



M E M O R A N D U M

**City of Austin
Financial Services Department
Purchasing Office**

DATE: December 1, 2017
TO: Memo to File
FROM: Liz Lock, Procurement Specialist II
RE: MA 5500 NA180000037

This Master Agreement Contract was created and administered by Economic Development for the Fiscal Year 2018 Cultural Arts Contracts. All original documents are located with the department. The Purchasing Office is not responsible for any procurement action for this Master Agreement Contract other the creation of the payment mechanism for accounting purposes.

RESOLUTION NO. 20170928-016

WHEREAS, the City allocates fifteen percent of the funds received from the hotel occupancy tax to the Cultural Arts Fund for the encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and applied fields, painting, sculpture, photography, graphic and creative arts, motion pictures, radio, television, tape and sound recording and other arts related to the presentation, performance, execution and exhibition of a major art form; and

WHEREAS, the City, through its Economic Development Department Cultural Arts Division, serves to encourage, develop, and facilitate an enriched environment of artistic, creative, cultural activity in the City; and

WHEREAS, the Cultural Arts Division manages the Cultural Arts Fund in compliance with Chapter 351 of the Texas Tax Code which authorizes funds to be spent to encourage the promotion of tourism and the hotel and convention industry; and

WHEREAS, the City Arts Commission, along with the Cultural Arts Division, developed a funding plan based on the model adopted by the City Council on August 18, 2005; and

WHEREAS, the Commission and the Division have recommended the cultural arts services contracts for Fiscal Year 2017-2018 to be funded in the amounts shown in Exhibit

“A”, and forwarded their recommendation for City Council approval as required by the August 18, 2005 Council action; and

WHEREAS, the City and the Zachary Scott Theatre have entered into an operation agreement in which the City pays the Theatre \$60,000 for maintenance, and it is sourced from the Cultural Arts Funds and

WHEREAS, Council reaffirms its support of language in the agreements for Zachary Scott Theatre regarding labor matters in the contract for the upcoming year, but also gives direction to the City Manager to add a provision to that operating agreement grant and in the award of the cultural arts grant to require return of funds paid to Zachary Scott Theatre from the City in the event that there is a determination of a violation of labor law by a federal court of appeal with competent jurisdiction over the matter; **NOW THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Council approves the award of contracts for cultural arts services for Fiscal Year 2017-2018 to the contractors listed in the attached Exhibit “A” in the corresponding amounts, subject to adjustment as set out below, in a total amount not to exceed \$8,624,405, and authorizes the City Manager to negotiate and execute these contracts with terms and conditions as may be favorable, necessary, or required; and

BE IT FURTHER RESOLVED:

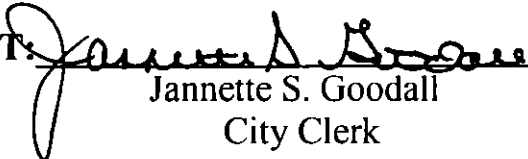
The Council authorizes payment in the amount of \$60,000 for Zachary Scott Theatre Center for maintenance and operations per a separate current operations agreement, to be paid


from the Cultural Arts Fund with the additional direction to the City Manager that the labor peace language from the 2016-2017 agreement be included in the new agreement, and that language also be added to that agreement and in the award of the cultural arts grant to require return of funds paid to Zachary Scott Theatre from the City in the event of a determination of violation of labor law by a federal court of appeals with competent jurisdiction over the matter; and


BE IT FURTHER RESOLVED:

The City Manager or her designee is authorized to make formula-based adjustments to funding amounts not to exceed the amount of her administrative authority, based on the arts funding matrix approved by Council and as necessary to correct mathematical or categorization errors, or based on updated financial information.

ADOPTED: September 28, 2017

ATTEST: 
Jannette S. Goodall
City Clerk

 The City of Austin is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request.

 For assistance, please call 512-974-2210 or TTY users route through 711.

Austin Convention and Visitors Bureau
dba Visit Austin
Statement of Activities
Year-to-date through June 30, 2017

JUNE 2017 YTD - ACTUALS		
	\$	%
REVENUES, GAINS & OTHER SUPPORT:		
City Contract	10,338,100	75.9%
Merchandise Sales	911,801	6.7%
Services	323,377	2.4%
Donated Services	1,218,171	8.9%
Rack Rental	9,149	0.1%
Sponsorships & Coops	794,147	5.8%
Expired Grants	-	0.0%
Other Income	19,478	0.1%
Interest & Dividends	3,046	0.0%
TOTAL REVENUE, GAINS & OTHER SUPPORT	13,617,269	100.0%
PROGRAM EXPENSES:		
Merchandise Sales Costs	683,229	4.9%
Collateral	23,270	0.2%
Contracted Services	458,091	3.3%
Fulfillment Cost	11,100	0.1%
Housing Costs	61,543	0.4%
Heritage Grants	262,630	1.9%
Media Placement	1,031,208	7.4%
Production Costs	880,047	6.3%
Project Costs		
Trade Shows	215,610	1.5%
FAMS & Site Visits	117,550	0.8%
Client Development	2,116,448	15.2%
Local Meetings/Transportation	220,270	1.6%
Special Projects	394,791	2.8%
Education Seminars	32,121	0.2%
Rent, Utilities, Etc.	755,565	5.4%
Information Technology	155,836	1.1%
Delivery	16,460	0.1%
Depreciation & Amortization	177,884	1.3%
Dues & Subscriptions	105,977	0.8%
Professional Fees	138,639	1.0%
Insurance	37,597	0.3%
Office Expense	65,147	0.5%
Postage	39,120	0.3%
Printing	-	0.0%
Research	153,030	1.1%
Taxes	1,005	0.0%
Telephone	49,457	0.4%
Wages & Salaries	3,562,907	25.6%
Employee Benefits	953,742	6.8%
Donated Services	1,218,171	8.7%
Miscellaneous	1,091	0.0%
TOTAL PROGRAM EXPENSES	13,939,536	100.0%
CHANGE IN NET ASSETS	\$ (322,267)	

