

| | |
|------------------|---|
| STATE OF TEXAS | § |
| | § |
| COUNTY OF DENTON | § |

CONTRACT FOR THE DENTON TOURISM PUBLIC IMPROVEMENT DISTRICT

This contract for the collection of assessments and provision of services and improvements for the Denton Tourism Public Improvement District (the "Contract") effective as of July 19, 2024, is made by and between the Denton Tourism Public Improvement District Corporation, (the "DTPIDC"), a Texas nonprofit corporation, the Denton Chamber of Commerce (the "Chamber"), a Texas nonprofit corporation, and the City of Denton (the "City"), a Texas municipal corporation.

RECITALS:

WHEREAS, on June 18, 2024, the City Council of the City of Denton passed Resolution No. 24-1107 that made certain findings concerning the advisability of establishing the Denton Tourism Public Improvement District (the "District") and authorized and created the District as a public improvement district under Chapter 372 of the Texas Local Government Code; and

WHEREAS, on July 16, 2024, by Ordinance No. 24-1315, the City Council designated the DTPIDC as the entity responsible for the management of and provision of services and improvements to the District, authorized the City Manager to enter into a contract with DTPIDC and the Chamber for the provision of services and improvements for the District and collection services by the City for the District, and approved the initial District service and assessment plan, attached hereto as **Exhibit A** (the "Service Plan"); and

WHEREAS, DTPIDC shall be the primary entity responsible for the oversight of services and improvements to the District, but the Chamber shall implement the Service Plan for the District under DTPIDC's oversight; and

WHEREAS, the Board of Directors of DTPIDC and the Board of Directors of the Chamber have each passed a resolution authorizing their respective entities to enter into this Contract and authorizing Emily Wright to sign on behalf of DTPIDC to bind the

corporation under this Contract, and the Chambers President & CEO, Erin Carter to sign on behalf of the Chamber; and

WHEREAS, the City, DTPIDC and the Chamber now desire to enter into this Contract for the collection of the assessments and the management of the provision of services and improvements to the District; and

WHEREAS, the services to be supplied to the District provide special benefits to the property owners within the District and are supplemental to standard City services.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, DTPIDC, the Chamber, and the City agree as follows:

1. **Engagement and Compensation.** The City hereby engages the DTPIDC and the Chamber and they agree to provide, in accordance with the provisions of this Contract and Ordinance No. 24-1315, the services and improvements described in the Service Plan and future annual service plans to be approved by the DTPIDC and the City Council. The compensation to be paid to the Chamber and the DTPIDC for the administration of the program items shall not exceed the amount established for "Administration" by each annually approved service plan (as same may be later modified pursuant to Section 2.(a) of this Contract). The City shall be reimbursed for all costs incurred related to the administration of the District plus the recovery of costs associated with the payment of the assessment by credit card (i.e. credit card fees).

2. **Scope of Services.** Throughout the duration of this Contract, the DTPIDC shall provide the services and improvements as described in the Service Plan and thereafter approved annually by the City Council. In providing these services and improvements, the DTPIDC shall:
 - (a) timely deliver the services and improvements in accordance with the annually approved service plan, subject to the DTPIDC's ability to modify or substitute items without City Council approval within the program categories if the DTPIDC determines that such changes would serve the common interest of owners in the District and the increase or decrease in the amount of a program category does not exceed ten percent (10%) of the budgeted amount for that category. The Service Plan and each such annually approved service plan as same may thereafter be increased or decreased shall be hereafter referred to as the "Service Plan." "Program categories" in the Service Plan include marketing and sales activities and other services as provided in the Service Plan;

- (b) only use District assessment funds received to defray expenditures which clearly fit within the noted categories specifically listed in the Service Plan (except as modified pursuant to subsection (a) above) (hereinafter called “allowable costs”), other than allowable startup costs as referred to in the “Start-Up Costs for Creation of the PID” section of Exhibit 2;
- (c) support all costs covered by District assessment funds by properly executed checks, orders, payrolls, time records, invoices, contracts, vouchers, or other accounting documents evidencing in detail the nature and propriety of the charges. Such documentation shall be clearly identified, readily accessible and, to the extent possible, kept separate and apart from all other such documents;
- (d) set priorities and schedules for implementing the service plan elements, considering the needs and preferences of owners in the District and the availability of personnel and financial resources;
- (e) if necessary, secure and retain the services of qualified personnel to implement the service plan and provide communication equipment and office supplies as approved by the DTPIDC Board;
- (f) prepare a timely annual update of the Service Plan for the District and present the same to the City Council for annual review and approval;
- (g) commission an annual financial audit of all District expenditures by a Certified Public Accountant and make the audit available to the City within six months after the end of the fiscal year;
- (h) allow reasonable access as provided under the Texas Public Information Act to the City of the financial records of DTPIDC and the Chamber that relate to the District
- (i) enter into contracts with exempt jurisdictions for provision of services or improvements to the District
- (j) prepare and deliver to the City quarterly/annual financial reports in a timely manner as listed in **Exhibit B**
- (k) take other actions reasonably necessary for the management of the District and the provision of the services and improvements to the District
- (l) delegate any of these responsibilities to the Chamber pursuant to a contract with the Chamber containing the terms in the form attached as **Exhibit C**

3. **Collection and Distribution of Assessments.** The City shall collect the monthly assessments for the District through procedures consistent its procedures for collecting local hotel occupancy taxes paid by hotels within the District. Assessment funds shall be accounted for and distributed as provided below.
- (a) The assessments received will be transferred to the Chamber on a quarterly basis. Delinquent assessments collected after the District has been dissolved shall be retained by the City, but the retention of such assessments shall be subject to utilization by the tax collector to repay any hotel that is legally entitled to a refund of all or a portion of an assessment and any interest required by law to be paid.
 - (b) All assessments, including any interest for late payments, shall be transferred on a quarterly basis in accordance with the process that is in place for the City hotel occupancy tax payments to an account of the Chamber or the DTPIDC by Automated Clearing House, wire transfer or other means mutually agreed to by the City and the Chamber.
 - (c) Pursuant to Section 2.(k) above, the City hereby expressly acknowledges that DTPIDC is contracting with the Chamber to implement the funded activities of the District, more specifically: to enhance services, undertake certain improvements, in particular, special supplemental services relating to District marketing, business recruitment, and promotional activities for improvement and promotion of the District, including the provision of supplemental marketing and sales initiatives to increase demand for transient, business, convention, group, and other hotel activity to the City of Denton. A copy of the DTPIDC/Chamber contract is included as **Exhibit C**.
 - (d) The City shall provide the Chamber with electronic copies of the assessment roll. The Chamber shall make that information available to the DTPIDC Board.
 - (e) If necessary, DTPIDC or its contractor shall make available to the tax collector sufficient funds to repay any taxpayer who is legally entitled to a refund of all, or a portion of an assessment and any interest required by law to be paid. The City shall make a good faith effort to notify the DTPIDC of such potential situations (including, but not limited to, lawsuits and tax protests) so that DTPIDC is able to set aside a sufficient reserve to cover any such refunds and interest.
 - (f) Neither DTPIDC nor its contractor shall enter into any contracts that would encumber District or City funds that are not available at the time of entering said contract..

(g) DTPIDC or its contractor will invest the District assessments received from the City and any income earned on those assessments in accordance with the investment policies and strategies prescribed in Chapter 2256 of the Texas Government Code to achieve the following investment objectives, in order of priority:
(1) understanding of the suitability of the investment to the financial requirements of the entity; (2) preservation and safety of principal; (3) liquidity; (4) marketability of the investment if the need arises to liquidate the investment before maturity; (5) diversification of the investment portfolio; and (6) yield. The assessments and any interest or other income earned on such public funds shall be used by DTPIDC and the Chamber to fund services and improvements listed in the Service Plan annually approved by the City Council.

