

RESOLUTION AGREEMENT

This Resolution Agreement (“Agreement”) is entered into by and between Orbitz, LLC, Trip Network, Inc., TVL LP (f/k/a Travelocity.com LP), Expedia, Inc., Hotels.com L.P., and Hotwire, Inc. (individually “OTC” and collectively “OTCs”), and the County of Watauga and towns of Banner Elk, Beech Mountain, Blowing Rock and Seven Devils (collectively “the Taxing Jurisdictions”), effective the 20th day of April 2015.

WHEREAS, the OTCs contend that amendments to N.C. Gen. Stat. §§ 105-164.4(a)(3), 153A-155(c), and 160A-215(c) enacted by Session Law 2010-31, § 31.6 (“the Amendments”) are unconstitutional under the United States Constitution and the North Carolina Constitution and in violation of the federal Internet Tax Freedom Act, as amended;

WHEREAS, the Taxing Jurisdictions contend that the Amendments are lawful and that they have the right to collect occupancy taxes under the terms of the Amendments;

WHEREAS, the parties desire to resolve their dispute without litigation;

WHEREAS, the parties further desire to resolve all past potential occupancy tax liability of the OTCs since 1 January 2011 to the Taxing Jurisdictions and to adopt a mutually agreeable reporting and remittance methodology on a prospective basis; and

WHEREAS, the parties desire to enter into this Agreement to accomplish the above.

NOW IT IS HEREBY DETERMINED AND AGREED:

1. This Agreement will resolve the OTCs’ dispute with the Taxing Jurisdictions regarding the Amendments and all past potential occupancy tax liability to the Taxing Jurisdictions for occupancy of accommodations facilitated by any OTC commencing between 1 January 2011 and 20 April 2015 and for occupancy of accommodations facilitated by any OTC commencing thereafter pursuant to reservations made between 1 January 2011 and 20 April 2015.
2. The Taxing Jurisdictions acknowledge that this Agreement contains Tax Information, as defined in N.C. Gen. Stat. § 105-259, and its provisions are therefore subject to the disclosure prohibitions of N.C. Gen. Stat. § 105-259, N.C. Gen. Stat. § 153A-148.1, and N.C. Gen. Stat. § 132-1.1.
3. Registering for occupancy tax purposes or payment of occupancy tax does not constitute a concession that the OTCs are engaging in business within any locality in North Carolina or a concession that the OTCs are subject to any other tax or license in North Carolina.

4. For occupancy of accommodations facilitated by any OTC pursuant to reservations made on or after April 20, 2015 that are subject to the occupancy tax of any of the Taxing Jurisdictions (“Watauga County/City Occupancy Taxes”), as last amended prior to the date of this Agreement, each OTC will remit Watauga County/City Occupancy Taxes on the gross receipts derived from such rentals, as defined in N.C. Gen. Stat. § 105-164.4(a)(3), as last amended. Each OTC will report and remit all such Watauga County/City Occupancy Taxes through the following methods, at the option of each OTC:
 - (i) Accommodation Provider Remit: All Watauga County/City Occupancy Taxes will be reported and remitted to the providers of the accommodations in accordance with N.C. Gen. Stat. § 153A-155(c) and N.C. Gen. Stat. § 105-164.4(a)(3), as last amended.
 - (ii) Partial Direct Remit: All Watauga County/City Occupancy Taxes will be partially reported and remitted to the providers of the accommodations for further remittance to the Taxing Jurisdictions and partially reported and remitted directly to the Taxing Jurisdictions. Specifically, the portion of the Watauga County/City Occupancy Taxes not reported and remitted to the providers of the accommodations in accordance with N.C. Gen. Stat. § 153A-155(c) and N.C. Gen. Stat. § 105-164.4(a)(3), as last amended prior to the date of this Agreement, must be reported and remitted directly by the OTC to the Taxing Jurisdictions.
 - (iii) Full Direct Remit: All Watauga County/City Occupancy Taxes not reported and remitted to the providers of the accommodations in accordance with N.C. Gen. Stat. § 153A-155(c) and N.C. Gen. Stat. § 105-164.4(a)(3), as last amended prior to the date of this Agreement, will be directly remitted by the OTC to the Taxing Jurisdictions.
 - (iv) Each OTC will give advance notice to the Taxing Jurisdictions of its selected option(s) in each instance.
 - (v) If registering for occupancy tax purposes or paying occupancy tax, each OTC will use its best efforts to do so by May 20, 2015.
5. The Taxing Jurisdictions will not issue any assessments to any OTC for Watauga County/City Occupancy Taxes for occupancy of accommodations facilitated by any OTC commencing between 1 January 2011 and 20 April 2015 or for occupancy of accommodations facilitated by any OTC commencing thereafter pursuant to reservations made between 1 January 2011 and 20 April 2015.
6. The OTCs agree that the Taxing Jurisdictions have the authority and jurisdiction to audit for purposes of Watauga County/City Occupancy Taxes. Upon request, each OTC will provide to the Taxing Jurisdictions data and documents, or reasonable access to records, for audit purposes.

