

**To:** Visit Morgan Hill Board of Directors  
**From:** Krista Rupp, Executive Director

**October 16, 2023**

**RE: APPROVE VOLUNTARY CONTRIBUTION POLICY & STANDARD MOU**

**BACKGROUND:** The Morgan Hill Tourism Business Assessment District (MHTBID) is the sole funding source of Visit Morgan Hill (VMH), a 501(c) 6 organization. VMH is currently leading the renewal process for a new 10-year term to begin March 1, 2024. Throughout the process, the VMH Board of Directors and Staff discussed potential ways to increase funding resources for VMH. Expanding and/or increasing the MHTBID boundaries, assessment rate, and types of businesses assessed were deemed to have limited viability for successfully achieving renewal by March 2024.

The proposed MHTBID is estimated to generate \$341,000 annually, which will fluctuate with lodging performance. This estimate is based on an assessment rate of 1.5%, and on calendar year 2022 revenue. The renewed MHTBID will also grant the VMH Board of Directors the opportunity to annually consider and approve future MHTBID increases of up to 0.5%, not to exceed a total assessment rate of 3% within the 10-year term.

As a Destination Marketing Organization (DMO), VMH conducts marketing that represents experiential tourism products, services, events, and programs offered by lodging, culinary, viticulture, agriculture, recreation, sports, retail, and arts businesses and organizations. This marketing is designed to increase overnight visitors to Morgan Hill, in turn benefiting the assessed lodging businesses and greater local tourism economy. The indirect marketing benefits to businesses and organizations are at no cost and not meant to serve as or replace their own marketing efforts.

**CONSIDERATIONS:** To increase resources, many 501(c)6 destination marketing organizations (DMOs) accept Voluntary Contributions from private businesses or organizations that wish to support tourism development but fall outside of the district boundaries. Some accomplish this through membership services. Programs of this nature are complex and require dedicated departments to develop, launch, and implement an ongoing suite of services. There is typically a “sales” effort requiring a high administrative lift and number of participants to be financially impactful. Such programs also limit the experiences a DMO may market to members only. For these reasons, a membership program is not viable for VMH.

However, a straightforward and streamlined program is feasible. An intentionally designed program creates an avenue for those that align with VMH’s goals to contribute to the overall effort, without complicated “pay to play” limitations. The enclosed Voluntary Contribution Policy (Appendix A) and MOU (Appendix B) outline the qualifications for successful partnerships within the purview of VMH’s work.

**RECOMMENDED BOARD ACTION**

Approve the Voluntary Contribution Policy and MOU

Alternative Action: Approve a Voluntary Contribution Policy and MOU with Modifications

Alternative Action: Do Not Approve a Voluntary Contribution Policy and Standard MOU

## **APPENDIX A**

### **Visit Morgan Hill (VMH)**

#### **VOLUNTARY CONTRIBUTION POLICY**

##### Who may participate?

- Contributors must be associated with tourism-related businesses or organizations in the Morgan Hill area and have an interest in Morgan Hill tourism growth.
- Contributors may be individuals with an interest in Morgan Hill tourism growth.
- Contributors may not be religious, political, firearm, tobacco, medical, or pharmaceutical.
- VMH reserves the right to decline Voluntary Contributions for any reason.

##### Nature of contributions:

- Contributions are allocated into Visit Morgan Hill's general budget.
- Contributions are at-will and may be one-time or recurring.
- Contributions may be made in any amount (see categories below).
- Contributions do not constitute a marketing or advertising service agreement.
- VMH and Contributor must complete an MOU.
- It is the Contributor's responsibility to consult their tax preparer regarding voluntary contributions.

#### **Contributor Categories and Optional Acknowledgment Features\***

##### \$1 - \$500 – Associate Contributor

Text listing on Contributor page on VMH website  
Standard MOU (with ED Authorization)

##### \$501 - \$5,000 – Supporting Contributor

Text listing on Contributor page on VMH website; with hyperlink  
Standard MOU (with ED Authorization)

##### \$5,001 - \$10,000 – Supporting Partner

Text and logo listing on Contributor page on VMH website; with hyperlink  
Standard MOU (with ED Authorization)

##### \$10,001 and Above – Funding Partner

Text, logo listing, and video on Contributor page on VMH website; with hyperlink  
Standard MOU (with Board Authorization for ED to Execute)

\*Acknowledgement features are optional. Contributors must provide visual assets to VMH. Acknowledgements displayed for a minimum of one year from the time of contribution.