4. **DTPIDC Governance.** During the term of this Contract, the DTPIDC shall post the agenda and minutes of all meetings of its Board of Directors on a website accessible to the public as early as practicable.
5. **Conflict of Interest.** By signing this Contract, the DTPIDC and the Chamber both acknowledge to the City that it has made and will continue to make full disclosure in writing of any existing conflicts of interest or potential conflicts of interest, including personal financial interest, direct or indirect, in property and business relationships that relate to the duties of the DTPIDC. The DTPIDC and the Chamber further agree that it shall make disclosure in writing of any conflicts of interest which develop subsequent to the signing of this Contract and prior to its termination.
6. **Discrimination Prohibited.** DTPIDC and the Chamber, in the execution, performance, or attempted performance of the Agreement, shall not willfully discriminate against any person or persons because of sex, race, religion, color or national origin, nor will DTPIDC or the Chamber permit its officers, agents, employees or subcontractors to engage in such discrimination.
7. **Gift to Public Servant.** City may terminate this Contract immediately if DTPIDC or the Chamber has offered or agreed to confer any benefit upon a City employee or official that the City employee or official is prohibited by law from accepting.

For purposes of this section, “benefit” means anything reasonably regarded as pecuniary gain or pecuniary advantage, including benefit to any other person in whose welfare the beneficiary has a direct or substantial interest, but does not include a contribution or expenditure made and reported in accordance with law.

8. **No Partnership or Joint Venture.** It is specifically understood that the relationship described in this Contract between DTPIDC, the Chamber, and the City is contractual in nature and is not to be construed to create an agency, partnership or joint venture relationship between DTPIDC, the Chamber, and the City; nor shall the City be liable for any debts incurred by the DTPIDC or the Chamber in the conduct of such other party's business or function.
9. **Independent Contractor.** DTPIDC's and the Chamber's status shall be that of independent contractors and not an agent, servant, employee, or representative of City in the performance of services under this Contract. DTPIDC and the Chamber shall exercise independent judgment in performing duties under this Contract and are solely responsible for setting working hours, scheduling or prioritizing the workflow and determining how the work is to be performed. No term or provision of this Contract or act of DTPIDC or the Chamber in the performance of this Contract shall be construed as making DTPIDC or the Chamber the agent, servant or employee of City, or making DTPIDC or the Chamber or any of their employees eligible for the fringe benefits, such as retirement, insurance and worker's compensation, which City provides its employees.
10. **Assignment.** DTPIDC and Chamber shall not sell, assign, transfer or convey this Contract, in whole or in part, without the prior written consent of City's City Manager. As an express condition of consent to any assignment, DTPIDC and the Chamber shall remain liable for completion of the Contract work in the event of default by the successor contractor or assignee.
11. **Insurance.**
 - (a) The DTPIDC shall, at its own expense, maintain in full force and effect throughout the term of this Contract insurance as set forth below:
 1. Comprehensive General Liability Insurance: the Chamber, on behalf of the DTPIDC, shall maintain throughout the Term of this Agreement a commercial general liability insurance policy in an amount of not less than \$1,000,000 covering each occurrence with an aggregate limit of not less than \$2,000,000.
 2. Automobile Insurance – Bodily Injury and Property Damage: the Chamber, on behalf of the DTPIDC, shall maintain throughout the Term of this Agreement comprehensive automotive liability coverage in an amount not less than \$1,000,000 for each accident. This policy shall cover any automobile used in the provision of Improvements and Services under this agreement.

3. Worker's Compensation Insurance: the Chamber, on behalf of the DTPIDC, shall maintain throughout the Term of this Agreement statutory Worker's Compensation Insurance on all its employees to be engaged in undertaking any Improvements or Services hereunder. In case any class of employees engaged in hazardous work under this Agreement is not protected under the state's Worker Compensation statutes, DTPIDC shall provide adequate employer's general liability insurance for the protection of such employees not so protected.

(b) Other Requirements:

1. The City shall be named as an additional insured and a waiver of subrogation in favor of the City shall be provided on every applicable insurance policy. The DTPIDC and the Chamber hereby waive subrogation rights for loss or damage to the extent same are covered by insurance. Insurers shall have no right of recovery or subrogation against the City.
2. The term the "City" shall include all authorities, boards, bureaus, commissions, divisions, departments and offices of the City of Denton, and the individual members, employees and agents in their official capacities.
3. Insurance shall be provided through companies duly approved to transact that class of insurance in the State of Texas. Companies providing coverage shall have a minimum A.M. Best rating of A VII.
4. Certificates of insurance shall be provided to the City Manager. Thirty (30) days written notices is required before any insurance is altered, cancelled, or non-renewed.

City of Denton
Attn: City Manager
Sara Hensley
215 E. McKinney St
Denton, TX 76201

CITY SHALL HAVE NO DUTY TO EXECUTE OR PERFORM UNDER THIS CONTRACT UNTIL THE CERTIFICATE AND SUFFICIENT EVIDENCE OF CONFORMITY TO CITY'S INSURANCE REQUIREMENTS SHALL HAVE BEEN DELIVERED AND APPROVED BY THE CITY, AND NO CITY OFFICER OR EMPLOYEE SHALL HAVE AUTHORITY TO WAIVE THIS REQUIREMENT.

12. **INDEMNITY.** DTPIDC AND THE CHAMBER AGREE TO INDEMNIFY AND HOLD HARMLESS THE CITY, ITS OFFICERS, AGENTS AND EMPLOYEES, AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM FOR WHICH RECOVERY OF DAMAGES IS SOUGHT, SUFFERED BY ANY PERSON OR PERSONS THAT MAY ARISE OUT OF OR BE OCCASIONED BY DTPIDC OR THE CHAMBER'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS CONTRACT, OR BY ANY NEGLIGENT ACT OR OMISSION OF DTPIDC OR THE CHAMBER, THEIR OFFICERS, DIRECTORS, AGENTS, ASSOCIATES, EMPLOYEES, SUB-CONSULTANTS OR CONTRACTORS, IN THE PERFORMANCE OF THIS CONTRACT; EXCEPT THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OF CITY, ITS OFFICERS, AGENTS, EMPLOYEES OR SEPARATE CONTRACTORS AND IN THE EVENT OF JOINT AND CONCURRENT NEGLIGENCE OF BOTH DTPIDC AND/OR THE CHAMBER AND THE CITY, RESPONSIBILITY AND INDEMNITY, IF ANY, SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, ASSOCIATES, EMPLOYEES, SUB-CONSULTANTS OR CONTRACTORS IN CONNECTION WITH THE PERFORMANCE OR CONDUCT OF THE SERVICES RELATED TO, CONTEMPLATED BY OR ARISING AS A RESULT OF THE SERVICE PLAN, AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY.

12. **Rights, Remedies and Termination.** In the event of a breach or violation of its terms by any party to this Contract, then the party or parties in compliance may exercise whatever rights and remedies may be available or afforded to such party or parties at law or in equity. In addition to any other remedies available, the City may terminate this Contract if the DTPIDC or the Chamber violates any part of this Contract and the DTPIDC or the Chamber fails to reasonably cure the violation of this Contract within thirty (30) days of receipt of written notice to both entities by the City of a violation of this Contract by certified mail.

