



**Kent Taylor Civic Hall
200 NE Second Street
McMinnville, OR 97128**

**City Council Work Session Agenda
Wednesday, September 18, 2019
5:30 p.m. – Work Session**

1. Call to Order
2. Presentation - Visit McMinnville
3. Adjournment



**City of McMinnville
Administration**
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McMinnville, OR 97128
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STAFF REPORT

DATE: September 18, 2019
TO: Mayor and City Councilors
FROM: Jeff Towery, City Manager
SUBJECT: Work Session – Visit McMinnville
STRATEGIC PRIORITY & GOAL:



ECONOMIC PROSPERITY

Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.

OBJECTIVE/S: Be a leader in hospitality and place-based tourism

Report in Brief:

During review and adoption of the FY19-20 Budget, the City Council requested a Work Session to further explore current and future potential uses of the City's Transient Lodging Tax (TLT) revenue.

Background:

The City of McMinnville established a Transient Lodging Tax in June, 2013 by adopting Ordinance 4970. In the first year of the tax, the City used the 70% of the tax which the law requires to be spent for tourism related purposes to give grants to local organizations to support their outreach efforts. After extensive strategic planning, the Transient Lodging Tax advisory committee, established in the enabling ordinance, recommended to the City Council that the future use of the tourism related funds should be the establishment of a destination marketing organization (DMO) which would be charged with creating an effective mix of marketing, sales, and service programs designed to produce a positive economic impact on visitor spending in McMinnville. As a result, the non-profit Visit McMinnville was incorporated effective July 1, 2015. The City entered into a contract with Visit McMinnville for tourism promotion services and each year since has reviewed and approved an annual work plan and budget.

Discussion:

Visit McMinnville representatives, stakeholders and other related parties will present information to the City Council, answer questions and engage in discussion with the City Council about the current and future use of TLT as well as the impacts of Visit McMinnville's work plan items.

Attachments:

1. Work Session Outline
2. ORS 320 – Transient Lodging Tax
3. Visit McMinnville Agreement
4. Visit McMinnville Bylaws

Fiscal Impact:

In FY18-19, the City collected almost \$1.275 million in TLT, distributing about \$892,000 to Visit McMinnville. Assuming a 5% increase, TLT collections in FY19-20 will be about \$1.34 million and Visit McMinnville will receive nearly \$937,000.

Recommendation:

After the Work Session, provide staff and Visit McMinnville direction on any requests for additional information and any preferred action related to the contract with Visit McMinnville.

September 18th, 2019
City Council Work Session
Visit McMinnville
Outline

- 5:30 Welcome and Introductions
- 5:40 Scott West, Chief Strategy Officer, Travel Oregon and Saran Morrissey, Public Affairs Manager, Travel Oregon:
Macro to Micro, the Economic Impact of Tourism
- 5:55 Scott Cooper, Director, McMinnville Economic Development Partnership:
Leveraging Destination Management and Branding for Building Robust Economies
- 6:05 Erin Stephenson, VM Board Chair, Owner Atticus Hotel and Third Street Flats:
The Formation of Visit McMinnville
- 6:30 Maria Stuart, Vice Chair, Owner R. Stuart Winery:
Visit McMinnville and Economic Development
- 6:35 Ellen Brittan, Board Treasurer, Owner Brittan Vineyards:
Strategic Planning and Accomplishments
- 6:50 Local Tourism Stakeholders
- Jen Feero, Visit McMinnville Board Member, La Bella Casa & Willamette West Realtors
Diana and Todd Riggs, Mac Market
- 7:00 Jeff Knapp, Executive Director Visit McMinnville:
Current Plan
Future Opportunities
- 7:10 Further Questions and Dialogue

TRANSIENT LODGING TAXES

(Definitions)

320.300 Definitions for ORS 320.300 to 320.350. As used in ORS 320.300 to 320.350:

(1) “Collection reimbursement charge” means the amount a transient lodging tax collector may retain as reimbursement for the costs incurred by the transient lodging tax collector in collecting and reporting a transient lodging tax and in maintaining transient lodging tax records.

(2) “Conference center” means a facility that:

(a) Is owned or partially owned by a unit of local government, a governmental agency or a nonprofit organization; and

(b) Meets the current membership criteria of the International Association of Conference Centers.

(3) “Convention center” means a new or improved facility that:

(a) Is capable of attracting and accommodating conventions and trade shows from international, national and regional markets requiring exhibition space, ballroom space, meeting rooms and any other associated space, including without limitation banquet facilities, loading areas and lobby and registration areas;

(b) Has a total meeting room and ballroom space between one-third and one-half of the total size of the center’s exhibition space;

(c) Generates a majority of its business income from tourists;

(d) Has a room-block relationship with the local lodging industry; and

(e) Is owned by a unit of local government, a governmental agency or a nonprofit organization.

(4) “Local transient lodging tax” means a tax imposed by a unit of local government on the sale, service or furnishing of transient lodging.

(5) “State transient lodging tax” means the tax imposed under ORS 320.305.

(6) “Tourism” means economic activity resulting from tourists.

(7) “Tourism promotion” means any of the following activities:

(a) Advertising, publicizing or distributing information for the purpose of attracting and welcoming tourists;

(b) Conducting strategic planning and research necessary to stimulate future tourism development;

(c) Operating tourism promotion agencies; and

(d) Marketing special events and festivals designed to attract tourists.

(8) “Tourism promotion agency” includes:

(a) An incorporated nonprofit organization or governmental unit that is responsible for the tourism promotion of a destination on a year-round basis.

(b) A nonprofit entity that manages tourism-related economic development plans, programs and projects.

(c) A regional or statewide association that represents entities that rely on tourism-related business for more than 50 percent of their total income.

(9) “Tourism-related facility” means:

(a) A conference center, convention center or visitor information center; and

(b) Other improved real property that has a useful life of 10 or more years and has a substantial purpose of supporting tourism or accommodating tourist activities.

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(10) “Tourist” means a person who, for business, pleasure, recreation or participation in events related to the arts, heritage or culture, travels from the community in which that person is a resident to a different community that is separate, distinct from and unrelated to the person’s community of residence, and that trip:

- (a) Requires the person to travel more than 50 miles from the community of residence; or
- (b) Includes an overnight stay.

(11) “Transient lodging” means:

- (a) Hotel, motel and inn dwelling units that are used for temporary overnight human occupancy;
- (b) Spaces used for parking recreational vehicles or erecting tents during periods of human occupancy; or
- (c) Houses, cabins, condominiums, apartment units or other dwelling units, or portions of any of these dwelling units, that are used for temporary human occupancy.

(12) “Transient lodging intermediary” means a person other than a transient lodging provider that facilitates the retail sale of transient lodging and charges for occupancy of the transient lodging.

(13) “Transient lodging provider” means a person that furnishes transient lodging.

(14) “Transient lodging tax collector” means a transient lodging provider or a transient lodging intermediary.

(15) “Unit of local government” has the meaning given that term in ORS 190.003.