## APPENDIX B

## MEMORANDUM OF UNDERSTANDING

between

VISIT MORGAN HILL and [CONTRIBUTOR NAME]

This Memorandum of Understanding (MoU) is made and executed by and between:

VISIT MORGAN HILL, located at 17575 Peak Ave., Morgan Hill, California 95037, represented by Executive Director, Krista Rupp duly authorized, hereinafter referred to as "VMH."

and

[CONTRIBUTOR NAME] located at [Address], represented by [Title], [First & Last Name] duly authorized, hereinafter referred to as "CONTRIBUTOR."

Hereinafter individually referred to as a "Party" and collectively as the "Parties".

### 1. Purpose

This MoU serves as a written understanding of agreed upon arrangements between VMH and CONTRIBUTOR. Commitment of CONTRIBUTOR to "gift" a financial contribution to VMH is outlined within the responsibilities and scope of this MoU. This is a non-binding agreement and is intended to clarify the nature and extent of the activities that may be undertaken by the two Parties. Each Party will be responsible for their respective roles within agreement.

### 2. Responsibilities and Scope

- a) This MOU does not constitute a marketing, advertising, or membership service agreement.
- b) CONTRIBUTOR will voluntarily contribute to the general fund of VMH for implementation within its scope of activities and improvements.
- c) VMH's destination marketing activities are informed by the MHTBID Management District Plan and Board of Directors approved Destination Strategic Plan, Destination Brand, and Work Plan.
- d) VMH's marketing activities and represented tourism experiences are at the sole discretion of VMH.
- e) CONTRIBUTOR is responsible for consulting their tax preparer regarding voluntary contributions.

### 3. Payment Terms

- a) CONTRIBUTOR will contribute a total of [\$xx,xxx] to VMH.
- b) Contributions will be made in [number] installment(s) of [\$ amount] on [date(s)] .
- c) Payments to be made via check to Visit Morgan Hill.
- d) Contributions are not refundable.
- e) Contributions may appear on VMH public financial documents.
- f) CONTRIBUTOR has the option of Voluntary Contribution Acknowledgement on the VMH website.
- g) CONTRIBUTOR must provide necessary creative assets to VMH for acknowledgement.
- h) Acknowledgements are displayed for a minimum of one year from the time of contribution.
- i) CONTRIBUTOR approves the inclusion of public acknowledgment by checking appropriate level below:

\$1 - \$500 – Associate Contributor: Text listing on Contributor page on VMH website

\$501 - \$5,000 – Supporting Contributor: Text listing on Contributor page on VMH website; with hyperlink

\$5,001 - \$10,000 – Supporting Partner: Text and logo listing on Contributor page on VMH website; with hyperlink

\$10,001 and Above – Funding Partner: Text, logo listing, and video of Contributor's choice on Contributor page on VMH website; with hyperlink

**4. Duration and Option to Amend, Extend or Terminate**

This MoU will become effective when signed by both Parties. MoU may be replaced or amended by mutual agreement of the Parties. The Parties agree to periodically review the activities and progress. Parties shall consult with each other concerning any consideration of amendments, replacement, or termination of this MoU. Either Party may terminate this MoU by providing at least thirty (30) days’ written notice to the other Party.

**5. General Terms**

This MoU is not intended to create, and does not create any right, benefit, or trust responsibility, substantive, or procedural, enforceable at law or equity, by either Party, its officers, employees, or agents against the other Party, its officers, employees, or agents.

Nothing in this MoU obligates either Party to commit or transfer any additional funds, assets, or other resources in support of activities between the two Parties.

Excluding VMH destination marketing activities, neither Party will use the name of the other, either expressly or by implication, in any publicity, solicitation or advertisement without the written approval of the other Party to this MoU.

It is expected that both Parties will be compliant with all applicable laws in the USA and California. It is further expected that both Parties will uphold professional and respectful conduct and not commit any illegal or unethical act or make any public statement that brings VMH, CONTRIBUTOR, or the either Parties’ respective officers, employees, or agents into public disrepute, contempt, scandal or ridicule, or which insults or offends the public, or in any way damages, denigrates or injures the reputation or success of both Parties.

**6. Signatures**

This MoU shall enter into force on the latest date of signing by qualified representatives of both Parties.

CONTRIBUTOR

VISIT MORGAN HILL

\_\_\_\_\_

\_\_\_\_\_

CONTRIBUTOR NAME [Name First, Last], [Title]

VMH Krista Rupp, Executive Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_