

**INTERLOCAL AGREEMENT
FOR THE SHARING OF MUNICIPAL HOTEL OCCUPANCY TAXES**

STATE OF TEXAS §
COUNTIES OF DALLAS AND TARRANT §

WHEREAS, the Dallas / Fort Worth International Airport Board, a joint board of the Cities of Dallas, Texas and Fort Worth, Texas (hereinafter “**the Board**”), the City of Dallas, Texas (hereinafter “**Dallas**”), the City of Fort Worth, Texas (hereinafter “**Fort Worth**”) and the City of Euless, Texas (hereinafter “**Euless**”) desire to enter into an interlocal agreement for the sharing of municipal hotel occupancy taxes generated from that portion of Euless located within the geographical boundaries of the Dallas / Fort Worth International Airport (hereinafter “**the Property**”);

WHEREAS, Euless desires to encourage hotel development within the Property; and

WHEREAS, in exchange for the Board, Dallas and Fort Worth encouraging and giving consideration to the development of future hotels to be located on the Property, Euless is willing to share a portion of its municipal hotel occupancy taxes with Dallas and Fort Worth;

NOW, THEREFORE, for and in consideration of the mutual consideration, terms, and provisions contained herein, Dallas, Fort Worth, Euless and the Board hereby enter into this Interlocal Agreement (“**this Agreement**”) as follows:

- 1.** The Board hereby agrees to encourage hotel development opportunities within the Property that are feasible and consistent with the development policies of the Board, consistent with the Board’s legislative authority and subject to that certain Contract and Agreement between the City of Dallas, Texas and the City of Fort Worth, Texas dated and effective as of April 15, 1968 (continuing, expanding and further defining the powers and duties of the Dallas-Fort Worth Regional Airport Board, creating the Joint Airport Fund of the Cities and providing for the construction and operation of the Dallas-Fort Worth Regional Airport). This Agreement is authorized and governed by Section 22.0781 of the Texas Transportation Code.
- 2.** For each year of this Agreement, Euless agrees to share Euless Municipal Hotel Occupancy Taxes (“**EMHOT**”), as currently authorized by Chapter 351 of the Texas Tax Code, or as may be authorized by any successor law, that are collected, credited to and/or received by Euless from any hotel or motel type facility within the Property in any calendar year, in the following percentages: one-third (1/3) to Euless and the remaining two-thirds (2/3) shall be shared by Dallas and Fort Worth in proportion to their respective ownership interest in the D/FW Airport.
- 3.** Euless agrees that no tax abatement agreement, any other incentive plan or any other written agreement, including, but not limited to, a pledge of EMHOT for payment of any type of debt service, will be created regarding EMHOT with respect to all or any portion of the Property which would impact any revenues due Dallas and/or Fort Worth hereunder, unless all parties

agree in writing in advance to such a plan, as evidenced by duly adopted resolutions of the governing bodies of the parties hereto. If Eules grants, enters into, or authorizes any economic development program grant pursuant to Chapter 380 of the Texas Local Government Code with respect to all or any portion of the Property or any person, corporation, or entity using or occupying all or any portion of the Property and the amount of any such grant is based, in whole or in part, on the receipt of EMHOT, Dallas and Fort Worth will still nevertheless remain entitled to receive their shares of EMHOT in accordance with this Agreement unless all parties agree in writing in advance of Eules's authorization of the grant to exempt such EMHOT from that obligation, as evidenced by duly adopted resolutions of the governing bodies hereto. Eules also agrees to levy and take all necessary action to collect all EMHOT which would be applicable against all properties, persons, individuals and corporations affected by this Agreement. The Board agrees to contractually require any hotel tenant or operator to pay all EMHOT.

4. This Agreement shall not be construed as affecting any revenues of Eules other than EMHOT, and shall not be construed as affecting any EMHOT generated outside the Property.

