

# Closed Caption Log, Council Work Session, 06/07/11

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We're meeting in the board and commissions room. City hall, austin, texas. Council, if there's no objection, we have found out lately that there is no flexibility in how you order items on the agenda. It's computerized and so we basically are stuck with what we got, but if there's no objection, I would suggest that we do our executive session first and then come back and get our briefing on formula 1, then try to address items on the agenda that may be of interest and take the briefing c2, which is a discussion overview of departmental conditions last so that we don't run out of time for any discussion whatsoever on agenda items. ... okay. I've just been informed that the attorneys are not here for the executive session, so with that objection, we'll revise that proposal and go back and start off with item c1, which is a briefing on the formula 1 united states grand prix and related matters. So we have staff members who are going to start us off. Edwards, did you want to make some opening remarks? City manager?

Thank you, mayor. Mayor and mayor pro tem and council, I'm sure that you are all aware -- or most of you are aware that the mayor's office received a letter from bernie ecltestone, and that letter indicated that he had made a decision that formula one would be racing in austin beginning in june of 2012. This basically kicks off for us a series of events that will occur within the next 30 days. One of the things that we found out was that when we were approached by formula one, it was somewhat backwards in that normally a city or a municipality is the one who applies for -- to the state for formula 1, in this particular case, formula one representatives had talked with the state several years ago, and we were approached both by the state and by formula 1 to be considered as the municipality that would be designated to do the application. Today we're going start the series of briefings. One will be a briefing today on -- and that will be a very detailed briefing on the process that we will be going through. If I could have slide one, please. The second slide. We'll go through the background of why we are here today talking about formula 1. We'll talk about the legislative action and the recruitment by the state of formula 1. We're going to talk about some of the hstory, some of the benefits, and how we use the trust fund, and we're going to talk a little bit about how this particular major events trust fund is different than any of the other trust funds that have existed in the past. We'll also go into some detail on the local organizing committee which will be acting on the city's behalf, should the council decide that they want to move forward with this application. We will talk about the circuit of the americas facility which richard subtle is going to be discussing. 'LI talk about economic development benefits and the process for going through an economic development analysis, and then at the very end, we're going to be going over the schedule with you of what will be occurring and just as a preview, we have today's detailed briefing. On thursday, there will be another not detailed briefing, fairly brief, but then talking about the two contracts that the city would enter into should the council decide to move forward and we will also have public comment at that time, and then we will be back to you on the 23rd for a decision from council. So with that, I'm going to turn the presentation over to rodney gonzales with economic growth and redevelopment services.

Mayor and council, rodney gonzales, deputy director. Already introduced richard subtle representing the local organizing committee. Also with us are lela fireside and sabina rivero. Robert wood is also with us. That division overnight sees the particular economic development program that we're talking about this

morning. Before we get started with the crux of the presentation, it's important that we define the terms and the organizations that are in some way part of this request that you have been asked to consider. You'll hear these names mentioned frequently throughout the presentation. The first is the major events trust fund.

Let me just interrupt for a minute. Council, we are in the process of printing the powerpoint for you, so you will have it before you in just a few minutes.

The first is the major events trust fund. This is an economic development tool that was created by the 1999 legislature, under a different name at that time. This tool is not housed in the governor's office who we recently dealt with regarding several recent economic development projects. Rather this tool is housed in the texas comptroller's office because the comptroller oversees the revenues part of this program. These revenues include sales and use taxes. Two types of alcohol taxes and hotel occupancy tax. This tool was developed by the legislature to recruit and attract large sporting events for the purpose of deriving economic benefits from those events. A large portion of today's presentation covers the major events trust fund including how do you initiate that fund. The requirements for that fund and how the dollars flow into and out of that program as an economic development tool. Moving to formula 1, this is a series of races known as the grand prix. Races are held on purpose built tracks and on public roads. The 2011 season for this international sporting event is expected to feature 20 races located around the globe. The event that is being proposed in austin is titled grand prix. Moving to circuit events local organizing committee. This is a nonprofit corporation that was created to coordinate the hosting of grand prix. The creation of the local organizing committee is more typical than not when using this major events trust fund for recruiting large events. This loc will act as an intermediary between the city and the texas comptroller. Moving to formula 1 management ltd. Headquartered in the united kingdom. Formula 1 races is that series of international grand prix races. Fom coordinates the planning of formula 1 races. The 2009 -- and this is important -- the 2009 state legislature added fom to the major events trust fund list as a site selection organization. This acknowledged that formula 1 is the group that determines the location of future formula 1 racing events. And we end with circuit of the americas. This multifunctional facility is being constructed in austin to host the formula 1 u.s. Grand prix, motogp and other year-round high profile events. Within this presentation, you will hear more about the circuit of the americas including its economic impact to austin as more than just a site for the formula 1 u.s. grand prix. This first slide on the major events trust fund begins with why is -- or why was the program created? We know that this program is an economic development tool, but little is known as the underpinnings for why it was created. The establishment of the state's major events trust fund dates back to 1999, when the legislature established two funds, the olympic -- the olympic games trust fund and the pan american games trust fund. Both were created to assist the state in site selection for those games. The legislature believed it beneficial to provide financial assistance in the learning events such as these to texas for the following three reasons. First, these types of events provide national and international visibility to texas and local communities in which these are -- events are held. It's important to note that although the major events trust fund was created for these two international sporting events, or international sports events in general, which included the olympic games and the pan american games, it has never been utilized for an international sporting event. Rather, as you'll see later, the tool has been used for national sporting events. Second, these events encourage and provide major economic benefits to local communities in which they are held. Five major texas cities and counties have utilized the program as a means of deriving economic benefits. And third, these events provide opportunities for job creation. These jobs are created either through a construction of new facilities associated with the event, through event support functions or through other related activities. Later on in this presentation, you will hear about the jobs created thus far at the circuit of the americas facility. In 2003, the legislature amended the statute to establish the fund which is now called the major events trust fund in order to assist the state in bidding to host other large sport ingevents. As I mentioned earlier, these types of sporting events attracted so far include national sporting events such as the superbowl, the ncaa final 4, all star game and major league baseball all star game. The cities of arlington, san antonio, houston, and north texas and harris county have each utilized this economic development toolttra these events to their communities. The major events trust fund is one of four programs that falls within the umbrella of events within the trust fund program, which as i mentioned is

housed in the texas comptroller's office. Smaller but more frequently used program is the events trust fund which differs from the major events trust fund but maintains the same principle of use. What is the city's experience in using this economic development tool? Since 2008, the city has utilized the event trust fund a total of 19 times. The events held in austin as a result of utilizing this economic development tool range from the u.s. Triathlon to the ncaa women's basketball regional tae kwan do u.s.a. Championships. By using the events trust fund program, the city was able to leverage its dollar contributed to the program by 6.25 times. That means for every dollar that the city contributed, the state contributed \$6.25. The new tax increments derived from these programs provided the funding for these events. The combined funding of over 3 and a half million was used to attract and support these events and in just a few minutes I will go over the taxes that are captured for the major events trust fund. Will now move on to more specifics about the major events trust fund beginning with answering how does the program benefit the city of austin. The major events trust fund allows local communities to access new incremental state taxes to compete for, attract and support these large events and to increase future city revenues. As you'll see in the next slide, the formula one event is different in that the city did not recruit the event. Knowledge the less, the tool is being used to recruit formula 1. The premise for utilizing the fund is that new incremental revenues are realized by the local community and the state when attracting large events. The local new incremental revenues that are calculated include sales and use tax, hotel occupancy tax. Two types of alcohol taxes, which are mixed bench and beer and wine tax. And the motor vehicle tax. As I mentioned before, for every dollar that the local community contributes to the major events trust fund, the state contributes \$6.25. Moving on to the next slide. We described the link between the major events trust fund and the formula 1 event. Why is this particular tool the only one being discussed to recruit formula 1. We know there are other economic development programs such as chapter 3 (a) agreements which the city has utilized successfully, but why this program? To answer that question, you have to look at how the major events trust fund statute was changed in order to recruit formula 1. None of the changes were initiated by the city nor did the city participate in these changes. During the 2009 legislative session, the major events trust fund was amended in two major ways, to allow for a bid to be placed for the formula one race. The first amendment added the formula one race to the list of events that could utilize the major events trust fund. The second amendment allowed the comptroller to pre-fund major events in order to secure a major event that generated at least \$15 million in new incremental, local and state tax revenues. And in 2009, the texas legislature appropriated 25 million to allow for the pre-funding of a major events trust fund agreement. In 2010, the texas comptroller, the governor's office and full throttle productions expressed an interest to host the formula 1 u.s. grand prix in texas. The city of austin was not a part of the bid process. No did the city participate in the changes to the legislation leading up to that bid. Fast forward to june of this year. Formula 1 management confirmed through a letter written to the mayor that austin is selected as the site for the formula 1 u.s. Grand prix from 2012 through 2021. And more recently, a request has been received by the circuit event's local organizing committee asking for the city to enter into an events support contract to participate in the major events trust fund as an endorsing municipality. This participation is the key to the door, if you will, for accessing the texas comptroller's commitment of \$25 million to formula 1 management. The specifics of this request will be detailed later in this presentation. As you can see going back to 2009, the state has set in motion using the major events trust fund to recruit formula 1. Moving forward, the presentation would then focus on the mechanics of the major events trust fund. This slide in particular answers the question how is the program initiated? The program -- or the procedure's initiating participation in the major events trust fund involves submitting three items to the texas comptroller. The first is a letter from the endorsing municipality to request participation in the program. The second item is a letter from the site selection organization selecting the site. And third, is an economic impact study of which will be described in greater detail in the next slide. The combined package must be submitted to the texas comptroller, not earlier than one year and not later than three months before the event. So moving on, what is the economic impact study? We know that it's required to initiate the major events trust fund, but what is the purpose of the economic study? This study is initiated to measure the financial impact from the event. In this case the formula 1 u.s. grand prix. Specifically the study is to measure the new incremental local, state sales and use tax, hotel occupancy tax, mixed bench tax, beer and wine tax and motor vehicle rental tax and is mentioned before, but for this event, there is no new incremental tax revenue. The study computes these revenues by identifying direct, indirect, and induced economic impact from the event. Induced impacts are the

result of the spending of wages and salaries of the direct and indirect employees on items such as food, clothing, entertainment and other personal consumer purchases. This spending creates induced employment primarily in service sectors of the economy. The study is also to include data regarding each event related to activity, such as projected attendance figures and -- what else? The event related activity such as projected attendance figures and ticket sales. Within 30 days of the receipt of this economic impact study, the texas comptroller determines whether the economic impact study accurately portrays the estimated incremental tax increase. And without getting too far ahead of this presentation, it's important to note that the state is contributing \$25 million annually to this project. As such, it's in the state's interest to thoroughly review the economic impact study and to assess two one, whether the study is accurate and uses the correct assumptions and computations. And two, will the state gain more than \$25 million in revenues to make this project a net positive project for the state? The state can decide not to move forward with this project if it is not net positive for the state. The economic impact study is not only important to be accurate for local municipalities to participate in this fund, it is also very important for the state considering the magnitude of the incentive being proposed for the state. Now that we've described how the major events trust fund is initiated, what are the expense -- what are the expenses that can be reimbursed from the major events trust fund? This is important to discuss because as you can see, there are new incremental tax dollars deposited into the fund and we need to cover how those dollars can be accessed. You will not find a detailed list of included or excluded reimbursements within the statute, rather there are three broad categories of reimbursement that can be used to finance the cost of the event related to the following. Applying or bidding for selection at the site of the event. Preparing for the event. And conducting the event. The mechanics for accessing the major events trust fund is that disbursement requests are submitted to the texas comptroller. If approved, the comptroller issues disbursements that are made on a prorata basis from the contributions of all participating entities, if you recall earlier, that contribution is for every one dollar of local 25 of state contribution. Next, sabina romero and lela fireside will discuss the legal agreements that would need to exist between endorsing municipality, the state and sight selection organization. In this case, formula 1 in order to implement the major events trust fund.