AUSTIN CONVENTION AND VISITORS BUREAU
dba VISIT AUSTIN
PROPOSED FY 2017/2018 BUDGET

	Sales	Services	Tourism	ASC	Communications	Heritage	Strategic Partnership	Advertising	Film	Music	VC	Operations	Reductions Across Departments	Spring Festival Security	Total
City Contract	4,357,540	845,874	581,386	336,041	1,102,923	250,000	119,297	2,986,251	189,368	350,522	466,040	2,250,458	(240,000)	1,200,000	14,795,700
Retail Revenue	-	-	-	-	-	-	-	-	-	-	1,110,000	-	-	-	1,110,000
Publication Sales	-	-	-	-	-	-	-	20,000	-	-	-	-	-	-	20,000
Rack Rental Revenue	-	-	-	-	-	-	-	-	-	-	15,000	-	-	-	15,000
Partnership Revenue	-	-	-	-	-	-	549,500	-	-	-	-	-	-	-	549,500
ASC Revenue	-	-	-	68,000	-	-	-	-	-	-	-	-	-	-	68,000
Services Revenue	-	80,000	-	-	-	-	-	-	-	-	-	-	-	-	80,000
Donated Services	-	-	-	-	-	-	315,000	-	-	-	-	-	-	-	315,000
Interest	-	-	-	-	-	-	-	-	-	-	-	4,200	-	-	4,200
Draw on Reserve Fund	-	112,350	-	-	-	-	-	-	-	-	-	-	-	-	112,350
Total Private Revenue	-	192,350	-	68,000	-	-	864,500	20,000	-	-	1,125,000	4,200	-	-	2,274,050
Client Development	336,000	70,150	28,500	34,896	10,000	-	37,000	-	-	-	-	19,557	-	-	536,103
FAMS/Site Visits	115,000	-	19,000	-	22,002	-	6,250	-	-	-	-	-	-	-	162,252
Convention Commitments	200,000	112,850	-	-	-	-	-	-	-	-	-	-	-	-	312,850
Local Meetings	10,600	7,525	8,000	3,000	2,608	-	3,600	-	-	-	-	-	-	-	35,333
Promotional Items	120,000	-	-	-	-	-	-	-	-	-	-	-	-	-	120,000
Special Promotions	-	10,000	6,300	15,000	-	-	143,500	-	-	-	-	-	-	-	174,800
Industry Relations	146,690	3,409	55,685	31,551	845	-	161,090	-	-	-	-	-	-	-	399,270
Trade Shows	388,000	4,950	74,000	12,000	-	-	20,000	-	-	-	-	-	-	-	498,950
Professional Development	29,000	9,500	3,000	-	30,300	-	-	-	-	-	-	13,500	-	-	85,300
Information Technology	56,051	1,512	-	-	7,126	-	-	-	1,400	-	81,458	156,131	-	-	303,678
Fulfillment	-	-	-	-	143,916	-	-	-	-	-	-	-	-	-	143,916
Collateral	-	4,600	-	-	500	-	-	-	-	-	-	-	-	-	5,100
Media Production and Placement	-	23,140	-	-	-	-	-	3,979,751	-	-	-	-	-	-	4,002,891
Research	126,961	-	-	-	51,288	-	-	-	-	-	-	-	-	-	178,249
Professional and Contracted Services	-	-	40,000	-	171,500	-	30,000	-	-	-	-	147,938	-	-	389,438
Music/Film Programs	-	-	-	-	-	-	-	-	65,605	269,245	-	-	-	-	334,850
Heritage Grant Program	-	-	-	-	-	250,000	-	-	-	-	-	-	-	-	250,000
Retail Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-	835,061	-	-	-	835,061
Visitor Services	-	-	-	-	-	-	-	-	-	-	71,919	-	-	-	71,919
Employee Relations	-	-	-	-	-	-	-	-	-	-	-	46,500	-	-	46,500
Donated Services	-	-	-	-	-	-	315,000	-	-	-	-	-	-	-	315,000
Spring Festival Security - One Time	-	-	-	-	-	-	-	-	-	-	-	-	-	1,200,000	1,200,000
Budget Reductions	-	-	-	-	(151,500)	-	(40,000)	(973,500)	(3,000)	(10,000)	(72,000)	(10,000)	-	-	(1,260,000)
Total Program Expenses	1,528,302	247,636	234,485	96,447	288,585	250,000	676,440	3,006,251	64,005	259,245	916,438	373,626	-	1,200,000	9,141,460
Overhead and Office Expenses	106,880	24,409	10,332	8,620	22,528	-	10,488	-	3,600	3,792	18,916	109,887	-	-	319,452
Depreciation	-	-	-	-	-	-	-	-	-	-	-	240,000	-	-	240,000
Rent	396,053	75,120	44,208	39,164	90,346	-	55,124	-	18,984	12,920	212,676	213,535	-	-	1,158,130
Personnel Costs	2,326,305	691,059	292,361	259,810	701,464	-	241,745	-	102,779	74,565	443,010	1,317,610	-	-	6,450,708
Reductions - Across All Departments	-	-	-	-	-	-	-	-	-	-	-	-	(240,000)	-	(240,000)
	4,357,540	1,038,224	581,386	404,041	1,102,923	250,000	983,797	3,006,251	189,368	350,522	1,591,040	2,254,658	(240,000)	1,200,000	17,069,750
Total by Functional Area				6,381,191				5,342,971		539,890	1,591,040	2,254,658	(240,000)	1,200,000	17,069,750