13. **Notice.** Any notice, payment, statement, or demand required or permitted to be given under this Contract by any party to the other may be affected by personal delivery in writing or by mail, postage prepaid. Mailed notices shall be addressed to the parties at the addresses appearing below, but each party may change its address by written notice in accordance with this section. Mailed notices shall be deemed communicated as of three (3) days after mailing:

If to the City:

City of Denton
Attn: City Manager
215 E. McKinney St
Denton, TX 76201

If to DTPIDC:

Denton Tourism Public Improvement District Corporation (DTPIDC)
Current DTPIDC Chair
401 N Elm St
Denton, TX 76201

If to the Chamber:

Current President & CEO of The Denton Chamber of Commerce
401 N Elm St
Denton, TX 76201

14. **Right of Review and Audit.** City is granted the right to audit, at City's election, all DTPIDC and Chamber records and billings relating to the performance of this Contract. DTPIDC and the Chamber agree to retain such records for a minimum of three (3) years following completion of this Contract. Any payment, settlement, satisfaction, or release provided under this Contract shall be subject to City's rights as may be disclosed by such audit.
15. **Captions.** The captions, headings, and arrangements used in this Contract are for convenience only and shall not in any way affect, limit, amplify, or modify its terms and provisions.
16. **Compliance with Laws and Regulations.** This Contract is entered into subject to and controlled by the Charter and ordinances of the City of Denton and all applicable laws, rules, and regulations of the State of Texas and the Government of the United States of America. DTPIDC and the Chamber shall, during the course of performance of this Contract, comply with all applicable City codes and ordinances, as amended, and all applicable State and Federal laws, rules and regulations, as amended.
17. **Venue.** The obligations of the parties to this Contract shall be performable in Denton County, Texas, and if legal action is necessary in connection with or to enforce rights under this Contract, exclusive venue shall lie in Denton County, Texas.
18. **Governing Law.** This Contract shall be governed by and construed in accordance with the laws and court decisions of the State of Texas, without regard to conflict of law or choice of law principles of Texas or of any other state.

19. **Legal Construction.** In case any one or more of the provisions contained in this Contract shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Contract, and this Contract shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in this Contract.
20. **Term.** This Contract shall terminate upon the expiration of the 10-year Service Plan, unless otherwise agreed to in writing by the parties. If for any reason the District is dissolved before the expiration of the 10-year Service Plan, this Contract shall terminate upon the payment to DTPIDC and the Chamber for all services and improvements provided to the District to the date of dissolution and for the reasonable cost of services to conclude the business of the District. The City may, by resolution adopted by a majority of the City Council, terminate this Contract for convenience with at least 60 days notice .
21. **Funding.** The parties to this Contract acknowledge that payment by the City is contingent upon receipt of adequate funds from District assessments. The City shall not be obligated under any part of this Contract to make payment to the District, the Chamber, or any other person from any funds, including general funds, other than District assessments.
22. **Counterparts.** This Contract may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. If this Contract is executed in counterparts, then it shall become fully executed only as of the execution of the last such counterpart called for by the terms of this Contract to be executed.
23. **Successors and Assigns.** This Contract shall be binding upon and inure to the benefit of the parties and their respective successors and, except as otherwise provided in this Contract, their assigns.
24. **Entire Agreement; No Oral Modifications.** This Contract (with all referenced exhibits, attachments, and provisions incorporated by reference) embodies the entire agreement of the City with both parties, superseding all oral or written previous and contemporary agreements between the parties relating to matters set forth in this Contract. Except as otherwise provided elsewhere in this Contract, this Contract cannot be modified without written supplemental agreement executed by both parties.
25. **Prohibition on Contracts with Companies Boycotting Israel.** DTPIDC and the Chamber acknowledge that in accordance with Chapter 2271 of the Texas Government Code, City is prohibited from entering into a contract with a company for goods or services unless the contract contains a written verification from the company that it: (1) does not boycott

Israel; and (2) will not boycott Israel during the term of the contract. The terms “boycott Israel” and “company” shall have the meanings ascribed to those terms in Section 808.001 of the Texas Government Code. By signing this agreement, DTPIDC and the Chamber certify that their authorized agents’ signatures provide written verification to the City that the party: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the agreement. Failure to meet or maintain the requirements under this provision will be considered a material breach.

26. **Prohibition on Contracts with Companies Boycotting Certain Energy Companies.** DTPIDC and the Chamber acknowledge that in accordance with Chapter 2274 of the Texas Government Code, City is prohibited from entering into a contract with a company for goods or services unless the contract contains written verification from the company that it (1) does not boycott energy companies; and (2) will not boycott energy companies during the term of the contract. The terms “boycott energy company” and “company” shall have the meanings ascribed to those terms in Section 809.001 of the Texas Government Code. By signing this agreement, DTPIDC and the Chamber certify that their authorized agents’ signatures provide written verification to the City that the party: (1) does not boycott energy companies; and (2) will not boycott energy companies during the term of the agreement. Failure to meet or maintain the requirements under this provision will be considered a material breach.

27. **Prohibition on Contracts with Companies Boycotting Certain Firearm Entities and Firearm Trade Associations.** DTPIDC and the Chamber acknowledge that in accordance with Chapter 2274 of the Texas Government Code, City is prohibited from entering into a contract with a company for goods or services unless the contract contains written verification from the company that it (1) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and (2) will not discriminate during the term of the contract against a firearm entity or firearm trade association. The terms “discriminate against a firearm entity or firearm trade association,” “firearm entity” and “firearm trade association” shall have the meanings ascribed to those terms in Chapter 2274 of the Texas Government Code. By signing this agreement, DTPIDC and the Chamber certify that their authorized agents’ signatures provides written verification to the City that the party: (1) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and (2) will not discriminate during the term of the contract against a firearm entity or firearm trade association. Failure to meet or maintain the requirements under this provision will be considered a material breach.

28. **Prohibition on Contracts with Companies Doing Business with Iran, Sudan, or a Foreign Terrorist Organization.** Sections 2252 and 2270 of the Texas Government Code restricts CITY from contracting with companies that do business with Iran, Sudan, or a foreign

terrorist organization. By signing this agreement, DTPIDC and the Chamber certify that their authorized agents' signatures provide written verification to the City that the party, pursuant to Chapters 2252 and 2270, is not ineligible to enter into this agreement and will not become ineligible to receive payments under this agreement by doing business with Iran, Sudan, or a foreign terrorist organization. Failure to meet or maintain the requirements under this provision will be considered a material breach.


29. **Termination Right for Contracts with Companies Doing Business with Certain Foreign-Owned Companies.** The City of Denton may terminate this Contract immediately without any further liability if the City of Denton determines, in its sole judgment, that this Contract meets the requirements under Chapter 2274, and DTPIDC or the Chamber is, or will be in the future, (i) owned by or the majority of stock or other ownership interest of the company is held or controlled by individuals who are citizens of China, Iran, North Korea, Russia, or other designated country (ii) directly controlled by the Government of China, Iran, North Korea, Russia, or other designated country, or (iii) is headquartered in China, Iran, North Korea, Russia, or other designated country

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

EXECUTED and effective as of July 19, 2024, by City, signing by and through its City Manager, duly authorized to execute same by Ordinance No. 24-1315 approved by the City Council on July 16, 2024 and by DTPIDC and the Chamber, acting through their authorized officials.


