

## MEMORANDUM OF UNDERSTANDING

THIS Memorandum of Understanding (the "MOU") is made as of October 10, 2018, by and between the Pennsylvania Dutch Convention & Visitors Bureau (PDCVB) doing business as Discover Lancaster and the LANCASTER COUNTY CONVENTION CENTER AUTHORITY ("LCCCA").

### Background

Discover Lancaster is the appointed tourist promotion agency for the County of Lancaster, Pennsylvania, with its principal place of business as 501 Greenfield Road, Lancaster, Pennsylvania 17601.

A. LCCCA, pursuant to the authority set forth in the "Third Class County Convention Center Authority Act", undertook a project (the "Project"), consisting of, among other things, the following: (1) funding the design, acquisition, construction, furnishing and equipping of a multi-purpose convention center facility and related and ancillary facilities (the "Convention Center Unit"); (2) establishing and funding of necessary reserves and other funds; and (3) funding the costs and expenses of issuance of the bonds issued to finance the Project.

B. Discover Lancaster and LCCCA are parties to a collaboration agreement established by Resolution 39 of 2014, which was enacted by the County of Lancaster on July 1, 2014 ("Resolution No. 39"), which, among other things, established procedures to ensure continued marketing of the Lancaster County Convention Center ("Convention Center"), directed payment of County hotel room rental tax ("HRRT") to LCCCA, and which provided for the County to guarantee LCCCA bonds required to finance the Project.

C. On or about July 23, 2014, and pursuant to the terms of Resolution No. 39, PDCVB, now doing business as Discover Lancaster, executed an irrevocable letter to the Lancaster County Treasurer directing that one hundred percent (100%) of HRRT revenues be provided to LCCCA until June 2019. A copy of the irrevocable letter is attached hereto as Exhibit "A".

D. The enactment of the Tax Cuts and Job Act (TCJA) on or about December 22, 2017, has resulted in increased interest rates and payments owed by LCCCA pursuant to the terms of the LCCCA Bond Documents (as defined in Resolution No. 39).

E. Wells Fargo Bank, N.A. ("the Bank") is the purchaser of all bonds identified as part of the LCCCA Bond Documents in Resolution No. 39, including those issued in 2014. The bonds, indentures, agreements and all other documents executed as a consequence of Resolution No. 39 are referred to herein as "LCCCA Bond Documents."

F. The Bank's term sheet is contingent on a County guarantee and continued direction of HRRT revenues to LCCCA.

G. LCCCA and Discover Lancaster acknowledge and agree that the continued financial stability of the Convention Center to be provided by extending financial commitments through December 31, 2023, is important to the marketability of the Convention Center and, in turn, the promotion and attraction of business, industry, commerce and tourism within Lancaster County.

H. The promotion and attraction of business, industry, commerce and tourism within the County is essential to the respective missions of LCCCA and Discover Lancaster, and therefore the acceptance of a new term sheet by the LCCCA is desirable and valuable to each entity.

I. The purpose of this MOU is to memorialize the understanding of the LCCCA and Discover Lancaster regarding adjustment of the LCCCA's Furniture, Fixtures and Equipment and Capital Reserve funding scheduled, set forth in paragraph 1.2.1.6 through 1.2.1.9 of Resolution No. 39, and to extend Discover Lancaster's commitment to directing HRRT revenues to LCCCA through December 31, 2023.

### **Agreement**

**NOW THEREFORE**, in consideration of the benefits to be received by each party from the arrangements set forth herein, other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties agree as follows:

1. **Incorporation of Background.** The foregoing Background is incorporated into this Agreement as if stated in full herein.

2. **Definitions.** All capitalized terms not otherwise defined in this MOU shall have the meaning assigned to them in Resolution No. 39.

3. **Future Marketing Commitment of the LCCCA.**

A. **Payments to Convention Center Unit Operator.** LCCCA's obligation to make annual payments in the amount of Thirty-Five Thousand (\$35,000.00) to the Convention Center Unit's operator (as defined in Resolution No. 39) for the purpose of targeted marketing activities for Priority 1 and Priority 2 events (as defined in paragraph 6.1.1 and paragraph 6.1.2 of Resolution No. 39), as set forth in paragraph 1.1.1 and paragraph 1.1.4 of Resolution No. 39, shall extend, through December 31, 2023.

B. **Marketing budget.** The LCCCA shall transfer the available funds for marketing and sales expenses for Priority 1 and Priority 2 events, in the amounts set forth herein.

2019	\$308,000.00
2020	\$326,000.00
2021	\$382,520.00
2022	\$440,170.00
2023	\$448,974.00

The amounts set forth herein shall be in addition to any other marketing operations established and maintained by the LCCCA in its annual budget.