(16) “Visitor information center” means a building, or a portion of a building, the main purpose of which is to distribute or disseminate information to tourists. [Formerly 305.824; 2005 c.187 §1; 2013 c.610 §3]

Note: Sections 2 and 14, chapter 610, Oregon Laws 2013, provide:

Sec. 2. The Legislative Assembly declares that it is the purpose of the amendments to ORS 320.300, 320.305, 320.310, 320.315, 320.320, 320.325, 320.330, 320.345, 320.347 and 320.350 by sections 3 to 12 of this 2013 Act to enhance the administration and enforcement of existing law governing transient lodging taxes in this state. [2013 c.610 §2]

Sec. 14. Section 2 of this 2013 Act is repealed on January 2, 2023. [2013 c.610 §14]

320.302 Certain terms definable by rule. The Department of Revenue may by rule define “dwelling unit,” “nonprofit facility,” “temporary human occupancy” and other terms for purposes of ORS 320.300 to 320.350. [2005 c.187 §5]

(State Transient Lodging Tax)

320.305 Rate and computation of tax; total retail price; collector reimbursement. (1)(a) A tax of 1.8 percent is imposed on any consideration rendered for the sale, service or furnishing of transient lodging.

(b)(A) The tax must be computed on the total retail price, including all charges other than taxes, paid by a person for occupancy of the transient lodging.

(B) The total retail price paid by a person for occupancy of transient lodging that is part of a travel package may be determined by reasonable and verifiable standards from books and records kept in the ordinary course of the transient lodging tax collector’s business.

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(c) The tax shall be collected by the transient lodging tax collector that receives the consideration rendered for occupancy of the transient lodging.

(d) The tax imposed by this subsection is in addition to and not in lieu of any local transient lodging tax.

(2) The transient lodging tax collector may withhold a collection reimbursement charge of five percent of the amount collected under subsection (1) of this section. [2003 c.818 §2; 2013 c.610 §4; 2016 c.102 §1]

Note: The amendments to 320.305 by section 3, chapter 102, Oregon Laws 2016, apply to consideration rendered on or after July 1, 2020, for the sale, service or furnishing of transient lodging. See section 4, chapter 102, Oregon Laws 2016. The text that applies to consideration rendered on or after July 1, 2020, for the sale, service or furnishing of transient lodging, is set forth for the user's convenience.

320.305. (1)(a) A tax of 1.5 percent is imposed on any consideration rendered for the sale, service or furnishing of transient lodging.

(b)(A) The tax must be computed on the total retail price, including all charges other than taxes, paid by a person for occupancy of the transient lodging.

(B) The total retail price paid by a person for occupancy of transient lodging that is part of a travel package may be determined by reasonable and verifiable standards from books and records kept in the ordinary course of the transient lodging tax collector's business.

(c) The tax shall be collected by the transient lodging tax collector that receives the consideration rendered for occupancy of the transient lodging.

(d) The tax imposed by this subsection is in addition to and not in lieu of any local transient lodging tax.

(2) The transient lodging tax collector may withhold a collection reimbursement charge of five percent of the amount collected under subsection (1) of this section.

320.308 Exemptions. The following are exempt from the state transient lodging tax:

(1) A dwelling unit in a hospital, health care facility, long term care facility or any other residential facility that is licensed, registered or certified by the Department of Human Services or the Oregon Health Authority;

(2) A dwelling unit in a facility providing treatment for drug or alcohol abuse or providing mental health treatment;

(3) A dwelling unit that is used by members of the general public for temporary human occupancy for fewer than 30 days per year;

(4) A dwelling unit, the consideration for which is funded through a contract with a government agency and the purpose of which is to provide emergency or temporary shelter;

(5) A dwelling unit at a nonprofit youth or church camp, nonprofit conference center or other nonprofit facility; or

(6) A dwelling unit that is leased or otherwise occupied by the same person for a consecutive period of 30 days or more during the year. The requirements of this subsection are satisfied even if the physical dwelling unit changes during the consecutive period, if:

(a) All dwelling units occupied are within the same facility; and

(b) The person paying consideration for the transient lodging is the same person throughout the consecutive period. [2005 c.187 §3; 2009 c.595 §206]

Note: 320.308 was added to and made a part of 320.300 to 320.350 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

320.310 Records and statements. Every transient lodging tax collector shall keep records, render statements and comply with rules adopted by the Department of Revenue with respect to the tax imposed under ORS 320.305. The records and statements required by this section must be sufficient to show whether there is a tax liability under ORS 320.305. [2003 c.818 §3; 2013 c.610 §5]

320.315 Due date and form of returns; payment of tax. (1) Every transient lodging tax collector is responsible for collecting the tax imposed under ORS 320.305 and shall file a return with the Department of Revenue, on or before the last day of the month following the end of each calendar quarter, reporting the amount of tax due during the quarter. The department shall prescribe the form of the return required by this section. The rules of the department shall require that returns be made under penalties for false swearing.

(2) When a return is required under subsection (1) of this section, the transient lodging tax collector required to make the return shall remit the tax due to the department at the time fixed for filing the return. [2003 c.818 §4; 2013 c.610 §6]

320.320 Refunds. If the amount paid by the transient lodging tax collector to the Department of Revenue under ORS 320.315 exceeds the amount of tax payable, the department shall refund the amount of the excess with interest thereon at the rate established under ORS 305.220 during a period beginning 45 days after the later of the due date of the return to which the excess relates or the date the excess was paid, and ending on the date the refund is paid. A refund may not be made to a transient lodging tax collector that fails to claim the refund within two years after the due date for filing the return to which the claim for refund relates. [2003 c.818 §5; 2013 c.610 §7; 2017 c.278 §12]

320.325 Amounts held in trust; enforcement. (1) Every transient lodging tax collector is deemed to hold the amount of state transient lodging taxes collected in trust for the State of Oregon and for payment to the Department of Revenue in the manner and at the time provided under ORS 320.315.

(2) At any time the transient lodging tax collector fails to remit any amount of state transient lodging taxes deemed to be held in trust for the State of Oregon, the department may enforce collection by the issuance of a distraint warrant for the collection of the delinquent amount and all penalties, interest and collection charges accrued on the delinquent amount. The warrant shall be issued, docketed and proceeded upon in the same manner and shall have the same force and effect as warrants for the collection of delinquent income taxes. [2003 c.818 §6; 2013 c.610 §8]

320.330 Applicability of other provisions of tax law. Unless the context requires otherwise, the provisions of ORS chapters 305, 314 and 316 governing the audit and examination of reports and returns, confidentiality of reports and returns, determination of deficiencies, assessments, claims for refunds, penalties, interest, jeopardy assessments, warrants, conferences and appeals to the Oregon Tax Court, and related procedures, apply to ORS 320.305 to 320.340 as if the state transient lodging tax were a tax imposed upon or measured by net income. The provisions apply

to the taxpayer liable for the tax and to the transient lodging tax collector required to collect the tax. Any amount collected and required to be remitted to the Department of Revenue is considered a tax upon the transient lodging tax collector required to collect the tax and the transient lodging tax collector is considered a taxpayer. [2003 c.818 §7; 2013 c.610 §9]

320.332 Disclosure of confidential information by Department of Revenue and local governments; rules. (1) As used in this section, “confidential information” means information contained in state transient lodging tax returns required under ORS 320.315, any information in state transient lodging tax reports from which information about a particular taxpayer may be determined and any other information or reports exchanged by the Department of Revenue and a unit of local government related to transient lodging taxpayers that is confidential pursuant to the confidentiality provisions of ORS 320.330.

