

**AGREEMENT BETWEEN THE CITY OF PFLUGERVILLE AND THE
PFLUGERVILLE CHAMBER OF COMMERCE (CONVENTION & VISITORS
BUREAU) PROVIDING FOR THE PAYMENT AND USE OF HOTEL TAX REVENUE**

THIS AGREEMENT made between the City of Pflugerville, Texas, a municipal corporation (the “CITY”), and the Pflugerville Chamber of Commerce (Convention & Visitors Bureau), a non-profit corporation incorporated under the laws of the State of Texas (the “CHAMBER”).

WHEREAS, TEX. TAX CODE §351.002 authorizes CITY to levy by ordinance a municipal hotel occupancy tax (“hotel tax”) not exceeding seven percent (7%) of the consideration paid by a hotel occupant; and

WHEREAS, by ordinance, CITY has provided for the assessment and collection of a municipal hotel occupancy tax in the City of Pflugerville of seven percent (7%); and

WHEREAS, TEX. TAX CODE §351.101(a) authorizes CITY to use revenue from its municipal hotel occupancy tax to promote tourism and the convention and hotel industry by advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity; and

WHEREAS, TEX. TAX CODE §351.101(a)(1) authorizes the expenditure of municipal hotel tax revenue for construction, improvement, enlarging, equipping, repairing, operating, and maintaining convention center facilities, visitor information centers, or both; and

WHEREAS, CHAMBER is equipped to perform those activities through its Pflugerville Convention and Visitor’s CHAMBER; and

WHEREAS, TEX. TAX CODE §351.101(c) authorizes CITY to delegate by contract with CHAMBER, as an independent entity, the management and supervision of programs and activities of the type described hereinabove funded with revenue from the municipal hotel occupancy tax;

NOW, THEREFORE, in consideration of the performance of the mutual covenants and promises contained herein, CITY and CHAMBER agree and contract as follows:

I. HOTEL TAX REVENUE PAYMENT

1.1 Consideration. For and in consideration of the activities to be performed by CHAMBER under this Agreement, CITY agrees to pay to CHAMBER a portion of the hotel tax revenue collected by CITY at the rates and in the manner specified herein (such payments by CITY to CHAMBER sometimes herein referred to as the “agreed payments” or “hotel tax funds”).

1.2 Amount of Payments.

(a) As used in this Agreement, the following terms shall have the following specific meanings:

(i) The term “Hotel Tax Revenue” shall mean the gross monies collected and received by CITY as municipal hotel occupancy tax at the rate of seven percent (7%) of the price paid for a room in a hotel, pursuant to Texas Tax Code §351.002 and City Ordinance. Hotel Tax Revenue will include penalty and interest related to the late payments of the tax revenue by the taxpayer.

(ii) The term “Collection Period” will mean the collection period for CITY’s fiscal year. It will include hotel tax revenue due to CITY for the relevant fiscal year and collected through the 22nd day of the month following the close of the relevant fiscal year.

(iii) The term “Base Payment Amount” is \$80,327 as reflected in the CHAMBER’s budget proposed (Exhibit A).

(iv) The term “contract quarter” shall refer to any quarter of the calendar year in which this Agreement is in force. Contract quarters will end on June 30th, September 30th, and December 31st of each contract year.

1.3 Dates of Payments.

(a) The annual payment shall be paid to the CHAMBER following the City Council’s review of the annual budgetary report from the previous year which is due by December 1. If an annual financial report is not received within thirty (30) days of the end of the applicable contract year, the recipient may be held in breach of this Agreement. CITY may withhold the annual payment until the appropriate reports are received and approved.

1.4 Other limitations regarding consideration.

(a) The funding of this project in no way commits CITY to future funding of this program beyond the current contract period. Any future funding is solely the responsibility of CHAMBER.

(b) It is expressly understood that this contract in no way obligates the General Fund or any other monies or credits of CITY.

(c) CITY may withhold further allocations if CITY determines that CHAMBER’s expenditures deviate from their approved budget.

II. USE OF HOTEL TAX REVENUE

2.1 Use of Funds. For and in consideration of the payment by CITY to CHAMBER of the agreed payments of hotel tax funds specified above, CHAMBER agrees to use such hotel tax funds only for directly enhancing and promoting tourism and the convention and hotel industry as authorized by TEX. TAX CODE §351.101(a). Following termination of this AGREEMENT, any unused funds shall be refunded to CITY within sixty (60) days.