C. **LCCCA's Furniture, Fixtures and Equipment and Capital Reserve Account.** The LCCCA's reserve funding schedule shall be as follows for the years provided, the monies for which shall be deposited into an FF&E and Capital Reserve Account owned and maintained by the LCCCA:

2018	\$1,100,000.00
2019	\$1,200,000.00
2020	\$1,200,000.00
2021	\$1,000,000.00
2022	\$1,000,000.00
2023	\$1,000,000.00



This schedule may be modified to maintain the required quality standards in the existing Convention Center Unit and common elements of the condominium, as set forth in the Declaration of Condominium, last amended by the Amended and Restated Declaration of Condominium, recorded at Document No. 6330807 in the Office of the Recorder of Deeds for Lancaster County.

4. **HRRT Contribution of Discover Lancaster.** On or before October 15, 2018, Discover Lancaster shall execute and deliver an irrevocable letter to the County Treasurer, directing one hundred percent (100%) of HRRT revenues to the LCCCA for the period beginning July 1, 2019 through December 31, 2023. This is an extension of for fifty-four (54) months from the provisions described in paragraph 2.1 of Resolution No. 39.

A. If for any reason during this period, Discover Lancaster receives funds for payment of HRRT revenues from any entity, Discover Lancaster agrees to endorse said check over and deliver same to the LCCCA within two (2) business days.

B. If, as of December 31, 2019, 2020, 2021, 2022 and/or 2023 (i) the funds and/or cash equivalents on deposit by LCCCA under the LCCCA Bond Documents exceed Five Million Seven Hundred and Fifty Thousand Dollars (\$5,750,000.00), after payment of all obligations of the LCCCA then due and owing (including, but not limited to, those as set forth more fully in this MOU and all LCCCA Bond Documents) and (ii) the LCCCA certifies in writing that it is not in breach of this MOU or LCCCA Bond Document, then the LCCCA shall notify the Trustee to remit payment of the lesser of (i) any funds in excess of \$5,750,000.00 to Discover Lancaster and (ii) an amount not to exceed the equivalent of twenty (20%) percent of the HRRT revenues for that year.

C. Any payment made pursuant to paragraph 4.B by the LCCCA/Trustee shall be made no later than January 15 each year.

5. **Entire Agreement; Amendment.** This MOU and the documents referred to herein and to be delivered pursuant hereto constitute the entire agreement between the parties pertaining to the subject matter hereof, and – except as expressly otherwise provided herein – supersede all prior agreements, understandings, negotiations and discussions of the parties, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein or in the documents referred to herein and to be delivered pursuant hereto. No amendment, supplement, modification or waiver of this MOU or any terms shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this MOU shall be deemed or shall constitute a waiver of any other provision of this MOU, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

6. **Governing Law.** This MOU is subject to ~~and shall be construed and interpreted according to the laws~~ of the Commonwealth of Pennsylvania.

7. **Assignment.** This MOU shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

8. **Notices.** All notices to be given by either party to the other shall be in writing and shall be effective upon receipt, and may be delivered or mailed by certified mail, return receipt requested, postage prepaid, or sent by a nationally recognized overnight carrier addressed as set forth below.

To LCCCA :

Lancaster County Convention Center Authority

Attn: Executive Director

25 South Queen Street

Lancaster, Pennsylvania 17603

To Discover Lancaster:  
Discover Lancaster  
Attn: President  
501 Greenfield Road  
Lancaster, Pennsylvania 17601

9. **Counterparts; Headings.** This MOU may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute one and the same agreement. The section and paragraph headings in this MOU are inserted for convenience of reference only and shall not constitute a part of this MOU.

10. **Severability.** If any provision, clause or part of this MOU, or the application thereof under certain circumstances, is held invalid, the remainder of this MOU, or the application of such provision, clause or part under other circumstances, shall not be affected thereby.

11. **No Reliance.** The parties hereto assume no liability to any person not a party to this MOU because of any reliance on the representations, warranties and agreements of the parties contained herein; no person shall be a third party beneficiary of this MOU.

12. **Due Execution.** This MOU has been executed and delivered pursuant to a resolution of the Board of Directors of each of LCCCA and Discover Lancaster duly adopted and the person executing this MOU has been duly authorized to do so.

ATTEST:

DISCOVER LANCASTER

By: *Janet Wing*

By: *[Signature]*

Title: *Exec. Asst.*

Title: President

ATTEST:

LANCASTER COUNTY CONVENTION  
CENTER AUTHORITY

By: *Margaret Davis*

By: *Sharon V. Nelson*

Title: *LCCC Business Manager*

Title: Board Chair, LCCCA