

FIRST-AMENDED INTERLOCAL AGREEMENT FOR HOTEL OCCUPANCY TAX SERVICES

This First-Amended Interlocal Agreement (the "Agreement"), is entered into by and between the City of Glen Rose ("City") and Somervell County ("County"), pursuant to Chapter 351 of the Texas Tax Code. In furtherance of the purposes of the Tax Code, and in consideration of the mutual covenants herein contained, City and County hereby agree as follows:

I. ALLOCATION OF FUNDS

- A. The City has enacted a hotel occupancy tax on rooms furnished by hotels and motels within the City of Glen Rose. The City hereby agrees to allocate all revenue received by the City from this hotel occupancy tax ("HOT Funds") to the County, pursuant to Texas Tax Code § 351.101(c). In exchange for the collection of all HOT Funds within the City, the County shall be responsible for providing and operating the tourism program to attract visitors and conventions to the City and County.
- B. The City will pay any HOT Funds it receives, which have not been otherwise redirected to the County pursuant to this Agreement, to the County within thirty (30) days of receipt of the same. The County shall track and document all collections and expenses related to this Agreement. **This is not the law, must be separate**
- C. The County shall maintain the HOT Funds provided by the City under this Agreement in ~~a separate account~~ an independent account for HOT Funds, (and County shall not commingle the funds in that account with any General Fund or other money, or maintain them in any other account. The Tourism Director shall prepare a monthly report of expenses and revenues for the City's portion based on a percentage of 80%. The percentage shall be periodically reviewed. The County will appeal to the 2023 Legislature to make Glen Rose, Somervell County exempt from having to have two separate checking accounts for HOT Funds since there is only one City. **what is the 80% and take out the last sentence**
- D. County shall maintain complete and accurate financial records of each expenditure of the HOT Funds and, at the request of the City Council or the City Council's designee, or as may be required by law, shall make the records available for inspection and review during normal business hours.
- E. The County may request that all Hotel Tax be paid directly to the County by the Hoteliers/Short Term Rentals to alleviate City staff from having to bill and collect HOT Funds as well as presenting checks payable to the County for payment of the tax.

II. USE OF HOT FUNDS

- A. County shall expend HOT Funds for promotional and tourism advertising for City and County by conducting a solicitation and operating program to attract visitors and conventions to City and County. HOT Funds shall be expended in a manner

directly enhancing and promoting tourism and the convention and hotel industry of Glen Rose and Somervell County, Texas. All uses and expenditures of HOT Funds shall be conducted in accordance with the uses permitted by Chapter 351 of the Texas Tax Code, and all other applicable laws and regulations of the State of Texas. The HOT Funds allocated by the County may be applied toward administrative expenses incurred directly in fulfilling its responsibilities under the Agreement in accordance with Texas Tax Code § 351.101E. These administrative expenses shall be covered under this paragraph only when the expenses are incurred directly in the County's tourism promotion activities. The County shall track all administrative expenses related to this Agreement, including any allocation of personnel resources, and make reports of such expenses at the request of the City as part of the reports required by this agreement.

- B. The County shall make expenditures of HOT funds in conformance with the County's budget. The City acknowledges that County had full control of this budget as it is now considered County's fiduciary duty with respect to the HOT Funds collected to ensure the money is spent in accordance with Texas Hotel Tax Laws.
- C. The City and County agree to nominate a nine-person Advisory Board to guide the Tourism Department on budgetary items. This Board shall consist of (one) City Councilmember, (one) County Commissioner, (one) City Hotelier, (one) City Short Term Lodging, (two) County Short Term Rental, (one) Attraction, (one) Tourism Business on Hwy 67, and (one) Downtown Business. The Tourism Administration must meet with the Board a minimum of once a month in an advisory capacity to make plans concerning City and County Tourism to be recommended to the Commissioners Court.
- D. The County agrees to take on all contractual obligations to which the City has committed, prior to the signing of this agreement.
- E. The County agrees to accept the City's current Convention and Visitors Bureau Visitors Center Administrative personnel, and the unfilled Events Employee position, and to ensure that the Tourism Department has at least three (3) full-time employees.

III. REPORTING AND AUDITING

- A. No later than July 31st of each year, the Tourism Administration shall provide to the County Commissioners Court and the City Council a proposed written annual Budget for the use of all HOT Funds. The budget shall outline the portion of HOT Funds received from the City's collections and their allocated expenditures and shall outline the portion of HOT Funds received from the County's collections and their allocated expenditures. The County and the City shall, in writing, approve in advance the annual budget of the Tourism Department. Furthermore, the County shall at least monthly (first Monday of the month) provide a list of revenues and expenditures of the City HOT Funds.

- B. In addition to the hereinabove referred to report and financial data, an audit of the funds and activities may be made to the City upon reasonable notice and the request of the County at any time. In the event an audit is requested of the City, it is agreed that the auditors performing said audit shall have access to and the right to examine all records and accounts directly related to HOT Funds and any such other City CVB records and accounts as may be reasonably necessary to conduct and complete an audit. Likewise, the County Tourism Administration shall be subject to audit regarding the funds and activities contemplated under this Agreement upon reasonable notice and request to the County.

