

HOTEL TAX PAYMENT AGREEMENT

THIS HOTEL TAX PAYMENT AGREEMENT entered into this 1st day of February, 2000 (the "Agreement"), by and between **THE CITY OF RICHMOND, VIRGINIA**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("Richmond"); **THE COUNTY OF CHESTERFIELD, VIRGINIA**, a political subdivision of the Commonwealth of Virginia ("Chesterfield"); **THE COUNTY OF HANOVER, VIRGINIA**, a political subdivision of the Commonwealth of Virginia ("Hanover"); **THE COUNTY OF HENRICO, VIRGINIA**, a political subdivision of the Commonwealth of Virginia ("Henrico"); the **GREATER RICHMOND CONVENTION CENTER AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the "Authority"); and **NORWEST BANK MINNESOTA, N.A.**, a national banking corporation organized under the laws of the United States and having a corporate trust office in Richmond, Virginia (the "Trustee");

WITNESSETH:

WHEREAS, pursuant to the Public Recreational Facilities Authorities Act (Chapter 56, Title 15.2, Code of Virginia of 1950, as amended) (the "Act"), Richmond, Chesterfield, Hanover and Henrico (each a "Participating Jurisdiction" and collectively, the "Participating Jurisdictions") have created the Authority for, among others, the purpose of owning and operating the Greater Richmond Convention Center (the "Center") located in the City of Richmond;

WHEREAS, pursuant to the provisions of Section 58.1 - 3819 *et seq.* of the Code of Virginia of 1950, as amended (the "Code"), and Section 2.02 of Chapter 116 of the Acts of the Assembly of 1948, as amended and reenacted by Chapter 711 of the Acts of Assembly of 1998, and Article VII of the Code of the City of Richmond, Virginia (collectively, the "Hotel Tax Legislation"), the Participating Jurisdictions are authorized to levy a transient occupancy tax on hotels, motels, boarding houses, travel campgrounds and other facilities offering guestrooms rented out for continuous occupancy for fewer than thirty consecutive days (collectively referred to as the "Hotel Tax") in a maximum aggregate amount equal to eight percent (8%) of the charge for the occupancy of any room or space occupied;

WHEREAS, each Participating Jurisdiction has by appropriate ordinance begun to levy the Hotel Tax and has agreed to use the revenues collected from the Hotel Tax for the benefit of the Center;

WHEREAS, pursuant to the terms of an Indenture of Trust dated as of February 1, 2000 (the "Indenture"), between the Authority and the Trustee, the Authority will issue its \$158,415,000 Hotel Tax Revenue Bonds (Convention Center Expansion Project), Series 2000 (the "Bonds"), the proceeds of which will be used to acquire, construct, reconstruct, expand and equip the Center; and

WHEREAS, each Participating Jurisdiction, while recognizing that it is not empowered to make any binding commitment beyond the current fiscal year, desires to express its intent (a) to levy, collect and refrain from seeking the repeal or reduction of the Hotel Tax, subject to certain provisions and (b) to transfer the Tax Payments (as hereinafter defined) to the Trustee on a monthly basis, subject to the appropriation by its respective governing body of sufficient funds

for such purpose;

NOW, THEREFORE, for and in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto agree as follows:

1. Definitions. All capitalized terms contained in this Agreement and not otherwise defined shall have the meanings set forth in the Indenture, unless the context otherwise requires. In addition, the following capitalized term used herein shall have the following meaning, unless the context otherwise requires:

“Net Revenues” shall mean the sum of (a) Pledged Revenues received by the Trustee and (b) revenues derived by the Authority from the operation and use of the Center, less Operating Expenses of the Center.

“Tax Payments” shall mean the amounts equal to the Hotel Tax revenues collected by a Participating Jurisdiction and transferred to the Trustee for the account of the Authority pursuant to the terms of this Hotel Tax Payment Agreement.

2. Agreement to Levy and Collect Hotel Tax.

(a) Each Participating Jurisdiction hereby expresses its intent that, during the term of this Agreement, it shall (i) levy the Hotel Tax to the fullest extent and at the maximum rate authorized by the Hotel Tax Legislation, (ii) use its best efforts to collect no later than the 20th day of each month the Hotel Tax revenues levied for the preceding month, and (iii) not seek the repeal or reduction of the Hotel Tax, subject to the permitted actions described in subsection 2(b). The City Manager, the County Administrator or County Manager, as appropriate, shall recommend that future governing bodies continue to take such actions.