FY 2018 Proposed Funding Matrix

Organizational Support			Project Support I							Project Support II				PS III		Non Arts					
Score	\$1 mil +	Under \$1 mil	Score	\$250,000 +	\$200,000 - \$249,999	\$150,000 - \$199,999	\$100,000 - \$149,999	\$50,000 - \$99,999	Under \$50,000	Score	Over \$50,000	Under \$50,000	New Applicants	Current Applicant	New Applicant	Over \$50,000	Under \$50,000				
100			100	\$112,500						100	\$30,000	\$25,000									
99	\$212,500		99	\$109,900	\$102,500		\$82,500			99	\$29,550	\$24,600				\$30,000					
98	\$209,600		98	\$107,300	\$100,500	\$92,500	\$81,100			98	\$29,100	\$24,200		\$20,000		\$29,600					
97	\$206,700		97	\$104,700	\$98,500	\$91,000	\$79,700	\$75,000	\$30,000	97	\$28,650	\$23,800	\$10,000	\$19,675	\$10,000	\$29,200					
96	\$203,800	\$187,500	96	\$102,100	\$96,500	\$89,500	\$78,300	\$74,000	\$29,050	96	\$28,200	\$23,400	\$9,700	\$19,350	\$9,700	\$28,800					
95	\$200,900	\$184,700	95	\$99,500	\$94,500	\$88,000	\$76,900	\$73,000	\$28,100	95	\$27,750	\$23,000	\$9,400	\$19,025	\$9,400	\$28,400					
94	\$198,000	\$181,900	94	\$96,900	\$92,500	\$86,500	\$75,500	\$72,000	\$27,150	94	\$27,300	\$22,600	\$9,100	\$18,700	\$9,100	\$28,000	\$25,000				
93	\$195,100	\$179,100	93	\$94,300	\$90,500	\$85,000	\$74,100	\$71,000	\$26,200	93	\$26,850	\$22,200	\$8,800	\$18,375	\$8,800	\$27,600	\$24,600				
92	\$192,200	\$176,300	92	\$91,700	\$88,500	\$83,500	\$72,700	\$70,000	\$25,250	92	\$26,400	\$21,800	\$8,500	\$18,050	\$8,500	\$27,200	\$24,200				
91	\$189,300	\$173,500	91	\$89,100	\$86,500	\$82,000	\$71,300	\$69,000	\$24,300	91	\$25,950	\$21,400	\$8,200	\$17,725	\$8,200	\$26,800	\$23,800				
90	\$186,400	\$170,700	90	\$86,500	\$84,500	\$80,500	\$69,900	\$68,000	\$23,350	90	\$25,500	\$21,000	\$7,900	\$17,400	\$7,900	\$26,400	\$23,400				
89	\$183,500	\$167,900	89	\$83,900	\$82,500	\$79,000	\$68,500	\$67,000	\$22,400	89	\$25,050	\$20,600	\$7,600	\$17,075	\$7,600	\$26,000	\$23,000				
88	\$180,600	\$165,100	88	\$81,300	\$80,500	\$77,500	\$67,100	\$66,000	\$21,450	88	\$24,600	\$20,200	\$7,300	\$16,750	\$7,300	\$25,600	\$22,600				
87	\$177,700	\$162,300	87	\$78,700	\$78,500	\$76,000	\$65,700	\$65,000	\$20,500	87	\$24,150	\$19,800	\$7,000	\$16,425	\$7,000	\$25,200	\$22,200				
86	\$174,800	\$159,500	86	\$76,100	\$76,500	\$74,500	\$64,300	\$64,000	\$19,550	86	\$23,700	\$19,400	\$6,700	\$16,100	\$6,700	\$24,800	\$21,800				
85	\$171,900	\$156,700	85	\$73,500	\$74,500	\$73,000	\$62,900	\$63,000	\$18,600	85	\$23,250	\$19,000	\$6,400	\$15,775	\$6,400	\$24,400	\$21,400				
84	\$169,000	\$153,900	84	\$70,900	\$72,500	\$71,500	\$61,500	\$62,000	\$17,650	84	\$22,800	\$18,600	\$6,100	\$15,450	\$6,100	\$24,000	\$21,000				
83	\$166,100	\$151,100	83	\$68,300	\$70,500	\$70,000	\$60,100	\$61,000	\$16,700	83	\$22,350	\$18,200	\$5,800	\$15,125	\$5,800	\$23,600	\$20,600				
82	\$163,200	\$148,300	82	\$65,700	\$68,500	\$68,500	\$58,700	\$60,000	\$15,750	82	\$21,900	\$17,800	\$5,500	\$14,800	\$5,500	\$23,200	\$20,200				
81	\$160,300	\$145,500	81	\$63,100	\$66,500	\$67,000	\$57,300	\$59,000	\$14,800	81	\$21,450	\$17,400	\$5,200	\$14,475	\$5,200	\$22,800	\$19,800				
80	\$157,400	\$142,700	80	\$60,500	\$64,500	\$65,500	\$55,900	\$58,000	\$13,850	80	\$21,000	\$17,000	\$4,900	\$14,150	\$4,900	\$22,400	\$19,400				
79	\$154,500	\$139,900	79	\$57,900	\$62,500	\$64,000	\$54,500	\$57,000	\$12,900	79	\$20,550	\$16,600	\$4,600	\$13,825	\$4,600	\$22,000	\$19,000				
78	\$151,600	\$137,100	78	\$55,300	\$60,500	\$62,500	\$53,100	\$56,000	\$11,950	78	\$20,100	\$16,200	\$4,300	\$13,500	\$4,300	\$21,600	\$18,600				
77	\$148,700	\$134,300	77	\$52,700	\$58,500	\$61,000	\$51,700	\$55,000	\$11,000	77	\$19,650	\$15,800	\$4,000	\$13,175	\$4,000	\$21,200	\$18,200				
76	\$145,800	\$131,500	76	\$50,100	\$56,500	\$59,500	\$50,300	\$54,000	\$10,050	76	\$19,200	\$15,400	\$3,700	\$12,850	\$3,700	\$20,800	\$17,800				
75	\$142,900	\$128,700	75	\$47,500	\$54,500	\$58,000	\$48,900	\$53,000	\$9,100	75	\$18,750	\$15,000	\$3,400	\$12,525	\$3,400	\$20,400	\$17,400				
Lesser of	\$212,500	\$187,500	Lesser of	\$112,500	\$102,500	\$92,500	\$82,500	\$75,000	\$30,000	Lesser of	\$30,000	\$25,000	\$10,000	\$20,000	\$10,000	\$30,000	\$25,000				
or	20%	25%	or	30%	30%	30%	35%	35%	35%	or	40%	40%	50%	65%	50%	40%	40%				
\$/point	\$2,900	\$2,800		\$2,600	\$2,000	\$1,500	\$1,400	\$1,000	\$950		\$450	\$400	\$300	\$325	\$300	\$400	\$400				
AALANA Modifier		1.100	Minimum Award		\$4,000	CSMS Modifier		1.000													

OPERATING AGREEMENT

This Agreement is by and between the City of Austin, a home rule city, municipal corporation and political subdivision of the State of Texas (hereinafter referred to as the "City") and Zachary Scott Theatre Center, Inc., a Texas non-profit corporation (hereinafter referred to as "ZSTC").