Advertising materials purchased with the hotel occupancy tax funds must be targeted to reach audiences outside the Pflugerville city limits. These materials include, but are not limited to, signs, posters, postcards, newsletters, print advertising, digital marketing, billboards, radio and television.

- (a) Advertise and conduct solicitations and promotional programs to attract tourists and convention delegates or registrants to the City of Pflugerville, including, but not limited to:
 - i. Marketing at the state and local level (including market analysis, campaign development, branding, promotion, etc.);
 - ii. Collecting and reporting metrics on marketing activity;
 - iii. Sales missions developed in conjunction with the hotel owner's sales team to pre-identify and pre-qualify business-appropriate meetings for the Property; and
 - iv. Partnership development to create collaborative opportunities with local private, public, and non-profit sector entities.

- (b) Provide meeting, event, and pre-convention services, including, but not limited to:
 - i. Conducting site visits and familiarization tours for potential clients;
 - ii. Customized servicing for groups (registration assistance, delegate name badge preparation, welcome packets, off-site function arrangements, etc.); and
 - iii. Serving as liaison between meeting planner client and hotel, local business, and transportation.

- (c) Identifying, collecting rate bids from, and securing overflow hotels in the City of Pflugerville for convention delegates.

2.2 Administrative Costs. The CITY hotel tax funds received by CHAMBER may be spent for day-to-day operations, office supplies, salaries, travel expenses and other administrative costs incurred directly in the promotion and servicing expenditures authorized by TEX. TAX CODE §351.101(e), but only if specified in CHAMBER's budget attached hereto as Exhibit "A" and incorporated herein for all purposes and each are directly attributable to work on programs, which promote tourism and the hotel and convention industry, and if each promotes at least one of the statutory purposes enumerated within TEX. TAX CODE §351.101(a).

2.3 Specific Restrictions on Use of Funds.

(a) CHAMBER agrees to demonstrate strict compliance with the record keeping and apportionment limitations imposed by TEX. TAX CODE §351.101(f) and §351.108 (c) and (d). CHAMBER shall not utilize hotel tax funds for any expenditure which has not been specifically documented to satisfy the purposes set forth in 2.1 and 2.2 above and otherwise in compliance with Chapter 351 of the Texas Tax Code.

(b) Hotel tax funds may not be spent for travel for a person to attend an event or conduct an activity the primary purpose of which is not directly related to the promotion of local tourism and the convention and hotel industry or the performance of the person's job in an efficient and professional manner.

III. RECORDKEEPING AND REPORTING REQUIREMENTS

3.1 Budget.

(a) CHAMBER shall adhere to the budget (Exhibit "A") as approved by the City Council for each calendar year, for all operations of CHAMBER funded by hotel tax revenue. CITY shall not pay to CHAMBER any hotel tax revenues as set forth in Section I of this contract during any program year of this Agreement unless a budget for such respective program year has been approved in writing by the Pflugerville City Council, authorizing the expenditure of funds.

(b) CHAMBER acknowledges that approval of the budget (Exhibit "A") by the Pflugerville City Council creates a fiduciary duty in CHAMBER with respect to the hotel tax funds paid by CITY to CHAMBER under this Agreement. CHAMBER shall expend hotel tax funds only in the manner and for the purposes specified in this Agreement, TEX. TAX CODE §351.101(a), and in the budget as approved by CITY.

(c) Upon the application or consent of CHAMBER, the City Manager or his designate may authorize minor amendments to the approved budget as necessary to carry out the intent of this Agreement, in a manner consistent with efficient use of public funds, and in accordance with State law. Such minor amendments may not increase the overall funding set forth in ¶1.2(b), extend the term, or otherwise alter the performance obligations of CHAMBER, without approval of the City Council by ordinance.

3.2 Separate Accounts. CHAMBER shall maintain any hotel tax funds paid to CHAMBER by CITY in a separate account established for that purpose and CHAMBER may not commingle any hotel tax funds paid to CHAMBER with any other money.

3.3 Financial Records. CHAMBER shall maintain complete and accurate financial records of each expenditure of the hotel tax funds made by CHAMBER. These funds shall be classified as restricted funds for audited financial purposes, and may not be used for contracted services, including, but not limited to, auditing fees and attorney fees. Upon reasonable advance written request of the City Manager or designate, CHAMBER shall make such financial records available for inspection and review by the party making the request. CHAMBER understands and accepts that all such financial records, and any other records relating to this Agreement shall be subject to the Public Information Act, TEX. GOV'T CODE, ch. 552, as hereafter amended.