Thank you, mayor. Councilmembers. I'm lela fireside and with me is sabina romero from the law department. There are two agreements that you will be considered to consider on june 23rd in order to complete the process for accessing the major events trust fund. The first agreement is one that is required by the statute in this type of situation where we're being asked to put the funds in and then to access the funds ahead of an event, and in this case, the 25 million has been requested as the sanctioned fee by formula 1 management in order to bring the event here to austin. The interlocal agreement, it would be an interlocal agreement, because it would be between the state and the city, may allow the funds to be held and made available in subsequent years, so the increase in tax -- the first year it's -- excuse me -- rodney will explain this in more detail later. But the first year, the state appropriation would fund the first 25 million and then, as we'll discuss in the next agreement, the -- the local organizing committee has offered to front the \$4 million for the city for the first year. That money would go into that pot. Then the event would occur, and then there would be the tax revenues that would come in, the new tax revenues, both to the state and to the city, and those can be rolled over and fill the pot again in the subsequent years, and so the interlocal agreement in concept would set up that whole payment process and -- and memorialize it so that it's in writing. This can happen for ten years. And at the end of the ten years, the statute requires repayment for the state and the reason it doesn't specify the city or the local entity is because it was written by the state and they want to make sure they're getting their money back, but that would be from the tax revenues that are in the fund, and similarly, we would protect the city, our client, and so we would make sure that we are getting our \$4 million at the end of the ten years as well, assuming that you approve the agreement.

Let me just follow-up on that point. What I think you're saying is that the city will never put any money into this trust fund.

That's effectively correct.

Okay. I'm sure you're going to come back and discuss that in a more full-some way, but the point is the

way it will be set up with guaranties, bonds, insurance contracts, the city would never put any money into this formula 1.

The only money that would be the city's portion would be the increase in sales taxes and hotel occupancy taxes that -- and these types of taxes that are authorized that would be held in the trust fund, rolling in from year-to-year, not an appropriation that would necessarily need --

Mayor Leffingwell: Those are all taxes directly attributable only to the circuit americas event.

Only attributable to formula one events, not counting the other events.

Mayor Leffingwell: The trust fund is only the formula 1 event.

Correct. That would be documented through the economic impact study to make sure those revenues are indeed being realized. And then moving on, the legal considerations, then, the next very important piece of this is a contract with the local organizing committee and the site selection committee. And the statute requires this event support contract to specifically be between the endorsing municipality, which in this case would be the city if you choose to go forward, and then the site selection organization which is formula 1 management. Now, formula 1 management is an international company that is in england, and so this would be also connected through full throttle which is a local company, and those would be tied together in this event support contract and we would make sure of course that we have these all stitched together in a way that is a -- you know, is air tight as we can possibly make it on behalf of the city. It establishes the contractual obligations between the city, formula 1 management, and then the local organizing committee, and it's our understanding that these local organizing committees are common for those large events because the city doesn't necessarily have the staff and resources to do all of the various things that are necessary to bring these events, conduct the studies, and make the applications to the comptroller. And so we envision that this event support contract would allow the local organizing committee to act on behalf of the city, to make this submission to the comptroller, and to pay for the study, to pay for performance bond, to submit the \$4 million on our behalf for the first year, all of these things would be documented in the event support contract.

Thank you, Iela. As I mentioned at the start of today's presentation, the city has received a request from the circuit events local organizing committee. Specifically, the local organizing committee is requesting the city to enter into an event support contract, the purpose of which will provide the following. The loc will submit the economic impact study to the texas comptroller. The loc will submit a \$4 million contribution to the major events trust fund for this event. And in the next slide, I'll describe how the \$4 million is anticipated to flow into and out of the major events trust fund. On an annual basis, the loc will submit the audited financial statements, attendance figures for the event, the economic impact analysis of the event and other information held by the loc as requested by the texas comptroller. The loc will pay for the annual performance bond as required by the state statute. The loc will be reimbursed its \$4 million contribution and allow expenses which will be submitted to the texas comptroller. And lastly, the loc has offered a seat on its board for a city official. The loc is required to meet the open records and the open meetings act. This next slide captures the in flow and outflow of dollars through the use of the major events trust fund. As we described previously, this is the first time the state utilized the 2009 legislative amendments that added a special pre-funding provision to the main events trust fund statute. The first category of inflows and outflows will occur before the june 2012 race occurs. These dollar values based on the texas comptroller \$29 million preliminary estimate of combined state and local incremental taxes to be derived from the formula 1 race event. The first deposit will be the \$4 million contribution by the loc. As mentioned earlier, the loc is offering to submit this \$4 million on behalf of the city. The state will then deposit its 25 million state appropriation that was approved in the 2009 legislative session. These two amounts combined will bring the major events trust fund balance to 29 million. From this balance, \$25 million will be paid to formula 1 management in july 2011 for the june 2012 race sanction fee. This advance payment to formula one management is a condition of the agreement between full throttle productions who bid on the event and formula 1 management. As

indicated earlier, this advance payment utilize as special provision added by the 2009 legislature. The remaining 4 million in the major events trust fund will be used to reimburse the loc for eligible expenses. Examples include the cost of the economic impact study. The performance bond. The audit requirement. And other services required to conduct the event. The uniqueness of this event in contractual arrangement is that the city is not fronting any dollars to ac the state's 25 million appropriation. Moving to the second category of in-flows and outflows, this begins with the completion of the june 2012 race. At that time an economic impact assessment is performed to determine the new incremental taxes derived from the event. Again, for purposes of illustration, I've used the texas comptroller's preliminary estimate. At this time, \$4 million of the new local incremental taxes derived from the event are deposited into the major events trust fund. This deposit triggers the 25 match by the state, or \$25 million. From this balance, 25 million will be paid to formula 1 management in july 2012 for the june 2013 race sanction fee. In keeping with the agreement between full throttle and formula 1 management. The remaining \$4 million that was put in by the new incremental taxes is available for eligible expenses for the year 1 race. The second category of inflows and outflows repeats itself through the end of the race. At that time the remaining balance is disbursed in this case to the city of austin.

One of the things I would like to remind everyone is from the second year on, the \$4 million that's available for eligible expenses is to the city of austin. So any expenses that the city of austin might incur for that race can be taken out of the \$4 million of eligible expenses, so that can belong to the city.

And now I will turn the presentation over to richard subtle who will discuss the economic and community benefits of the formula 1 race event and the circuit of the americas facility.

Thank you, mayor. Members of the council, my name is richard subtle, as you know I've been involved in bringing formula 1 to austin a long time. I wear a second hat, I'm the lawyer for the local organizing committee that has been formed and had its first meeting yesterday. I apologize for my voice. I'm not sure what is in the air. I'll try to speak through it. Yesterday the local organizing committee, i refer that as to the loc, met and passed one of its resolutions to initiate the economic study with don hoyt and also passed an action to request that the city start the process to participate in the major events trust fund for the formula 1 event tloc is made up of five members, they're local folks. There's one person on there that is waiting for the city to replace him, should the city decide to make an appointment to the local organizing committee. They're not supported by public funds. They're formed as part of the statutory framework for the major events trust fund, they meet irregularly, because they don't have regular meeting, but when they do meet, by statute, they're subject to the open meetings law and the open records law. There's been some conversations about e-mails and what they're going to be doing in the local organizing committee. The -- so that starts the process. That's why we're here today, my part of this is just to describe generally and not in detail, we can discuss that more, generally the economic benefits of both -- they fall into two category, one, the hosting of the formula one event in austin, texas, and then two what the formula one event brings us is the possibility of having circuit of the americas which is a world class facility that will have multiuses and bring multibenefits to the city. The -- it's important to note that to have the formula one event, it's critical to have the major events trust fund support. Without the trust fund support, there is no formula one race, and without formula one race, there is no circuit of the americas. Now, some of you are scratching your head going wait a minute, I've seen pictures, I've been out there, it's underway, and that is true, because that -- we are -- we are -- my clients are betting on the thought that you're going to determine that this is such a good deal for our community that they went ahead and got started on it. Had they had not gotten started on it, it's a chicken/egg deal, there wouldn't be enough time to have the facility ready for the first event. We're counting on everybody to determine that this is such a benefit to our community that it will move forward. Formula 1 racing is a global sport. It's not very familiar to most of us in the united states. It's funny when you go to one of these races and you talk to other people from other countries, they scratch their head when we talk about our world series or our world championship superbowl, because they can't figure out who else in the world plays other than the united states, but when you talk about a world championship formula 1 race, there are multiple countries involved from the constructors side and the racing and the drivers side and all. It's interesting, it's only third behind the olympics, and the world cup soccer in terms of how many people watch this on tv worldwide. It's broadcast in 187 countries, and any