R E C I T A L S:

WHEREAS, the City is the owner of the performing arts facilities located at 1421 West Riverside Drive, Austin, Texas 78704 (hereinafter referred to as the "Theatre"); and

WHEREAS, the City and ZSTC have entered into a General Agreement Between the City of Austin and Zachary Scott Theatre Center, Inc., dated Nov. 17th, 1987, pursuant to which the City and ZSTC have agreed to enter into an Operating Agreement whereby ZSTC shall be the operator of the Theatre and provide services at the Theatre; and

WHEREAS, City and ZSTC desire to enter into such Operating Agreement setting forth the respective rights and obligations of the City and ZSTC with respect to ZSTC's operations, all on the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, the City and ZSTC agree as follows:

1. Appointment of Operator. The City hereby grants to ZSTC, subject to the terms and conditions hereinafter set forth, the exclusive right to operate the Theatre. During the term of this agreement the Theatre shall be leased to ZSTC for \$1.00 per year, during which time ZSTC shall have the exclusive right of possession of the Theatre and the property on which it is located. The parties agree that the operation of the Theatre shall not affect ZSTC's right to provide programs and services at other locations, all as ZSTC may determine from time to time. The right to operate the Theatre shall include the authority over the administration, operation and management of the Theatre and the programs and services provided at other sites, and all decisions in connection therewith, including but not limited to such matters as policy and procedure, programming, personnel, budget and fiscal matters, except to the extent expressly limited by the terms of this Agreement. Provided, however, ZSTC agrees to receive, review

and give consideration to suggestions and recommendations from the City on such matters.

2. Term. The term of this Agreement shall be a period of ninety-nine (99) years from and after the date of this Agreement; provided, however, that after the first five (5) years of such term, ZSTC shall have the right to terminate this Operating Agreement by giving written notice of its intent to terminate to the City at least twelve (12) months prior to the effective date of such termination.

3. Operating and Maintenance Costs. All operating and maintenance costs for the Theatre, including without limitation normal repair and maintenance of the premises, janitorial services, landscaping, utility costs, security, furnishings, advertising and promotional expenses, public information costs, salaries, insurance, ZSTC's overhead and administrative expenses, development expenses, and program costs (hereinafter collectively "the Theatre Costs"), shall be paid by ZSTC, subject to the City's obligations to ZSTC as provided in paragraph 4, below.

4. City's Funding Obligation. Pursuant to the City's current Cultural Arts Major Facilities Policy, the City agrees to provide the following services for the Theatre. The following described services may be expanded or reduced to reflect any amendments made by City Council to the Cultural Arts Major Facilities Policy.

- (a) Repair and maintenance of the Theatre and the site where it is located;
- (b) Minor modifications to the Theatre;
- (c) Janitorial services at the Theatre;
- (d) Insurance for the Theatre (and all improvements, furniture, fixtures and equipment), including fire and extended coverage and other casualty insurance (including theft) and liability insurance; and
- (e) All uninsured losses from fire and casualty losses (including theft).

In the event the City fails to provide the above-described services in a timely manner, ZSTC shall notify the City, in writing, of the required services and the time period within which these services are needed. If the City fails to respond to ZSTC within thirty (30) days following its receipt of said notice, ZSTC

may secure said services from another source and submit to the City a report outlining the services provided and costs incurred. The City shall pay its share of such costs within thirty (30) days after receipt of such written report.

In addition to the above reimbursement, ZSTC shall be entitled to receive from the City an amount equal to not less than 5.29% of the Cultural Arts Portion of the City's Hotel Occupancy Tax beginning in the fiscal year of 1988/89 and continuing during the term of this Agreement, to support ZSTC's operation of the Theatre, which amount shall be paid to ZSTC in monthly installments. As used herein, the "Cultural Arts Portion of the City's Hotel Occupancy Tax" shall mean that portion of such tax collected by the City equal to 1% of the consideration paid by the occupant of the sleeping room to the hotel as established by state law. The percentage of said tax revenue to be allocated to ZSTC shall be subject to review after five (5) years and may be adjusted based on available revenue and/or changes in ZSTC's operating budget.

The City and ZSTC agree to use due diligence to locate additional sources of supplemental funding for Theatre's operations, including but not limited to (i) a voluntary, downtown district with specific commitments to the support of ZSTC; (ii) creation of a special art district with taxing authority through the passage of special enabling legislation; (iii) additional non-general fund tax revenues of the City; and (iv) contracts with the City for the delivery of cultural arts programs as may be agreed to from time to time.

The City, at its option, may contribute funds specifically dedicated to acquisitions, capital construction and/or special projects, in addition to its foregoing funding obligations.

5. Theatre Programming. In consideration of the City's provision of payments and services under this agreement, ZSTC shall provide theatrical performances at the Theatre to the public throughout the year. Prior to each fiscal year ZSTC will submit to the City a detailed description of the programs planned for that fiscal year. ZSTC shall have the sole authority to determine the programs that will be presented to the public at the Theatre. No person, entity or organization shall have the authority to program the Theatre, or any other location at which ZSTC may provide programs, or have the right to approve or disapprove programs presented by ZSTC at any location. ZSTC may, at its

option, permit other arts organizations to prepare and present programs if done in consultation with ZSTC and ZSTC approves such programs prior to presentation to the public.

6. Use of Theatre. ZSTC will provide access for non-profit theatre and dance organizations and other members of the public to the Theatre on a space available basis as determined by ZSTC on a first-come, first-serve basis. ZSTC shall adopt procedures to ensure that non-profit theatre and dance organizations have reasonable access to such facilities. Notwithstanding the foregoing, ZSTC may adopt procedures to ensure that events sponsored by ZSTC will be given first priority in scheduling the use of the Theatre. No organization other than ZSTC shall have the right to conduct fund raising events at the Theatre, except with the prior written consent of the City Manager and ZSTC. ZSTC may charge third parties using the Theatre a fee based on a fee schedule to be established annually by ZSTC in accordance with guidelines as specified in Exhibit "A" which is attached hereto and incorporated herein. The income derived from such fees shall be used to defray ZSTC's share of Theatre Costs. ZSTC shall have the right to adopt rules and regulations governing the use of the Theatre, which rules and regulations may address any and all aspects of such use, including without limitation the following issues:

- (a) Required insurance coverage for users;
- (b) Content of printed programs;
- (c) Advertising which uses the name "Zachary Scott Theatre Center" or any variation thereof;
- (d) Assurances of payment for user expenses, such as payments to ZSTC, promotion fees, artists fees, artist expenses, advertising expenses, costs of printed programs and payment for insurance coverage;
- (e) Service of food and beverages; and
- (f) Handling of ticket sales and box office.

ZSTC agrees to provide to the City copies of the fee schedule established annually by ZSTC, and all rules and regulations adopted by ZSTC governing the use of the Theatre.

The City shall have the right to use the Theatre, but not ZSTC staff, free of charge of the base rate for use of the facility, for up to eighteen (18) facility use days per year

(based upon the City's fiscal year), beginning in fiscal year 1989/90 or when two (2) spaces become available, whichever occurs first, and provided further that such space is available pursuant to the normal booking procedures then in force by ZSTC. The City and ZSTC shall negotiate in good faith to determine the sequencing and space to be provided to the City. Days to be provided to the City free of charge may be changed annually by mutual agreement of the City and ZSTC.