(b) Each Participating Jurisdiction hereby expresses its intent that, during the term of this Agreement, it shall not reduce the rate of the Hotel Tax levied in such jurisdiction or cease to levy and collect the Hotel Tax in such jurisdiction, and shall recommend that future governing bodies refrain from taking such actions, unless (i) the Participating Jurisdiction provides 60 days' prior notice to the Authority of the Participating Jurisdiction's intent to take any of such actions and (ii) the Trustee notifies the Participating Jurisdiction that it has received (A) a written certificate of the Chairman or the Vice Chairman of the Authority stating that the total amount of Pledged Revenues received and deposited in the Revenue Fund for the immediately preceding two Fiscal Years was at least 1.5 times the maximum Annual Debt Service due (taking into account the loss of Pledged Revenues that would result from the proposed action by such jurisdiction to reduce the rate of the Hotel Tax levied in such jurisdiction or cease to levy and collect the Hotel Tax in such jurisdiction) and (B) a written certificate of a Qualified Independent Consultant projecting that (1) the total amount of Net Revenues to be received during the immediately succeeding two Fiscal Years is expected to meet or exceed 1.1 times the maximum aggregate Annual Debt Service anticipated to be due (taking into account the loss of Pledged Revenues that would result from the proposed actions by such jurisdiction to reduce the rate of the Hotel Tax levied in such jurisdiction or cease to levy and collect the Hotel Tax in such jurisdiction) and (2) the total amount of Pledged Revenues to be received and deposited in the

Revenue Fund for the immediately succeeding two Fiscal Years is expected to meet or exceed 1.5 times the maximum aggregate Annual Debt Service anticipated to be due (taking into account the loss of Pledged Revenues that would result from the proposed actions by such jurisdiction to reduce the rate of the Hotel Tax levied in such jurisdiction or cease to levy and collect the Hotel Tax in such jurisdiction).

(c) If, at any time after a Participating Jurisdiction has taken any action permitted in subsection 2(b), the Authority presents a written certificate of the Chairman or the Vice Chairman of the Authority stating that either (i) the total amount of Pledged Revenues received and deposited in the Revenue Fund for the immediately preceding Fiscal Year was less than 1.5 times the maximum Annual Debt Service due or (ii) the total amount of Net Revenues received during the immediately preceding Fiscal Year was less than 1.1 times the maximum aggregate Annual Debt Service due, then the City Manager, the County Administrator or County Manager, as appropriate, of such Participating Jurisdiction shall recommend to the then current governing body of such Participating Jurisdiction that it increase or reinstate the Hotel Tax levied in such Participating Jurisdiction at a rate that is equal to the maximum rate authorized by the Hotel Tax Legislation. The Authority shall send to all other Participating Jurisdictions a copy of any certificate presented to one Participating Jurisdiction as described in this subsection (c).

3. Transfer of Tax Payments. Subject to the limitations of paragraph 5 below, each Participating Jurisdiction agrees to transfer the Tax Payments to the Authority no later than the 15th day of each month. Such transfers shall be made to the Trustee for the account of the Authority by wire transfer or as otherwise instructed by the Authority.

4. Annual Budget. Each Participating Jurisdiction covenants that it shall deliver to the Authority not later than April 1 of each year a projection of the Tax Payments to be made by such Participating Jurisdiction for each month of the immediately succeeding fiscal year. The Authority covenants that on or before May 1 of each year it shall file with each Participating Jurisdiction, the Trustee and the Fiscal Agent a proposed budget for the Authority including the projected monthly Tax Payments to be made by each Participating Jurisdiction during the immediately succeeding fiscal year.

5. Subject to Appropriation.

(a) Notwithstanding anything in this Agreement to the contrary, the obligation of each Participating Jurisdiction to transfer any amounts under this Agreement to the Trustee shall be subject to and dependent upon appropriations being made from time to time by the respective governing body of each Participating Jurisdiction for such purpose; provided, however, that the City Manager, County Administrator or County Manager, as appropriate, shall include in the proposed budget for each fiscal year of such Participating Jurisdiction an appropriation to the Authority in an amount equal to the Hotel Tax revenues budgeted to be collected during such fiscal year.

(b) Throughout the term of this Agreement, the City Manager, County Administrator or County Manager, as appropriate, shall deliver to the Authority and the Trustee

within 10 days after adoption of the annual budget for each fiscal year of such Participating Jurisdiction, but not later than the first day of the fiscal year of such Participating Jurisdiction, a certificate stating whether the respective governing body of such Participating Jurisdiction has included in its annual budget a payment to the Authority in an amount equal to the Hotel Tax revenues budgeted to be collected during such fiscal year. If a Participating Jurisdiction has not included in its annual budget such a payment to the Authority, the governing body of such Participating Jurisdiction shall take a roll call vote immediately after adoption of such annual budget acknowledging the impact of its failure to include such a payment in its annual budget. If, by 15 days after the beginning of such Participating Jurisdiction's fiscal year, the governing body of the Participating Jurisdiction has not appropriated to the Authority an amount equal to the Hotel Tax revenues budgeted to be collected during the then current fiscal year, the City Manager, County Administrator or County Manager, as appropriate, shall give written notice to the governing body of such Participating Jurisdiction setting forth the consequences of such Participating Jurisdiction's failure to appropriate, including the possible effects upon the Authority's ability to pay debt service due on the Bonds, and request the governing body to consider a supplemental appropriation for such purposes.