given race will have over half a billion people watching it. In the United States, it's an open market. We just -- we have not developed it here, but in the -- across the world it's a big deal. It's basically a 20-event sport. It basically runs from April/May through November. Most of the events are held on purpose-built tracks such as the Circuit of the Americas, there are two run through the cities, Monaco and Montreal are run through the cities. The -- we can talk a lot about Formula One, but it's beyond the scope of this briefing, but here -- this slide references some things that other people have said, and I'll fully acknowledge that there's a lot out there on Formula One on both sides of whether it makes sense, but these are just some points that other people have said that more than 300,000 people attend over race weekend. I can attest to that by being at a couple of races, and the average overnight stay according to Formula 1 is 6 days and the average spend for an out of state attendee, the data you can see that with just velocity ramps up to a lot of money and you scratch your head and you go how can that be? You can only -- you can only imagine it after you've experienced it and then it makes sense. Angelo Economics in an op-ed said this event could generate more than \$30 million annually because of the event. In 2008 the Financial Times estimated that the 275 million invested in Formula 1 races by local governments around the world has brought in approximately 52 billion to local economies, a 533% rate of return per race, that is an eye-popping number, but the way I look at that, even if it's half, half of a big number is still a big number. What this means, though, is that Formula One racing coming to Austin enabled us to have the purpose-built track called the Circuit of the Americas built and it's important to note here, I want to pause, because there's been a lot of misinformation out there about public money going into the construction of the track. I can't be any more clear than to say there is no public money going into the construction of the track and the facility. It is 250 to 300 million construction costs alone coming from private investors. There's no public money. There's no subsidy for this track. Water and wastewater lines that are being extended to the area through the sewer process are designed and sized to serve the region, not just this facility. These lines are being built by Formula 1, pre-funded by Formula 1, extended to the area. It will provide water and wastewater service to the entire region of this development zone, and Formula 1 or Circuit of the Americas will be reimbursed, the normal process, the sewer process that the city uses to extend its water, wastewater utilities throughout the region. Circuit of the Americas is also offering to pre-pay the initial \$4 million to seed the \$25 million or the trust which accesses the 25 million. What that means is there's no city risk. We are accessing the \$25 million trust fund with the local contribution made by Circuit of the Americas, so there's no public money seeding this and starting this process off. There's no subsidy. There's no risk going into this trust fund, because Circuit of the Americas is going to do the first 4 million. Normal circumstances, the local community would be asked to vet or pre-fund the first 4 million and we hope it works. In this case, we're confident it's going to work. We're going to put Circuit of the Americas money into seed that \$25 million so the city is at no risk on that. Again, year after year, it will be looked at and analyzed and tested to make sure that it works and at no point will the city go negative on this, because every year it has to prove itself up, and if there's a bust and there's no incremental sales tax increase, then there is no contribution and there is no matching, or at least it's a reduced amount. It's always performance-based. One of the by-products of this facility has been there are 17 companies, including mine, working on this build, this construction facility, and there's over a thousand employees now hired and working on the project day in and day out to get this ready to go. The events held at the Circuit of the Americas including the Formula 1, are projected to generate an economic impact of between 400 and \$500 million annually. In addition to the Formula 1 race, that's been signed up. MotoGP which is the worldwide version of motorcycle grand prix racing has already signed up and is ready to start bringing their events here in 2013. Those races attract upwards of around 130,000 attendees per race. The track has been designed to also have nonmotor sport events and racing and events. It's interesting, one of the -- one of the larger change orders on this track has been to change the drain system. To drain a motor sport track, you can have big wide drains and to capture the water and drain it off, but that is not a real good situation if you're running or if you're riding a bike, because it can catch an ankle or can catch a tire. Order issue was ordered to make sure all of the drainage or small holes we could have five k's and ten k's and bicycle races and nonprofit fund raising events out there for nonmotor sport events. We can have velodrome type races and multiple fitness type things on this facility. 4 miles around the track. When I say around, I don't mean an oval track, this is irregularly shaped, which you'll see in a minute, up and downhills, one of the benefits we can have is maybe we don't have to close downtown extra streets to have one of these races, we can actually have them out there, in addition to that, I'll reference it more, but there's built-in space for live music,

performances and concert events. One of the by-products of having racing event is we're going to have a medical facility on site, basically a trauma center that can serve when there are not events going on out there, can serve as a research and training facility for first responding -- first responders, training centers, home and securitment along with should we explore it more, nursing students, medical students, whatever, training in a small facility like this. This -- this facility will actually provide a new outdoor music venue that will support our live music capital of the world reputation in the world. There is a 25,000 person amphitheatre planned in the heart of the facility that will be available for large concerts and then part of formula 1, and part of the thing about formula 1, there's a lot of hospitality, many corporations bring their folks here to entertain. There will be many smaller areas will music can be also done. So this could be a music festival area in the future. We've already touched on the human performance center where we could have bike races and running races and all of those kind of things and then probably one of the more exciting things, exciting opportunities this brings is the potential partnerships with our school districts, our colleges, and our universities. One of the formula 1 teams overseas has entered into partnerships with kids in school to get them interested in technology and math. School, if you tell a young lady or a young man, study math, engineering, it will turn into something good, often times they can't visualize that. What this team did in england, they said if you work on that, you can work on alternative fuels, you can work on automotive industry, racing type things, it helps keep them that we're entering into partnerships with the del valle school district. We've got an intern process going on with houston tillotson for marketing and finance. Texas a&m is helping us with our landscape and architect -- landscape architect students are helping us with that, saint edwards is currently doing a photography documentary on this, and again del valle, we're connecting the classroom science and math curriculum with the racing and race events. Another by-product of this facility is just the pure jobs. The employment oppornities that we have at every level, both from the construction and the operation and the event management. I have a fact sheet for the circuit of the americas that I'll -- that I'll pass out to everybody, and you don't have to spend time now, but it's just more facings, facings - facts, there's so much to talk about the benefits of having this facility in austin t following slides are just photographed to give you a view -- I know some of you have been out there. I would like to invite anybody who wants to come out there to come see what this slide shows is an aerial photograph of the construction site. You can see that it's in the middle of a predominately rural area. What this shows is this went from a change from agricultural land not producing many tax benefits to a commercial facility. And in between it had a variation. It was at one time slated and approved for a 1700-acre single -- 1700 lot, single family subdivision, which the school district was telling us they weren't sure what they were going to do because that brought in lots of kids but not much tax revenue and it was going to turn them upside down. This is game changer for the school district out there, because it goes from having to educate a lot of kids and not a lot of tax money to a large tax generator and no burden on having to educate the kids. It's obviously in the desired development zone. Many of you know it's two miles southeast of the airport. It's in the 130 corridor, and it's in an area that we've tried to encourage growth and economic development for years. The next slide is a artist's rendition of what the facility will look like. It includes, if you look in the -- off to the right, that is the main grand stand, the starting line, and the pit area, if you go directly across that to the left, you see the music venue there. It's hard to get a scale on that, but that is several football fields long and wide. It's a very large facility. In the top left corner, you can't see the end of the track. It takes off off there in the left hand part of the 4 miles around up and downhills, and as you can see, it's irregularly shaped which lends itself to all kinds of events. And then the final slide is just there to show that there's a year round opportunity for events whether it be running races, bicycle races, motor sport races or live music, this is a facility that I think our community can all be proud of, and again, it's a facility that's being brought by private dollars, private money, no subsidies, but it is enabled by the formula 1 race picking austin to be the united states grand prix. Thank you.

Thank you, richard, mayor and council, to summarize, we've covered a number of topics including using the major events trust funds to secure the formula 1 u.s. Grand prix. The request of the local organizing committee and the flow and the use of new incremental revenue derived from the formula 1 race. So what are the economic benefits to the city of austin for proceeding with this project? The loc will provide the \$4 million seed money so that the city of austin is not out of pocket. The formula 1 event is self supporting in that the 4 million from incremental taxes as a result of the event are available to reimburse the city for expenses associated with the event. Other year round events are planned at the facility,



resulting in additional sales taxes and hotel occupancy taxes. The circuit of the Americas facility is multipurpose, and includes educational facilities, medical facilities and a music theater. There is 250 to 300 million private investment into this world class facility. And the facility will include key partnerships for the community. Additionally as Richard had mentioned, this site is currently in agricultural use and is now being converted into commercial use resulting in increased taxes. We want to conclude today's presentation by discussing next steps. On June 9th there is an item posted on the council agenda to discuss the interlocal agreement and the event support contract. There will be an opportunity for the public to comment. On June 23rd, the council will then consider the interlocal agreement between the city and the Texas Comptroller that is the trigger for utilizing the major events trust fund. The council will also consider a contract between the city of Austin and Formula 1 management that allows the loc to submit the initial \$4 million, purchase -- additionally purchase a requirement bond or performance bond and secure the economic study. Mayor and council, this concludes the briefing on Formula 1. At this time we're available for questions.

That is that the economic development study will be available probably within a week based on the local organizing committees, looking at that and contracting for it, and we want to be able to have that available to you for in-depth study before you make a decision on the 23rd.

Questions, comments? Mayor pro tem?

Thanks, mayor, I just had a couple of questions. Maybe this is for Lela, I will start with you, Rodney some of the if the loc is funding the first year, the \$4 million, how does the city cover the cost of security and services that we will obviously have to provide that first year?

I think if we'll go back to that one slide that shows -- Okay. Let me get that. Okay. If you'll look at that lower right hand corner, that \$4 million that is available for expenses related to year 1 race, that should answer your question, how does the city get paid for expenses incurred. Is that your question?

It is. But my question more specifically is if the loc funding the four million, would that make only the loc eligible for -- to seek reimbursement and therefore if that's the case, how does the city get reimbursed for expenses that we will obviously incur.

Rodney, let me try to answer that. The first year in the agreement if you so desire, the first year, the loc would be able to draw down eligible expenses up to \$4 million. However, the second through the tenth year, the city would be able to draw on those dollars, so the city would be reimbursed in the second year for its first year's expenses. So it can be a retroactive reimbursement so that at the end everyone gets reimbursed.

So then, at the end of the ten years, in the eleventh year, the city would be given \$4 million or be eligible for \$4 million?

Yes.

Without an event even taking place?

Yes. I think I have one more question. Sure.

But that would -- that would come from the future --

Randi. Are you done.

She said she wanted to follow-up.

So I understand what mike has been asking. So in other words that would be taken from the future tax revenue that is above -- when there's not the vent to attach it to, how does that work? I want to understand that better.

If you look at the flow, when -- the money comes in and out fairly quickly, so at the end of 2021, the money would be coming in actually at the end of 2021, where we would be, the last year, the tenth year, reimbursed for the expenses for that particular year. So if -- it's a little difficult to explain because what happens is -- and rodney, jump in here, because we've been through this a thousand times, so what happens is in the first year, at the -- in the beginning, prior to the race, the \$4 million from the loc and the \$25 million from the state is put into the fund, and prior to the race, the 25 million goes out for the sanction fee, and the \$4 million will be withdrawn to repay the loc through eligible expenses. That leaves zero in the fund. However, after the first race, you will again fill up that fund and it will again have \$29 million. It's at that point, after the first race, that the city can take its eligible expenses out, and it just keeps rotating through the end. So at the end, what will happen is there will be -- if it works correctly, there should be \$25 million in the fund at the end of the race, 2021, and that \$25 million goes back to the state. There should also be \$4 million in the fund at the end of the race of which we would get our eligible expenses. If we did not -- if we were able to take our eligible expenses out the first year and not pay or return the \$4 million for the loc, we would have \$4 million in cash, so to speak. (One moment, please, for ..)

one of the things that we want to do, and if you remember, we have not negotiated the agreements yet. And the agreements are as they have said, are to protect the city. So one of the things that the loc has agreed to do is to pay for the bond that would cover the 25 million. One of the things that we will be in discussion with them about is should the city be out any money, your question at the end, or during any one of those years where it doesn't perform that we also have a bond that covers that amount of money. So what we're looking to do is try to look at all sides of this such that the city is covered in every situation where we would not be out any funds.