7. Admission Fees. ZSTC may charge admission fees in connection with performances or activities at the Theatre. In addition, ZSTC shall have the right to charge user fees for special services, such as educational classes. The amount of such admission and user fees shall be used to defray ZSTC's share of Theatre Costs. Upon receipt, ZSTC shall furnish no less than six (6) complimentary tickets to any ZSTC sponsored event, for use by the City; provided that the number of complimentary tickets may be changed annually by mutual agreement of the City and ZSTC.

8. Hours of Operation. ZSTC shall keep the Theatre open a minimum of thirty-five (35) hours per week, subject to reduction as is reasonably necessary to permit repairs to the Theatre, to permit installation and removal of sets, or in observation of normal holidays.

9. Name of Theatre. During the term of this Agreement, the Theatre shall be called "Zachary Scott Theatre Center".

10. Collateral Uses of the Theatre. ZSTC shall have the right to use portions of the Theatre for collateral uses, including without limitation, restaurant, catering services, beverage service, coffee shop, or gift shop purposes, or for ZSTC's administrative offices, in which event the income, if any, derived from such uses shall be used to defray ZSTC's share of Theatre Costs; provided, however, such collateral uses, excluding ZSTC's administrative offices, shall not use more than Ten Thousand (10,000) square feet of the theatre unless authorized by the prior written consent of the City, and ZSTC's administrative offices shall not use more than Ten Thousand (10,000) square feet of the Theatre unless authorized by the prior written consent of the City. Provided, however, that if the amount of area allocated to collateral uses should, in the reasonable opinion of the City's Bond Counsel, cause the City's bonds to become taxable, in whole or in part, the City and ZSTC agree to reduce the area devoted to collateral uses to such extent as may be necessary to preserve the tax exempt status of said bonds. By the word "bonds" is meant only those outstanding bonds issued or sold by the City to finance the Theatre identified and defined in the General Agreement, of even date herewith, between the City and ZSTC.

11. Subcontracting Theatre Services. ZSTC, at its option, may contract with third parties to provide some of the services involved in the collateral uses at the Theatre. Any such contract shall be subject to City requirements relating to nondiscrimination.

12. Reports to City. During the term of this Agreement, ZSTC agrees to provide to the City through the Parks and Recreation Department the following information:

- (a) A true and correct copy of ZSTC's corporate charter, with amendments, if any, and an accurate, complete copy of its bylaws, and any amendments thereto, together with true and correct copies of subsequent amendments to the charter or the bylaws as they become effective.
- (b) The names and addresses of all members of the Board of Directors of ZSTC, and the names of all future directors, as they are elected.
- (c) Copies of ZSTC's personnel rules and regulations governing the conduct of its employees, and any subsequent amendment thereto as such amendment is adopted.
- (d) True and correct copies of the minutes of meetings of the Board of Directors, as finally approved by the Board of Directors.
- (e) Quarterly reports within thirty (30) days after the end of a quarter reflecting all performances at the Theatre during that quarter and all other programmatic services that have been provided to the public during that quarter.
- (f) Quarterly reports within thirty (30) days after the end of a quarter setting forth financial and attendance information with respect to the programs and other services provided by ZSTC, together with copies of pertinent publicity and programs in connection therewith, and any newsletter published by ZSTC during such quarter.

- (g) When requested by the City, separate event reports containing financial and attendance information with respect to each separate event presented by ZSTC within sixty (60) days after completion of the event.
- (h) ZSTC's annual budget, and any amendment thereto, within fifteen (15) days after the same is adopted.

Quarterly reports and event reports specified in this Section will be made on forms provided by the City.

13. Financial Information. In addition to the monthly reports of Theatre Costs, as set forth above, ZSTC annually shall provide to the City a financial audit of ZSTC's operations for ZSTC's most recently completed fiscal year. Such audit shall be provided to the City within fifteen (15) days after such audit is accepted by the Board of Directors of ZSTC.

ZSTC's financial records shall be available for inspection and copying by the City during ZSTC's normal business hours and at ZSTC's business office, or at the office of its accountants, upon three (3) days written notice from the City to ZSTC.

14. Ex Officio Members. During the term of this Agreement, the City's Mayor, City Manager, and Director of Parks and Recreation Department or his designee shall be non-voting ex officio members of the Board of Directors of ZSTC. ZSTC agrees to amend its by-laws to provide for such ex officio positions.

15. Acknowledgment of City Support. ZSTC will acknowledge City support in all printed materials and other advertisement pertinent to the programs presented by ZSTC in substantially the following form: "This program is funded in part by the City of Austin," or in such other form as the City may reasonably request in the future. ZSTC will also acknowledge City support in the construction of the Theatre by placing a plaque adjacent to the main entrance to the Theatre, or by other means agreed upon by the parties.

16. Termination. This Agreement may be terminated under the following conditions, but no others:

- (a) By the non-defaulting party in the event of any default under this Agreement by the other party, provided that the non-defaulting party has first provided to the defaulting party written notice specifying such event of default, and provided further that the defaulting party has failed to cure such event of default within thirty

(30) days after receipt of such written notice; provided, however, that if the event of default is such that, by its nature, cannot reasonably be cured within such thirty (30) day period, then the defaulting party shall not be deemed to be in default for purposes of this subsection if it has, within such thirty (30) day period, begun reasonable efforts to cure such default and pursues such efforts with reasonable diligence thereafter until such default is cured.

(b) By ZSTC as provided in Section 2, above.

(c) By either party upon termination of the Lease of the Theatre of even date herewith between the City and ZSTC.

17. Relationship Between the City and ZSTC. In acting as operator pursuant to this Agreement, ZSTC shall be an independent contractor, and nothing herein shall be deemed to constitute the City and ZSTC as partners or joint venturers. Nothing in this Agreement shall alter in any manner the status of personnel employed by ZSTC, who shall in no event be deemed to be employees of the City.

18. Nondiscrimination. ZSTC hereby acknowledges its commitment not to discriminate on account of race, color, sex, age, handicap, religion or national origin, in employment practices (unless age or handicap is a bona fide occupational qualification) or in the use of, or admission to ZSTC programs.

19. ZSTC Directors. It is recognized that it is the intent of ZSTC that the Directors elected to its board shall provide broad representation of the community interests in the promotion and presentation of the arts, consistent with ZSTC's purpose and policies as set forth in ZSTC's by-laws.