3.4 Annual Report. After initial receipt of the hotel tax funds, and by December 1, CHAMBER shall furnish to CITY a completed financial report listing the expenditures made by CHAMBER, in a form and manner approved by the City Manager or designate. Annual reports will be provided with an annual audit of receipts and expenditures. A quarterly report will be provided to provide progress updates. An annual presentation will be given to City Council to highlight tourism efforts and budgetary expenditures. CHAMBER shall respond promptly to any request from the City Manager or designate for additional information relating to the activities performed under this Agreement.

IV. TERM AND TERMINATION

4.1 Term. The term of this Agreement shall commence on March 1, 2023 and terminate at midnight on December 31, 2023. Only those expenditures authorized by Chapter 351 of the Texas Tax Code and the program guidelines, which are actually incurred during the program period, for events and activities taking place within the program period, are eligible for funding under this Agreement, and any ineligible expenditures or unspent funds shall be forfeited to CITY within 60 days following the termination of this Agreement. The contract may be auto renewed for two additional one year terms.

4.2 Termination Without Cause.

(a) This Agreement may be terminated by either party, with or without cause, by giving the other party sixty (60) days advance written notice.

(b) In the event this contract is terminated by either party pursuant to 4.2(a), CITY agrees to reimburse CHAMBER for any contractual obligations of CHAMBER undertaken by CHAMBER in satisfactory performance of those activities specified in 2.1 and 2.2 above and that were approved by the Council through the budget, as noted in 3.1. This reimbursement is conditioned upon such contractual obligations having been incurred and entered into in the good faith performance of those services contemplated in 2.1 and 2.2 above, and further conditioned upon such contractual obligations having a term not exceeding the full term of this Agreement. Notwithstanding any provision hereof to the contrary, the obligation of CITY to reimburse CHAMBER or to assume the performance of any contractual obligations of CHAMBER for or under any contract entered into by CHAMBER as contemplated herein shall not exceed 66 2/3% of the current annual payment.

(c) Further, upon termination pursuant to 4.2(a), CHAMBER will provide CITY: 1) within ten (10) business days from the termination notification, a short-term budget of probable expenditures for the remaining sixty (60) day period between termination notification and contract termination. This budget will be presented to Council for approval within fifteen (15) business days after receipt by CITY. If formal approval is not given within fifteen (15) business days and the budget does not contain any expenditures that would be prohibited by the Texas Tax Code, and is within the current contractual period approved budget; the budget will be considered approved; 2) within thirty (30) days, a full accounting of all expenditures not previously audited by CITY; 3) within ten (10) business days of a request from CITY, a listing of expenditures that have occurred since the last required reporting period; and 4) a final accounting of all expenditures and tax funds on the day of termination. CHAMBER will be obligated to return any unused funds or funds determined to be used improperly. Any use of remaining funds by CHAMBER after notification of termination is conditioned upon such contractual obligations having been incurred and entered into in the good faith performance of those services contemplated in 2.1 and 2.2 above, and further conditioned upon such contractual obligations having a term not exceeding the full term of this Agreement.

4.3 Automatic Termination. This Agreement shall automatically terminate upon the occurrence of any of the following events:

(a) The termination of the legal existence of CHAMBER;

(b) The insolvency of CHAMBER, the filing of a petition in bankruptcy, either voluntarily or involuntarily, or an assignment by CHAMBER for the benefit of creditors;

(c) The continuation of a breach of any of the terms or conditions of this Agreement by either CITY or CHAMBER for more than thirty (30) days after written notice of such breach is given to the breaching party by the other party; or

(d) The failure of CHAMBER to submit a financial annual report which complies with the reporting procedures required herein and generally accepted accounting principles prior to the beginning of the next contract term, or quarterly as required by 1.3 hereof.

4.4 Right to Immediate Termination Upon Litigation. Notwithstanding any other provision of this Agreement, to mitigate damages and to preserve evidence and issues for judicial determination, either party shall have the right to terminate this Agreement upon immediate notice to the other party in the event that any person has instituted litigation concerning the activities of the non-terminating party, and the terminating party reasonably believes that such activities are required or prohibited under this Agreement.

4.5 In the event that this Agreement is terminated pursuant to 4.3 or 4.4, CHAMBER agrees to refund any and all unused funds, or funds determined by CITY to have been used improperly, within sixty (60) days after termination of this Agreement.

