

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF FORT WORTH AND
FORT WORTH CONVENTION AND VISITORS BUREAU**

This Memorandum of Understanding ("MOU") is made and entered into by and between **Fort Worth Convention and Visitors Bureau** ("Bureau"), a Texas non-profit corporation, acting by and through its duly authorized representative, and the **City of Fort Worth** ("City"), a Texas home-rule municipal corporation, acting by and through its duly authorized Assistant City Manager, to document the impact of certain City Council actions on the funding to be provided to the Bureau under Fort Worth City Secretary Contract No. 44949. City and Bureau may be referred to herein individually as a "Party" or collectively as the "Parties."

SECTION 1

Background and Purpose of MOU

1.1. Background.

- a. In 2013, the City entered into a new agreement with the CVB to provide marketing and promotional services to raise awareness of the City as a business and leisure destination (M&Cs C-26483, C-26493; Fort Worth City Secretary Contract No. 44949). The core marketing services are funded through an allocation of 47% of "Tax Collections." The concept of Tax Collections is defined as revenue that (i) has been generated by the City's 7% local hotel occupancy tax (HOT) and (ii) is not designated for another purpose.
- b. On October 22, 2013, City Council adopted Ordinance 21011-10-2013, which designated Project Financing Zone No. One (the "PFZ" or "Zone"). As designated, the Zone encompasses a three-mile area around dual radii consisting of two identified "qualified projects" – the Fort Worth Convention Center and a proposed Multipurpose Arena to be located at the intersection of Harley Avenue and Gendy Street.
- c. On August 4, 2015, the Fort Worth City Council adopted an initial funding plan for the planned Multipurpose Arena, adjacent facilities, and related infrastructure (collectively, the "Arena Project") (Resolution No. 4498-08-2015). That plan is predicated on a portion of the future incremental growth in local HOT revenue being available for use in funding the Arena Project.
- d. On December 1, 2015, the Fort Worth City Council dedicated a portion of incremental growth in revenue from the City's 7% HOT for eligible special projects. Incremental HOT revenue generated by hotels inside the Zone will be dedicated to special projects. Incremental HOT revenue generated by hotels outside the Zone will continue to be programmed in accordance with past practices.

1.2. Purpose. This MOU represents the intent of the Parties to memorialize the impact of the listed actions on Funding for General Marketing and Promotional Obligations under Section 4.01 of Fort Worth City Secretary Contract No. 44949, with such impact effective October 1, 2015 and continuing in effect for the remainder of the contract, which has an initial term ending on September 30, 2018 and two, one year renewal options.

SECTION 2

Baseline, Increment, and Funding Under Section 4.01

2.1 Dedication of HOT Revenues. M&C X-XXXXX dedicates a portion of the incremental growth in revenue from the City's 7% HOT in excess of an identified Baseline. The Baseline for calculating the increment is \$18,850,936.00, which represents the total annual revenue from the 7% local HOT based on April 2015 re-estimate data, which is the figure that was used in the initial funding plan City Council adopted for the Arena Project. If the City receives HOT revenue in excess of the Baseline, the additional revenue, or incremental growth, will be allocated according to the location of the hotel generating the revenue. HOT revenue in excess of the Baseline that is generated by hotels inside the Zone will be dedicated to eligible special projects and therefore excluded from the calculation of Bureau funding under Section 4.01. Incremental revenue from hotels outside of the Zone will continue to be taken into account in calculating Bureau funding under Section 4.01.

2.2 Funding for General Marketing and Promotional Obligations.

In accordance with Section 4.01, in connection with the annual budget process, the City may allocate forty-seven percent (47%) of projected Tax Collections for the upcoming Fiscal Year to the Bureau to carry out its general marketing and promotional obligations and duties set forth in Fort Worth City Secretary Contract No. 44949 with such amount to be known as "General Funding."

As a result of the dedication of certain incremental revenue by adoption of M&C _____, effective October 1, 2015, Tax Collections consist of (a) all City 7% HOT revenues up to the Baseline (\$18,850,936.00) plus (b) City 7% HOT that exceeds the Baseline and that is generated and collected from hotels outside the Zone.

For purposes of example only, for Fiscal Year 2016, funding under Section 4.01 is projected at \$9,117,480, which represents the sum of (a) \$8,859,940 (47% of the Baseline) plus (b) \$257,540 (47% of projected City 7% HOT revenues above the Baseline generated by hotels outside the PFZ). Funding, including the impact of the dedication, shall be subject to the "true up" process as outlined in Section 4.01(iii).

Dedication of a portion of the City's 7% HOT does not impact any other portion of the funding under Fort Worth City Secretary Contract No. 44949, and all other portions of Article 4, "Funding," and of Fort Worth City Secretary Contract N. 44949 shall continue to operate as they have since the contract first went into effect.

SECTION 3
Anticipated Additional Services

3.1 Additional Marketing for Additional Convention Center Hotel. The Parties acknowledge and agree that the City is currently in the process of seeking a developer for an additional convention center hotel and that additional marketing services will be required in connection with the promotion of the additional hotel when construction commences. The Parties commit to work cooperatively to develop a plan to market and promote the new hotel and to identify and agree to reasonable funding to the Bureau to compensate for these additional services. The scope of any such additional services and compensation therefor shall be documented in the form of a written agreement or contract amendment or addendum signed by both Parties.

EXECUTED this _____ day of _____, 2015.

CITY OF FORT WORTH, TEXAS

FORT WORTH CONVENTION AND VISITORS BUREAU

By: _____

Susan Alanis
Assistant City Manager

By: _____

Robert Jameson
President and CEO