APPROVED AS TO FORM:
Mack Reinwand, City Attorney

CITY OF DENTON

By: 
Scott Bray, Deputy City Attorney

By: _____
Sara Hensley, City Manager

**DENTON TOURISM PUBLIC
IMPROVEMENT DISTRICT CORPORATION,
INC.,**
a Texas nonprofit corporation

DocuSigned by:

8A1E55E9CE45464...

By: _____
TPIDC Chair 7/12/2024

DENTON CHAMBER OF COMMERCE, a Texas
nonprofit corporation

DocuSigned by:

85758F058AE44DB...

By: _____
President of Denton Chamber of Commerce
7/12/2024

- Attachments:
Exhibit A –10-Year Service Plan
Exhibit B – Financial Reports
Exhibit C – DTPIDC/Chamber Contract

Exhibit A
Service Plan

Denton Tourism Public Improvement District (DTPID) Service and Assessment Plan

The proposed Denton Tourism Public Improvement District (DTPID) would supplement the existing sales and marketing efforts funded by municipal Hotel Occupancy Taxes in order to generate increased leisure and corporate business to Denton hotels, large group business to the Denton Convention Center, and grow overall tourism to Denton. The Service Plan is formulated to positively impact this visitation to Denton overnight accommodations through strategic expenditures that must be approved and are overseen by a Tourism Public Improvement District Corporation (the DTPIDC). The voting members of the DTPIDC Board of Directors is solely composed of a proportionately representative group of hoteliers from within the city. The proposed Tourism Public Improvement District is designed to ensure that Denton hotel and convention businesses can successfully compete with Texas cities and other cities across the country for an increased market share of leisure, event, sports and group travel.

PROJECTED 10-YEAR EXPENDITURES

The DTPID 10-year budget will be allocated on a percentage basis as shown in the table below.

| SERVICE PLAN | % | \$ |
|------------------|-------------|---------------------|
| Marketing | 43% | \$5,269,351 |
| Sales | 43% | \$5,269,351 |
| Administration | 8% | \$980,344 |
| Tourism Research | 6% | \$735,258 |
| TOTAL | 100% | \$12,254,304 |

The estimated budget for the DTPID for the ten-year term of the District (2024-2033) is shown in the table below. The estimated budget is forecast to increase by three percent (3%) per year. Expenditures of the TPID are limited to actual collections, which cannot exceed the two percent (2%) fee on each occupied room as defined in the petition. If actual receipts exceed estimates, those dollars will still be transferred to the TPID for use in the subsequent year of the service plan according to the established Service Plan allocations. The TPID will follow established statutory procedures for the addition of newly built eligible hotels into the Denton TPID.

The following grid outlines the Denton Tourism Public Improvement District 10-year service plan category percentages and amounts:

10-Year Service Plan Category Percentages and Amounts

| Fiscal Year | Marketing 43% | Sales 43% | Administration 8% | Research 6% | Total 100% |
|-----------------|--------------------|--------------------|----------------------|------------------|---------------------|
| <i>*FY 2024</i> | \$165,796 | \$165,796 | \$30,846 | \$23,134 | \$385,573 |
| <i>FY 2025</i> | \$502,363 | \$502,363 | \$93,463 | \$70,097 | \$1,168,285 |
| <i>FY 2026</i> | \$517,433 | \$517,433 | \$96,267 | \$72,200 | 1,203,334 |
| <i>FY 2027</i> | \$532,956 | \$532,956 | \$99,155 | \$74,366 | \$1,239,434 |
| <i>FY 2028</i> | \$548,945 | \$548,945 | \$102,129 | \$76,597 | \$1,276,617 |
| <i>FY 2029</i> | \$565,418 | \$565,418 | \$105,193 | \$78,895 | \$1,314,915 |
| <i>FY 2030</i> | \$582,376 | \$582,376 | \$108,349 | \$81,262 | \$1,354,363 |
| <i>FY 2031</i> | \$599,847 | \$599,847 | \$111,599 | \$83,700 | \$1,394,993 |
| <i>FY 2032</i> | \$617,843 | \$617,843 | \$114,947 | \$86,211 | \$1,436,843 |
| <i>FY 2033</i> | \$636,378 | \$636,378 | \$118,396 | \$88,797 | \$1,479,948 |
| Totals | \$5,269,351 | \$5,269,351 | \$980,344 | \$735,258 | \$12,254,304 |

**FY2024 receipts will depend on the exact start date of assessment.*

Projected Denton Tourism Public Improvement District Services

Increased Marketing Initiatives: 43% - \$5,269,351

Forty-three percent (43%) of the annual budget shall be targeted for increased marketing (advertising/promotion/PR) initiatives to drive more hotel activity to Denton. Up to 10% variance can be allowed in the amount to be allocated under this category. Amounts within this category that are not used by the end of the fiscal year may be rolled over within the same budget category in the following year’s budget.

The Marketing program initiatives will be designed to promote hotel activity within the District for increased leisure travel, business travel, and meeting and event business at District hotels. Current hotel occupancy tax fund levels are insufficient to support the level of marketing and PR campaigns necessary to compete with other Texas cities that have more robust levels of funding. TPID assessment funds will enable Denton hotel and convention businesses to expand the reach of these Denton brand marketing and PR campaigns to areas that were

not within prior budget capacity, but for which data suggests a strong ROI for such marketing initiatives. The program will set out to increase awareness and room night sales and may include, but is not limited to, the following activities.

- Increased digital marketing (advertising and promotion) efforts such as email blasts, digital ads, programmatic placements, to grow awareness and drive higher overnight visitation and room sales to assessed hotels within the District;
- Additional print ads in magazines and newspapers targeted at potential visitors to drive increased overnight visitation to assessed hotels within the District;
- Develop television ads/destination sizzle reels targeted at potential visitors to drive greater overnight visitation to assessed hotels within the District;
- Additional digital and static billboard campaigns targeted at potential visitors to drive increased overnight visitation and room sales to assessed hotel properties within the District;
- Preparation and production of new collateral and promotional materials such as brochures, flyers and maps to increase room night activity;
- Development and implementation of an enhanced and new public relations and communications strategy, designed to increase overnight visitation at assessed hotels within the District;
- Development and implementation of an enhanced travel writer/social media influencer program designed to increase overnight visitation at assessed hotels within the District;
- Implementation of new economic development partnerships to increase overnight visitation at assessed hotels within the District.
- Marketing (Advertising and Promotion) fees for listings on various websites to drive increased hotel revenue production.
- Expand in-market activations.

Increased Sales Initiatives: 43% - \$5,2,69,351

Forty-three percent (43%) of the annual budget shall be for increased Sales (Business Recruitment and Group Incentives) initiatives. Up to 10% variance can be allowed in the amount to be allocated under this category. Amounts not used within this category by the end of the fiscal year may be rolled over into the same budget category in the following year's budget.

