

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
<i>Totals</i>	\$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% - \$5,269,351

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; DTPID 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 _____