(2)(a) Notwithstanding ORS 314.835 and the confidentiality provisions of ORS 320.330 and except as provided in paragraph (d) of this subsection, upon written request, the Department of Revenue shall disclose information received under ORS 320.305 to 320.340, or any reports or other form of analysis based on the information, to a unit of local government for purposes of local transient lodging taxes imposed or administered by the unit of local government.

(b) Before making a request under paragraph (a) of this subsection, the unit of local government must provide written notice, to the officers, employees and agents of the unit of local government who will receive the confidential information, of the provisions of ORS 314.835 and 314.991 (2) relating to the penalties for unlawful disclosure of confidential information.

(c) Before disclosing confidential information requested under this subsection to officers, employees and agents, the unit of local government must receive from the officers, employees and agents certification of receipt of the notice required under paragraph (b) of this subsection.

(d) The department may refuse to comply with a request if compliance would be unduly burdensome or expensive.

(3)(a) Notwithstanding any other provision of law and except as provided in paragraph (b) of this subsection, upon written request, a unit of local government shall disclose information received under ORS 320.345 to 320.350, or any reports or other form of analysis based on the information, to the Department of Revenue for purposes of the administration of the state transient lodging tax by the department.

(b) The unit of local government may refuse to comply with a request if compliance would be unduly burdensome or expensive.

(4)(a) A unit of local government may disclose confidential information only to qualified personnel for management audits, financial audits or research conducted by any accredited university, the League of Oregon Cities or the Association of Oregon Counties.

(b) Personnel who receive information from confidential communications or records may not disclose the information except to the extent that disclosure is consistent with the authorized purposes for which the personnel obtained the information.

(c) For audits or research, personnel who receive confidential information may not directly or indirectly disclose in a report or any other manner the identity of a taxpayer, including a taxpayer identification number or Social Security number.

(5) Information requested under this section is not required to be provided more frequently than once per calendar quarter.

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(6) A request made under subsection (2) or (3) of this section remains in effect until the unit of local government that made the request or the department, respectively, requests in writing to discontinue receiving the information.

(7) The Department of Revenue, after consultation with local governments, shall adopt rules establishing the process for making requests under this section, including, but not limited to, forms and timing, information that may be disclosed and the notice and certification requirements under subsection (2)(b) and (c) of this section. [2017 c.89 §2]

Note: 320.332 was added to and made a part of 320.300 to 320.350 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

320.335 Distribution of moneys received. All moneys received by the Department of Revenue pursuant to ORS 320.305 to 320.340, and interest thereon, shall be paid to the State Treasurer to be held in a suspense account established under ORS 293.445. After the payment of refunds:

(1) Moneys necessary to reimburse the Department of Revenue for the actual costs incurred by the department in administering the state transient lodging tax, not to exceed two percent of state transient lodging tax collections, are continuously appropriated to the department; and

(2) The balance of the moneys received shall be transferred to the account of the Oregon Tourism Commission established under ORS 284.131. The moneys transferred under this subsection are continuously appropriated to the Oregon Tourism Commission for the purposes set forth in ORS 284.131. [2003 c.818 §8]

320.340 Exemption from public records law. (1) Public records of moneys received by the Department of Revenue pursuant to ORS 320.305 to 320.340 are exempt from disclosure under ORS 192.311 to 192.478. Nothing in this section shall limit the use that can be made of such information for regulatory purposes or its use and admissibility in any enforcement proceedings.

(2) If a conflict is found to exist between subsection (1) of this section and ORS 314.835, ORS 314.835 controls. [2003 c.818 §8a]

(Local Transient Lodging Taxes)

320.345 Collector reimbursement charges. (1) On or after January 1, 2001, a unit of local government that imposed a local transient lodging tax on December 31, 2000, and allowed a transient lodging tax collector to retain a collection reimbursement charge on that tax, may not decrease the rate of the collection reimbursement charge.

(2) A unit of local government that imposes a new local transient lodging tax on or after January 1, 2001, shall allow a transient lodging tax collector to retain a collection reimbursement charge of at least five percent of all collected local transient lodging tax revenues. The unit of local government may increase the rate of the collection reimbursement charge.

(3) A unit of local government that increases a local transient lodging tax on or after January 1, 2001, shall allow a transient lodging tax collector to retain a collection reimbursement charge of at least five percent of all collected local transient lodging tax revenues, including revenues that would have been collected without the increase. The unit of local government may increase the rate of the collection reimbursement charge.

(4) A unit of local government may not offset the loss of local transient lodging tax revenues caused by collection reimbursement charges allowed under this section by:

- (a) Increasing the rate of the local transient lodging tax;
- (b) Decreasing the percentage of total local transient lodging tax revenues used to fund tourism promotion or tourism-related facilities; or
- (c) Increasing or imposing a new fee solely on transient lodging tax collectors or tourism promotion agencies that are funded by the local transient lodging tax. [2003 c.818 §10; 2013 c.610 §11]

320.347 Alternative remittance of receipts from tax on camping and recreational vehicle spaces. (1) Except as provided in this section, a unit of local government that imposes a tax on the rental of privately owned camping or recreational vehicle spaces shall, regardless of a schedule imposed by the unit of local government for remitting tax receipts, allow a transient lodging tax collector to hold the tax collected until the amount of money held equals or exceeds \$100.

(2) Once the amount held by a transient lodging tax collector equals or exceeds \$100, or by December 31 of each year if the \$100 threshold is not met, the transient lodging tax collector shall remit the tax collected at the next following reporting period established by the unit of local government for payment of the tax.

(3) A unit of local government may not assess any penalty or interest against a transient lodging tax collector that withholds payments pursuant to this section. [2005 c.610 §4; 2013 c.610 §12]

320.350 Tax moratorium; exceptions; uses of revenues. (1) A unit of local government that did not impose a local transient lodging tax on July 1, 2003, may not impose a local transient lodging tax on or after July 2, 2003, unless the imposition of the local transient lodging tax was approved on or before July 1, 2003.

(2) A unit of local government that imposed a local transient lodging tax on July 1, 2003, may not increase the rate of the local transient lodging tax on or after July 2, 2003, to a rate that is greater than the rate in effect on July 1, 2003, unless the increase was approved on or before July 1, 2003.

(3) A unit of local government that imposed a local transient lodging tax on July 1, 2003, may not decrease the percentage of total local transient lodging tax revenues that are actually expended to fund tourism promotion or tourism-related facilities on or after July 2, 2003. A unit of local government that agreed, on or before July 1, 2003, to increase the percentage of total local transient lodging tax revenues that are to be expended to fund tourism promotion or tourism-related facilities, must increase the percentage as agreed.