The sales initiatives are designed to increase state, regional and national awareness of Denton as a meetings, conventions, and sports destination; and to foster subsequent bookings for assessed hotel properties within the District. Current hotel occupancy tax fund levels are insufficient to support the level of sales and incentive efforts necessary to compete with other Texas cities that have more robust levels of funding. Such efforts may include but are not limited to the following:

- Provide additional sales incentives (ex: cash rebates, credits to group master bill, sponsor group reception/events; supplement transportation to/from airport, Downtown Denton, or offsite event, field/stadium, or attraction) to maintain and attract new meetings, conventions, sporting events, and business travel that will have a strong potential ROI and impact on demand for hotel activity for assessed hotels within the District.
 - Requests for incentives from individuals or groups should be presented to DTPIDC or its Contractor for vetting;
 - Requests for “rebates,” defined as a set dollar payment per room night generated, should be presented as an incentive request for a single dollar amount and presented to DTPIDC or its contractor for vetting;
- Increased attendance at professional industry conferences and events to promote increased business for assessed hotels within the District;
- Additional lead generation activities designed to attract increased tourist and group business to assessed hotels within the District;
- More attendance and larger presence at additional national trade shows to promote increased leads for assessed hotels within the District;
- Additional sales blitzes featuring assessed hotels within the District; and additional familiarization tours showcasing assessed hotels within the District.
- Sales initiatives must meet an ROI threshold of 7:1, based on expected room revenues. The ROI for all Sales initiatives will be measured based on increased room revenue production. With input and approval from the DTPIDC Board, individual exceptions may be made to the 7:1 ROI.
- Sales efforts may include programs such as an individual hotel incentive program, with approval of the DTPIDC Board and within limits and criteria set by the DTPIDC Board.
- Allow hotel partners to attend key tradeshow and events with DTPIDC and DTPIDC contractor staff; DTPIDC funding would cover registration fees for

those hotel partners attending these events.

- Sponsor and host meetings and conventions for increased exposure for District hotels and venues to planners and tournament directors.

Administration: 8% - \$ 980,344

The collection of DTPID fees will produce certain costs to the City and to the DTPIDC that the DTPID will have to reimburse. The TPID will need to cover limited additional costs to the City, the DTPIDC, and the DTPIDC's contractor for legal counsel, administration of the district, and supplemental finance and accounting help that will be needed to administer the TPID funds.

Administration costs may include, but are not limited to, the following:

- Startup costs to cover creation of the DTPID, and costs to revise the hotel tax collection software.
- Administrative fees such as bank fees, fees charged by the City of Denton for hotel tax collection and administration, bookkeeping, auditing, financial reporting, legal fees, etc.
- Develop guidelines and budgets for uses of funds as outlined.
- Meetings of DTPID hotels for reporting and updates.
- Additional administrative staffing position(s) to manage the DTPID financials and reporting.
- If dollars are left unspent in the Administration budget at the end of the year, they may be divided equally among Marketing and Sales.

Tourism Research: 6% - \$ 735,258

Six percent (6%) of the annual budget will be allocated for increased visitor research initiatives that analyze the impact of DTPIDC marketing and sales initiatives in driving more tourism, hotel activity, and positive visitor impressions for Denton. Research costs may include, but are not limited to, the following:

- Conducting tourism research using industry tools which may include economic impact calculators, software to gauge the effectiveness of advertising and/or sales (business recruitment) efforts, and location and geo-fencing technologies to track visitor attendance and movements.
- Development of Return on Investment (ROI) analysis on the effectiveness of DTPIDC expenditures and programs to increase overnight visitation at assessed hotels within the District.
- If dollars are left unspent in the Research budget at the end of the year, they may be divided equally among Marketing and Sales.

ASSESSMENT PLAN

An assessment will be levied on hotels within the District to pay for the cost of the services and improvements provided by the District. The assessment will be 2% of taxable room-nights sold within the District. Rooms that are not subject to the City’s hotel occupancy tax shall not be subject to the District assessment. Interest on delinquent assessments will be charged to the property owner at the same rate as interest on unpaid Hotel Occupancy Taxes.

EXHIBIT B

DENTON TOURISM PUBLIC IMPROVEMENT DISTRICT ASSESSMENT ROLL

| Hotel Name | Hotel Address | City | Zip | No of Rooms |
|---|-------------------------------|--------|-------|--------------|
| Embassy Suites by Hilton Denton Convention Center | 3100 Town Center Trail | Denton | 76201 | 318 |
| Budget Host Inn & Suites | 1500 Dallas Dr. | Denton | 76205 | 135 |
| Springhill Suites by Marriott | 1434 Centre Place Dr. | Denton | 76205 | 129 |
| WoodSpring Suites | 4505 North Interstate 35 | Denton | 76207 | 121 |
| Quality Inn Denton | 4211 North Interstate 35 | Denton | 76207 | 107 |
| Homewood Suites by Hilton | 2907 Shoreline Dr. | Denton | 76201 | 107 |
| Hilton Garden Inn | 3110 Colorado Blvd. | Denton | 76210 | 101 |
| Studio 6 | 700 Fort Worth Dr. | Denton | 76205 | 96 |
| Residence Inn by Marriott | 3761 South Interstate 35 East | Denton | 76210 | 94 |
| Holiday Inn Express & Suites Denton UNT TWU | 4465 North Interstate 35 | Denton | 76207 | 92 |
| Courtyard Denton by Marriott | 2800 Colorado Blvd. | Denton | 76210 | 92 |
| La Quinta Inn & Suites by Wyndham | 4465 North Interstate 35 | Denton | 76207 | 88 |
| Holiday Inn Express & Suites Denton South | 3180 South Interstate 35 East | Denton | 76210 | 87 |
| Hampton Inn & Suites | 1513 Centre Place | Denton | 76205 | 85 |
| Motel 6 Denton | 4125 Interstate 35 North | Denton | 76207 | 81 |
| Staybridge Suites | 2204 San Jacinto Blvd. | Denton | 76205 | 80 |
| Fairfield Inn & Suites | 2900 West University Dr. | Denton | 76201 | 75 |
| TOTAL = 17 HOTELS | | | | 1,888 |

EXHIBIT C

IMPORTANT INFORMATION REGARDING REQUIRED NOTICE TO BUYERS IN PROPOSED SALE OF PROPERTY

Letter from Scott Joslove, Texas Hotel & Lodging Association and General Counsel for the Denton Tourism Public Improvement District Corporation:

For some time, Texas state law has provided that if a property within a public improvement district is offered up for sale, the seller must provide a specific notice about the public improvement district to the potential buyer prior to the transaction becoming binding. In the 2021 legislative session, a bill passed (HB 1543) which amended the statutory required wording for this notice. We have noted below the substance of the new legislation and have also provided a sample notice that you can use to meet this statutory requirement should you choose to sell your hotel that is located within an existing tourism public improvement district.

Effective September 1, 2021, if you sell your hotel on or after September 1, 2021, you must provide a notice entitled “NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT.” This notice must be provided by the seller of the property to the purchaser and be signed by both the seller and the purchaser. This notice must be provided before the execution of a binding contract for the purchase of the hotel property that is located within a TPID. The purchaser is required to either sign this separate notice or a purchase contract that contains this notice. Further, at the closing of the property, a separate copy of this notice must be executed/signed by both the purchaser and the seller and must be filed in the deed records in the county in which the property is located.

Please share this letter and sample notice with your personal attorney before the execution of any contract to sell/purchase your hotel property within a tourism public improvement district.

We have attached a sample “NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT” that you can adapt to meet this statutory requirement. If you have any questions, or if there is additional information that we can provide, please feel free to contact our TPID legal General Counsel, Scott Joslove, at 512.474.2996

**NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO DENTON,
TEXAS**

CONCERNING THE FOLLOWING HOTEL PROPERTY

(insert property address)

As the purchaser of the real property described above, you are obligated to pay assessments to Denton, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Services") undertaken for the benefit of the property within the Denton Tourism Public Improvement District (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED SERVICES, WHICH MUST BE PAID IN FULL WITH EVERY PAYMENT BY THE HOTEL OF LOCAL HOTEL OCCUPANCY TAX REMITTANCES TO THE MUNICIPALITY. YOUR FAILURE TO PAY THE ASSESSMENT MAY RESULT IN PENALTIES AND INTEREST BEING ADDED TO WHAT YOU OWE, AND MAY INCLUDE THE PURSUIT OF ANY OTHER REMEDY THAT IS AUTHORIZED UNDER SECTION 372.0035(d), LOCAL GOVERNMENT CODE.

