LEASE AND OPERATING AGREEMENT

THIS LEASE AND OPERATING AGREEMENT, made and entered into this 1st day of January 2001, by and between the CITY OF LYNCHBURG, a municipal corporation of the Commonwealth of Virginia, hereinafter referred to as the "CITY", and LYNCHBURG REGIONAL CHAMBER OF COMMERCE, a Virginia Corporation, hereinafter referred to as the "LRCC".

WITNESSETH:

WHEREAS, the CITY is the owner and former operator of a public facility known as the Visitors Information Center that is currently located at 216 12th Street, Lynchburg, Virginia:

WHEREAS, the CITY desires to further enhance travel and tourism in Lynchburg by transferring the operation of the Visitors Information Center and the management of the Lynchburg Regional Convention & Visitors Bureau to the LRCC; and

WHEREAS, the LRCC desires to continue the operation of the Visitors Information Center and the management of the Lynchburg Regional Convention & Visitors Bureau;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the parties do hereby mutually covenant and agree as follows:

I. PREMISES:

The CITY hereby demises, leases and rents unto the LRCC, and the LRCC hereby takes, accepts and rents from the CITY, the Visitors Information Center building located at 216 12th Street, Lynchburg, Virginia (hereinafter referred to as the "Premises"), and the surrounding grounds. Title to the leased premises during the term of this Lease and Operating Agreement (hereinafter referred to as the "Agreement") shall remain in the CITY.

II. TERM:

This Agreement shall be for a term of five (5) years beginning on the 1st day of January, 2001 and ending on the 31st day of December, 2005. Upon termination of this Agreement, the LRCC shall

promptly and in good condition, surrender the Premises to the CITY, ordinary wear and tear excepted.

III. RENTAL:

The LRCC agrees to pay the CITY the sum of one dollar ($1.00) per year payable upon the first day of each year as rental for the Premises.

IV. TOURISM ADVISORY COUNCIL:

As part of this Agreement, the parties hereto agree to continue the Tourism Advisory Council (TAC) that was previously established by the CITY and LRCC. The Tourism Advisory Council will continue to be responsible for advising the LRCC on the operation of the Lynchburg Regional Convention & Visitors Bureau for the purpose of developing travel and tourism in the Lynchburg area. Although the LRCC will maintain authority over and responsibility for the tourism operation, it will delegate primary review of the Lynchburg Regional Convention & Visitors Bureau decisions to the Tourism Advisory Council. Those decisions shall include, but not be limited to, advertisement placement, advertisement design, design of printed materials, and development of a marketing plan (action plan). The Tourism Advisory Council will also advise the LRCC on administrative issues which it believes are impacting the Lynchburg Regional Convention & Visitors Bureau. The Tourism Advisory Council will serve in a solely advisory capacity on administrative policy issues. The Board of Directors of the LRCC and its President will be responsible for the development of the overall budget of the Lynchburg Regional Convention & Visitors Bureau, hiring and supervising of employees, and the day-to-day operation of the Visitors Information Center and the Lynchburg Regional Convention & Visitors Bureau.

The CITY and the LRCC shall select six (6) members each to serve on the Tourism Advisory Council. One (1) of the CITY's six (6) members shall be the CITY-funded Director of Economic

Development, which individual shall also serve as the liaison between the CITY, the Tourism Advisory Council and the LRCC for the purposes of this Agreement.

The LRCC's Chairman will be responsible for appointing the Chairman of the Tourism Advisory Council from its twelve (12) members, whose term will be one (1) year. Tourism Advisory Council members will serve three (3) year terms with initial appointments designed to establish a rotation of one-third (1/3) of the Tourism Advisory Council members annually.

V. OPERATING FUNDS AND REPORTS:

A. (i) The CITY will advance LRCC operating funds to be used by the LRCC for the administration and operation of the Visitors Information Center and the Lynchburg Regional Convention & Visitors Bureau. The advances will be calculated on an annual base contribution by the CITY of $180,000. The operating funds will be paid to LRCC in advance in four equal quarterly payments.

(ii) Each year the CITY agrees to supplement the base figure with (a) a fifteen thousand dollar ($15,000) contribution which LRCC will use to hire and develop a comprehensive, on-going advertising campaign and (b) a fifteen thousand ($15,000) contribution which LRCC will use to promote Lynchburg as a center for sporting events in Virginia. LRCC can request payment of these contributions after July1 of each calendar year. The contributions will be paid to LRCC within 30 days after LRCC submits a written request for payment. The two fifteen thousand dollar ($15,000) contributions are stand alone programs. By February 1 of each year LRCC will file an annual report with the CITY for the proceeding year outlining the accomplishments and benefits to the public from these two programs. If the CITY decides the public is not receiving the anticipated benefits from these programs the CITY may discontinue either or both of the fifteen thousand dollar ($15,000) supplements.