(4) Notwithstanding subsections (1) and (2) of this section, a unit of local government that is financing debt with local transient lodging tax revenues on November 26, 2003, must continue to finance the debt until the retirement of the debt, including any refinancing of that debt. If the tax is not otherwise permitted under subsection (1) or (2) of this section, at the time of the debt retirement:

(a) The local transient lodging tax revenue that financed the debt shall be used as provided in subsection (5) of this section; or

(b) The unit of local government shall thereafter eliminate the new tax or increase in tax otherwise described in subsection (1) or (2) of this section.

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(5) Subsections (1) and (2) of this section do not apply to a new or increased local transient lodging tax if all of the net revenue from the new or increased tax, following reductions attributed to collection reimbursement charges, is used consistently with subsection (6) of this section to:

(a) Fund tourism promotion or tourism-related facilities;

(b) Fund city or county services; or

(c) Finance or refinance the debt of tourism-related facilities and pay reasonable administrative costs incurred in financing or refinancing that debt, provided that:

(A) The net revenue may be used for administrative costs only if the unit of local government provides a collection reimbursement charge; and

(B) Upon retirement of the debt, the unit of local government reduces the tax by the amount by which the tax was increased to finance or refinance the debt.

(6) At least 70 percent of net revenue from a new or increased local transient lodging tax shall be used for the purposes described in subsection (5)(a) or (c) of this section. No more than 30 percent of net revenue from a new or increased local transient lodging tax may be used for the purpose described in subsection (5)(b) of this section.

(7)(a)(A) A local transient lodging tax must be computed on the total retail price, including all charges other than taxes, paid by a person for occupancy of the transient lodging.

(B) The total retail price paid by a person for occupancy of transient lodging that is part of a travel package may be determined by reasonable and verifiable standards from books and records kept in the ordinary course of the transient lodging tax collector's business.

(b) The tax shall be collected by the transient lodging tax collector that receives the consideration rendered for occupancy of the transient lodging. [2003 c.818 §11; 2013 c.610 §10]

AGREEMENT BETWEEN

CITY OF McMinnville, OREGON
AND
VISIT McMinnville

FOR TOURISM PROMOTION SERVICES

This Agreement is between the City of McMinnville, an Oregon municipal corporation, (City) and Visit McMinnville, Inc. (Contractor), an Oregon nonprofit corporation.

The City wishes to enter into this Agreement with the Contractor for tourism promotion services for the City. The Contractor is willing to provide the tourism promotion services the City desires. The City will compensate the Contractor with a portion of the Transient Lodging Taxes the City assesses pursuant to Oregon State law and Ordinance No. 4974.

1. Definitions:

- a. "tourism promotion" means any of the following activities:
 - i) advertising, publicizing, or distributing information for the purpose of attracting and welcoming tourists,
 - ii) conducting strategic planning and research necessary to stimulate future tourism development,
 - iii) operating tourism promotion agencies, and
 - iv) marketing special events and festivals designed to attract tourists (ORS 320.300(7)).
- b. "tourism" means economic activity resulting from tourists (ORS 320.300(6)).
- c. "tourist" means a person who, for business, pleasure, recreation, or participation in events related to the arts, heritage, or culture, travels from the community in which that person is a resident to a different community that is separate, distinct from, and unrelated to the person's community of residence, and that trip:
 - i) requires the person to travel more than 50 miles from the community of residence, or
 - ii) includes an overnight stay (ORS 320.300(10)).
- d. "tourism promotion agency" includes:

- i) an incorporated non-profit organization or governmental unit that is responsible for the tourism promotion of a destination on a year-round basis,
- ii) a non-profit entity that manages tourism-related economic development plans, programs, and projects, and
- iii) a regional or statewide association that represents entities that rely on tourism-related business for more than 50 percent of their total income (ORS 320.300(8)).

2. Contractor's Services:

In exchange for the payment provided in Section 6, the Contractor will provide the following tourism promotion services to the City:

- a. Tourism promotion activities: The Contractor will provide functions, activities, programs, literature (develop, arrange for printing, and distribute), advertising, staff, supplies, equipment, and support to promote McMinnville as a destination for tourists and visitors. The Contractor will coordinate its activities, as appropriate, with other organizations such as the McMinnville Area Chamber of Commerce and the McMinnville Downtown Association and other visitor promotion entities.
- b. Administrative and management functions: The Contractor will provide day-to-day management activities including planning and acquisition of services, equipment, supplies, and facilities to fulfill the Annual Business and Marketing Plan (the Business Plan) for Visit McMinnville. The Contractor will be responsible for maintaining capable and competent staff, including management staff. The Contractor's Executive Director or designee will attend any City Council meetings as requested by the City Council to provide updates, information, or other data on Visit McMinnville's plans and services.

3. First Year of the Agreement:

- a. Once the Agreement is fully executed and before it is funded, the City may make payments on behalf of VM for various charges (e.g. insurance premiums, advertising costs for the Executive Director). These payments will be deducted from the funding the City will provide VM when the certificates of insurance are approved by the City.

- b. Once the Agreement is fully executed and acceptable certificates of insurance have been provided to the City, the City will provide VM with funding in the amount of 70% of the Transient Lodging Taxes accrued and unexpended since the inception of the Transient Lodging Tax, minus the City's monthly administrative charges.
- c. No later than September 1, 2015:
 - i) The Contractor will establish an initial high-level budget to enable the Contractor's Board to make informed decisions regarding staff, contract vendors, leases, and other issues and
 - ii) The Contractor will adopt financial policies and procedures.
- d. No later than October 1, 2015, the Contractor will hire an Executive Director.
- e. No later than November 1, 2015, the Contractor will prepare and submit a Business and Marketing Plan (the Business Plan) to the City Council. The Business Plan will contain a detailed description of the services the Contractor proposes to provide during the remainder of the fiscal year, as well as a proposed budget for the remainder of the fiscal year.

The Plan will identify activities and performance goals. The Contractor will be fully responsible for the implementation of services and programs and the City will not control the day-to-day activities and operations of Visit McMinnville and its employees and agents. However, the City may provide general suggestions regarding the funding of various services or programs, which the Contractor will consider in the use of City funds.

The Contractor's proposed 2015-2016 budget will be prepared assuming a total budget for services provided under this Agreement of the amount of accrued and unexpended Transient Lodging Tax collections from previous years paid to VM under the provisions of 3.b. above, plus 70% of projected Transient Lodging Tax collections for the current year, minus the City's monthly administrative charges for the current year. The budget will contain a reserve fund in an amount equal to at least three months of total operating expenses.

- f. The City Council will consider the Business Plan during a Council meeting in the month of November, after which, the Council will determine whether to approve the Plan. If the Council approves the Business Plan, the Council will

authorize continued funding for the remainder of the fiscal year. The Contractor will expend funds received from the City under this Agreement only as set out in and authorized by the Business Plan. If the Council does not approve the Business Plan and the parties can not reach agreement on modification, this Agreement will terminate in the same manner as if the Contractor had defaulted or breached the Agreement, pursuant to Article 13.

