

**LODGING TAX AGREEMENT BETWEEN THE CITY OF
MAPLE GROVE AND MAPLE GROVE TOURISM**

This LODGING TAX AGREEMENT ("Agreement"), effective February 7, 2022, is between the City of Maple Grove, a Minnesota municipal corporation (the "City"), and Maple Grove Tourism, a Minnesota non-profit corporation (the "Agency"). City and Agency may be referred to individually as "Party" or collectively as "Parties" herein.

WHEREAS, Minn. Stat. § 469.190, subd. 1 authorizes the City to impose a tax of up to three percent on the gross receipts from lodging at a hotel, motel, rooming house, tourist court, or resort.

WHEREAS, by ordinance, the City has provided for the assessment and collection of a municipal hotel occupancy tax in the City of three percent (3%); and

WHEREAS, Minn. Stat. § 469.190, subd. 3 requires ninety-five percent of the gross proceeds from the lodging tax to fund a local convention or tourism bureau for the purpose of marketing and promoting the City.

**ARTICLE I
HOTEL TAX REVENUE PAYMENT**

1.1 **Consideration and Payment.** For and in consideration of marketing and tourism activities to be satisfactorily performed by the Agency under this Agreement, the City shall pay the Agency a portion of the lodging tax revenue collected by the City in an amount equal to 95% of the gross lodging tax proceeds received by the City.

1.2 **Reports and Payments.** The Agency shall provide all reports required by this Agreement. Provided Agency timely complies with all reporting requirements stated herein, the City shall make monthly payment on or near the fifteenth day of each month.

1.3 **Term.** The term of this Agreement will continue until cessation by mutual agreement of both parties or until withdrawal by one of the Parties in accordance with the following provisions:

- a) The Party withdrawing from this Agreement shall provide the other Party written notice to that effect.
- b) The City shall have the right to terminate and withdraw from the Agreement effective immediately for cause. "For cause" shall mean upon Agency's gross misconduct or Agency's financial mismanagement resulting in insolvency.
- c) Withdrawal shall be effective December 31 of the calendar following the year in which written notice of withdrawal is given.
- d) Withdrawal by the City shall require a two-thirds majority vote of the City Council as a whole.

**ARTICLE II
USE OF HOTEL TAX REVENUE**

2.1 **Use of Funds.** The Agency shall use lodging tax revenues it receives from the City as specified herein for the following: furnishing facilities, personnel/staffing expenses, advertising and promotional programming to attract tourists to the municipality, expenses incurred by the Agency, involvement as a sponsor of City festivals and events, and representation of the City at trade shows, conventions, and exhibits intended to attract new and returning visitors to the City.

2.2 **Special Considerations on the Use of Funds**

- a) City Council members and designated city staff shall have the right to attend Agency events or promotional programs as representatives of the City at no additional cost to the City to promote tourism and the hotel industry.
- b) Lodging tax revenue may not be spent for the cost of 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 City tourism and the hotel industry or the performance of the person's job in an efficient and professional manner.

**ARTICLE III
RECORD KEEPING AND REPORTING REQUIREMENTS**

3.1 **Budget.** The Agency shall submit its annual budget for review by the City Council following approval of the annual budget by the Agency's Board of Directors. Such budget shall detail the specific uses to which monies received shall be spent to provide services as described in Section 2.1 of this Agreement. The Parties understand and agree that revenues generated may vary from the amounts anticipated in the budget. For this reason, the Parties agree that the budget may be modified without prior consent of the City Council, providing that any adjustments shall be made by a two-thirds vote of the Agency's Board of Directors. Notwithstanding any provision in this Agreement that may suggest otherwise, the Agency shall not expend funds that exceed its revenues.

3.2 **Financial Records.** Agency shall maintain complete and accurate financial records of each expenditure of lodging tax revenue made by the Agency. Upon written request of the City Council or designated City staff, Agency shall make such records available for inspection and review by the party making the request.

3.3 **Quarterly Reports.** Agency shall submit to the City on a quarterly basis, no later than thirty (30) days after the end of each calendar quarter i.e. (April 30 for the quarter ending March 31, July 30 for the quarter ending June 30, October 30 for the quarter ending September 30, January 30 of the following year for the quarter ending December 31), the following reports: Financial Activity Report; Performance Measure Report; Narrative Summary of Activity Report; and Expenditure Report.