7. The parties acknowledge that each side takes a different view of the facts and law related to the matters encompassed by this Agreement. The parties agree that this Agreement is based on the parties' desire to compromise their disputes and is not an indication that either side has expressed agreement with the other side's view of the facts or law. This Agreement does not constitute a concession, agreement or admission by any of the parties as to the correctness or applicability of any legal or factual contention by any other party.
8. The parties agree that the Agreement is for the benefit of, and an agreement expressly between, the parties hereto. This Agreement may only be amended by written agreement by all parties hereto. Any such amendment shall be attached hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.
9. This Agreement shall be governed by the laws of North Carolina. Each party has cooperated in the drafting and preparation of this Agreement, and it shall be construed according to the plain meaning of its language and not for or against any party.
10. By signing this Agreement, all parties certify that they have read and agreed to all the terms hereof and that they have authority to enter into this Agreement.
11. This Agreement (including each of the rights and obligations set forth herein) shall be binding upon, and inure to the benefit of, the respective present or former, successor, direct or indirect family members, parents, subsidiaries, affiliates, agents, representatives, officials, insurers, employees, officers, directors and shareholders of the undersigned parties. Additionally, any reference in this Agreement to any of the parties shall be a reference to the present or former, successor, direct or indirect, family members, parents, subsidiaries, affiliates, agents, legal representatives, insurers, employees, officers, directors, and shareholders of those entities.
12. Each of the Taxing Jurisdictions and each OTC acknowledge that they: (a) have consulted with legal counsel about the Agreement; (b) they are entering into the Agreement voluntarily and with an understanding that each of the Taxing Jurisdictions is releasing all of its claims for Watauga County/City Occupancy Taxes against the OTCs for occupancy of accommodations commencing between 1 January 2011 and 20 April 2015 and for occupancy of accommodations commencing thereafter pursuant to reservations made between 1 January 2011 and 20 April 2015; (c) they have the authority to enter into this Agreement; (d) no other persons or entities have or have had any interest in any claims that are now being released; and (e) they have not sold, transferred, or assigned their claims to any other person or entity prior to entering into this Agreement.

ORBITZ, LLC

By: _____

Print name: _____

Title: _____

Date: _____

TRIP NETWORK, INC.

By: _____

Print name: _____

Title: _____

Date: _____

TVL LP (f/k/a TRAVELOCITY.COM, LP)

By: General Partner, Travelocity.com LLC

By: _____

Print name: _____

Title: _____

Date: _____

EXPEDIA, INC.

By: _____

Print name: _____

Title: _____

Date: _____

HOTELS.COM L.P.

By: _____

Print name: _____

Title: _____

Date: _____

HOTWIRE, INC.

By: _____

Print name: _____

Title: _____

Date: _____

COUNTY OF WATAUGA

By: _____
Print name: _____
Title: _____
Date: _____

TOWN OF BANNER ELK

By: _____
Print name: _____
Title: _____
Date: _____

TOWN OF BEECH MOUNTAIN

By: _____
Print name: _____
Title: _____
Date: _____

TOWN OF BLOWING ROCK

By: _____

Print name: _____

Title: _____

Date: _____

TOWN OF SEVEN DEVILS

By: _____

Print name: _____

Title: _____

Date: _____

Date _____

Stacy C. Eggers, IV
Eggers, Eggers, Eggers, & Eggers, PLLC
Post Office Box 248
Boone, NC 28607

Re: *Resolution Agreement*

Dear Ms. Eggers:

Contemporaneously with this letter, TVL LP (f/k/a Travelocity.com L.P.) (“Travelocity”) and County of Watauga and towns of Banner Elk, Beech Mountain, Blowing Rock and Seven Devils (collectively “the Taxing Jurisdictions”) are entering into a Resolution Agreement. In furtherance of that Resolution Agreement, Travelocity and the Taxing Jurisdictions specifically acknowledge and agree as follows.

1. Travelocity represents that effective August 22, 2013, Travelocity and Expedia entered into a long-term agreement providing that transactions on Travelocity’s United States and Canadian websites will be facilitated by Expedia, and Expedia assumed responsibility for any state and local sales tax and hotel occupancy tax due on such transactions. Expedia began facilitating transactions on the Travelocity websites on November 1, 2013 and by January 6, 2014, approximately 99% of all stand-alone and package hotel reservations booked through Travelocity-branded United States websites were facilitated through Expedia’s platform..
2. Travelocity represents that effective March 1, 2014, Travelocity sold the assets and contracts of its “Travelocity Partner Network” business to Orbitz Worldwide. The Travelocity Partner Network was a division of Travelocity that provided private-label, online travel booking technology to major airlines, banks and credit card companies, Internet content and service providers, travel agencies, and convention and visitors’ bureaus.
3. Travelocity represents that as a result of both events, beginning June 1, 2014, Travelocity is no longer the merchant of record, and will no longer collect any amounts from travelers, for hotel reservations facilitated through any of its U.S. websites.

NOW IT IS HEREBY DETERMINED AND AGREED: Travelocity will have no obligation to report and remit Watauga County/City Occupancy Taxes pursuant to the terms of the Resolution Agreement unless, and only to the extent, Travelocity is merchant of record on a traveler’s credit card for occupancy of accommodations facilitated pursuant to reservations made on or after April 20, 2015, that are subject to the Watauga County/City Occupancy Taxes.

TVL LP (f/k/a TRAVELOCITY.COM LP)
By: General Partner, Travelocity.com LLC

By: _____
Scott Roberts, Associate General Counsel

COUNTY OF WATAUGA

By: _____

Print name: _____

Title: _____

Date: _____

TOWN OF BANNER ELK

By: _____

Print name: _____

Title: _____

Date: _____

TOWN OF BEECH MOUNTAIN

By: _____

Print name: _____

Title: _____

Date: _____

TOWN OF BLOWING ROCK

By: _____

Print name: _____

Title: _____

Date: _____

TOWN OF SEVEN DEVILS

By: _____

Print name: _____

Title: _____

Date: _____