5. Nothing in this Agreement shall be construed as altering, changing or amending the tax status or exemptions for publicly owned property or any type of public entity. Nothing in this Agreement shall be construed as determining whether a hotel or motel type facility within the Property will be developed by a public entity as owner, by ground lease with a public entity as either landlord or tenant, or by any other particular means.

6. All parties agree to provide a vigorous defense of this Agreement in the event of litigation or threatened litigation. The cost of such defense shall be apportioned based on the percentages specified in Section 2 hereof. In the event of any adverse judicial decision or any other reason the anticipated sharing of EMHOT is not allowed, the parties agree to use their best efforts and cooperate with each other to enter into alternative arrangements to share revenues as contemplated herein.

7. The amount of EMHOT generated within the Property shall be verified by the independent auditor of Eules with the cost of such verification being apportioned based on the percentages specified in Section 2 of this Agreement. Dallas and Fort Worth, or their designated representatives, shall be entitled, no more frequently than annually, to audit Eules' records of EMHOT generated within the Property. Eules agrees to pay Dallas and Fort Worth their respective shares of EMHOT generated within the Property and attributable to each calendar year by March 31st of the following calendar year, unless otherwise agreed in writing signed by all parties hereto.

8. This Agreement shall be governed by the laws of the State of Texas and the applicable laws of the United States of America, and venue on any suit brought hereunder shall lie exclusively in Dallas or Tarrant County, Texas.

9. 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 thereof, and in lieu of each provision of this Agreement that is illegal, invalid, or unenforceable, there shall be added a new provision to this

Agreement as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and yet be legal, valid and enforceable, by means of good faith negotiation by the parties to this Agreement.

10. This Agreement shall be perpetual and may be terminated only by the mutual written agreement of all the parties hereto.

11. This Agreement shall become effective between the parties hereto on the day of its approval by all of the City Councils of Dallas, Fort Worth and Euless and by the Board, together with execution by the duly authorized official(s) of each such party as expressed in the approving resolution or order of the governing body of each such party.

12. This Agreement may be amended or modified by the mutual agreement of all the parties hereto, in writing, to be attached to and incorporated into this Agreement.

13. This Agreement contains all commitments and agreements of all the parties, and oral or written commitments not contained herein shall have no force or effect to alter any term or condition of this Agreement.

14. In the event that the Board, Dallas and Fort Worth enter into a future agreement with another municipality located within the geographical boundaries of the DFW Airport as it now exists and/or it may be changed for the sharing of municipal hotel occupancy taxes, and that agreement provides that such municipality shall retain a larger percentage of municipal hotel occupancy taxes than that retained by Euless pursuant to this Agreement, then in such event this Agreement shall be amended effective as of the date of such future agreement to provide for Euless's retention of the same percentage of future EMHOT generated within the Property. Euless acknowledges that the current lack of sharing of municipal hotel occupancy taxes from other municipalities with taxing authority on the DFW Airport does not violate this section of the Agreement or otherwise constitute a basis for Euless to void the EMHOT sharing obligation created by this Agreement; provided, however, that Board hereby commits not to build new hotels or lease ground for new hotels within Irving, Coppell, or Grapevine unless the municipality agrees to share municipal hotel occupancy taxes in the same proportions as agreed in this Agreement.

EXECUTED on the dates set forth below:

THE CITY OF EULESS, TEXAS

By: _____
Gary L. McKamie, City Manager

Approved as to form and legality:

Date: _____

Euless City Attorney

THE CITY OF DALLAS, TEXAS

Mary K. Suhm, City Manager

Approved as to form and legality:
Thomas P. Perkins, Jr., City Attorney

By: _____
Assistant City Manager

By: _____
Assistant City Attorney

Date: _____

THE CITY OF FORT WORTH, TEXAS

By: _____
Tom Higgins, Assistant City Manager

Approved as to form and legality:

Date: _____

Fort Worth Assistant City Attorney

DALLAS / FORT WORTH INTERNATIONAL AIRPORT BOARD

By: _____
Jeffrey P. Fegan, Chief Executive Officer

Approved as to form and legality:

Date: _____

DFW Airport General Counsel