3.4 **Financial Audit.** A copy of the Agency’s annual financial audit shall be made available to the City no later than thirty (30) days following the Agency’s receipt of the same. Agency is recommended to use the city’s firm for auditing.

3.5 **Presentations.** Agency shall provide to the City an annual presentation at a City Council meeting in the first quarter of each year. Additional presentations shall be provided upon request.

ARTIVLE IV BOARD OF DIRECTORS

4.1 **Appointees.** The City shall have the authority to select and appoint at least one member of the Agency’s Board of Directors, and shall make such appointment on an annual basis.

4.2 **Agenda and Minutes.** The Agency shall provide to the City an agenda of all board meetings three (3) days prior to the meeting with information as to the date, time, and place of the meeting. The Agency shall submit minutes of each Board of Directors meeting and Executive Committee meeting to the City within ten (10) days after approval of the minutes.

ARTICLE V IDEMNIFICATION AND RELEASE

5.1 **Indemnification.** The Agency shall and does hereby agree to protect, defend, indemnify, and hold the City, and its elected officials, appointed officials, officers, agents, and employees (collectively “Indemnified Parties”), harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against the Indemnified Parties by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained herein.

5.2 **Release.** The Agency assumes full responsibility for the work to be performed hereunder and hereby releases, relinquishes, and discharges the City, its officers, agents, volunteers, and employees from all claims, demands, and cases of action of every kind and character, including the cost of defense thereof, for any injury to or death of any person and any loss of or damage to any property that is caused by, alleged to be caused by, arising out of, or in connection with the Agency’s work to be performed under this Agreement. This release shall apply regardless whether said claims, demands, or causes of action are covered in whole or in part by insurance.

ARTICLE VI INSURANCE

6.1 The Agency shall procure and maintain, at is sole cost and expense for the duration of this Agreement, suitable and sufficient insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the services performed by the Agency, its officers, agents, volunteers, and employees.

6.2 The Agency’s insurance shall list the City, its officers, agents, volunteers, and employees as additional insureds.

6.3 Per Minn. Stat. 176.182, the Agency shall be required to also carry worker’s compensation and shall provide proof of compliance to the City.

ARTICLE VII GENERAL PROVISIONS

7.1 **Agreement Binding.** 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 the City and Agency, and their respective successors and assignees.

7.2 **Non-Discrimination.** Agency covenants and agrees that, during the term of this agreement, it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, or disability. Agency will take affirmative action to ensure that applicants who are employed are treated equitably without regard to their race, color, religion, sex, national origin, or disability.

7.3 **Equal Opportunity.** Agency expressly agrees that, in all solicitations or advertisements for employees placed by or on behalf of Agency, there will be a statement that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, or disability.

7.4 **Amendments.** No amendment to this Agreement shall be effective and binding unless and until it is reduced to writing and signed by duly authorized representatives of both Parties.

7.5 **Additional Jurisdictions.** Agency agrees and understands that the purpose of this Agreement is to provide the services solely to the City. Agency is required to receive written consent from the City before entering into any additional agreements with other municipalities.

7.6 **Governing Law.** This Agreement is made and shall be governed in all respects by the laws of the State of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

7.7 **Assignment.** This Agreement and the rights and obligations contained herein may not be assigned by any party without the prior written approval of the other parties to this Agreement.

7.8 **Funding Source.** Agency understands and agrees to state in all published material, announcements, and advertising regarding activities funded with City funding that the activity was made possible in part through funding from the City of Maple Grove.

7.9 **Data Practices Compliance.** Agency may have access to data collected or maintained by the City to the extent necessary to perform Agency’s obligations under this Agreement. Agency agrees to maintain all data obtained from the City in the same manner as the City is required to maintain such data under the Minnesota Government Data Practices Act, Minnesota Statutes Chap. 13 (“MGDPA”). Agency will not release or disclose the contents of data classified by the MGDPA

as not public to any person except at the written direction of the City. Upon termination of this contract, Agency agrees to return all such data upon request by the City.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the proper officers of the City thereunto duly authorized on the day and year first written above.

CITY OF MAPLE GROVE

By _____
Its Mayor _____

By _____
Its City Administrator _____

This Agreement has been duly executed and delivered by the Agency on the day and year first written above.

MAPLE GROVE TOURISM

By _____
Its Interim President _____

By _____
Its Board of Directors Chair _____