The amount of the assessment is 2 percent of all taxable room night sales. Hoteliers typically pass this 2 percent TPID assessment onto the hotel guests in the form of a two percent TPID fee on each taxable room night folio.

Information about the calculation of the assessment may be obtained from the City of Denton. The exact assessment rate will be approved each year by the Denton City Council in the annual service plan update for the district. More information about the assessments, including the assessment rate and due dates, may be obtained from the City of Denton. The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

Date: _____

Signature of Purchaser _____

Signature of Seller _____

Exhibit B
Financial Reports Timeline

| Category | Timeline (annually) |
|--|----------------------------|
| TPID Management Workshop | April/May/June |
| 1 st Quarter financial report FY (Cover Letter, P&L, Balance Sheet & Spending Update) | March 15 |
| 2 nd Quarter financial report FY (Cover Letter, P&L, Balance Sheet & Spending Update) | June 15 |
| 3 rd Quarter financial report FY (Cover Letter, P&L, Balance Sheet & Spending Update) | September 15 |
| 4 th Quarter financial report FY (Cover Letter, P&L, Balance Sheet & Spending Update) | November 30 |
| FY Annual Financial Report | November 30 |
| FY Annual Financial Audit Report | January 30 |
| Reports for TPID Assessment (Service Plan, Cover Letter, Ten-Year Assessment Plan & Ten-Year Budget) | June 1 |

Exhibit C

AGREEMENT BETWEEN THE DENTON CHAMBER OF COMMERCE & THE DENTON TOURISM PUBLIC IMPROVEMENT DISTRICT CORPORATION (DTPIDC)

| | |
|------------------------------|---|
| EFFECTIVE DATE: | July 19, 2024 |
| CHAMBER CONTACT: | Erin Carter President & CEO 401 N. Elm St Denton, TX 76201 |
| CHAMBER PHONE NUMBER: | (940) 382-9693 |
| CHAMBER EMAIL: | Erin.carter@denton-chamber.org |
| DTPIDC CONTACT: | Emily Wright DTPIDC Chair 401 N. Elm St Denton, TX 76201 |
| DTPIDC PHONE NUMBER: | (979) 324-4026 |
| DTPIDC EMAIL: | ewright@chartwellhospitality.com |

This Agreement (the "Agreement") is between **the Denton Chamber of Commerce** (the "Chamber"), with its principal place of business at 401 N. Elm St, Denton, TX 76201 and the **DENTON TOURISM PUBLIC IMPROVEMENT DISTRICT CORPORATION** (hereinafter "DTPIDC"), with its principal place of business at 401 N. Elm St, Denton, TX 76201.

Whereas the Texas Legislature has provided the authority to the City of Denton to create a Tourism Public Improvement District that is composed solely of hotels with 75 or more rooms.

Whereas the City of Denton has received petitions from more than the requisite number of properties within the proposed Tourism Public Improvement District to enable the creation of the district.

Whereas the City of Denton has held the two required public hearings on the public improvement district and on June 18, 2024, has approved the creation of a Denton Tourism Public Improvement District.

Whereas a group of hoteliers have created a non-profit 501(c)(6) entity entitled the Denton Tourism Public Improvement District Corporation (DTPIDC) with the intention that this entity will oversee the administration of the Denton Tourism Public Improvement District.

Whereas it is the intent of the Denton Tourism Public Improvement District Corporation Board of Directors to contract with the Chamber to implement the funded activities of the Denton Tourism Public Improvement District.

Whereas the Chamber is mutually interested in working with the Denton Tourism Public Improvement District Corporation Board as a contracted entity to implement the District programs under the project funding guidelines authorized by the Denton Tourism Public Improvement District Corporation Board of Directors.

Therefore, in consideration of the mutual covenants and conditions set forth herein and in Exhibits and Attachments hereto, all of which are incorporated herein by reference, the Chamber and the DTPIDC agree as follows:

Subject to the terms and conditions specified in Exhibits 1 and 2 hereto, DTPIDC agrees to contract with the Chamber to perform the obligations specified hereto under the Scope of Work Summary in Exhibit 2 with reimbursement for actual expenses and services by the Chamber and other entities for implementation of the work, as provided in the Denton Tourism Public Improvement District Service Plan and Budget.

The Denton Chamber of Commerce

**DENTON TOURISM PUBLIC
IMPROVEMENT DISTRICT
CORPORATION**

DocuSigned by:

Erin Carter

85758F058AE44DB...

DocuSigned by:

[Signature]
("DTPIDC")

8A1E55E9CE45464...

By: _____

By: _____

Name: _____

Name: _____

Title: Chief Executive Officer (CEO)

Title: Chair

7/12/2024

7/12/2024

Date: _____

Date: _____

EXHIBIT 1

STANDARD TERMS AND CONDITIONS

1. **REPRESENTATIONS AND WARRANTIES.** The Chamber and DTPIDC each warrant and represent that (i) it has the power and authority to grant the rights and perform the obligations to which it commits herein; (ii) the execution of the Agreement by the person representing it will be sufficient to render the Agreement binding upon it; and (iii) neither its performance hereunder nor the exercise by the other party of rights granted by the warranting party hereunder will violate any applicable laws or regulations, or the legal rights of any third parties, or the terms of any other agreement to which the warranting party is or becomes a party. Each party is separately responsible for ensuring that its performance and grant of rights does not constitute any such violation during the Term. No party's approval of advertising or other copy submitted by another will relieve the other's responsibility under this Section.
2. **USE OF TRADE AND SERVICE MARKS.** Nothing contained herein will give either party a license or other right to use the trade or service marks of the other party except as expressly provided for in this agreement. Any such use will require the prior written consent of the party that owns the marks.
3. **CONFIDENTIALITY.** The Chamber and DTPIDC each agree that they will not use in any way for their own account or the account of any third party, nor will they disclose to any third party, any confidential information revealed to them by the other party which is identified in writing as confidential prior to disclosure. Each party will take such reasonable precautions to protect the confidentiality of such information as are employed to protect the party's own confidential information of a similar nature. It is expressly understood and agreed that all information disclosed by either party, or gained by either party in the course of this agreement, including this agreement, whether files, records, documents, presentations, research material, operational methods, marketing plans or strategies, electronic data, tapes, software, drawings, manuals, guidebooks, reports, plans, proposals, customer lists, business processes, know-how, specifications, or any other information not generally known outside of the Chamber or DTPIDC (collectively known as "Confidential Information",) shall be considered confidential and shall be retained in confidence.
4. **TERM AND TERMINATION.** The Agreement will be effective on the Effective Date and will terminate immediately after the completion of the Term. In the event of expiration or early termination of the Agreement, the terms of Section 3 above and Sections 5, 6, and 9 below will forever survive the termination of the Agreement. Either party may terminate the Agreement in the event of a material default by the other party on any of its representations, warranties, or obligations under the Agreement by the following procedure: (i) the non-

defaulting party will provide the defaulting party with written notice specifying the particulars of the default; (ii) if the default is not cured within thirty (30) days after such notice is given, the non-defaulting party may terminate the Agreement immediately upon providing written notice to the defaulting party. Additionally, DTPIDC may terminate the Agreement due to a finding of failure to meet performance expectations including but not limited to ROI requirements that are set by the DTPIDC Board and within the DTPIDC Bylaws. Such termination must be preceded by 120 days' notice of the performance issues and an opportunity provided during that time for the Chamber to address any such issues to the DTPIDC Board's satisfaction. If the Chamber does not cure such performance failures by the end of these 120 days, then the DTPIDC Board may choose to terminate the Agreement for the following budget year. Upon provision of termination notice by either party, and except to the extent the other party intends to timely cure its default, both parties will engage in good faith negotiations to arrange for a mutually satisfactory end to the Agreement. In the event of any termination prior to the natural expiration of the Term, the Chamber shall be entitled to payment for deliverables in progress to the extent work has been performed satisfactorily.

