



OFFICE OF THE GOVERNOR
ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT
GOVERNOR

October 16, 2015

Mr. Wayne S. Hollingsworth, Director
Circuit Events Local Organizing Committee
100 Congress Ave
Austin, TX 78701

Dear Mr. Hollingsworth:

The Office of the Governor (OOG) has completed an additional review of the application and economic information submitted by the Circuit Events Local Organizing Committee for the establishment of a Major Events Reimbursement Fund relating to the 2015 Formula 1 United States Grand Prix (the "event"). As a result, we have revised the estimate of the incremental increase in tax revenues generated by the event.

In our letter dated September 30, 2015, the estimated amount of incremental tax receipts to the state resulting from the event excluded certain tax revenues generated from event ticket sales. Subsequent to that letter, through consultation with the OOG's Office of General Counsel and conversations with the State Auditor's Office, we have confirmed there is a legal justification for including the additional direct incremental increase in state sales tax revenues generated from ticket sales in our estimate; primarily due to the fact that the ticket sales are not final until race day and are held as deferred revenue until that time. This approach is consistent with both the statute and SAO audit recommendations. The new estimated amount below reflects the addition of these sales.

Based on the representations and the information submitted and certified in the application, the event meets the eligibility requirements set by the Texas Legislature in article 5190.14 of the Texas Revised Civil Statutes. Establishment of an Event Trust Fund is therefore required by law, and upon receipt of the local share, a fund will be established as follows:

- Event: **2015 Formula 1 United States Grand Prix – Project Code 161003**
- Location: **Austin, TX**
- Market Area: **Austin Metropolitan Area**
- Venue: **The Circuit of the Americas**
- Date(s): **October 23-25, 2015**
- Estimated incremental increase in tax revenue to the State of Texas is **\$19,592,417** or 6.25 times the amount of local revenue retained or remitted to the Texas Comptroller of Public Accounts as local funds from eligible endorsing municipalities.

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- Local funds required: **\$3,134,787**
- **Total contribution to the Event Trust Fund established for this event: \$22,727,204**
- Attendance metric used to estimate the incremental increase in tax revenue: **92,285**

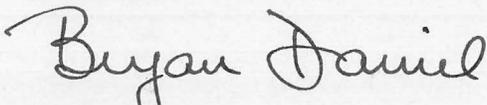
Following the event, you will need to complete and submit the Attendance Certification Form, which is enclosed for your convenience. The Attendance Certification Form and supporting documentation must be submitted no later than 45 calendar days after the conclusion of the event.

The local funds must be submitted no later than 90 calendar days after the conclusion of the event. If the funds for the local share amount are not submitted by the 90-day deadline, the Event Trust Fund will not be available for disbursement. The deposit instructions for the local funds are enclosed.

To initiate a disbursement from an Event Trust Fund, a Disbursement Request Form, Disbursement Request Worksheet and all supporting documentation must be submitted no later than 180 calendar days after the conclusion of the event. The establishment of an Event Trust Fund does not entitle or guarantee that disbursements from the fund will be available for the reimbursement of any particular expenditure relating to the event. All disbursements will be subject to the requirements of article 5190.14 of the Texas Revised Civil Statutes, the Event Fund Program Administrative Rules under Title 10, Chapter 184 of the Texas Administrative Code, and the policies and guidelines of the Office of Economic Development and Tourism within the Office of the Governor, including timely submittal of the Attendance Certification Form, local funds, Disbursement Request Form, and other documentation as required.

Thank you for bringing this event to the State of Texas. If you have further questions, please contact the Office of Economic Development and Tourism at eventsfund@gov.texas.gov or (512) 936-0100.

Sincerely,

A handwritten signature in cursive script that reads "Bryan Daniel".

Bryan Daniel, Executive Director
Office of Economic Development & Tourism
Office of the Governor