Mayor?

Mayor Leffingwell: Mayor pro tem.

Martinez: Thanks. So if we continue to reimburse 29 million a year each and every year, and in angelo economics calculates that there will be 30 million in additional sales tax generated annually, does that mean that it's a total net positive of one million dollars a year?

I don't know how he calculated that. And if I recall correctly, he said sales tax. If you remember there's hotel/motel tax, there's vehicle tax, there's alcohol taxes. There are other things that are calculated.

Martinez: So what he's saying more than likely is just the sales tax alone would more than cover the 29 million a year?

I didn't see his report, but I think that's what he was doing.

Martinez: The other question I had is we talked about some of the other events that could be generated by this facility. Would those events also be eligible for major events trust fund?

Potentially speaking, they might be eligible, similar to the smaller events that we've brought to austin using the smaller agreements.

Martinez: And do we -- have we done any preliminary, I guess, studies looking into how much it is going

to cost the city to host an event like this? Do we know it's going to be four million or less or is it going to be more than that? And if so, how do we cover that cost?

We have not looked at that at this point.

Martinez: Before we enter into an agreement and ask for any assurances via a bond, i would hope that we could clearly demonstrate what it potentially would cost us to host this event and make sure that that is completely covered, whether it's four, six, eight million dollars.

We anticipate that it will vary -- as of today the event is outside the city of austin, so there are less expenses than there would be if this were inside the city of austin. I know there's been some discussion about annexation. And if we did annex then we would get the property tax that we don't get now and we would also look at what the expenses would be because they would be different in an annexed area than they are outside in the e.t.j. So it will vary from year to year and we will look at that. That's one of the discussions that we have had.

Martinez: So that leads me to my last question. If it's not in the city of austin, why does the city of austin have to enter into this agreement as the municipality for circuit of the americas and for formula 1 to be eligible for major events trust fund? Why can't it be creedmore?

Elroy would be the --

elroy. Mayor pro tem, you have to look at the computations that are used to estimate the pool of funds that go into the major events trust fund. So you're looking at hotel occupancy taxes, sales taxes, alcohol taxes, etcetera. The city of austin collects the lion's share of the taxes in this area, so that's the reason why stint is being asked to be the endorsing municipality.

Martinez: But could another municipality be asked to be the endorsing municipality and if so what would be the effect be on the event?

You know, that's a legal question of could they be asked. But at the crux of what you're asking also is the city's participation in the major events trust fund. Those revenues that are computed are based on the city of austin participating. If you remove the city of austin from participating, you don't get those revenues that have been computed. And these are all new increment at tax revenues that we're talking about.

Martinez: How are we not getting those if we're the only one with the hotel an services people will be seeking? If formula 1 entered into an agreement for major events trust fund with the city of elroy, how do we still not get that exact same financial benefit?

Then we go to the question of if the revenues -- if there aren't revenues captured to be put into that major events trust fund, then you don't reach the 29 million which triggers the payment to --

so because elroy won't gain the benefit, none of the funds will go into the 29 million, if you will.

Exactly.

Martinez: Thank you.

Mayor Leffingwell: I want to go back to this performance base that we talked about. And performance bond that would be put up by the loc. My understanding of that was that it would include not only the state, but the city. So that if the city -- the city would never be at risk for having spent more money than

it was eligible to access from the trust fund. That was my understanding. But you're saying that is not the case or it is the case? I'm not sure who -- I'm not sure who said that's not the case.

I can address the bond issue. That is very simple. That is, the -- unlike the 18 other trust fund arrangements that the city has participated in in the past, which are all done after the fact. This one is done before the fact. Money goes out before the event. The bond is to cover the unlikely event that the money went to -- went out and expenses were paid prior to the event. And then the event doesn't come to town for some reason. And all of a sudden now we as a community have money out, but the event doesn't come, so there's not a replenishment and the bond would cover in the event that that event doesn't come to town.

Mayor Leffingwell: But the question was just raised do we know how much money the city is going to be required to expend -- to spend? And is four million the right number? Is that number? And my understanding of that previous to that, although I didn't get it from your direct answer at the time, just a moment ago, my understanding is that previous to that the performance bond would ensure that there was enough money to cover the city's expenses.

I don't think we've gotten into the detailed discussion of the city's expenses for actually hosting the event. That is a separate one -- it's a separate calculation that I don't believe has fully vetted yet. It's related to the trust fund, but not directly related to the trust fund.

Mayor Leffingwell: I understand that. We made the statement earlier that the city would not be at risk to spend any money. That would be because the performance bond would ensure that that was the case.

And that's the distinction. The performance bond is separate from whether the city might be -- the performance bond is to make sure that money doesn't go out and then there's no event. What the performance based part of it is that we're not asking the city to write the initial check from general fund money to start this process.

Mayor Leffingwell: But the overall question is is there ever any risk that the city would have to spend more money than it is reimbursed for this event?

That answer is still open. Our goal is to get it to where it's revenue neutral, although the city spends -- this is probably the reason there's sensitivity. The city spends lots of sensitivity to hold other events that are near and dear to our heart, south by southwest included, and we'll work to get an estimate on there so that it is revenue neutral to hold this global event here.

Mayor Leffingwell: City manager.

Mayor, I wanted to respond to that. I think I was the one who brought that up. We have two contracts that we still need to negotiate. The details of which will include that as we look at what the expenses -- we anticipate the expenses for the city to be. And those are agreements that we are moving forward with that we will bring to you. But have not even really begun to talk about yet because we just now have started the process. So they are the two contracts that legal discussed, those agreements one with the state and one with the local organizing committee. And the details we'll bring back to you prior TO THE 23rd.

At worst case revenue neutral. Best case we're all hopeful that this will be revenue positive multiple times over.

Mayor Leffingwell: I think everybody expects that it will be positive many times over. And mention was made of property tax and in the event it's annexed. And my understanding is that the property owners

have already requested annexation.

That is correct. That is correct. So all we have to do is complete the city's part of that evaluation and begin the process, which my understanding of that would be in the best case scenario two or three years. Is that right? City manager?

Yes, sir.

Mayor Leffingwell: So in two or three years we potentially would have the additional benefit of property tax, which is not figured in any of these calculations. And one final question that I have is this chart here shows exact amounts that are flowing in and out of the trust fund. But the expectation is the amounts flowing in will be more than the amounts flowing out every year. You know, I know that a study has not been done, but the expectation is that the combination of sales, hotel, and rental car taxes would exceed the \$29 million. All of that. Is that correct?

That is correct.

Yeah. So -- and then the state on a retroactive basis goes back and reaccesses their investment on a revolving basis and the city has the access to the four million dollars in subsequent years to reimburse their expenses. Now we get to the end of-- end of the event in 10 years. Seems to me like there's money in there, right? So do we then sweep that pot on a proportional 25 to 1, which is the sales tax ratio between the state and the city?

Yes.

Mayor, at any year that there is excess over the four million dollars, it's our understanding we can take that out and use it as we please.

Mayor Leffingwell: You can just take it out for general purposes, put it into the general fund, any excess that is in there?

Yes.

Mayor Leffingwell: Okay. I just wanted to be clear on that. Sheryl?

Cole: Mayor, I just had some follow-up questions. I see that everyone is focusing on the four million dollars and there's a reason for it. And I want to make sure that formula 1 understands that we are more than grateful for this opportunity to participate and we do lots of economic development deals. And we appreciate jobs and the opportunity -- potential opportunity for additional revenue. But this line of questioning is happening because the community is asking is the city of Austin putting four million dollars in to this formula 1 event? And that question has got to absolutely, positively be nailed. And it's nailed not just because of formula 1 and this new event. It's also because we have a 34-million-dollar budget deficit and assuming that we don't raise property taxes and a 10-million-dollar deficit if we do. And we've made that before. We're not nervous about it, but that is the context that we're coming into this. Also the fact that it's outside the city limits. So I'm going to focus right now on this four million dollars. I don't know why that the subsequent agreement could not consider the four million dollars coming from another source. Lela, when you first mentioned the four million dollars and the mayor asked you point-blank, is that money coming from the city? And you said, well, technically. And Sue has tried a couple of times to explain that. Let's try to nail it one more time.

Sure. The way it's supposed to work is you estimate how much more in the sales tax, alcohol beverage tax, hotel occupancy tax money would be generated by this event. Okay? And generally speaking, those monies come from the state comptroller in quarterly disbursements to us as we get our regular

sales tax disbursements. I will use sales tax as a lump for these things. So that money is ours. It's the city's, generally speaking. But we wouldn't get that four million dollars extra but for the event. So the way that we're discussing doing this so that it doesn't come into constituent and then we have to -- into the city and then we have to find it and put it back into the -- into the trust fund every year is for the comptroller, rather than to hand it back to us and we hand it back to them, to put it in that trust fund only for this purpose in the same way the comptroller would take the state version of those funds and put it into this trust fund on a revolving basis instead of spending it in their general revenue and having to make an appropriation every year.

Cole: Okay. I'm going to ask leslie to start making her way up here because we're talking about pots of revenue and how they will potentially apply to this deal and how they're on the positive. And I think one of the things that's causing a lot of our questions and causing questions in the community is if that is so, why are we having to put in four million dollars. And I think the potential answer to that has to do with whether we're really going to be made good in the second year and whether the agreements can have that type of protection. So there's one revenue that has not been mentioned. That is ticket sales. Will we be able to collect sales tax on the ticket sales for this event?

Ticket sales are taxable. It's a category called amusement services. Now, in this particular instance the ticket sales are associated with the event location and so the city has not annexed the area yet. And until that would occur, then the sales taxes would be more of a state revenue. I believe there's an emergency services district out there right now. Possibly to charge as sales taxes, but right now for the city's purposes, unless it's annexed, the answer is no.

Cole: So as we talk about additional development out there, property taxes are important and that's why we're going to contemplate annexation. And that would also affect our ability to collect sales taxes. And I'm sure that there are other additional taxes that would be new up and above what we already have the authority to collect. And I think as we examine the agreement we need to put some of those on the table, recognizing that they don't exist now, but we fully intend to go get them. And so that we don't lead that off -- leave that off as a part of the agreement. Just every potential way that we can gain revenue or that we believe that we will be able to gain revenue because that's what the public is expecting of us, financial prudence. That being said, -- where did richard go? He didn't run out of here, did he? Come on back! Richard, I just have one kind of overarching question for you because it seems like we're on such a short timeline which makes it very, very difficult. When are we going to get the economic analysis.