(iii) The annual base figure [paragraph (i) above], the two fifteen thousand dollar ($15,000) contributions [paragraph (ii) above], and 50% of any growth in the CITY'S revenues from lodging taxes in excess of $680,000 that were collected by the CITY during the previous fiscal year will be the CITY'S contribution to be paid to LRCC. Until June 30, 2001, the lodging taxes contribution will be paid at a rate of $78,208 per quarter. Beginning July 1, 2001 the lodging taxes contribution will be paid quarterly in advance. For the period beginning July 1, 2001 and ending June 30, 2002 the lodging taxes contribution will be calculated on the amount of lodging taxes actually collected by the CITY for the previous fiscal year ending June 30, 2000. For the period beginning July 1, 2002 and ending June 30, 2003 the lodging taxes contribution will be calculated on the amount of lodging taxes actually collected by the CITY for the previous fiscal year ending June 30, 2001. For the period beginning July 1, 2003 and ending June 30, 2004 the lodging taxes contribution will be calculated on the amount of lodging taxes actually collected by the CITY for the previous fiscal year ending June 30, 2002. For the period beginning July 1, 2004 and ending June 30, 2005 the lodging taxes contribution will be calculated on the amount of lodging taxes actually collected by the CITY for the previous fiscal year ending June 30, 2003. For the period beginning July 1, 2005 and ending December 31, 2005 the lodging taxes contribution will be calculated on the amount of lodging taxes actually collected by the CITY for the previous fiscal year ending June 30, 2004.

(iv) Beginning July 1, 2000, and extending for the duration of this agreement, the CITY will collect a $1.00 per-night-per-rented room use fee from each commercial lodging facility. Thirty (30) percent of the funds collected will be forwarded to LRCC. The CITY and LRCC will determine a payment schedule for the thirty (30) percent of funds collected.

B. Within 30 days after the end of each quarter LRCC shall file quarterly reports with the CITY which shall include information and statistics from the Visitors Information Center, room

counts from participating hotels, spread sheet contacts, Virginia Retail Sales with area comparisons, the activities of the Director and Group Sales Manager, an update on the activities of the Sports Capital of Virginia, etc. By February 1 of each year LRCC will file an annual report with the CITY for the preceding year updating and summarizing the information contained in the quarterly reports. Expenses, budget program progress, anticipated revenues, and work program/action plan will be reviewed and discussed at such other times as LRCC Board and the CITY Council deem appropriate.

VI. VISITORS INFORMATION CENTER LOCATION:

The Visitors Information Center shall continue to be operated at the existing location or such other location as may be agreed upon by the CITY and LRCC.

VII. LYNCHBURG REGIONAL CONVENTION & VISITORS BUREAU EMPLOYEES:

The LRCC shall operate the Visitors Information Center at a sufficient staffing level that will enable it to adequately fulfill its responsibilities under this Agreement and to maintain its status as a State certified Visitors Information Center. The LRCC agrees that all LRCC employees staffing the Visitors Information Center and working with the Lynchburg Regional Convention & Visitors Bureau, if otherwise eligible, shall be provided with the insurance and retirement benefits which are provided to other LRCC employees.

VIII. VISITORS INFORMATION CENTER FURNITURE AND EQUIPMENT:

The CITY has furnished LRCC with the furniture and equipment listed on Schedule "A", attached to this Agreement and by this reference made a part hereof. Title to said furniture and equipment still on the Premises at the expiration of this Agreement, remains with the CITY. The CITY is under no obligation to provide additional furniture or equipment or to replace existing furniture or equipment. Any furniture or equipment acquired or replaced by the LRCC for use on the Premises during the term of this Agreement shall belong to the LRCC.

IX. MAINTENANCE, REPAIRS AND IMPROVEMENTS AT VISITORS INFORMATION CENTER:

A. The LRCC has inspected the Premises and agrees to accept the same in the condition in which the Premises now are.

B. While the CITY shall have the right to enlarge or improve the Premises during the term of this Agreement, the CITY shall be under no duty or obligation to do so.

C. The LRCC shall not make any improvements or alterations to the Premises without the prior written approval of the CITY. Said improvements or alterations, if approved by the CITY are to be made at the expense of the LRCC unless otherwise agreed to by the CITY. Any improvements or alterations made to the Premises by the LRCC during the term of this Agreement must first be approved by the CITY, shall become the property of the CITY, and may not be removed from the premises without the prior written approval of the CITY.