- g. No later than February 1, 2016, the Contractor will prepare and submit to the City Council a written progress report on the Business Plan, including the budget. The City Council may request that a representative of the Contractor attend a City Council meeting to provide further information and to answer any questions.

4. Annual Business and Marketing Plan:

- a. Beginning with the 2016-2017 fiscal year, the Contractor will prepare and submit a Business Plan to the City Council no later than two weeks before the first Council meeting of May each year. The Business Plan will contain a review of the previous year's performance and a detailed description of the services the Contractor proposes to provide in the next fiscal year, as well as a proposed budget for the next fiscal year. The Business Plan will identify activities and performance goals. Additionally, the Business Plan will contain a detailed explanation of any amendments the Contractor has made to the Contractor's bylaws. The Contractor will be fully responsible for the implementation of services and programs and the City will not control the day-to-day activities and operations of Visit McMinnville and its employees and agents. However, the City may provide general suggestions regarding the funding of various services or programs, which the Contractor will consider in the use of City funds.
- b. The City Council will consider the Business Plan during a Council meeting in the month of May each year, after which, the Council will determine whether to approve the Plan. If the Council approves the Business Plan, the Council will authorize continued funding of Visit McMinnville for the next fiscal year. The Contractor will expend funds received from the City under this Agreement only as set out in and authorized by the Business Plan. If the Council does not approve the Business Plan and the parties can not reach agreement on modifications, this Agreement will terminate in the same manner as if the Contractor had defaulted or breached the Agreement, pursuant to Article 13.

- c. The Contractor's proposed budget will be prepared assuming a total budget for services provided under this Agreement of 70% of projected Transient Lodging Tax collections for the current year, minus the City's monthly administrative charges for the current year.

The Contractor's annual budget will contain a reserve fund in an amount equal to at least three months of total operating expenses as defined by the Contractor's adopted fiscal policies. The reserve fund may be used in the case of actual revenues being less than forecast and in support of activities included in the approved Business Plan. In no case will expenditures exceed actual funds payable under this Agreement. However, nothing in this section precludes the Contractor using funds secured from sources other than the City in the Contractors' complete and total discretion.

5. Other Reports:

- a. The Contractor will prepare and submit to the City Council three written progress reports each year (in August, November, and February) on the Business Plan, including the budget. These reports will also contain notice of any amendments the Contractor has made to the Contractor's bylaws. The City Council may request that a representative of the Contractor attend a City Council meeting to provide further information and to answer any questions.
- b. If the City's actual collection of Transient Lodging Tax revenues exceeds the amount approved in the Contractor's budget by 20% or more, before the City will provide additional funds to the Contractor, the Contractor will submit a revised Business Plan to the City, describing how the additional funds will be spent on tourism promotion activities.

6. Funding:

The City agrees to compensate the Contractor from Transient Lodging Tax revenues collected by the City. The compensation will be for services provided under this Agreement. The amount paid quarterly (in August, November, February, and May) to the Contractor will be based on 70% of the Transient Lodging Tax collected by the City in the preceding quarter. This amount is subject to the following:

- a. The provisions of Section 5.b above, and

b. Administrative charges by the City.

7. **Administrative Costs:** The Contractor's administrative and management costs, including but not limited to personnel, rent, financial management services, internal budgeting and accounting, purchasing, insurance, maintenance, supervision, legal services, printing, and any other costs will be at the cost and discretion of the Contractor.
8. **Assets:** The Contractor is an independent entity and will be responsible for acquiring and maintaining real and personal property related to the provision of services under this Agreement. The Contractor will own all real and personal property acquired by it. On termination of this Agreement, the Contractor will transfer any intellectual property or promotional materials associated with the provision of services under this Agreement to the City at no cost.
9. **Risk of Loss and Insurance:** The Contractor bears the risk of loss of all its property (as described in Section 8). The Contractor, at its own expense, will procure and maintain general liability insurance to protect the Contractor from claims that may arise out of or result from the services provided under this Agreement. Prior to funding of this Agreement, the Contractor will provide proof that it has acquired this insurance. The insurance will be in an amount per occurrence at least equal to the City's tort claims liability limits under the Oregon Tort Claims Act with a \$3,000,000 aggregate. The policy will name the City, its officers, agents, and employees as additional insureds.

The Contractor and any of its subcontractors will maintain in full force and effect Worker's Compensation insurance and Employer Liability insurance in compliance with Oregon State law.

The Contractor will be responsible for all deductibles, self-insurance retentions, and self-insurance for the insurance required under this section. The Contractor will notify the City thirty days prior to any material change in the Contractor's insurance, or, if that is not possible, immediately upon the Contractor receiving notice of a change.

10. **Annual Review/Audit:** The financial books of VM will be audited or reviewed annually by an independent certified public accountant. The accountant will make a written report of the review/audit to the Board of Directors which will then submit a copy of the report to the McMinnville City Council. The audit or review will be completed as soon as practical after the close of the fiscal year.

11. Records and Accounting: The Contractor will maintain records and accounts that will allow the City to assure that all funds paid for the performance of this Agreement are properly accounted for. Within 72 hours of a written request by the City, the Contractor will make records relating to income and expenditures available for review and audit by the City. The City will have the right during the term of this Agreement, or within 180 days after the expiration or termination of this Agreement, to audit the Contractor's records for the period of three years prior to the audit. The audit may be undertaken by a qualified person or entity selected by the City. The Contractor agrees that it will provide financial records from its accountants to the City every month. These records will include, at minimum, a balance sheet and income and expense reports. The Contractor will maintain these financial records for at least six years after the expiration of this Agreement.
12. Term: This Agreement will be in effect July 1, 2015. It will remain in effect for three years unless terminated earlier under the provisions of Section 3.f (Council fails to approve the Business Plan), Section 4.b (Council fails to approve the Business Plan), Section 13 (default or material breach) or Section 21 (assignment without approval). At the end of the three year term, the Agreement will automatically renew for three one year periods unless either party wishes at any time not to extend the Agreement. If a party wishes not to extend the Agreement, that party will notify the other party that the Agreement will terminate at the end of the current Agreement period. Notification will be in writing and will be delivered no later than January 1 of the year in which the notifying party wishes the Agreement to terminate.
13. Default and Breach: Either party may terminate this Agreement in the event of a default or material breach by the other party. The notifying party must provide written notice to the other party specifying how the other party is not in compliance with the terms of this Agreement. The non-complying party will have thirty days after receipt of a notice of non-compliance to cure the issue(s). Should the correction(s) not be made during this thirty day period, this Agreement may be terminated, at the discretion of the notifying party, unless the correction(s) can not be made within thirty days. If the non-compliance can not be corrected within thirty days, the non-complying party must, at minimum, begin corrective action within thirty days and proceed with due diligence until the correction is completed. This Agreement may be terminated, at the discretion of the notifying party, if the non-complying party either fails to begin to take corrective action within thirty days or fails or ceases to use due diligence to continue with the corrective action.