Don hoyt has been retained to do that. I anticipate it within the week. He -- you ask how can you do such a large deal in such a short time? We have told them this is coming and he's been gathering information to assemble for his report. He was actually retained yesterday by action of the loc and we're anticipating that report anticipating that report Within the week.

If we get that report within the week, that doesn't even give us 10, 12 days to look at it. And it would be real important in that context given the short amount of time that we have to look at it i think to direct staff who we need to contact our outside auditors and also our inside auditors to be available to look at that and make some representations to council about that. Because it's one thing to get a report, it's another thing to get a report from the people that are actually seeking your participation. Finally, because we have these questions and i would like for that four million dollars that says local increvment to not exist and forever say loc contingent on x amount of revenues. If we're going to get more and we know we're going to get more, then somebody else can guarantee that they will pay that until we get more. And we'll pay it back as we get more, but when we tell the public we have no skin in the game, we really legally have no skin in the game. And we don't want to have a document that really reflects that. Richard, I would like to work with you and I'm sure many of the councilmembers, to try to make sure that we get a document in the interlocal agreements that do represent the fact that there's a whole lot of potential ways that we're going to collect revenue. But we're not putting the city at risk for any funds until we're sure that we have gotten those revenues.

That is a go. And obviously the loc and circuit of the americas will work with you and the entire council because we do not want this to be a burden. We do not want this to be a liability. We want this only to be a for po for the city.

Cole: We want to say that it's a positive now and it's a positive for 10 years and if it ever turns up a negative, we are not the ones on the hook.

That is correct.

Cole: We want to have that penciled out and papered.

That's correct. And you've never done one in advance funding, but you've done some 18 of these in other events trust funds and you have experts right here in how those agreements -- they've always worked.

Cole: These are wonderful experts, but we've never done a deal this big, so we have to nail it. Thank you.

Mayor Leffingwell: Anything else? Bill?

Spelman: Just a couple. I have a question for you, richard. The critical issue for getting state money is the city -- typically the city has to put up a certain amount of money and submit an environmental impact city. In this case the city is not doing the eis, the loc is doing it. Is that standard or is it more typical that the --

it is described in the statute, I believe, that the economic stut can come from constituent, it can come from the loc. The economic study has to be on -- either from or on behalf of the city and then it goes to the comptroller for the scrub.

Spelman: From a legal point of view it could be done by anybody. Is it usually done by the city requesting state funding or usually done by the applicant?

I'd have to ask robert wood with the comptroller. I don't know how the dallas-fort worth area did it. I would imagine that the loc -- in dallas-fort worth, the most recent one where we have experience with is the dallas-fort worth area accessed the trust fund to host the superbowl. And as I understand it, that economic study was done by the local organizing committee of the dallas-fort worth area.

Spelman: Superbowls I could understand. Super bowls, n.b.a. Championships, ncaa championships, I can understand a little bit how you would do an environmental -- an economic study because we've done a lot of those around the country. It's an annual event. Have we got an experience base in formula 1 in the united states which is sufficient to justify the assumptions required for a study like this?

Don hoyt believes he has. But the reason that circuit of the americas is coming forward with this initial four million dollars so that you're not at risk is if he's wrong and the first event is a bust, then there's no incremental money to go back in. But you're not out anything. The risky part would be if we were here -- believe me, my clients would rather you be putting up the four million than them. But -- the four million than them.

Good for them. [ Laughter ]

but they're willing to do it because they think the numbers you see from don hoyt, we think it's going to be conservative and we think it's going to be more. But again, if he's wrong, if the economic study is off,

you're not out anything.

Spelman: This brings up the second economic study. The way this seems to work is you put up the first prospective we think we'll make four million dollars or more out of this. Maybe it's right, maybe it's wrong. As soon as the event is over I think the timeline called for July for a June 12 event, so sometime in July we submit second round of this, which includes financial audit for whatever the loc's expenses have been and also an economic study of the event that just happened. How is that different from prospective economic study that don is working on right now?

How is it different?

Spelman: We have a lot more information.

We will have a lot more information. And again, to reup the next trust fund deal you have to go through the process again, a new economic study. The comptroller has to look at it. She's got numbers, actual numbers. He has actual numbers. And then we actually empirical data. It was either a homerun and did as described as it didn't.

Spelman: So the economic study we're talking about here is prospective for next year, but you're putting -- your clients are putting up the four million dollars for next year. What we will have available to us before we actually have to put up any city money, the four million dollars in 2012, is first the economic study prospective which don is working on which we'll get next week, and second and more or less an audit of that first race, it will have been run. We'll know how many people actually showed up and how many times -- how many of them stayed in hotel rooms, how much they spent and so on. We'll have all that information, the benefit of that experience before we have to decide whether to put our four million dollars forward and access the money from the state. Is that right?

Yes. And it's actually even better than that. If the numbers come back and show that there wasn't at least a four-million-dollar incremental increase, the report -- I don't believe the comptroller is going to allow or state surely isn't going to say we're going to match more than what came in. In other words, if it -- it's not that you would have to choose to put four million in. You're not commit to go put four million in year after year. What you're doing is you're saying we're going to participate in the fund and whatever the incremental is, we'll put that in and that will trigger the 6.25. The hope is that it's -- instead of four, it could be six, it could be five, it could be eight. And you could actually leverage more state funds.

Spelman: The state fund right now is capped at 25, is that right?

It is for the initial year.

Spelman: Okay. So it could be in future years if we got six million dollars of tax increment as a result of the first race, we could plop down six million dollars and hope to 25 times six million.

I believe that's the case.

Spelman: Or choose not to. It's up to us on how much money we'll put in each individual bet.

That's always your money to have.

Spelman: So, for example, I'll go down the other way too. If we had an increment of taxes of four million dollars from that first event, we could still choose a year from now to put down only two million dollars and 25 times two if we choose to. We're not making a contract in advance that says we're going to put



down four million dollars. Is that correct?

That's the question that we haven't fully vetted in order to have the event and pay the sanction fee, then we need to be able to access at least that amount of state money for the sanction fee.

Spelman: So it sounds like it will be an interesting contract to right.

That's a negotiable point, but it's our intent that year after year there would be at least enough to cover all or part of the sanction fee.

Spelman: Let me ask you a practical question then. We run the first event it turns out the city only makes three million, not four million dollars out of that in terms of taxes. That means it does make sense for us to put four million dollars into the trust fund for the next year and therefore doesn't make sense for us to leverage 25 million. What happens?

I'll probably be sitting in this chair saying and, the circuit of the americas is willing to put in another million and a half in addition to your three million to get us to the point where we can -- but I don't know if that would even work. Because I would have to get with the comptroller because if that is the case, that means it's not performing as predicted and it means we don't have the incremental. It means the state's not going to pay because they're only tossing in their incrementals as well.

Spelman: I appreciate what you just said was hypothetical. Comot committing your clients to anything, but i appreciate the direction you're going in. If you need the \$25 million, at some point you might have to pony up extra money downstream to get that. I hope you don't. I don't want to get into the details of the study that hasn't been conducted yet, but I do have to ask 300,000 people showing up to an event I presume is based on how many people show up to events in other places around the world.

Yes.

Spelman: Austin, texas is not jarkata, it's not mon co-. It's not even montreal. And I have to wonder as to whether or not we will be as attractive as monaco at attracting people to show up to a race. Is there a good reason for believing people flock to austin, texas in the same way they flock to jakarta.

I wouldn't sell ourselves short. We have lots of events in austin that draw 100,000 people. Between our sports and our music opportunities, we do get that. Imagine this formula 1 event is a travelling event. Just the mere staff and media that travels with the event is larger than I think we've ever seen for an event in our city in a long time. And then you add on the spectators.

Spelman: More than the groupies for the grateful dead?

Possibly so.

Spelman: That's a large number.

The media team alone that is -- I don't know if the word is certified or designated for f-1 is a thousand people just for the media.

Spelman: Again, i don't want to get into the details of this, but I did have to ask \$1,500 a pay per person? What are they going to spend \$1,500 a day a person on in austin, texas? Our beer is not that expensive. [ Laughter ]

well, you will have --

[ inaudible ]. [ Laughter ]

Spelman: Somebody is saying, well, we can fix that.

The economic report will justify that. But when you factor in your hotel rooms, which you probably saw the article in the paper a few weeks back where deloss dodds was quoted as saying should this event end up in november or in football season he would move a football game to avoid two issues. One, there wouldn't be enough hotel rooms in the region. And number two, historically hotel room prices worldwide for a formula 1 event they go through the roof. I mean, I know that people -- I know personal experience for folks that have paid six, eight hundred dollars a night for what essentially was a very bad room in england. And it's only that amount of money for that week. And after that it goes back down to normal. But what happens is those are people that are coming here staying. The hotels do great, our hotel tax does great and then they leave. And they spend a lot of money.

Spelman: So we have functionally a situation like many of us have at spring break. South by southwest comes in and a huge number of austinites say it's time for us to go. And we leave and then we come back when everything is back to normal.

That's one potential.

Spelman: I look forward to seeing that economic analysis within the week. Of course as you know, we need to make -- since we're not putting any money down in the first year we don't strictly speaking need an economic analysis. Talk about a contract. We're not committing ourselves on the 23rd to any particular sum of money, is that correct?

The agenda items for thursday are consideration of the two agreements that would commit the city to the major event trust fund scenario we've laid out for you today.

Fine, but is anything on thursday or two weeks after that on the 23rd of june going to commit the city to a particular sum of money starting in 2012?

No.

Spelman: The feedback we're et --

the feedback we're getting here is you are looking for a revenue neutral arrangement and with your permission that's what we will negotiate.

Spelman: So it would be -- I'm not sure pay as you go isn't quite the phrase I have in mind, but we would not have to make a determination that we're going to put down four million dollars or three million dollars or seven million dollars or any particular amount until a year from now after the first race has been run and we've got the benefit of that economic analysis of that first race. Is that correct?

Correct.

Okay. That what I need to know. Thank you.

Mayor Leffingwell: Let me try to say it a different way. Not only are we not going to commit to putting any money in on the first year, we're going to commit to not putting any money in on the second, third, fourth and so on. The city will never put any money into this project. The money that comes out in

subsequent years comes from the inflow of the previous event. But the city doesn't supplement that. And if the scenario that you laid out that it doesn't come out to be enough to make it work, then it won't meet the performance standards and most likely the state is not going to participate either. And that's sort of the direction we're giving here, the city in any event would not make up any gap. The city is not putting money into the event this first year or any subsequent year.

Spelman: Mayor, have you a higher belief in value of economic studies than I do.