5. **INDEMNIFICATION.** DTPIDC will indemnify and hold harmless the Chamber and its respective institutions, officers, directors, employees, franchisees, attorneys, agents, successors and assigns from any claims, damages, liabilities, losses, government procedures, and costs, including reasonable attorneys' fees and costs of suit, arising out of (i) DTPIDC's failure to comply with applicable laws and regulations, unauthorized use of Chamber's trademarks or negligence or willful misconduct in connection with its performance of the Agreement; or (ii) DTPIDC's intentional misrepresentation or breach of any warranty, obligation or covenant of the Agreement.

The Chamber will indemnify and hold harmless DTPIDC and its respective institutions, officers, directors, employees, franchisees, attorneys, agents, successors and assigns from any claims, damages, liabilities, losses, government procedures and costs, including reasonable attorneys' fees and costs of suit, arising out of (i) the Chamber's failure to comply with applicable laws and regulations, unauthorized use of DTPIDC's trademarks or negligence or willful misconduct in connection with its performance of the Agreement; or (ii) the Chamber's intentional misrepresentation or breach of any warranty, obligation or covenant of the Agreement.

Except in the case of third party claims, neither party will be obligated to the other party for indirect, special, consequential, or incidental damages.

6. **DISPUTE RESOLUTION.**

- a. All claims, disputes or controversies between the parties under this Agreement ("Claim") that cannot be resolved through ordinary business negotiations will be resolved, at the

election of either party, through mediation until such time as the parties mutually agree to terminate such mediation or the mediator declares an impasse.

- b. All offers, promises, conduct and statements, whether written or oral, made in the course of negotiation, or proceedings by either party to confirm awards hereunder are confidential, privileged, and inadmissible for any purpose, including, without limitation, impeachment or estoppel, in any other litigation or proceeding involving any of the parties, provided that evidence that is otherwise admissible or discoverable will not be rendered inadmissible or non-discoverable as a result of its use in the negotiation or arbitration.
7. **RELATIONSHIP OF THE PARTIES.** The Chamber and DTPIDC are independent contractors, and the Agreement does not create a partnership, joint venture, employee/employer or other agency relationship between them.
 8. **ASSIGNMENT.** The Agreement will be binding on and inure to the benefit of each of the parties, their successors and assigns. It may not be assigned or transferred, in whole or in part, without the written consent of the other party. Any such assignment or transfer without consent will be void.
 9. **NOTICES.** All notices and other communications required to be given under the Agreement shall be in writing and shall be deemed to have been given (i) when personally delivered; or (ii) three (3) business days after mailing, postage prepaid, by certified mail; or (iii) when delivered (and received for) by an overnight delivery service, addressed in each case to the parties at the addresses set forth on the Agreement unless a different address shall have been designated in writing.
 10. **GOVERNING LAW.** The Agreement will be governed by the laws of the State of Texas, without giving effect to its conflicts of law provisions. Any failure by either of the parties to exercise any right granted herein upon the occurrence of any contingency set forth in this Agreement will not in any event constitute a waiver of any such right upon the exercise of any such contingency. In case any term in this Agreement shall be held invalid, illegal or unenforceable in whole or in part, neither the validity of the remaining part of such term nor the validity of any other term shall be in any way affected thereby.
 11. **OWNERSHIP.** All records, reports, documents and other material delivered or transmitted to DTPIDC by the Chamber shall remain the joint property of the Chamber and the DTPIDC, and shall, upon request, a copy of such documents and other materials shall be returned by DTPIDC to the Chamber, at DTPIDC's expense, at termination or expiration of this contract. All records, reports, documents, or other material related to this contract and/or obtained or prepared by DTPIDC in connection with the performance of the services contracted for herein shall become the joint property of DTPIDC and the Chamber, and shall, upon request, a copy

of such documents and other materials shall be returned by the Chamber to the DTPIDC, at the Chamber's expense, at termination or expiration of this contract.

12. **INSPECTION AND AUDIT.** The DTPIDC, or its authorized agents or representatives, shall have the option of reviewing, examining, and/or auditing all accounts, records, documents, books, and other supporting materials of the Chamber relating to this contract. The Chamber shall provide reasonable access to such material at no charge.
13. **FUNDING.** The continuation of this contract is contingent upon the approval of funds to fulfill the requirements of the contract by the City of Denton. If the City fails to approve sufficient monies to provide for the continuation of the contract, or if such approval is denied, the contract shall terminate pursuant to Section 4 above.
14. **AMENDMENTS IN WRITING.** Any alteration, variation, modification, or waiver of provisions of this contract shall be valid only when it has been reduced to writing and executed by all parties. The effective date of this contract may be extended only if an amendment to that effect is duly executed by the contracting parties and approved by the necessary authorities prior to said termination date.
15. **SEVERABILITY.** If any provision of the Contract is declared or found to be illegal, unenforceable or void, in whole or in part, then both parties shall be relieved of all obligations arising under such provision, but only to the extent that it is illegal, unenforceable or void, it being the intent and agreement of the parties that the Contract shall be deemed amended by modifying such provision to the extent necessary to make it legal and enforceable while preserving its intent or, if that is not possible, by substitution therefore another provision that is legal and enforceable and achieves the same objectives. Any such invalidity, illegality, or unenforceability shall not affect any other provision of the Contract. The parties agree to negotiate in good faith for a proper amendment to the Contract in the event any provision thereof is declared illegal, invalid or unenforceable.
16. **ENTIRE AGREEMENT.** This Contract contained in Exhibit C between the Chamber and the DTPIDC and Exhibits 1 and 2 and the attached contract between the Chamber, DTPIDC, and the City and related exhibits thereto constitute the entire agreement and understanding between the Chamber and the DTPIDC, and there are no other agreements, representatives, warranties or understandings between the Chamber and the DTPIDC with respect to the subject matter hereof. To the extent that any other agreement, written or verbal, appears to exist between the parties with respect to the subject matter hereof, the Contract supersedes any such agreement.

EXHIBIT 2

SCOPE OF WORK for the Denton Chamber of Commerce on behalf of the Denton Tourism Public Improvement District (the District) and the Denton Tourism Public Improvement District Corporation (DTPIDC)

Summary

The Chamber proposes to contract with the Denton Tourism Public Improvement District Corporation (DTPIDC). The contract will enable the Chamber to implement additional marketing and sales programs to secure increased transient, business, convention, group, and other hotel activity to the City of Denton. The contract will be funded by the Denton Tourism Public Improvement District (DTPID) proceeds received from a two percent special assessment levied against all hotels with 75 or more rooms within the City of Denton.

To implement this program, the DTPIDC Board will adopt an annual budget along with specific ROI requirements for marketing and sales initiatives. The DTPIDC Board shall adopt sales and marketing policies and protocols under which the Chamber can, pursuant to advance approval by the DTPIDC Board, implement projects if the project meets the designated criteria adopted by the DTPIDC Board. The DTPIDC Board may choose to provide adjustments to the annual plan throughout the budget year that are consistent with the annual adopted District budget and service plan, including the shifting of resources as provided for in the “Shifting Between Expenditure Categories” section of this Exhibit. The Chamber shall expend District proceeds only for proposals that meet the ROI standards and protocols adopted by the DTPIDC Board of Directors unless a specific exception is approved by a majority vote of the DTPIDC Board of Directors with the intent of achieving key long term goals of the DTPIDC as identified by the Board.

