



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

September 25, 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. The first 5-year MHTBID term ends February 29, 2024. VMH is currently leading the renewal process for a new 10-year term to begin March 1, 2024. Throughout the renewal 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.

CONSIDERATIONS: To increase resources, many 501(c)6 destination marketing organizations (DMOs) opt to accept Voluntary Contributions from private businesses or organizations with aligned interest in tourism development. Contributions increase the overall budget sources separate from, and in addition to, tourism business improvement districts. VMH would like to increase its resources and capacity for currently limited programs. Voluntary Contributions would support the advancement of VMH's mission and augment marketing, business development, and partnership activities and improvements.

To responsibly accept Voluntary Contributions, it is recommended to discuss and adopt an internal policy and standard memorandum of understanding (MOU). These will provide qualifications, guidelines, and processes for successful partnerships that support the mission of VMH.

Enclosed Appendixes A & B outline the nature and extent of the desired Voluntary Contribution program. It is recommended to discuss and articulate contribution thresholds, required board procedure for approval, and any other questions.

MATERIALS: APPENDIX A – Voluntary Contribution Policy
APPENDIX B – Voluntary Contribution MOU

RECOMMENDED BOARD ACTION

Discuss and approve the Voluntary Contribution Policy and Standard MOU

ALTERNATIVE ACTIONS

Approve a Voluntary Contribution Policy and Standard MOU with Modifications

Do Not Approve a Voluntary Contribution Policy and Standard MOU

APPENDIX A

Visit Morgan Hill (VMH)

VOLUNTARY CONTRIBUTION POLICY

- Contributors may be tourism-related businesses or organizations in the Morgan Hill area.
- Contributors may be individuals with an interest in Morgan Hill tourism.
- Contributor shall be in alignment with the tourism marketing focus of VMH.
- Contributors representing tourism experiential product(s) will be incorporated into VMH's marketing.
- Contributor and VMH shall collaborate on complementary action plans.
- VMH maintains authority of specific marketing implementation within its channels.
- Voluntary Contributions do not constitute a marketing or advertising service agreement.
- VMH shall maintain adherence to MHTBID and VMH Guiding Documents.
- An MOU must be mutually completed and include a payment schedule.
- VMH shall consider contributions of \$10,000 or higher.
- Contributions of up to \$XX,XXX may be approved by the Executive Director by MOU.
- Contributions of \$XX,XX1 and higher require VMH Board approval for ED to execute MOU.
- It is the Contributor's responsibility to consult their tax preparer regarding voluntary contributions to 501(c) 6 organizations.



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 for the mutual benefit of the two Parties. Each Party will be responsible for their respective roles within agreement.

2. Responsibilities and Scope

Both parties agree to the following:

- a) CONTRIBUTOR to voluntarily contribute to the general fund of VMH for implementation within its existing scope of activities and improvements.
- b) CONTRIBUTOR will contribute a total of [\$xx,xxxx] to VMH within a one-year term beginning [Month, Day, Year] and ending [Month, Day, Year].
- c) Contributions will be made in [number (#)] equal installments on the {x day(s) of Month(s)} via check to Visit Morgan Hill.
- d) VMH conducts destination marketing activities and improvements informed by the MHTBID Management District Plan, Destination Strategic Plan, Destination Brand, and Board of Directors approved Annual Work Plan.
- e) VMH marketing activities and methods are at the discretion of VMH and represent experiential tourism themes in Morgan Hill, such as products, services, events, and programs offered by lodging, culinary, viticulture, agriculture, recreation, sports, retail, and arts businesses and organizations.
- f) The Parties shall appoint employees to mutually conduct regular meetings and communications to 1) share timely information, assets, images, and copy pertaining to CONTRIBUTOR's business(es), programming, and developments; 2) discuss VMH's marketing activities thereof and within applicable experiential themes (i.e., [theme]); and 3) craft mutually beneficial action plans for complementary amplification of the Parties' initiatives.



3. Duration and Option to Amend, Extend or Terminate

This MoU will become effective when signed by both Parties. The MoU will remain in effect throughout the duration of the term. MoU may be renewed 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, renewal, or termination of this MoU. Either Party may terminate this MoU by providing at least thirty (30) days' written notice of such termination to the other Party.

4. General Terms

Contributions to 501(c)6 organizations are not deductible as charitable contributions on donor's federal income tax return.

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, regulations and relevant policies 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.

5. 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 First, Last], [Title]

VMH Krista Rupp, Executive Director

Date: _____

Date: _____