14. **Equal Opportunity:** The Contractor agrees that it will not discriminate against any employee or applicant for employment on the basis of race, age, color, sex, religion, ancestry, national origin, sexual orientation, gender identity, genetic information, or disability and will take any affirmative action necessary to ensure that all employees and applicants are treated equally. The Contractor and its employees will not, in the performance of this Agreement, discriminate against any customer, potential customer, patron, or other person on the bases listed above in this section and will provide services to all persons equally.
15. **Contractor Indemnification:** The Contractor will defend, protect, indemnify, and hold harmless the City, its officers, agents, and employees from and against any and all claims, losses, damages, injuries, or liability including claims for misapplication of contributions or other funds, state or federal anti-trust violations, personal injury or death, damage to property, liability arising out of the use of materials, concepts, or processes protected by intellectual property rights, and the liens of workmen and material men, regardless how these were caused, if they arose directly or indirectly from the performance of this Agreement by the Contractor, unless caused by the negligence or willful misconduct of the City. The Contractor is not an officer, employee, or agent of the City under ORS 30.285 or 30.287.
16. **Licenses and Taxes:** The Contractor will be responsible for the acquisition and maintenance of all licenses and permits to carry on the Contractor's business.
17. **Independent Contractor:** The Contractor is an independent contractor. The parties intend that an independent contractor relationship will be created by this Agreement. The City is interested only in the results to be achieved. Conduct and control of the work will be the responsibility of the Contractor. The Contractor will not be considered an agent or employee of the City for any purpose, and the employees of the Contractor are neither employees of the City nor are they entitled to any of the benefits that the City provides for its employees.
18. **No Third Party Beneficiaries:** The City and the Contractor are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or will be construed to give or provide any benefit or right, whether directly, indirectly, or otherwise, to third persons unless the third persons are identified by name in this Agreement and expressly described as intended beneficiaries of the terms of this Agreement.
19. **Authority:** As specified in Section 17, the Contractor is an independent contractor in the performance of this Agreement. The Contractor will comply with

all laws regarding unemployment insurance, disability insurance, and worker's compensation. The Contractor will have no authorization, express or implied, to bind the City to any agreement, settlement, liability, or understanding, and agrees not to perform any acts as an agent of the City.

20. Notice: Any notice or notices provided for in this Agreement or by law which must be given or served on either party will be given or served by personal service, certified mail (return receipt requested, postage prepaid), or by e-mail or facsimile followed by certified mailing of the original, in a pre-addressed, stamped envelope, addressed to

City of McMinnville
Martha Meeker
City Manager
230 NE Second Street
McMinnville, OR 97128

Visit McMinnville

Executive Director

21. Assignment: Neither party may assign, subcontract, or otherwise transfer any rights and responsibilities under this Agreement except upon the written consent of the other party. If any assignment is made, both the assigning party and the assignee will be bound by the terms of this Agreement. The City may terminate the Agreement if transferred or assigned without the prior written consent of the City.

22. Amendments: This Agreement may be amended only by written agreement signed by both parties.

23. Laws of Oregon: This Agreement will be governed by the laws of the State of Oregon, both as to the interpretation and performance, and the venue will be Yamhill County.

24. Waiver: The City's failure to enforce a provision of this Agreement will not constitute a continuing waiver, will not constitute a relinquishment of the City's right to performance in the future, and will not operate as a waiver of the City's right to enforce any other provision of this Agreement.

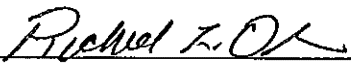
25. Merger: This Agreement constitutes the entire agreement between the parties.

There are no understandings, agreements, or representations regarding this Agreement, whether oral or written, that are not specified in this Agreement.


This contract is entered into by the City of McMinnville and the initial Board of Directors of Visit McMinnville, Inc., effective July 1, 2015.

CITY OF MCMINNVILLE

VISIT MCMINNVILLE, INC.


Richard L. "Rick" Olson, Mayor



Erin Stephenson, Chair


APPROVED AS TO FORM


Maria Stuart, Vice Chair

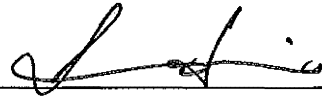

Cassie Sollars, Treasurer-Secretary


Ellen Brittan, Director

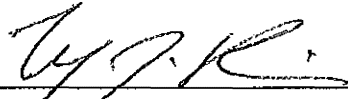

Courtney Cunningham, Director


Emily Howard, Director


Cindy Lorenzen, Director



Carmen Pierano, Director



Ty Rollins, Director



Scott A. Hill, Director (City Councilor)



Martha Meeker, Director (City staff)

**BYLAWS
VISIT McMINNVILLE**

Article 1. Name

Section 1. Name. This organization is incorporated under the state laws of Oregon as a 501(c)(6) non-membership organization and is known as Visit McMinnville (hereinafter VM).

Article II. Purpose

Section 1. Purpose and Role. VM is an economic and tourism development organization with a primary function of creating an effective mix of marketing, sales, and service programs designed to produce a positive economic impact on visitor spending in McMinnville. Developing and implementing these programs results in an enhancement of the City's livability and economic viability by, among other things, providing increased employment and economic opportunity. VM promotes the entire City and works in partnership with all sectors of the visitor industry. VM practices the highest principles of civic citizenship and follows good business practices and policies.

Article III. Contract

Section 1. Contract. The City of McMinnville (City) contemplates entering into a sole source procurement contract with VM based on VM's status as the sole non-profit provider of the programs enumerated above through the use of the City's transient lodging tax income. The initial contract term is three years; however, VM will provide an annual review of the past year as well as an annual business plan for the upcoming year, and the contract may be terminated early if the City does not approve the review or business plan. The initial three year term of the contract will automatically renew for three one year periods unless either party wishes at any time not to extend the contract. If a party wishes not to extend the contract, that party will notify the other party that the contract will terminate at the end of the current contract period. Notification will be in writing and will be delivered no later than January 1 of the year in which the notifying party wishes the contract to terminate. Should VM's sole source status cease, the City will award subsequent contracts on the basis of the requirements of the public contracting law for non-sole source contracts.

Article IV. Board of Directors

Section 1. General Powers and Responsibilities. The governance of VM is vested in a Board of Directors as further provided in these bylaws. The Board of Directors (also referred to as the Board) sets policy, establishes strategic direction, and fulfills legal and fiduciary responsibilities to VM. Members of the Board of Directors (also referred to as Directors, Board members, and members) serve without compensation but they may be reimbursed for expenses related to Board services. Voting members of the initial Board of Directors have been appointed by the McMinnville City Council by a majority vote.

Section 2. Number and Terms of Directors. The Board of Directors consists of no fewer than seven and no more than nine voting members, including the Chair, Vice-Chair, Treasurer-Secretary, and two members at large. The Board also includes three non-voting members: the Executive Director, one City Councilor, and one City staff member.