Mission of the District: The Denton Tourism Public Improvement District is a public improvement district dedicated to increasing demand for transient, business, convention, group, and other hotel room night consumption in the City of Denton.

Purpose of the Public Improvement District and the Non-Profit Corporation: The creation of the Denton Tourism Public Improvement District and of the Denton Tourism Public Improvement District Corporation is to ensure the effective and judicious allocation of district assessment revenues to accomplish the above noted mission of the District.

Start-Up Costs for Creation of the PID

It is understood by both the DTPIDC and by the Chamber that there are certain start-up costs for creation of the district. These costs include the consulting, legal, and administrative services that enabled creation of the district. State law provides for the reimbursement of these costs from the proceeds of the District once it is established and the Chamber will coordinate the presentation for payment/reimbursement of these costs to the DTPIDC Board for their approval. These costs must be consistent with the approved budget categories within the service plan.

Obligations and Expenditures: The Chamber is authorized to enter into contracts and otherwise obligate and spend District funds only in accordance with the DTPIDC Board approved budget and plan. The Chamber shall not incur obligations or indebtedness for the current or any future fiscal year in excess of its fund balance and/or anticipated revenues that will be available by the fiscal year in which the obligation must be paid.

Requisitions to utilize District funds will only be sought by the Chamber staff for initiatives that meet the TPIDC ROI criteria as outlined in the District budget and operating plan unless a specific exception is approved by a majority vote of the DTPIDC Board of Directors. The Chamber CFO must review all such expenditures to ensure compliance with this agreement and the approved District budget and plan. Staff utilizing District funds shall be bound by current Chamber travel and expense policies.

Maintenance of DTPIDC Funds: All assessment funds received from the City of Denton for the District shall be deposited in a bank account separate from all other Chamber funds. Utilized banking institutions shall be FDIC insured and maintain a minimum of either a Moody's rating of "Baa1" or higher, or a Standard & Poor's rating of "BBB+" or higher. An annual investment strategy and goals shall be presented to the DTPIDC Board as part of the annual plan and budget approval process for funds that do not need to be reserved for maintenance and operation of the district.

Insurance and Audit Services: The Chamber shall secure insurance and financial and performance audit services for matters pertaining to the District. Recommendations will be brought to the DTPIDC Board for approval. The completed performance and annual audit reports will be provided to the DTPIDC Board and to the City Manager for the City of Denton.

Staffing Pattern and Duties Summary

The Chamber will accomplish its contractual duties for the DTPIDC and the City through a mix of contracts with outside firms, very limited hiring of new staff, and utilization of existing Chamber staff. The proposed costs for each of these supplemental resources will be presented to the DTPIDC Board during the annual budget approval process and shall be solely based on the

percentage of time spent on District functions that are within the approved District service plan. These costs must be consistent with the approved budget categories within the service plan.

Approvals from DTPIDC Board

Approval of Budget, Operating Plan, and Amendments/Exceptions: The annual District budget and operating plan will be presented to the DTPIDC Board for approval at a meeting at least 30 days prior to the start of each fiscal year, other than the initial fiscal year of the District. Proposed amendments or exceptions to the annual plan or to the ROI protocols may be presented to the DTPIDC Board for approval at their quarterly meetings. If there is a very time sensitive matter, recommendations for amendments or exceptions may be presented to the DTPIDC Board at other times through email or specially called meetings, in accordance with the DTPIDC bylaws or board approved operational policies. For the purposes of this agreement, amendments may also include the addition or deletion of previously approved marketing or sales initiatives.

Overall Goals for District Marketing and Promotion Initiatives: The goals of the District marketing and promotion initiatives will be outlined definitively in each year's annual plan that will be approved by the DTPIDC Board. The target audience will include convention and meeting planners, business travelers, and leisure travelers.

Requests for Exceptions to ROI Requirements: While the Chamber does not anticipate the need to ask for exceptions to the ROI Requirement as outlined in the service plan, it is possible that such a situation may present itself. For example, there may be a business prospect that requires more sales initiatives than the ROI in lodging nights would indicate (e.g.; conventions held by ASAE, MPI, etc.) but offers the city and its hotel sector access to entities that can bring much other needed conventions and groups to our area. In such scenarios and other meritorious situations, the Chamber staff may bring such items up for consideration to the DTPIDC Board for their review and consideration. A brief summary of the anticipated ROI and an explanation of the grounds for considering an exception will be provided to the DTPIDC Board. Whether to grant such an exception will be at the discretion of the DTPIDC Board. Similarly, the DTPIDC Board, one of its members, or a funding hotel within the district may propose such an item for consideration by the DTPIDC Board for its review and consideration.

Shifting Between Expenditure Categories: The Chamber has the authority to propose to the DTPIDC Board a shifting of resources between categories for approved activities and efforts. Shifts between categories shall not exceed 10%. Similarly, the DTPIDC Board on its own motion may propose, approve and require such a shifting of resources.

Conflict of Interest Administration: It is possible that certain hotel members of the DTPIDC, and in certain cases a majority of the board, will have an interest in a city-wide or regional convention or meeting that may be marketed through the DTPIDC. In such cases, the Chamber shall work

with the involved board member(s) to file the appropriate conflict of interest forms as outlined in the bylaws for the DTPIDC and shall secure the needed votes to authorize the project as outlined in the bylaws for the DTPIDC.

Reports to the DTPIDC Board

Reports on Status of Projects/Expenditures: Quarterly and annual reports shall be provided to the DTPIDC Board on the progress of the Chamber staff in implementation of the District programs. These reports will indicate the status of progress on the approved plan, financial statements, and bank balances showing the timing of actual District revenues and expenses. The quarterly financial statement, balance sheet, and statement of activities shall be maintained and presented in compliance with General Accepted Accounting Principles (GAAP) for non-profit corporations. These reports shall be similar to those currently produced by the Chamber, incorporating the items contained in the DTPIDC board approved plan and budget.

The Chamber staff will also provide courtesy copies of the quarterly and annual reports to the City Manager for the City of Denton for further distribution.

Financial Statements: Financial statements will show the timing in which actual assessments will be collected and when they will be spent. In accordance with standard practices, the Chamber may book meetings that will be held a number of years later. In this case, a meeting may be booked, and an obligation made, in one year; but the sales initiative expense will not actualize until the meeting occurs. With this in mind, revenues may be shown over the 10 year term of the district, while expenses are shown over a twenty-year period (twelve years past the initial ----- year term of the PID). Balances are to be carried forward, and all District assessments along with any earned interest will be proposed for expenditure over the booking period for eligible District marketing, events, and programs. In accordance with city and state law, any funds not obligated during the term of the district must be returned to the city for distribution back to the assessed properties.

Access to District Materials: Reasonable access to all District related materials and information shall also be available to the DTPIDC Board at all times. Courtesy copies of quarterly and annual reports will be emailed to the Denton City Manager for further appropriate distribution. Requests for access to District documents by other parties will be handled as required under the Texas Public Information Act.

Orientation for the DTPIDC Board: An annual orientation shall be done for the DTPIDC Board on the administration of the District, board roles and responsibilities, and the responsibilities of the Chamber under this contract.