Mayor Leffingwell: I'm just saying if the economic studies are bad and it doesn't happen, then the race doesn't happen in subsequent years.

Spelman: I'm suggesting if the economic study may or may not, depending on how clear the result is, may or may not be dispositive to all of us that in fact we did get four million dollars in the last race. There still may be some argument about that.

Mayor Leffingwell: All I'm saying is what has been laid out for us today is a scenario where the city would not be putting any money into this agreement. That would be guaranteed by performance minds that we would not do that.

Spelman: I'm suggesting that there is still an article of faith here and that that the economic study is representing how much money came into the city's coffers that would not have come in had that race not happen. We have to believe the economic study for us to believe that argument.

Mayor Leffingwell: We'll have to agree to disagree on that one. Laura and then sheryl.

Morrison: Thank you. I appreciate all the questions. My colleagues have already asked and I have to say to some degree I'm still a little bit confused. But I do want to go back to one thing that you said. This was a burning question for me and I think you answered it. And the question really stepping back is is formula one economically viable without the infusion over 10 years without the infusion of the \$290 million?

I'm not sure how you get to 290 million.

Let's start with the state paying the fees. Is that correct that's what you're depending on?

It's 25 million the state is putting in and it's getting it back Saturday of the event. So it's rolling every year 25 in, 25 out, 25 in, 25 out. At the end there's 25 that goes back to the state. I guess you could argue that the cost to that -- let's say the 25 million. You could argue that it's the float. It's the opportunity lost on 25 million. But it's not 250 million.

Morrison: Okay. I'm simply taking the 25 million -- it's really a question from the perspective of the f 1 organizers. You said without the major events fund involvement, it's not happening.

That's correct.

Morrison: So \$25 million for each of 10 years needs to flow to the organizers for it to be viable.

That's correct.

Morrison: Okay. So that's \$250 million that you're saying otherwise wouldn't be even here. I understand that. But you're saying it won't happen unless this major events trust fund gets activated.

That's correct.

Morrison: Okay. So that's -- that takes me aback a little bit because that means that you all placed a bet on all this getting approved.

And you're exactly right.

Morrison: Okay.

Because it's not \$250 million. Because it would mean that you're writing 25 and you get nothing back. You write another 25 and you get nothing back. You write another 25 and you get nothing back. That's not how it works.

Morrison: But i understand that it's rolling and it's incremental, but there is a pocket over here and in that pocket \$25 million is going to go every year for 10 years.

Right. And then that -- then that boct brings --

no, that's the pocket of the f 1 organizers.

And that f one organizer, whoever it is, he brings a widget maker to town and he generates -- he makes enough widgets that generates that 25 million back to the person that wrote the check.

Morrison: Right. That's the argument -- that would be the argument that its revenue positive. That would be that argument. But I guess I just wanted to settle on the point that you all did just make the bet that it's going to get approved. So what happens if it doesn't get approved? You have over a thousand people working there. Does it just shut down?

I think that's a distinct possibility.

Morrison: Okay. So let me go to another question, and thats on the estimates of the expenses. I appreciate you bringing that up, mike, because I think that's the open question right now. We're talking about fourth million dollars. And I don't have a sense even of the order of magnitude of what our expenses are going to be that we'll be incurring as the city. Is that going to be part of the economic impact statement that we're going to be getting in a week? An estimate of the expenses?

That's not a part of the study. As the mayor pro tem had mentioned, I think there was some directions to staff to compute the estimated expenses that the city would incur as a result of the activity. Unfortunately, you're correct we've not done an event of this magnitude. We would lean on the comptroller to look at what other cities have expended. Five other cities and communities in texas have done this for national events. So we will look and see what their expenses were for their particular events. Those were one time events, but we'll look for that.

Morrison: Are we going to have able to have that information on the same timeline?

Robert is here and I'll talk with him after the meeting to find out if and when we can have that information available, but we would expedite that as quickly as possible.

Morrison: Okay. I appreciate that because you know with our 380 agreements we have a good process in place now and it was to make sure that we have adequate time and adequate information. Some of the other information -- so it was looking at not only the benefits financially, but also the costs. And I feel like that's a critical element here. Some of the other things we look at when we're looking at other

economic incentives are the types of jobs that we can expect. You know, other things that sort of meet the values that we have in the city and any information in that regard would be helpful.

We will also ask for the circuit of the americas' facility, which is the host for not just this formula one race, but as we mentioned other year-round events that will lead to full-time employment. We will ask for their full-time employment numbers, permanent jobs.

That brings us a question about the whole process we do. I'm not sure about the ordinance that was written because it is by ordinance that we're doing that if I recall properly. Does that ordinance apply here?

I don't believe that it does. This is not that type of agreement. It's not under those types of provisions. We're not putting in the similar types of funds that we would put under those economic development agreements.

Morrison: So it-- our ordinance disrks it reference specifically 380 agreements?

I don't believe that's correct. I don't have it in front of me, but I can follow up with you.

Councilmember, it does. And the other difference if you recall is this is outside the city limits and we do not do economic development deals outside the city limits. So this is a totally different type of animal than we've ever seen before.

Morrison: Okay. I appreciate that. And -- but I think that what we're getting to is that the same criteria and values that we expressed in that ordinance in terms of transparency and full information and everything hopefully we can have here in terms of making our decision. One specific question about the way the money flows, if the incremental value to the city is more than four million, does all of that incremental value go into this fund? I'm sorry to have to ask this again, but I'm still not getting it.

I think it's just -- as assistant city manager sue edwards had mention that had it's the council's decision. That excess money, which we would hope for, can go into the general fund. It's a combination of the hotel taxes and sales taxes and there's a distinction there, but it would go back into the general fund.

Morrison: Even if you take that op ed estimate of \$30 million annually for sales tax, we wouldn't want to put \$30 million into this fund, I would imagine, right?

Mayor Leffingwell: That includes the state's portion too.

Morrison: Thank you. I didn't realize that. And then I think two other questions. The organizing committee, you said there are five folks on it. I don't know if you have names or if you can just tell us like the kind of people or the board seats and how they're allocated.

Sure. I do have names. It's -- the loc is formed as a nonprofit corporation. It's a business league, five members. They're all austinities. It's got -- I've got the president release went out on who these folks are. But it's ford submitted, an smalling, stephanie richmond, sam bryant. And those are the business people that are on it. And then wayne holings worth, who is a lawyer in my office is on the fifth seat and he's the guy that should you choose to appoint someone, he would go off and you would put on. All these people are local business people that do various things. Stephanie richmond is on -- she's got a hub business and she's on the board of the hispanic chamber of commerce. Sam bryant has bryant wealth management. Ford smith, his family has a fuels company. And anne smalling, her family, they have multiple companies. The most fun story to tell is her company makes all the tacos for jack in the box. If you were a kid and went through and got four tacos, her company makes those. Those are all established business people that are not generally involved in city hall stuff, but they are -- they're

business folks.

Morrison: Great. And then the last question, there have been some suggestions that formula one hasn't been so successful in some other u.s. cities. And I wonder if there might be a way that we could get a survey of where formula 1 has been located in north america and what the success has been, how long they have lasted. I don't know if there's revenue they were generated on average or anything like that might be helpful.

Sure. We can get that. That's the risk side for the guys that are putting the 300-million-dollar into this track. They're hoping that formula 1 does make. On the city side of it, if the formula 1 doesn't make, you're not out anything because this is privately funded. The other distinction i want to make quickly is when we do the analysis of what it costs to hold this event and we keep talking about one event, but this one event enables us to have the entire facility, which is going to be an economic generator the other 360 days of the year, which I hope we can factor that in as well.

Morrison: Yeah. I think that having the full picture not only of the benefits, but also of the costs is important to know what we're looking at. Thanks.

Riley: The concept for the major events trust fund is that it's fed and replenished by this increment. The revenue that we wouldn't have seen without the event. The new revenue coming here strictly because of the event. But that determination of that increment, the judgment about exactly how much that increment is, it requires some thoughtful analysis and assessment on the part of the comptroller, i think. Isn't the comptroller the one who is in a position to make that judgment about what that increment was retrospectively after the event to take a look and decide exactly how much of the hotel occupancy taxes and alcohol sales and other taxes were attributable to this event? Isn't there a judgment required on the part of the comptroller?

Yes. And we have robert wood here from the comptroller's office if you have questions about how they do that analysis.

Riley: My question is just how can we be confident as a city that the comptroller is making a fair and accurate judgment in determining -- suppose you had a comptroller who decide that had they weren't really sure, but they see all this -- this tax revenue coming out of the city, including some that would have been happening anyway. And the comptroller decides that it's in their interest to err on the side of overestimating the amount that's actually attributable to the event. So in other words, they're sweeping into the trust fund revenues that would have been coming in anyway. If that were to happen, then in fact the city really would be bearing a cost.

Mayor Leffingwell: Councilmember, I think this is a good point to get an answer to these questions for mr. wood.

Robert wood. The comptroller's office does an estimate on the front end. The question as to the integrity -- essentially the question you're asking is sort of the integrity of the system. And I will assure you the state has \$25 million at stake in this proposal. The legislature has had a number of robust discussions this session and last session in regarding the whole process. So to some degree economic estimates -- even after the fact, economic assessment is never going to be perfect. It's never going to be the science. It's not going to be 3 plus 3. It's not a mathematical equation. But there are standards that we're expected to meet obviously as the comptroller's office and the legislature expects us to meet those. You expect us to meet them. Community, the state. So I'm not quite sure how to answer that other than that's what the comptroller's office is expected to do by the state of texas.

Randi, are you finished?

I was going to ask a follow up.

Riley: Randi, if you want to follow-up.

Shade: Welcome. I was going to-- since Chris has brought you up, I wanted to ask. What is your expected return on this investment of \$25 million? What is the comptroller's expected return on the 25-million-dollar investment?

The comptroller's office has done, as have you all seen, a preliminary estimate that worked on a couple of years ago to really evaluate whether or not this was even a viable concept for the state of Texas and for the community. We've not gone through and tried to polish the numbers. What we well knew is that there would be a more definitive study required under the statute. So -- our preliminary estimate was just north of \$25 million in state funds. We did not calculate. One of the questions I know that's been raised a number of times is about the four million dollars in local. We didn't calculate what we thought the local amount would be. The local amount at four million is simply a mathematical deduction from how you get to the 25 million. The -- I will tell you that in the case of the North Texas Super Bowl, the aggregate local estimate that we came up with was like eight and a half million and that's compared to 3 million in local -- in the local match that was required in order to match that --

Shade: I'm not really asking about the local match. I'm trying to figure out when you made the decision to use this \$25 million to recommend the use of this \$25 million, it was just a break-even that you would get back the 25 million? You put 25 million in and you would get 25 million or would it be in excess of 25 million?