V. GENERAL PROVISIONS

5.1 Independent Contractor. CHAMBER shall operate as an independent contractor as to all services to be performed under this Agreement and not as an officer, agent, servant, or employee of CITY. CHAMBER shall have exclusive control of its operations and performance of services hereunder, and such persons, entities, or organizations performing the same and CHAMBER shall be solely responsible for the acts and omissions of its directors, officers, employees, agents, and subcontractors. CHAMBER shall not be considered a partner or joint venturer with CITY, nor shall CHAMBER be considered nor in any manner hold itself out as an agent or official representative of CITY.

5.2 Indemnification. CHAMBER AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND CITY, ITS OFFICERS, AGENTS, AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS OR SUITS FOR INJURIES, DAMAGE, LOSS, OR LIABILITY OF WHATEVER KIND OR CHARACTER, ARISING OUT OF OR IN CONNECTION WITH THE PERFORMANCE BY CHAMBER OF THOSE SERVICES CONTEMPLATED BY THIS AGREEMENT, INCLUDING ALL SUCH CLAIMS OR CAUSES OF ACTION BASED UPON COMMON, CONSTITUTIONAL OR STATUTORY LAW, OR BASED, IN WHOLE OR IN PART, UPON ALLEGATIONS OF NEGLIGENT OR INTENTIONAL ACTS OF CHAMBER, ITS OFFICERS, EMPLOYEES, AGENTS, SUBCONTRACTORS, LICENSEES AND INVITEES.

5.3 Assignment. CHAMBER shall not assign this Agreement.

5.4 Notice. Any notice required to be given under this Agreement or any statute, ordinance, or regulation, shall be effective when given in writing and deposited in the United States mail, certified mail, return receipt requested, or by hand-delivery, addressed to the respective parties as follows:

CITY

City Manager
CITY OF PFLUGERVILLE
P.O. Box 589
Pflugerville, TX 78691

CHAMBER

President & CEO
PFLUGERVILLE CHAMBER OF COMMERCE
Pflugerville Convention & Visitors Chamber
P.O. Box 483
Pflugerville, TX 78691

5.5 Inurement. This Agreement and each provision hereof, and each and every right, duty, obligation, and liability set forth herein shall be binding upon and inure to the benefit and obligation of CITY and CHAMBER and their respective successors and assigns.

5.6 Application of Laws. All terms, conditions, and provisions of this Agreement are subject to all applicable federal laws, state laws, the Charter of the City of Pflugerville, all ordinances passed pursuant thereto, and all judicial determinations relative thereto.

5.7 Exclusive Agreement. This Agreement contains the entire understanding and constitutes the entire agreement between the parties hereto concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, express or implied, between or among the parties hereto, relating to the subject matter of this Agreement, which are not fully expressed herein. The terms and conditions of this Agreement shall prevail notwithstanding any variance in this Agreement from the terms and conditions of any other document relating to this transaction or these transactions.

5.8 Duplicate Originals. This Agreement is executed in duplicate originals.

5.9 Headings. The headings and subheadings of the various sections and paragraphs of this Agreement are inserted merely for the purpose of convenience and do not express or imply any limitation, definition, or extension of the specific terms of the section and paragraph so designated.

5.10 Severability. If any section, subsection, paragraph, sentence, clause, phrase or word in this AGREEMENT, or application thereof to any person or circumstance is held invalid by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this AGREEMENT, and the parties hereby declare they would have enacted such remaining portions despite any such invalidity.

5.11 Insurance. CHAMBER shall, at a minimum, provide insurance as follows:

1. \$500,000 Commercial General Liability, or \$1,000,000 Event Insurance, covering all events taking place on City-owned property.

- 2. \$250,000 Liquor/Dram Shop Liability for any event occurring on City-owned property where alcohol will be provided or served, and
- 3. \$500,000 Business Automobile Liability on any owned, non-owned or hired vehicles.

CITY must be named as an additional insured on all policies (except Workers' Compensation) and proof of coverage shall be submitted to CITY once per calendar year during the term of this AGREEMENT.

EXECUTED this _____ day of _____, 2023.

THE CITY OF PFLUGERVILLE, TEXAS

By: _____
 SERENIAH BRELAND,
 CITY MANAGER

ATTEST:

APPROVED AS TO LEGAL FORM:

By: _____
 TRISTA EVANS
 CITY SECRETARY

By: _____
 CHARLES E. ZECH,
 CITY ATTORNEY,
 DENTON, NAVARRO, ROCHA,
 BERNAL & ZECH, P.C.

PFLUGERVILLE CHAMBER OF COMMERCE

By: _____
 President

ATTEST:

APPROVED AS TO LEGAL FORM:

By: _____
 Secretary

By: _____