In order to stagger the terms of the Directors, approximately one third of the initial voting members of the Board of Directors will serve three year terms (a full term), approximately one third will serve two year terms, and approximately one third will serve one year terms. Subsequently, voting members of the Board will be elected to serve three year terms. Voting Board members will serve no more than three consecutive full terms. Voting Board members who have served three full terms may be reappointed to the Board after a hiatus of one year.

If the City Councilor position is to be filled, it will be filled by appointment by the Mayor upon approval of a majority of the City Council. If the City staff member position is to be filled, it will be filled by appointment by the City Manager. Both the City Councilor and City staff member positions serve annual terms and serve until notice of replacement.

Section 3. Selection of Directors. All Director positions to be filled after the appointment of the initial Board of Directors will be filled pursuant to this Section.

3.1 Voting Directors: No later than January of each year, the Board Chair will appoint a Board member to serve as the Nominating Committee Chair. The Board Chair will also appoint one other Board member to serve on the Nominating Committee, along with the Executive Director. Both appointments must be approved by a majority vote of the Board of Directors. The Nominating Committee will conduct interviews with candidates who are willing to accept voting Directorship responsibilities for upcoming vacancies on

the Board. No later than March, the Nominating Committee will present a slate of candidates to the Board for approval through a majority vote of the Board.

3.2 City Councilor and City staff member positions: These positions will be filled as specified in Article IV, Section 2, above.

Section 4. Qualifications of Directors. Board members will be selected based on their willingness and availability to serve and the experience, knowledge, and energy they can bring to the Board. There is no residency requirement nor is there a requirement that any Director be connected with a company, business, or organization located in either McMinnville or the 97128 zip code.

The Board consists of a) two members at large, who may be, but do not need to be, tourism industry representatives, b) one City Councilor, c) one City staff person, d) the Executive Director, and e) five to seven tourism industry representatives. The tourism industry representatives need not be representatives of any specific tourism industries. At no time will a majority of the tourism industry representatives represent any one tourism industry (e.g. wine, food, or lodging). No more than one Director representing any given company, business, or organization will be allowed to serve at one time.

Section 5. Vacancies. If vacancies reduce the number of voting Directors to less than seven, and if more than sixty days remain in the term of the Director or Directors whose leaving has/have caused the number of voting Directors to fall below seven, the Chair will propose one candidate for each voting Director position which is to be filled and the Board will vote on that/those candidate(s). The election of the candidate(s) will be by a majority vote of the Board.

In all other cases, VM is not required to fill voting Director positions which are vacated mid-term. However, if such a voting Director position becomes vacant mid-term, the Chair will, within sixty days of the vacation, make a recommendation to the Board as to whether to fill the position. If the recommendation is to fill the position, the Chair will propose a candidate to complete the term. The election of the candidate will be by a majority vote of the Board.

A voting Director elected to fill a vacancy under this section will serve until the expiration of the term of the position to which the Director was elected.

A City Councilor or City staff person may be appointed to fill a vacancy in a City Councilor or City staff person position as specified in Article IV, Section 2. The

appointee will serve until the expiration of the term of the position to which the City Councilor or City staff person was appointed.

Section 6. Removal or Resignation of Directors. If any Director misses more than two meetings in a row or more than three meetings during the fiscal year, the Director's resignation will be deemed to have been tendered and accepted. The other Directors, by majority vote, may make an exception for good cause shown.

Any Director may be removed by a majority vote of the Board of Directors for failure to fulfill the duties required of Directors, or intentional acts or omissions which a prudent person could reasonably have foreseen would damage the reputation or interests of VM. Removal will be based on a finding of the Board that the best interests of VM will be served by this action. The City Councilor may be removed at any time by the Mayor with approval of a majority of the City Council. The City staff person may be removed at any time by the City Manager.

Any Director may resign at any time by providing thirty days written notice to the Executive Director or the Chair.

In all cases of removal or resignation under this section, vacancies will be filled or left vacant under the specifications of Article IV, Section 5.

Section 7. Meetings. The Board of Directors meets no less than once every quarter, at a time and location determined by the Chair. All meetings will be held in accordance with Oregon Public Meetings and Records Law. The Chair or Executive Director may cancel or reschedule meetings. The Chair or Executive Director may call special meetings of the Board of Directors at any time.

Regularly scheduled Board meetings may be held without separate notice if the location, date, and time are fixed by resolution or all Directors were originally notified of the schedule. Special meetings of the Board and any regular meetings of the Board which are not pre-scheduled as specified above must be noticed to each Director no less than two days and no more than thirty days in advance of the meeting.

Decisions of a routine nature may be made by the Chair and Executive Director. These decisions, if outside the governance policies established by the Board, must be ratified by majority vote at the next regularly scheduled Board meeting.

Section 8. Quorum. A quorum consists of a simple majority of the voting Board members in good standing immediately before the meeting begins. A quorum must be

present at Board of Directors' meetings in order for the Board to take action. A majority vote consists of a simple majority of the quorum of voting Board members in attendance at any given meeting.

Section 9. Voting. With the exception of the Executive Director, the City Councilor, and the City staff member, each member of the Board of Directors has one vote. Proxy voting is not allowed, either at a meeting of the Board of Directors or in any other way connected with the Board reaching a decision. Directors unable to attend a meeting of the Board may send a letter, e-mail, or other written communication to the Board stating his/her opinion or position on any matter before the Board. A copy of the communication will be distributed to each Board member present, and, if the absent Board member so requests, the communication will be read aloud at the meeting during the discussion of the issue. Any Board member may attend a meeting via telephone, conference call, or video conferencing, subject to the Oregon Public Meetings Law.

Section 10. Conflicts of Interest. When a Board member has an actual or potential conflict of interest in a transaction with VM, the material facts of the transaction and the Board member's interest will be disclosed to the Board of Directors at each meeting prior to any vote taking place. The conflict will be recorded in the minutes of the meeting. Conflicts of interest are regulated by ORS Chapter 244. The existence of an actual conflict of interest disqualifies a Board member from participating in both the discussion and the vote on the issue. A Board member with a potential conflict of interest may participate in the discussion and vote on the matter after declaring the conflict as discussed above. Each Board member will sign a conflict of interest statement annually.

Section 11. Officers, Duties. There are three officers of the Board: Chair, Vice-Chair, and Treasurer-Secretary. All officers must be voting members of the Board of Directors.

11.1 Chair: The Chair presides at meetings of the Board of Directors, assures that the Board of Directors is advised on all significant matters of business, and provides guidance in the development of overall VM long-term objectives. The Chair may also perform other duties as prescribed by the Board of Directors.

Although the Chair may vote on any issue before the Board, s/he may remain neutral on issues before the Board unless his/her vote is needed to break a tie.

The Chair and the Executive Director serve as the official spokespersons for VM. The roles of Executive Director and Chair are complementary, with the Executive Director

seeing to the operation of VM and the achievement of the desired results, and with the Chair seeing to the health of the Board and the achievement of Board responsibilities.

The Chair and the Executive Director may sign deeds, mortgages, bonds, contracts, or other instruments, which the Board of Directors has authorized to be executed. A minimum of two signatures is necessary for such legal documents, except in cases where the signing is expressly delegated to some other agent by the Board of Directors or statute.

