

AGENDA



Thursday, October 15, 2009

**Economic Growth & Redevelopment Services
RECOMMENDATION FOR COUNCIL ACTION****Item No. 8**

Subject: Approve an ordinance authorizing the City Manager to negotiate and execute an amendment to the economic development agreement with NBC Universal, Inc. for the Friday Night Lights television program to amend the performance criteria.

Fiscal Note: There is no unanticipated financial impact. A fiscal note is not required.

For More Information: Rodney Gonzales, Acting Director, EGRSO / 974-2313

Prior Council Action: Council approved an ordinance creating an economic development program and authorizing an economic development agreement with NBC Universal, Inc. on March 22, 2007.

On March 22, 2007, the City Council authorized an economic development agreement (the Agreement) with NBC Universal, Inc. and its subsidiary Northern Entertainment Inc. (NEI), which produces the "Friday Night Lights" television series (FNL). The production and filming of FNL in Austin is extremely beneficial to Austin's film industry and to the local economy. The FNL production employs many Austin area residents, and NEI and its employees purchase goods and services in the Austin area. NEI has a per episode local budget of \$1.5 million. In addition, the production of FNL in Austin helps to promote the City as a location for commercial television and film production.

One of several performance requirements in the Agreement is the production of 21 episodes per season. Due to the 2007 Writer's Guild strike, NEI could only produce 15 episodes for Season 2. The industry standard for shows similar to FNL is 13 episodes per season, significantly lower than the 21 episodes required in the Agreement.

In light of the 2007 Writer's Guild strike and that NEI's better understanding of a standard number of episodes produced per season, EGRSO is requesting authorization to negotiate and execute an amendment to the Agreement. The proposed amendments will add a force majeure provision for organized labor disputes and talent strikes and provide for a reduction in the number of required episodes. The addition of a force majeure provision is limited to organized labor disputes.

NEI is in the process of providing additional information to cure compliance issues associated with Season 1. With the addition of the proposed force majeure provision to the Agreement, NEI could be eligible for payment for Season 1.

Reconsideration of Season 2 compliance is not possible due to NEI failing to achieve the non-curable performance requirement of placing credits to the City of Austin at the end of each Season 2 episode.