D. During the term of this Agreement, the CITY will provide routine day-to-day janitorial services and maintenance of the Premises and surrounding grounds at the LRCC's expense, at a mutually determined cost. The CITY will be responsible for all major repairs (i.e., repairs costing in excess of $1,500) to the Premises. The LRCC will be responsible for all necessary maintenance, repair or replacement of the furniture and equipment listed on Schedule "A".

E. For the purpose of performing its responsibilities hereunder, the CITY shall have the right to enter upon the Premises at such times as the CITY, in its sole discretion, deems necessary, and such right shall include the right to store on the Premises the parts, equipment, and materials necessary to perform such responsibilities.

F. The LRCC shall secure the Premises during and after each daily use, including, without limitation, locking all windows and doors and extinguishing all lights and all other electrical

appliances, and taking all appropriate security measures both during and after the LRCC's regular office hours.

X. VISITORS INFORMATION CENTERS' UTILITIES

The electric meter for the Premises will remain in the CITY's name. The CITY will pay for normal and reasonable electric usage and the LRCC will reimburse the CITY for the cost of such electrical usage within thirty (30) days after receiving a bill from the CITY.

The LRCC shall pay for all telephone and utility charges and all utility equipment arising from and needed for its use of the Premises.

XI. ASSIGNMENT OR TRANSFER OF AGREEMENT:

If the premises shall be damaged or destroyed by fire, the elements, the public enemy or other casualty to the extent that the Premises becomes untenantable, the CITY shall have the option, at is sole discretion, of repairing the premises or canceling this Agreement without further obligation to the LRCC.

The CITY shall not be liable for any damage to or loss of any LRCC property or the property of any of its agents or employees, which is brought onto the Premises regardless of how such damage or loss may occur. It is expressly agreed and understood that the LRCC, its agents and employees, in placing their property in and on the premises, do so at their own risk.

XIII. INSURANCE AND INDEMNIFICATION FOR VISITORS INFORMATION CENTER:

A. The CITY shall provide for all risk fire and casualty insurance coverage on the improvements, additions, alterations and fixtures made to the Visitors Information Center Premises in the amount of their full insurable replacement value.

B. If the LRCC desires insurance against loss or damage by fire (multi-peril coverage) to cover its property located on the Premises including merchandise, inventory, equipment and business property, it shall be the LRCC's obligation to obtain and maintain such insurance.

C. Any provision in this Agreement to the contrary notwithstanding, the CITY and LRCC, to the extent that each are authorized so to do by the terms and provisions of any fire insurance policy or policies covering their respective properties located on the premises, hereby waive any and all rights to recover from the other and from their agents, servants and employees, for any loss or damage from risks ordinarily insured against under a standard fire insurance policy with extended coverage, but only to the extent that such loss or damage is covered by an insurance policy or policies in force and is collected by the CITY and LRCC, as the case may be. The CITY and LRCC each covenant and agree that they will, if a waiver of subrogation clause is not already part of their respective fire insurance policies, on or before the effective date of this Agreement, request their respective insurance companies to issue and attach to such polices a waiver of subrogation clause with respect to the other party, their agents, servants and employees.

D. The LRCC shall indemnify and hold harmless and assume the defense of the CITY, its agents, employees, and officials, from any and all liability, expenses, or claims which may be recovered from, or sought to be recovered from the CITY its employees, officials, and agents by reason of or on account of any property damage, injury, sickness or death of any person, which property damage, injury, sickness or death arising from the LRCC's use and operation of the Premises and the Lynchburg Regional Convention & Visitors Bureau. To effect the same, the LRCC agrees, at its expense, to obtain and keep in full force and effect at all times during its use and occupancy of the Premises, comprehensive liability insurance naming the CITY, its agents, employees and officials, as an additional insured, in the amount of $1,00,000.00 per accident

insuring the CITY from the LRCC's use of the Premises. The LRCC further agrees to deliver to the CITY a copy of said insurance policy and a certificate of insurance showing the same to be in full force and effect. The insurance policy shall contain provisions requiring in the case of cancellation that the CITY be given thirty (30) days prior notice of such cancellation. The insurance required hereunder shall be primary and any insurance or self insurance maintained by the CITY shall be in excess of and shall not contribute with any insurance provided by the LRCC under this Agreement. Any deductibles or self-insured retentions applicable to required coverage shall be paid by the LRCC, and the CITY shall not be required to participate therewith. The LRCC waives all rights of subrogation against the CITY. In order to comply with this paragraph, the LRCC may add the CITY to its current insurance coverage rather than obtaining new insurance coverage, if that coverage meets the above requirements in all other respects.