The Chair, along with the Vice-Chair and the Treasurer-Secretary, conducts an annual performance evaluation of the Executive Director and provides a written report of the review, along with a recommendation for any action, to the Board of Directors. Insofar as possible, reviews will be confidential.

11.2 Vice-Chair: The Vice-Chair serves as the first assistant to the Chair, performing the duties of the Chair in the Chair's absence. The Vice-Chair succeeds the Chair in the event of a mid-term vacancy in the position of Chair.

11.3 Treasurer-Secretary: The Treasurer-Secretary oversees financial reports, which describe the financial condition of VM and serves as liaison between the contracted financial management services provider and the Board. The Treasurer-Secretary succeeds as Vice-Chair in the event the Vice-Chair position becomes vacant mid-term and s/he succeeds as Chair in the event that both the Chair and Vice-Chair positions become vacant mid-term.

11.4 Secretary: The duties ordinarily performed by a Corporate Secretary are performed by the Executive Director and his/her staff.

Section 12. Election of Officers. The current voting Directors nominate voting Directors for the positions of Chair, Vice-Chair, and Treasurer-Secretary at the first meeting of each calendar year. The election of each officer is by a majority vote of the Directors. The election of the officers is conducted either at the first meeting of the calendar year or as soon as possible thereafter. Officers' terms are one calendar year, but officers remain in their offices until a new election has been held. Officers may be re-elected to the same position for subsequent years, as long as the officer is a member in good standing of the Board of Directors. If an officer position becomes vacant during a term, the rules of succession in Section 11 above apply. To fill any vacancy after applying the rules of succession, the Board of Directors nominates a member to serve out the term of that position. This interim officer must be approved by a majority vote of the Directors.

Article V. Executive Director

Section 1. Executive Director. The Board employs an Executive Director who is charged with the general supervision and management of the office and business affairs of VM. The Executive Director reports directly to the Board. The Board sets the Executive Director's salary. The Executive Director is charged with proposing to the Board and, upon approval by the Board, implementing an annual marketing plan and budget. The Executive Director has the authority for supervision of all employees, including all personnel actions and employee compensation within the annual budget as approved by the Board. The Executive Director serves as the Corporate Secretary, keeps all necessary records, and in general manages the affairs of VM to promote the objectives for which it was organized. In the absence of the Executive Director, all duties will be performed by a member of the staff appointed for that purpose. The Executive Director is a non-voting member of the Board of Directors, is a member of all Board committees, and carries out other duties as assigned by the Board, its officers, and committees. The Executive Director executes (with the Chair) and oversees all contracts, mortgages, deeds, bonds, or other instruments in accordance with action plans and expenditures budgeted and approved by the Board of Directors.

The Executive Director and the Chair of the Board are the official spokespersons for VM. The roles of Executive Director and Chair are complementary, with the Executive Director seeing to the operation of VM and the achievement of the desired results, and with the Chair seeing to the health of the Board and the achievement of Board responsibilities.

The Executive Director is accountable to the full Board, not to individual Board members or committees. This does not prevent full interaction between the Executive Director and Board members and committees. The actions of the Executive Director must be in harmony with the wishes of the Board as a whole. A dispute between a Board member or a committee and the Executive Director will be arbitrated by the full Board and, where necessary, a majority Board vote will determine the outcome.

Article VI. Finances

Section 1. Fiscal Year. The fiscal year of VM commences on the first day of July and ends on the last day of June each year.

Section 2. Special Fund. No organized effort to raise funds for VM will be undertaken unless authorized by the Board.

Section 3. Annual Budget. The Executive Director prepares and submits an annual budget for the coming fiscal year to the Board of Directors for review no later than May 1 each year. The Board of Directors adopts a final budget by majority vote no later than June 30 each year.

Section 4. Disbursements. All disbursements must adhere to the financial policies and procedures approved by the Board of Directors by majority vote. No obligations or expenses will be incurred and no monies will be appropriated for unbudgeted items without prior approval of the Board of Directors by majority vote. Upon approval of the annual operating budget, the Executive Director is authorized to make disbursements on accounts and expenses provided for in the budget without additional approval of the Board of Directors. All disbursements except petty cash will be made by check or electronic funds transfer.

Section 5. Annual Review/Audit. The financial books of VM will be audited or reviewed annually by an independent certified public accountant. The accountant will make a written report of the review/audit to the Board of Directors which will then submit a copy of the report to the McMinnville City Council. The audit or review will be completed as soon as practical after the close of the fiscal year.

Article VII. Amendments

Section 1. Amendments. All proposed amendments or changes to these bylaws will be made by the Board of Directors and will be approved by a majority vote of the voting Directors in good standing who are then in office. Prior to the adoption of the amendment, each Director will be given at least forty eight hours notice of the date, time, and place of the meeting at which the proposed amendment is to be considered. The notice will state that the purpose or one of the purposes of the meeting is to consider a proposed amendment to the bylaws and it will contain a copy of the proposed amendment.

Article VIII. Indemnification

Section 1. Indemnification. VM will indemnify any person who was or is a party, or is threatened with being made a party, to any threatened or pending action or suit by reason of the fact that s/he is or was a director, officer, employee, or agent of VM, for expenses (including attorney's fees) actually and reasonably incurred by him/her in connection with the defense or settlement of the action or suit, provided s/he acted in good faith and in a manner s/he reasonably believed to be in, or at least not opposed to,

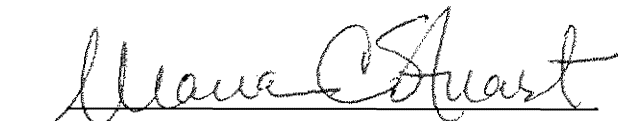
the best interests of VM. No indemnification will be given to any person who has been adjudged to be liable for negligence or misconduct in the performance of his/her duty to VM unless and only to the extent that the court in which the action or suit was brought determines that, despite the adjudication of liability, and in view of all circumstance of the case, the person is fairly and reasonably entitled to indemnity for expenses which the court deems proper.

Section 2. Insurance. VM will, at all times, carry all appropriate directors and officers and liability insurance.


These bylaws are approved this 1st day of July, 2015, by the initial Board of Directors of Visit McMinnville.



Erin Stephenson, Chair


Cindy Lorenzen, Director

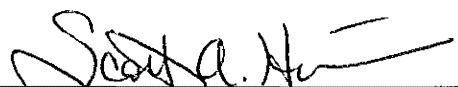

Maria Stuart, Vice Chair

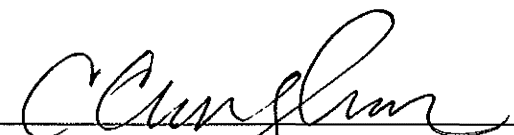

Carmen Pierano, Director


Cassie Sollars, Treasurer-Secretary


Ty Rollins, Director


Ellen Brittan, Director


Scott A. Hill, Director (City Councilor)


Courtney Cunningham, Director

Martha Meeker, Director (City staff)


Emily Howard, Director