20. Tax Exempt Status. ZSTC warrants (i) that it is a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, (ii) that ZSTC will maintain such status at all times during the term of this Agreement, and (iii) that its use of the Theatre shall, during the term of this Agreement, be in furtherance of ZSTC's exempt purposes under said Section.

21. Compliance with Laws. ZSTC agrees that it will strictly observe and abide by all applicable laws and ordinances of the City of Austin, the State of Texas, United States of America, and any other applicable political subdivision, as the

same now exist or as may hereafter be amended; provided, however, that nothing herein shall permit the City to amend the terms of this Agreement by ordinance or other action.

22. Notices. Any notice, payment, report or other matter required or permitted to be given by either party to the other may be effected either by a personal delivery to the address set forth below, or by certified mail, postage prepaid, return receipt requested, properly addressed to the appropriate address set forth below.

If to the City, to:

The City of Austin
c/o City Manager
P. O. Box 1088
Austin, Texas 78767-8828

With a copy to:

Parks and Recreation Dept.
P. O. Box 1088
Austin, Texas 78767-8828

If to ZSTC, to:

Zachary Scott Theatre Center, Inc.
P. O. Box 244
Austin, Texas 78767
Attention: Elota Patton

Either party may change its address by written notice to the other in accordance with the terms of this section.

23. Parties Bound. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

24. Legal Construction. In case any one or more of the provisions contained in this Agreement 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 Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

25. Applicable Law. This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created by this Agreement are performable in Travis County, Texas.

26. Prior Agreements Superseded. This Agreement constitutes the sole and only agreement of the parties to this Agreement

with respect to the subject matter contained herein, and super-
sedes any prior understandings, or written or oral agreements
between the parties concerning such subject matter.

27. Amendment. This Agreement may be amended only by
written document, duly executed by the City and ZSTC.

EXECUTED as of the 24th day of November, 1987.

THE CITY OF AUSTIN, TEXAS

RW

By *Libby Watson*

Name: LIBBY WATSON

Title: ASST City Manager

ZACHARY SCOTT THEATRE CENTER, INC.

By *Philip Maxwell*

Name: PHILIP MAXWELL

Title: Legal Counsel

EXHIBIT "A"

Guidelines for Setting Rates for Use of
ZSTC Theatre Facilities

1. In setting rates, the following factors will be considered:
 - type of user (profit or non-profit)
 - type of event (performance/film/meeting/workshop/etc.)
 - actual costs to operate
 - market (rates charged by similar facilities for similar events)
 - time of week (weekday vs. weekend)
 - time of day (day vs. night)
 - extraordinary utility or security requirements
2. The rate structure will be tiered as follows:
 - non-profits will be charged less (15-20%) than profit groups
 - a lower rate will be charged for certain daytime events (lectures, meetings, etc.) which require very little overhead costs
 - a lower rate may be charged for weekday events (Mon.-Thurs.)
3. The base rate for use of the facilities will be competitive with similar facilities.
4. Extra costs will be added to the base rate for "extra" services such as:
 - stage lighting
 - stage labor and services (technicians, labor)
 - house labor and services (house manager, usher)
 - video/audio equipment and technician services
 - dance floor
 - alcohol and food catering
 - (ordinary custodial maintenance will be provided as part of the base rate)
5. Box office may initially be handled by user group (unless in co-sponsorship with ZSTC) although ZSTC shall have the right to develop or contract for a box office service which users must employ.

REMAND DATE	AGENCY	JUDGE
1/4/2017	AMC	Erik Cary
5/15/2017	AMC	Beverly Landers
5/25/2017	AMC	Beverly Landers
2/14/2017	AMC	Beverly Landers
3/11/2017	AMC	Celeste Villarreal
1/21/2017	AMC	Celeste Villarreal
1/21/2017	AMC	Celeste Villarreal
3/10/2017	AMC	Celeste Villarreal
1/7/2017	AMC	Celeste Villarreal
4/19/2017	AMC	Erik Cary
3/20/2017	AMC	Erik Cary
3/20/2017	AMC	Erik Cary
4/18/2017	AMC	Erik Cary
7/18/2017	AMC	Erik Cary
1/20/2017	AMC	Erik Cary
7/13/2017	AMC	Erik Cary
2/15/2017	AMC	Erik Cary
2/17/2017	AMC	Erik Cary
3/4/2017	AMC	Ferdinand Clervi
2/5/2017	AMC	Ferdinand Clervi
2/27/2017	AMC	Kenneth Vitucci
2/2/2017	AMC	Mitchell Solomon
4/26/2017	AMC	Patrick McNelis
3/3/2017	AMC	Ron Meyerson
1/6/2017	AMC	Ron Meyerson
5/15/2017	AMC	Ron Meyerson
3/1/2017	AMC	Stephen Vigorito
1/31/2017	DACC	Michael Coffey

Austin Convention Center Projected Operating Revenue and Expenses (\$000)									
	Existing	Scenario 1: As-Is		Scenario 2: East Expansion		Scenario 3a: West Contiguous Expansion		Scenario 3b: West Non-Contiguous Expansion	
	FY 2013	FY 2029	Incre- mental**	Year 8*	Incre- mental	Year 10*	Incre- mental	Year 8*	Incre- mental
Revenue	\$17,670	\$27,868	(\$312)	\$39,925	\$7,426	\$52,510	\$13,570	\$52,129	\$15,260
Expenses	\$32,931	\$52,601	(\$156)	\$60,871	\$5,153	\$72,378	\$9,872	\$69,337	\$10,586
Net Operating Income (Loss)	(\$15,261)	(\$24,732)	(\$156)	(\$20,946)	\$2,274	(\$19,868)	\$3,698	(\$17,207)	\$4,674
HOT Revenues									
Hotel Occupancy Tax CC (4.5%)	\$29,811	\$52,165	\$2,777	\$61,258	\$8,614	\$67,049	\$9,860	\$61,879	\$9,013
Hotel Occupancy Tax Venue (2%)*	13,248	23,182	1,234	27,223	3,828	29,796	4,382	27,499	4,005
Total	\$43,059	\$75,347	\$4,011	\$88,481	\$12,442	\$96,845	\$14,242	\$89,379	\$13,018
NOI After Support from HOT****	\$27,798	\$50,615	\$3,855	\$67,535	\$14,716	\$76,977	\$17,940	\$72,171	\$17,691
		(FY 2029)		(Year 8)		(Year 10)		(Year 8)	

Notes:

* The eighth full year upon expansion completion is assumed to be when the expanded Convention Center reaches stabilized operation (or tenth year, for Scenario 3a).