XIV. NONDISCRIMINATION:

The LRCC agrees that in the use and operation of the Visitors Information Center Premises and the Lynchburg Regional Convention & Visitors Bureau, it will not, on the grounds of race, color, sex or national origin, discriminate or permit discrimination against any person or groups of persons. Furthermore, the LRCC agrees that it will not discriminate against and will make reasonable efforts to accommodate persons with disabilities as required by the Americans with Disabilities Act.

XV. NOTICE:

Notices to the LRCC under this Agreement shall be sufficient if sent, by registered mail, postage prepaid, addressed to President, c/o Lynchburg Regional Chamber of Commerce, P.O. Box 2027, Lynchburg, Virginia 24501, or to such other persons as the LRCC may designate in writing from time to time. Notices to the CITY shall be sufficient if mailed, by registered, postage prepaid,

addressed to the City Manager, P.O. Box 60, Lynchburg, Virginia 24505, or to such other persons as the CITY may designate in writing from time to time.

XVI. GENERAL PROVISIONS:

A. Marginal headings contained in this agreement are for convenience only and shall not be considered to amplify, relate, modify or otherwise affect any of the terms, provisions or conditions of this Agreement.

B. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

C. All terms and conditions with respect to this Agreement are expressly contained herein, and both parties agree that no representative or agent of the CITY or the LRCC have made any representation or promise with respect to this Agreement not expressly contained herein.

D. In the event that any provision of this Agreement shall be construed to be invalid or unenforceable, then the remaining portions shall remain in full force and effect.

E. The LRCC agrees to observe and obey during the term of this Agreement all federal, state and local laws, ordinances, rules and regulations currently in force or subsequently adopted for the operation of the Visitors Information Center.

F. In the event the LRCC fails to perform any of the terms and conditions required by this Agreement and fails to remedy such default within a period of thirty (30) days after receipt from the CITY of a written notice to remedy the same, the CITY shall have the right to cancel this Agreement without additional notice to the LRCC. No waiver of default by the CITY of any of the terms or conditions of this Agreement to be kept or performed by the LRCC shall be considered to be or act as a waiver in the event of any subsequent default of such terms and conditions by the LRCC.

IN TESTIMONY WHEREOF, the CITY has caused its name to be hereunto subscribed by Walter C. Erwin, III, its acting City Manager, and attested by Patricia W. Kost, its Clerk of Council; and the LRCC has caused its name to be hereunder subscribed by Robert E. Clarke, its Chairman, attested by _____, its _____, all as of the day and year first above written.

CITY OF LYNCHBURG

By: Walter C. Erwin
Walter C. Erwin, III
Acting City Manager

ATTEST: Patricia W. Kost
Clerk of Council

LYNCHBURG REGIONAL CHAMBER
OF COMMERCE

By: Robert E. Clarke
Robert E. Clarke
Chairman of the Board

~~ATTEST: _____~~
~~_____, TITLE~~

COMMONWEALTH OF VIRGINIA,

CITY OF LYNCHBURG, to-wit:

The foregoing document was acknowledged before me this 4th day of January, ~~2000,~~ 2001 by WALTER C. ERWIN, III and PATRICIA W. KOST, acting City Manager and Clerk of Council, respectively, for the CITY OF LYNCHBURG.

Carole H. Bowen
Notary Public

My commission expires: February 28, 2004.

COMMONWEALTH OF VIRGINIA:

CITY OF LYNCHBURG, to-wit:

The foregoing document was acknowledged before me this 13 day of December, 2000, by Robert E. Clarke and _____, Chairman of the Board and _____, respectively, for the LYNCHBURG REGIONAL CHAMBER OF COMMERCE.

Notary Public
Elizabeth P. J. Kent
Commissioned as Elizabeth P. Johnso

My commission expires: 3/31/04

SCHEDULE A

VIC PROPERTY INVENTORY

JANUARY 30, 1998

1. Computer Stand (desk, hutch, printer stand, corner adapter)
2. Desk - standard metal desk
3. Telephones – 2 Executone
4. Calculators – 2
5. Storage cabinet
6. Microwave (Panasonic)
7. Three shelf bookcase (built by P. Srvs.)
8. Metal storage cabinet (now in basement)
9. Refrigerator (Goldstar
10. 2 Chairs (in supvsr's office – one at desk; one at comp.)
11. 2 Deacon's benches
12. 3 arm chairs (in front of VCR)
13. Table w/ drawer (in lobby)
14. Step stool (3 step)
15. Dehumidifier (basement)
16. Ladder (5 step, in basement)
17. 4 Drawer file cabinet (Cole, in basement)
18. Display booth
19. IBM Selectric II typewriter (black, in basement)
20. 2 Ashtray/trashcans
21. Paper Cutter