIS CREDIT AGREEMENT OR A COPY HEREOF VERIFIED BY AFFIDAVIT SHALL BE SUFFICIENT WARRANT, IT BEING AGREED THAT THE FOREGOING AUTHORIZATION IS A POWER COUPLED WITH AN INTEREST. BORROWER WAIVES THE RIGHT TO ANY STAY OF EXECUTION AND THE BENEFIT OF ALL EXEMPTION LAWS NOW OR HEREAFTER IN EFFECT. NO SINGLE EXERCISE OF THE FOREGOING WARRANT AND POWER TO CONFESS JUDGMENT SHALL BE DEEMED TO EXHAUST THE POWER, WHETHER OR NOT ANY SUCH EXERCISE SHALL BE HELD TO BE INVALID, VOIDABLE OR VOID, BUT THE POWER SHALL CONTINUE UNDIMINISHED AND MAY BE EXERCISED FROM TIME TO TIME AS OFTEN AS ECGRA SHALL ELECT UNTIL ALL OBLIGATIONS OF BORROWER TO ECGRA HAVE BEEN PAID IN FULL.

9.12 ACKNOWLEDGMENTS. BORROWER ACKNOWLEDGES THAT IT HAS HAD THE ASSISTANCE OF COUNSEL OR THE OPPORTUNITY TO BE ASSISTED BY COUNSEL IN THE REVIEW AND EXECUTION OF THIS CREDIT AGREEMENT AND, SPECIFICALLY, PARAGRAPHS 9.10 AND 9.11 HEREOF, AND FURTHER ACKNOWLEDGES THAT THE MEANING AND EFFECT OF THE FOREGOING WAIVER OF JURY TRIAL AND CONFESSION OF JUDGMENT HAVE BEEN FULLY UNDERSTOOD BY BORROWER.

IN WITNESS WHEREOF, the undersigned, by their duly authorized officers, have executed this Credit Agreement the day and year first above written.

WITNESS:

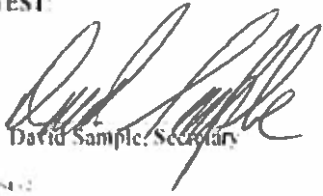
ERIE CENTER FOR ARTS AND
TECHNOLOGY, INC.

By: 
Secretary

By: 
Daria Devlin
Title: Executive Director

ATTEST:

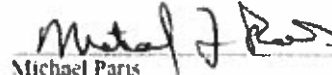
By:


David Sample, Secretary

921575402

ERIE COUNTY GAMING REVENUE
AUTHORITY

By:


Michael Paris
Title: Chairman of the Board