The initial determination by our office was whether this was viable, whether or not it would at least break even. And so we did not and have not gone through and said what above that do we think the state of Texas would get? Under the statute, under the major events trust fund, it's essentially set up as a break-even statute at the state level and the local -- the real benefit is the local community. So we've not done that.

Riley: Is there any mechanism in place that would provide an audit or any kind of independent review of the comptroller's determination as to the amount of the increment as attributable to the event?

The legislature added this session that just concluded a provision to the statute that requires the after the fact study. It does not provide for an audit. I would assume that that's something that the local community could engage if they chose to. If that would be your interest.

Riley: Okay.

Mayor Leffingwell: Anything else? And remember, folks, we have an opportunity to Thursday to raise additional questions and discussion. So I wanted to first follow-up on Chris' question. I hope I earlier made it clear to staff that we should have the economic impact study reviewed by our outside auditors. Is that what you were asking and so you agree with that? Okay. And then second, I guess, Mayor, I just had a logistics question. Because we determined that these two agreements are so critical and June 23rd will be our last meeting for I think three or four weeks, I'm hoping that we'll be able to have a briefing on those, but I'll just leave it with you the timing of that in light of the -- length of the meeting. Do you have any comments on that?

Mayor Leffingwell: I'll let the city manager answer that.

Councilmember, the agreement between the formula 1 and formula 1 management is that the 25 million-dollar sanction fee be in the hands of formula 1 management in July. So one of the things that we had talked about earlier today was a schedule where we would bring back to you owe the third the two

agreements that would be approved or not approved in order to assist in getting the check to the formula 1 management.

I think what councilmember cole is asking, will she have access to these agreements prior to the 23rd.

Yes, you will.

Cole: And I'm asking that those two interlocal agreements, the interlocal between the state and the interlocal between -- to access the funds be available I guess for the 23rd meeting and that be part of a briefing -- we can have it at the public work session. That's fine.

If it's on the consent agenda you can pull it and we can do a complete discussion of it and presentation.

Mayor Leffingwell: And we're going to discuss -- I guess on the 21st we'll have another work session. We'll discuss whether or not we need to review that before the meeting. Anything else? Okay. Thank you very much. So without objection the city council will go into closed session to take up one item pursuant to section 071 of the government code, the city council will consult with legal counsel regarding the following one item, item d 1 to discuss legal issues relating to redistricting and proposed city charter amendments. Is there any objection to going into executive session on the item announced? Hearing none, council will now go into executive session.

Mayor we're out of closed session. In closed session we took up issues related to item d-1. So now we'll go to our regular thursday agenda. Any items that councilmembers want to discuss? Among ourselves? Ors mayor pro tem.

Martinez: Thanks, mayor. I do have a couple of questions. I'm glad burt is here because -- I'm glad burt is here because it pertains to the department that he is -- agenda item 15 is to approve an ordinance accepting \$10,000 in grants funds from the national recreation of parks -- national recreation and parks association. And it's for a summer meal program. And so burt, the mayor and I met with the u.s. Department of agriculture a month or so ago and what we learned in that meeting, one of the things we learned was that 93 percent of all school children that are on meal programs while they're in school, 93 percent of them, don't get a meal during the summer. Because of the lack of programs. And what the department of agriculture was relaying to us is that there are billions and billions of dollars out there available for summer programs. And so I wanted to know if we're exploring leveraging options and trying to hit as many kids as we possibly can during the summer months.

Mayor Leffingwell: What item is this?

Martinez: Item 15, mayor.

Mayor pro tem, burt lumbreras, assistant city manager. Yes, most definitely. As you know we have contracted that out and we have also in that most recent contracting out, we've also been working directly with the county because sherri fleming, who is the director's counterpart on the county's side has been very, very interested in expanding the program and trying to do as much as we can to reach that 93 percent. So I can assure you and sarah is here, we've had discussions about making sure that we try to do everything that we can to expand it. Even looking at the possibility of whatever dollars that we can invest in, how much more that would leverage. So I can let sarah speak a little bit more specifically about that, but yes, definitely that is something we have a very strong interest in.

Yes. Actually, I have kimberly mcneely here and we were just discussing we have a summer food program. Two sites right now just that we had some issues. One a federally funded program that we're working with that serves the lunchtime. Then we have now a kids cafe that we're doing at 4:00 in the afternoon. So actually kids can get a good meal twice a day instead of once. The other thing we're



going to have to do and we're working on is working closely with county and where we have the gaps. And then where we need to fill in. And we're pulling all the stops out to look at everything from working with food banks and everything else to try to make sure that we're filling those gaps with all the other resources that we have here in the community. So what I will do is work with kimberly to try to come back with a report, a written report that kind of tells you where we're serving, what we're doing to fill in the gaps.

Martinez: Thank you so much. In the backup it says that this \$10,000 will help you reach about 10,000 additional kids in the summer programs? What is the total number of kids that are -- do we have a full number -- if we're going to reach 2,000, how many do we really need to reach if we want to close all the gaps?

That's a very good question. This is 2,000 additional people. The problem is we need to do a better job quite frankly of our numbers and that's where kimberly is going to try to help us do better this year on how many we actually have and how many we need to serve that aren't being served. We kind of will be able to gauge that because we'll be able to know where our sites are and the kids coming to our sites. But we are seeing quite a fangly an increase in the need and that's why we're trying to look at additional efforts like adding the kids cafe, taking the federal funding and the lunch time and bringing in the kids calf at a in the afternoon at two sites, dove springs and montopolis. I'll put in the memo a current reality where we are what we know and also information on what we need to be doing to do a better job of calculating the numbers and also some analysis of where we believe with think the gaps are. But our commitment is to do a better job of our numbers and keeping a better tab on it. And kimberly has a couple of comments here.

The last number that I read was 51,000 meals, but the problem is that I couldn't determine how many children did that mean? Because 51,000 meals is over the course of eight weeks of the summer or more. And it included playground program as well as all of our sites for summer camp. So how many individual children did that mean. And I can't answer that question. And that's one of the challenges that hi with the way that we were recording the information because 51,000 meals is a lot, but I don't know how many of those children are repeat. And I'm assuming obviously in after school many of them are repeated. And at the playground program, I can't -- i don't think we have a good way of measuring that. So 51,000 meals is i think the last number that I read, but the number of children i can't tell you.

Morrison: Mayor? Could I follow one a question? A couple of questions? The kids cafes, sarah, that you're talking about, is that going to be an additional service at a site that is already serving lunch? Actually, we got a message from someone that was concerned yesterday and I wasn't sure if it was replacing lunch.

The kids cafe is a program that we have with the capital area food bank. And it's a rear round program. When school is in session the kids cafe is offered at 4:00. And traditionally when summer would come around what would happen is we would move that to 12:00. There's also a federal food program which is distributed through the state of texas and then down through our health and human services to us. And the federal food program is based upon where the largest need is. So it has to be in certain socioeconomic areas. The area of dove springs and montopolis is also eligible for the federal food program. And so our department thought it would be a nice idea to say okay, the federal food program also serves children. If we serve that meal at noontime at both montopolis and dove springs, we can move the kids cafe to 4:00. And now children will get a meal at 12 and then they can also get a meal at 4:00. And with the kids cafe program, if a mom or dad or a guardian brings the child, it also feeds that family. So not only are we feeding children at 12, but we'll feed an entire family at 4:00. There was a glitch in the system on monday where the federal food program did not serve or didn't bring the meal to that particular site, which was montopolis. They brought it to dove springs, but they didn't bring it to montopolis. We've since fixed that glitch, so starting today they get a meal at 12 and a meal at 4:00.

Morrison: You dropped the ball one day. [ Laughter ]

not acceptable, but that's what happens.

Morrison: I appreciate you clare figure that. And then to go back to what you said, I'm sort of surprised to hear that \$10,000 will feed 2,000 children over the summer. A lunch for 2,000 children over the summer. So that's \$5 per kid to feed them lunch over the summer. That's amazing. That's an amazingly good deal. And it just shows how far you can really make money go.

That's one of the things we learned in this meeting with the department of agriculture. For every one dollar that we invest, it's a return of over \$7 to the community. It's amazing leverage with these food programs out there and I'm really glad to hear that we're going to be looking at other options like partnering with meals on wheels and garritos and any other program that we can leverage more and reach more folks. Those funds are available and they're just waiting at the federal level for us to ask for them.

Not only to mention working with the sustainable food center and our communities and the community garden area because there's a moment there about -- a movement there about using the food that's grown local. So we have sort of a big combined effort here to try to bring this all into being able to serve more people, more families, more youth and having -- not only a meal, but even a healthy meal. And I think that's what's important here.

Great.

Mayor Leffingwell: It's got to be healthy too. Well, I just want to second what the mayor pro tem said. Not only is a lot of money and resources out there, but they're actually people come ask us for these resources. And it's interesting that you raised the issue of community gardens being an additional resource because from what I saw on saturday at this one community, you were there too, it looks like they will have more than they can handle themselves. So we have several community gardens like that. We might want to think about how we can leverage that option too. Anything else? Mayor pro tem? You're next.

Martinez: If the no more on that item I have a different agenda item.

Mayor Leffingwell: All right.

Martinez: Rudy, it's going to end up in your lap, this question. I'm going to go ahead and start out with you. Even though you may not be familiar with this because it's probably not a department you're over. This is agenda item number 3 is our environmental services rotation list. And obviously the council voted in march to approve funding. Now you're coming back for a request of an additional \$3,600,000. But when I look through the backup, 22% of the work that has been done thus far, zero -- there's been zero percentage in minority participation. When goals were established and goals were clearly demonstrated through good faith efforts that they could be met, it's concern to go me that we're now coming back for additional expenditures and we still have zero participation when we had goals of nine 9% native asian american, 8%, african-american of 1.9. So my question is, you know, who's monitoring this and why we not having minority participation when we clearly established goals for the rotation list?

Council, rudy garza, assistant city manager. Unfortunately I don't have a response for you, councilmember. I will check to find out what the scopes of work that were completed. To date to determine if in fact there were opportunities that presented themselves and were not taken. But I will respond to the entire council in writing on what has happened to date.

Martinez: Thank you, rudy. Thanks, mayor. That's all I have.

Mayor Leffingwell: Chris riel rye I request a -- riel rye I have a --

Riley: I have a question about a couple of items from council. Item 43 would establish a committee on geographic representation to gather public input regarding proposed districting plans. And I just wanted to raise a question about whether we want the scope of that committee to be restricted to geographic representation only.

Cole: We discussed this and I'm glad you brought that up because I want to discuss it also. In prior resolutions when we have went to the voters with geographic representation, we actually called them charter committees. And they looked at all the items that were being considered on the charter and made recommendations. And then we decided that because we were potentially on such a time crunch that we would only deal with the geographic representation issue. So we welcome feedback.