IV. BUILDING USE / LOCATION

The location of the CVB building currently occupied by the City shall remain in place for County's use under this Agreement unless a different location is chosen by the County in the future. County agrees to pay for minor maintenance and repairs as well as utility costs for the building and City remains responsible for major repairs and must maintain property insurance on the building in the event of major damages or destruction by natural disaster. Although no rent is required by the City, it estimates a rental value for this building of \$10,000 per year. If the City decides to pursue a sale of the property and building, it shall provide the County a minimum of 180 days notice to vacate to allow the County sufficient time to find a suitable alternative location for its operations under this Agreement.

For the purpose of this agreement, Major repairs shall be defined as any repair cost that would be covered under the City's Insurance Policy minus the deductible. All other items will be considered Minor repairs.

V. TERM AND TERMINATION

- A. The term of this Agreement shall be effective through September 30, 2023. First payment of HOT Funds by the City to the County shall occur on or before July 15, 2021. This Agreement will be reviewed by City and County on or before 90 days prior to September 30, 2023, at which time if no changes are requested by either party, this Agreement will automatically renew for a period of five (5) additional years beginning October 1, 2023. Thereafter, unless a review is requested by either party to be completed on or before 90 days prior to expiration of that respective term, this Agreement shall continue to automatically renew for a period of five (5) additional years from the date of expiration.
- B. It is expressly agreed that either party may cancel this Agreement by tendering 90 days written notice to the other party. This Agreement will terminate 90 days from the date of receipt of the written notice, or on any date specified in the notice after the 90-day period.
- C. In the event this agreement terminates, the terminating party agrees to initiate and pay for a full audit of HOT funds for a period of at least six (6) months prior to

termination. Furthermore, the County agrees to return any remaining Hotel Occupancy Tax collected on behalf of the City of Glen Rose.

VI. CONSTRUCTION

This Agreement shall be construed in accordance with the laws of the State of Texas, and in particular with Chapter 351 of the Texas Tax Code.

VII. COUNTY'S RELATIONSHIP TO CITY

It is expressly understood and agreed that the County, in conducting the tourism program under this Agreement, is acting on behalf of City and County Tourism. Accordingly, the Tourism Administration and property of the County used or involved in the program under this Agreement shall not be considered, for any purpose, to be the Tourism Administration or property of the City. County agrees to indemnify the City from any and all claims which may occur as a result of the program conducted by County and the activities contemplated by County under this Agreement.

IN WITNESS WHEREOF, the City of Glen Rose and Somervell County have caused this Agreement to be executed and delivered by their duly authorized representatives as of the dates specified below:

OFFICIALLY APPROVED AND EXECUTED by City on this the ____ day of _____, 2021.

CITY OF GLEN ROSE

By: _____
Julia Douglas, Mayor

ATTEST:

Stephanie Ritchie, City Secretary

OFFICIALLY APPROVED AND EXECUTED by County on this the ____ day of _____, 2021.

COUNTY OF SOMERVELL

By: _____
Danny L. Chambers, County Judge

ATTEST:

Michelle Reynolds, County Clerk

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- B. City will pay any HOT Funds it receives, which have not been otherwise redirected to County pursuant to this Agreement, to County within thirty (30) days of receipt of same. County shall track and document all collections and expenses related to this Agreement.
- C. County shall maintain the HOT Funds provided by City under this Agreement in a ~~separate~~ *FOR HOT FUNDS* account, and County shall not commingle the funds in that account with any other money, or maintain them in any other account.
P.L. GF
- D. County shall maintain complete and accurate financial records of each expenditure of the HOT Funds and, at the request of the City Council or the City Council's designee, or as may be required by law, shall make the records available for inspection and review during normal business hours.
DELIVERING MONTHLY
- E. County may request that all Hotel Tax be paid directly to County by the Hoteliers/Short Term Rentals to alleviate City staff from having to bill and collect HOT Funds as well as presenting checks payable to County for payment of the tax.

II. USE OF HOT FUNDS

- A. County shall expend HOT Funds for promotional and tourism advertising for City and County by conducting a solicitation and operating program to attract visitors and conventions to City and County. HOT Funds shall be expended in a manner directly enhancing and promoting tourism and the convention and hotel

HOT Funds received from the City's collections and their allocated expenditures and shall outline the portion of HOT Funds received from the County's collections and their allocated expenditures. County and City shall, in writing, approve in advance the annual budget of the Tourism Department. Furthermore, County shall at least monthly (first Monday of the month) provide a list of revenues received and expenditures made of ~~the Tourism Department~~ City HOT Funds by the Tourism Department during the previous month.

- B. In addition to the hereinabove referred to report and financial data, an audit of the funds and activities may be made to City upon reasonable notice and the request of County at any time. In the event an audit is requested of City, it is agreed that the auditors performing said audit shall have access to and the right to examine all records and accounts directly related to HOT Funds and any such other City CVB records and accounts as may be reasonably necessary to conduct and complete an audit. Likewise, the County Tourism Administration shall be subject to audit regarding the funds and activities contemplated under this Agreement upon reasonable notice and request to County.

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By:

Julia Douglas
Julia Douglas, Mayor

ATTEST:

Rosario Sosol-Lihaut

Rosario Sosol-Lihaut, Deputy City Secretary

OFFICIALLY APPROVED AND EXECUTED by County on this the ____ day of
_____, 2022.

COUNTY OF SOMERVELL

By:

Danny L. Chambers, County Judge

ATTEST:

Michelle Reynolds, County Clerk