(c) If at any time during any fiscal year, the aggregate amount of Hotel Tax revenues collected by a Participating Jurisdiction during such fiscal year exceeds the aggregate amount of Tax Payments budgeted and appropriated by the respective governing body of such Participating Jurisdiction to the Authority for such fiscal year, then the City Manager, County Administrator or County Manager, as appropriate, shall submit to the governing body of such Participating Jurisdiction at its next regularly scheduled meeting or as promptly as practicable, but in any event within thirty (30) days, a request for an amendment to the budget of the then current fiscal year and an additional appropriation that will provide sufficient moneys to cover such difference. The City Manager, County Administrator or County Manager, as appropriate, shall deliver to the Authority and the Trustee within five (5) days after such meeting of the governing body a certificate stating whether the governing body has taken action to provide to the Authority an amount equal to the excess amount of Hotel Tax revenues collected over the amount budgeted.

(d) While recognizing that it is not empowered to make any binding commitment beyond the current fiscal year to make Tax Payments to the Authority, each Participating Jurisdiction hereby expresses the intent of its respective governing body to take all necessary actions, including making annual or supplemental appropriations, to transfer the Tax Payments to the Authority.

(e) Notwithstanding that a Participating Jurisdiction may have budgeted and appropriated to the Authority a certain amount (as may be revised pursuant to Section 5(c)) in a particular fiscal year, if the actual amount of Hotel Tax revenues collected by such Participating Jurisdiction is less than the amount budgeted and appropriated, the Participating Jurisdiction shall be obligated to pay to the Authority only such lesser amount.

6. Agreement to Apply Tax Payments. The Authority covenants to apply the amount of Tax Payments received from each Participating Jurisdiction under this Agreement in

accordance with the provisions of the Indenture and for no other purpose.

7. Agreement to Provide Certain Information. The Authority covenants to provide to the Fiscal Agent no later than the fifteenth day of each month a report detailing the estimated amount of Tax Payments received during the preceding month from each Participating Jurisdiction and, on July 15, to provide, in addition, information detailing for the preceding fiscal year of the Authority estimates of (a) the aggregate amount of Operating Expenses of the Authority, (b) the aggregate amount deposited in the Bond Fund, the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund, (c) the aggregate amount of revenues derived from the use and operation of the Center and (d) the aggregate amount of investment earnings on the funds and accounts established under the Indenture.

8. Term of Agreement. This Agreement shall remain in full force and effect until all Bonds have been paid or deemed no longer outstanding under the Indenture.

9. Amendments. This Agreement may be amended, supplemented or modified only in a writing consented to by all of the parties hereto.

10. Governing Law. This Agreement is to be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

11. Severability. If any clause, provision or section of this Agreement shall be held to be illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement.

12. Notices. Until otherwise provided by any of the parties hereto, all demands, notices, approvals, consents, requests and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed:

(a) if to Richmond, at 900 East Broad Street, Richmond, Virginia 23219 (Attention: City Manager);

(b) if to Chesterfield, at P.O. Box 40, Chesterfield, Virginia 23832 (Attention: County Administrator);

(c) if to Hanover, at 7497 County Complex Road, P.O. Box 470, Hanover, Virginia 23069 (Attention: County Administrator);

(d) if to Henrico, at 4301 Parham Road, Richmond, Virginia 23238 (Attention: County Manager);

(e) if to the Authority, at 900 East Broad Street, Richmond, Virginia 23219 (Attention: Chairman); and

(f) if to the Trustee, at 10710 Midlothian Turnpike, Suite 100, Richmond, Virginia 23235 (Attention: Corporate Trust Department).

Any Participating Jurisdiction, the Authority and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests and other communications shall be sent or persons to whose attention the same shall be directed.

13. Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

14. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

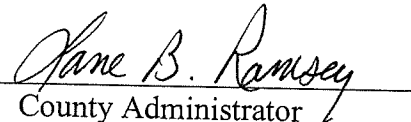
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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and effective as of the date first written above by their duly authorized representatives.

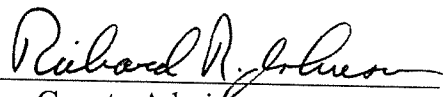
CITY OF RICHMOND, VIRGINIA

By: 
City Manager

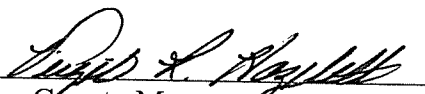
COUNTY OF CHESTERFIELD, VIRGINIA

By: 
County Administrator


COUNTY OF HANOVER, VIRGINIA

By: 
County Administrator


COUNTY OF HENRICO, VIRGINIA

By: 
County Manager

**GREATER RICHMOND CONVENTION
CENTER AUTHORITY**

By: 
Chairman

**NORWEST BANK MINNESOTA, N.A.,
as Trustee**

By: 

Its: Assistant Vice President