** Measures the difference between FY 2013 and the stabilized year upon expansion, reflected in 2014 dollars.

*** The 2% portion is related to the current Venue. For modeling purposes, it is assumed that the current Venue will be distinguished early and a new voter-approved Venue would be in place for the recommended expansion.

**** HOT would be pledged for debt service first, so this amount includes funds used first for debt service, even before covering expenses, with remaining amounts for Convention Center capital needs, operating reserves, and other Convention Center-related requirements.

Source: Austin Convention Center, Johnson Consulting

2) Regarding the proposed Tourism Public Improvement District, what are the necessary steps to establish a new entity to collect and distribute the funds that would come from a new 2 cent tax?

A tourism public improvement district petition would be submitted to the City Council once the terms of such a district are agreed to between the hotel industry and the City Council and the requisite petition signatures are obtained by hotel owners on a petition that contains those terms. Approval is secured through a petition that must be signed by over 60 percent of the ownership of the hotels within the district. The hotels within the district would include every hotel with 100 or more sleeping rooms that is located within the City of Austin. See Tex. Loc. Govt. Code 372.0035(a)(2)(A)

The process for approval of a TPID typically proceeds through the following steps:

- Negotiation of the terms of the proposed service plan/budget for the TPID between the hotel industry and city staff/city council.
- Use of the negotiated service plan as part of a petition that is circulated by the hotel industry to its hotel ownership groups for signature on the petition.
- Once over 60 percent approval is secured by the ownership groups, the petitions are submitted to the city for certification.
- Once the petitions are certified, the city council may call public hearings on the creation of the TPID and on the setting of the assessment rate for the TPID.

3) Additionally, what is the timeline for establishing such an entity, when would the first monies flow into the TPID, and what is the anticipated amount?

The time frame is typically about 6 months to secure approval of the hotel ownership groups from the date that city staff/city council and the hotel industry agree on the terms of the proposed service plan.

See slide 39 from the presentation to Council at its August 29, 2017 work session, found at <http://www.austintexas.gov/edims/document.cfm?id=282917>. As shown below from that slide presentation, the projected TPID revenue amounts that would directly or indirectly be available to the city under the proposed district are shown on the “Homeless Initiatives” lines of Scenarios B and C.

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Convention Center: *Scenario Outcomes*

	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10	<u>10 YR</u> <u>Total</u>
Scenario A											
Historic Preservation	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$12.8	\$13.2	\$13.6	\$14.0	\$14.4	\$68.0
Music	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Homeless Initiatives	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Area Projects	CIP										\$0.0
											\$68.0 million
Scenario B											
Historic Preservation	\$1.8	\$3.3	\$3.7	\$3.2	\$4.7	\$6.0	\$7.9	\$10.6	\$12.2	\$13.9	\$67.3
Music	\$3.1	\$3.2	\$3.3	\$3.4	\$3.5	\$3.7	\$4.0	\$4.0	\$4.0	\$4.1	\$36.3
Homeless Initiatives	\$3.5	\$3.6	\$3.7	\$3.8	\$7.9	\$8.2	\$8.4	\$8.7	\$8.9	\$9.2	\$65.9
Other Area Projects	CIP										\$59.0
											\$228.5 million
Scenario C											
Historic Preservation *	\$13.9	\$14.5	\$15.1	\$15.5	\$16.0	\$16.4	\$17.0	\$17.4	\$18.0	\$18.5	\$162.3
Music	\$3.1	\$3.2	\$3.3	\$3.4	\$3.5	\$3.7	\$4.0	\$4.0	\$4.0	\$4.1	\$36.3
Homeless Initiatives	\$3.5	\$3.6	\$3.7	\$3.8	\$7.9	\$8.2	\$8.4	\$8.7	\$8.9	\$9.2	\$65.9
Other Area Projects *	CIP										\$59.0
											\$323.5 million
* Based on allocation of 15%;											
* If changed to 10%, total 10 YR Funding for Historic Preservation is \$108 M, and funding for Other Allowable Area Projects increases by \$50 M											

4) *How does Travis County fit into the equation?*

The state legislation that was passed to allow tourism public improvement districts only provides TPID creation authority to five Texas municipalities (Dallas, Fort Worth, San Antonio, Arlington, and Fort Worth). There is no equivalent authority for a county to create a tourism public improvement district with non-contiguous hotels throughout the city or county. Accordingly, there is no set role for the county regarding the creation of a tourism public improvement district. See Local Government Code Section 372.0035 (a) which states in applicable part:

(a). The section applies only to:

(12) a municipality that :

(A) has a population of more than 650,000 and less than two million; or

(B) has a population of more than 325,000 and less than 625,00; and

(2) a public improvement district established under this chapter and solely composed of territory in which the only businesses are:

(A) hotels with 100 or more rooms ordinarily used for sleeping, if the district is established by a municipality described by Subddivision (1) (A); or

(B) hotels with 75 or more rooms ordinarily used for sleeping, if the district is established by a municipality described by Subdivision (1) (B).

(b) a municipality may undertake a project that confers a special benefit on areas that share a common characteristic or use. The areas may be noncontiguous.

5) *What is the actual understanding about the percentages that would come to the City? Is it 20 percent or 40 percent?*

The first allocation of a twenty percent concession to the City that is to be used for homeless services could be allocated under the statutory purposes of “health and sanitation,” “public safety”, or “the development or expansion of affordable housing.” See Local Government Code Section 372.003 (b) (13) and (b)(15). Any expenditures of these funds provided by the PID for this purpose must fairly fit into one or more of these statutory categories. The use of the funds must also have an impact on the hotels within the district. Addressing the homeless issue would arguably impact tourism and hotel activity. As long as these two criteria are met for these funds, the City Council is not further restricted.

The second allocation of twenty percent of TPID funds is to the convention center for meeting incentive purposes. These funds are authorized under the PID statutory category for “business recruitment.” See Local Government Code Section 372.003 (b) (13). Once the convention center conducts the business recruitment activity and records this revenue, it may then allocate the new revenue to the City. Once the City receives this allocated revenue from the Convention Center, it can be used for any public purpose including homeless services. The source of funding for the convention center’s payments to the City related to the TPID would be from the funding allocation for convention incentives. If the TPID Service Plan is adopted as currently proposed, the Convention Center would make the full 20% payment to the City from the TPID source of funds.