Mayor Leffingwell: Well, I agree with you, chris. If we're back on the november 2012 timeline, I think it should be modified into a charter revision commission to consider a number of other things. There's a long list of sort of cleanup items that were -- have been compiled by the city clerk, for example, and there are several more that have to do or related to councilmember elections. And so given fact that we're now 60 days out from the city clerk's timeline, if it's submitted later than 60 days from today, she's not going to be able to validate any kind of petition to get it on the ballot for this november. So practically speaking, since there's no discernible effort underway to pick up the signatures, I think either now or very shortly we're going to be able to rule out a november 2012 election. That being the case, then I think it makes sense to step back from this -- you know, I like the way this thing has been drafted, but i think to flesh it out a little bit more and bring it back later on in the summer and establish it as a full fledged charter revision commission --

Cole: So when you say later in the summer, are you thinking we will have more time under the new timeline because -- to be able to actually appoint the committee after our three week -- like august. Is that what you're thinking?

Mayor Leffingwell: Yes. I would be happy to work with you or anybody else to try to find some kind of new scope. And I think that some time has to be spent on that, some thought has to be given as to the scope of what this charter revision committee is going to be because I think the last thing you want to see is sort of a wide open process. And as I mentioned we're talking about a town hall meeting in september.

Cole: Are you going to stick with that same date with the town hall meeting, the september date? I guess we're moving everything back because this resolution was contemplating a november 2011 potential date. So we were actually appointing fast and asking for recommendations fast. And now that we have november 2012, it's my understanding you're thinking august would be a good date to bring it.

Mayor Leffingwell: I'm thinking that, yes.

Cole: Are you thinking that, chris and laura?

Morrison: I guess we just need to decide collectively if it makes sense to go ahead and just plan for a later charter election besides november 11. We were just trying to keep our options open at this point.

Mayor Leffingwell: I know. I was doing the same thing.

Morrison: Right. So I guess the question is at this point are we comfortable dropping that november 11

consideration?

Mayor Leffingwell: I think speaking for me, I am, yes. But as I say, I think we want to keep the basic format of the resolution that has already been worked on because I think it's -- for example, the composition of it is good. It's about the right size and is representative of different groups. But I do think the key question is what is going to be the scope of this, expanding it into a charter revision commission with a defined scope.

Morrison: One possibility to consider is to go forward with this resolution on thursday and then put together an effort to expand the scope of this taskforce by separate resolution. That would allow us --

Mayor Leffingwell: That's one approach. If it could be modified to make it clear that ultimately it's going to -- going to be redefined at some point, I think we could consider that.

Morrison: Because we could put some work together to redefine it this week, except the posting language probably wouldn't allow such a broadening of it this week.

Mayor Leffingwell: Since there's no real big hurry --

Riley: What would be gained by doing it this week as opposed to later in June?

Morrison: That's a good point. I think what would be gained only would be that we would still be keeping our options open to be working in case something for November 11 came up.

Riley: We still have another meeting this month that we could --

Morrison: This contemplated creating the concept of the taskforce this week and appointing the taskforce ON THE 23rd.

Cole: Well, I guess my thoughts are that I've always thought we were on too short a timeline to do this right. And so that we would be better served to go ahead and -- Laura, just give me your feedback on this. To go ahead and take a comprehensive approach because this is something that all y'all are very vested in. And really know that we're going to do that. And take the break in time and think about our appointees and get the feedback from the community before we actually put the committee together.

Morrison: Yeah. I'm fully supportive of that. Assuming we're comfortable giving up the option of working toward a November 11 --

Cole: That was the mayor's kind of idea to space keeping.

Morrison: The safe harbor.

Mayor Leffingwell: Yeah.

Morrison: So we have two ways to do it, but mayor, if we were to make -- if we were to pass this with the -- with making a very clear that we're going to later or soon expand the scope of it, that's one option that still keeps it open.

Mayor Leffingwell: Okay. I think we ought to do research --

Cole: Because there are so many people chomping at the bits and I think if we pass it, they're ready

because they were confused about --

Mayor Leffingwell: I personally want to give more thought into selection of who I want nominate than I've put insofar. [ Laughter ]

Cole: You have three nominees. Did you notice that?

Mayor Leffingwell: That did catch my eye, yes.

Riley: Mayor, if i could ask a question on that. In terms of our appointments, do you expect that there would be an opportunity for the council to have a work session or some mechanism for discussing the appointments as opposed to -- one possibility is we each just think of two people we would like to appoint and we each appoint those two people and we all have one big group, but it seems like that may not necessarily lead to a very well balanced group.

Cole: I thought we should use the comp plan example? [ Laughter ] I'm kidding, chris.

Mayor Leffingwell: That's where you appoint everybody?

Morrison: That was a little painful. We don't really want to do that. [Overlapping speakers]

Riley: How do we have a conversation that will lead us towards a well balanced group of-- an entire group as opposed to a collection of each member's own?

Mayor Leffingwell: I think the only way to have that discussion is in a work session. [Overlapping speakers] before we start throwing people's names on the table.

Cole: We might talk about some of the -- like I really am considering or weighing in, I haven't landed on this, but appointing someone who is in favor of single member districts and someone also against single member districts. So we might think about that or we might talk about geographic representation. I don't think we should consider names. I just think we should kind of have those type of discussions that each individual office do however they want to to garner applications and review them and that type of thing. And you kind of say what you're saying. As opposed to -- the comp plan, I was joking because it was a tremendous amount of work to comply with it. And my staff put in a lot of time and laura's staff put in a lot of time disagreeing with my staff. [ Laughter ] and so I just don't want to replicate that. But open to discussion for later.

Riley: As we approach that work session when we would talk about that, the appointments is what would be the mechanism for anyone who is interested in serving to make known that they would be available to serve? Or do we have to like pick them and then assume they're going to be willing to serve?

Cole: Well, the only thing i contemplated was simply leaving that up to the individual.

Mayor Leffingwell: It would be like any other board or commission appointment.

Riley: Well, anybody who wants to serve on a board or commission can apply through the clerk's office and then there's a pool peesm who have applied and we can select from it.

Mayor Leffingwell: That would be a good idea to put up some kind of notice that people --

Riley: Do you expect there would be some mechanism for somebody who wants to apply to submit their

application or notice of interest or something like that to the clerk's office in.

Cole: I think we're open to that.

Mayor Leffingwell: We can give that direction to the city manager to make that happen.

Morrison: That's good. I want to make clear that I'm perfectly comfortable postponing this. I just wanted to clarify that we need to look at whether we need to keep our options open.

Mayor Leffingwell: Okay.

Riley: There's one other item I wanted to ask about and that is another item from council, item 41, which I was glad to see. It relates to the palmer events center venue parking facilities and related parkland. And I just wanted to ask about the final paragraph of that resolution where we would direct the city manager to explore options for increasing parking in the vicinity of a venue project to support the long center and palmer events center and provide that to the city council for review. I was going to ask to insert one word in there, to increase the word available. Increasing available parking. I note that there are parking structures and parking lots in the area that we may not be utilizing to our full capacity right now. We have been trying harder to make better use of existing parking structures and facilities. And so I just wanted to make sure that as we look at the parking issue in there that we will consider the possibility of increasing the utilization of increasing parking -- existing parking as opposed to just focusing solely on just building new parking spaces. If we could insert the word available cialtion do we want to explore options for increasing available parking. That might include new parking to the extent necessary, but it would also include making better use of the parking that already exists there.

Mayor Leffingwell: You're sure you're not trying to reduce the number of parking over there like you usually do [ laughter ]

Riley: I don't think it serves anybody's interest to have a bunch of parking structures that sit the idea is to make good use of parking that's there.

Mayor Leffingwell: Well, certainly -- frankly, I don't know what the difference between increasing parking and increasing available parking is.

Riley: Let me explain it.

Mayor Leffingwell: But as long as you don't rule out the possibility of there being more parking --

Riley: Not at all. I can explain the difference to you because you can have a lot of parking as we do now. We have tons of parking downtown and much of it is unavailable. So it doesn't do much good for people looking for a parking space. Our focus should be on parking that is available.

Mayor Leffingwell: I agree with that, but it's also the case that there is not enough parking at specific times to palmer long center park complex down there.

There's not enough available parking.

Mayor Leffingwell: Those were decisions made a long time ago. But yeah, we -- I think there's definitely a need for increased parking and increased utilization of available parking both.

Riley: Okay.

Morrison: That sounds good to me.

Riley: So that's a matter of inserting that one word.

Mayor Leffingwell: Could we put and. Increase parking and increased availability of parking? Investigate both.

Riley: You would pliek to make sure that we have parking that sits empty? I don't see what we gain by saying increasing available parking and parking that's not available? Why would you want parking that's not available.

Mayor Leffingwell: Sorry, you've got me confused now. [ Laughter ]

Riley: The point is we want parking that's available. Whether that means in existing structures or new structures.

Mayor Leffingwell: As long as we can make it clear in lawyer talk that that's what it means. [ Laughter ]

Morrison: He's a lawyer.

Riley: Increasing available park. That's what we need. We need available parking down there.

Mayor Leffingwell: And that might involve increasing the number of parking spaces. Okay.

Morrison: It covers both. In my view.

Mayor Leffingwell: I'm just suspicious of you, chris. [ Laughter ] I've seen what you've done in the past. [ Laughter ] anything else?

Riley: I'm assuming bicycle parking is included in the term parking. [ Laughter ]

Mayor Leffingwell: I have one item on here. I don't think it's going to be controversial. But it's establishing the sister city relationship with the city of austin and the city of enge france, which is something that we've been working on for a long time. And the mayor of that city and his delegation have visited here. They have a strong support group in the city of austin, which is edwards university. And I look forward to -- we've already done a lot of the initial paperwork that's required, signed a lot of papers and so what this is doing is authorizing to go ahead with the final step in that process. Which could involve having to travel to france actually. So I just want to -- i don't plan to say anything about it thursday, but I thought I would take this opportunity right now.

Morrison: Mayor? If we can move on to another item, I just wanted to mention number 42, which chris and i are sponsoring on the community access preservation act. This is something that folks tried to get through congress last time. And what it does is it's trying to free up the franchise funds from our cable and all that support our public access tv. Right now there's a limit on them that they can only be used for capital expenditures. Previously we could use them for operation and maintenance and we want to get it back there. And this act would bring us back there. So we're hoping that it passes this time. Apparently it has bipartisan support and the idea is that it has a better chance of passing. So this puts our name to .

Mayor Leffingwell: Very good. Any other items? Anything else that anybody would like to bring up? All right. In that case we've already withdrawn the item to be rescheduled at a later time, the second briefing on the financial forecast. So that being the case, without objection we stand adjourned at 12:37 P.M.

