Discussion Regarding
Formula 1
United States Grand Prix

June 9, 2011
Topics Covered

- Circuit Events Local Organizing Committee (LOC)
  - Review the request of the City of Austin
- Major Events Trust Fund (METF)
  - Review the legal considerations for an interlocal agreement between the City and the State
  - Review the legal considerations for an event support contract between the City and Formula One Management, Ltd.
- Discuss the Next Steps
- Receive Public Comment
LOC is requesting the City enter into an Event Support Contract (ESC)

ESC can allow LOC to act on the City’s behalf to:

- Submit the economic impact study and relevant market area data to the Texas Comptroller
  (Sec. 5A(b-1), (c); 34 TAC 2.102(a)(3))
- Submit $4 million to the METF on City’s behalf in Year 1
  (Sec. 5A(d))
- Submit annual audited financial statements, attendance figures, and event economic impact analysis
  (Sec. 5A(i); 34 TAC 2.103)
- Provide an annual $29 million performance bond
  (Sec. 5A(o), (t))

LOC will be reimbursed its $4 million contribution in allowable expenses which will be submitted to the Texas Comptroller

LOC has offered a seat on its board for a City appointee
Major Events Trust Fund

What are the legal considerations for an METF interlocal agreement between an Endorsing Municipality and the State?

- The METF statute requires an interlocal agreement between the Endorsing Municipality (the City) and the State to access funds before an event
  (VCS Art. 5190.14, Sec. 5A(r); 34 TAC Sec. 2.105)

- The interlocal agreement will include:
  - Establishment of METF
    (Sec. 5A(p); 34 TAC 2.102(a))
  - A provision allowing funds to be accessed before and after* the event
    (Sec. 5A(r))
  - A provision allowing funds to be held and made available to pay the cost of securing the event in future years
    (Sec. 5A(r), 34 TAC 2.104 & 2.105)
  - A term of up to 10 years, with renewal should performance-based criteria be met, or automatic termination should event not occur
    (Sec. 5A(s))
  - Terms regarding repayment of State’s initial contribution
    (Sec. 5A(t), 34 TAC 2.105)

- State will also receive City’s METF request cover letter, Site Selection Organization’s confirmation letter, a copy of the Event Support Contract, and the Economic Impact Study
The METF statute requires an Event Support Contract between the Endorsing Municipality (the City) and the Site Selection Organization (Formula One Management, Ltd.) (VCS Art. 5190.14, Sec. 5A(a)(3))

The Event Support Contract will include:

- Provisions for LOC to act on the City’s behalf
  34 TAC 2.100(7)
- Provisions for Full Throttle Productions to act on Formula One Management’s behalf
- Description and prioritization* of City and LOC financial obligations eligible for reimbursement
  (Sec. 5A(h), (k), (r); 34 TAC 2.104 & 2.105)
- Description of LOC performance bond obligations*
- A term of up to 10 years, with renewal should performance-based criteria be met, or automatic termination should event not occur
  (Sec. 5A(s))
Next Steps

- June 23\textsuperscript{rd} City Council meeting
  - Interlocal Agreement
    - Consider a contract between the Texas Comptroller and the City of Austin
    - Triggers the establishment of the Major Events Trust Fund
  - Event Support Contract
    - Consider a contract between the City of Austin and Formula One Management
    - Establishes contractual obligations between the City, the Local Organizing Committee, Full Throttle Productions, and Formula One Management
Questions