Part of the overall plan under this proposal would also include a provision that the Convention Center would in turn reinvest in the buy down/incentives program via payment to Visit Austin (administrator of the program) when needed to ensure the program’s continued viability and success. The program will result in an increase in events and hotel rooms nights, thereby providing for increased Hotel Occupancy Tax. All recipients of HOT will benefit from this program. This program is consistent with the Convention Center’s longstanding business model and results in an overall positive impact to the Convention Center’s ending balance. Currently, any facility revenue foregone through discounts is more than offset by HOT revenue. This buy down and incentives program will follow suit. Any funding used to reinvest in the program will come from the Convention Center’s revenue streams, including operating revenue and HOT.

6) *Why would the City receive such a small portion of the total?*

The amount that Austin is proposed to receive from the TPID in direct and indirect TPID revenues is more than double what is being allocated to any other city in Texas under the tourism public improvement district authority. There is also no other tourism public improvement district to our knowledge nationally that provides a concession to a city at this level. Please note below the allocations in this regard to the other authorized Texas cities that have adopted a tourism public improvement district:

- a. The City of Dallas is only allocated just under 10 percent of the Dallas TPID proceeds as a concession
 - i. 7.5 % of this concession funds arts programs that have an area hotel impact; Unlike Austin, Dallas does not otherwise allocate 15% of local hotel tax to the arts.
 - ii. \$500k of this concession is allocated to the Dallas City Convention Center budget.
 - iii. The remaining Dallas TPID funds primarily fund supplemental marketing and incentives to promote hotel activity, with up to 5 percent allocated for research costs to assess the impact of district marketing and incentive programs and up to 5 percent of TPID funds allocated to Visit Dallas for administration of the program.
- b. The City of Fort Worth is only allocated 7.5 percent of the Fort Worth TPID proceeds as a concession
 - i. 7.5 % of this concession funds arts programs that have an area hotel impact; Unlike Austin, Fort Worth does not otherwise allocate 15% of local hotel tax to the arts.
 - ii. The remaining Fort Worth TPID funds primarily fund supplemental marketing and incentives to promote hotel activity, with up to 5 percent allocated for research costs to assess the impact of district marketing and incentive programs and up to 5 percent of TPID funds allocated to Fort Worth CVB for administration of the program.
- c. The City of Arlington does not allocate any concession to the city related to its tourism public improvement district. The vast majority of its TPID funds are allocated to marketing and incentives to promote area hotel activity with five percent allocated for research and up to 5 percent allocated for the Arlington CVB to administer the TPID program.

It should also be noted that a tourism public improvement district can only be initiated through a petition that is signed by the ownership of over 60 percent of the hotels within the proposed district. The Austin hotel industry leadership have consistently indicated that they would not propose nor support creation of a tourism public improvement district in Austin if it involved a concession of more than what is currently being proposed.

7) *Of the proportion that would go to the Convention Center, would that amount go toward operations, bond payments, or reserves? Who receives the benefit from that portion of the tax?*

None of the TPID funds would be used for Convention Center operations, bond payments or reserves. The benefit received from this portion of the TPID is three-fold. First, there's the overall economic benefit from the additional events that the buy down/incentives program generates, Second, all recipients of Hotel Occupancy Tax benefit from the additional room nights generated from those events. And third, the City benefits from being able to utilize that portion of the TPID for homeless initiatives, once the new business is secured.

8) *Who receives the majority of the 60 percent "waterfall," and what is the City's role in administering or spending it?*

As to the allocation of the remaining 60 percent of the TPID revenues, the anticipated service plan for the district would primarily allocate those revenues to supplemental marketing and expenditures to promote new group and convention business activity for area hotels. A small portion of district funds (5 percent) would likely be allocated to research costs to assess the impact of district marketing and incentive programs. And up to 5 percent of district funds would likely be allocated for administration of the TPID programs by Visit Austin. The City's role in administering or spending TPID funds would be the same as its role with other

Austin public improvement districts: the city council is asked to approve the annual service plan for the TPID in terms of its adherence with the adopted ten year service plan that is approved by the City Council for the district.

9) *With respect to the TPID governance and structure, who would be on the board and what entities would they represent?*

The Tourism Public Improvement Districts in the three Texas cities (Dallas, Fort Worth, and Arlington) that have adopted such districts are all governed by a board of directors solely composed of TPID stakeholders with assessed properties within the district. In the case of tourism public improvement districts, the stakeholders with assessed properties are the hotels within the district. The board of directors is structurally organized under the Texas Nonprofit Corporation Act and the resulting entity is a nonprofit Tourism Public Improvement District Management Corporation. The ultimate board of directors that is selected is balanced to represent the various sizes, locations of hotels, and lodging brands within the district and is modeled to also ensure that the board members reflect the diversity of the community. The board members represent the interest of all assessed stakeholders -area hotels within the district- to ensure that the TPID programs effectively promote the goals of the district.

10) *What role would they play in the day-to-day operations?*

The District board of directors serves as the oversight entity regarding the implementation of all district programs. Typically, they meet quarterly to review and approve proposed supplemental marketing and incentive programs to promote increased convention, group, and tourism activity within the District.

11) *Would the formation of the TPID require staff to manage the funds?*

The TPID board approves a management contract with the area destination management entity (e.g.; Visit Austin) to implement the day-to-day program activities of the District. The formation and administration of the district typically does not require additional staff to manage the funds. For example, in all three of the other existing TPIDs in Texas, the existing staff of the CVB manages the TPID funds once they are received by the City. The Cities providing the TPID assessment proceeds are permitted to recover any actual costs that the city has in creating the District and in providing the monthly allocation to the District. These costs are generally minimal as the assessments are collected through already existing city hotel tax collection forms which only need to be slightly modified to include a tourism public improvement district assessment.

12) *What guarantees do we have to ensure transparency and accountability?*

The administration of the TPID is typically addressed in a three-way contract between the City, the TPID nonprofit management corporation, and the area CVB that administers the day-to-day TPID programs. This contract requires quarterly and annual financial and operational reports to be provided to the City to ensure transparency and accountability. There is also a requirement that an annual financial and performance audit be done and a copy provided to the City for this same purpose. Further, the TPID service plan/budget must be presented for approval by the Austin City Council annually as to adherence to the ten-year TPID service plan, providing for further transparency for the City Council. Finally, the Tourism Public Improvement District documents would all be subject to public information requests that provide general access to all such information unless there is an applicable exemption under state law.