

CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE,
a Texas non-profit corporation

**100 Congress Avenue, Suite 1300
Austin, Texas 78701-2744**

December 19, 2012

Deputy Comptroller
Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

RE: Application for Participation in the Texas Major Events Trust Fund (MotoGP)

Dear Deputy Comptroller:

Circuit Events Local Organizing Committee, is organized as a Texas non-profit corporation (the "Committee") with the purpose to help facilitate and support a motor race, commonly known as "MotoGP" (the "Race Event") that is tentatively set to be held in Austin, Texas on April 19, 2013. Further, as an integral part of this support, the Committee and the City of Austin, as approved by City Council resolution of December 13, 2012, entered into an "Agreement", dated December 18, 2012, whereby the City of Austin agreed to be the "endorsing municipality" for the Race Event, and in the capacity of endorsing municipality (i) authorized the Committee to act as the "local organizing committee" for purposes of securing and promoting the Race Event for the Austin area, as well as the application for and qualification of the Race Event as an "Event" under TEX. REV. CIV. STAT. ART. 5190.14 (the "Act") and Section 5.C. thereof, the Texas Events Trust Fund (the "Trust Fund") and (ii) authorized and appointed the Committee as the City of Austin's sole and exclusive designee, for and on behalf of the City of Austin to submit, pursuant to TAC Title 34, Part 1 Chapter 2 Subchapter B, Rule 2.202, a request to the Texas Comptroller of Public Accounts for participation in the Trust Fund program and a request to the Texas Comptroller to determine the incremental increase in the receipts of various taxes (*e.g.* sales and use taxes, mixed beverage taxes, hotel occupancy taxes), by the City of Austin, as the endorsing municipality, for a 30 day period that ends at the end of the day after the day of the Event, (scheduled for April 19, 2013), in accordance with the Comptroller's procedures and in accordance with the Act, and the rules promulgated thereunder (the "Rules").

It is my honor and great pleasure to submit this application from the Committee, as the City of Austin's duly appointed and authorized designee for and on behalf of and binding upon the City of Austin, as the formal request, pursuant to Rule 2.202, for participation in the Trust Fund program and a request to the Texas Comptroller to determine the incremental increase in the applicable taxes for the City of Austin for the April 19, 2013 Race Event.

Further, as required by Rule 2.201(a)-(d), enclosed with this letter are (i) a letter, dated December 18, 2012 from the site selection committee for the Race Events, selecting the site in {W0564616.1}

December 19, 2012

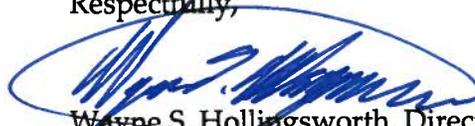
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Austin, Texas, as Attachment 1, (ii) the economic impact study and other data with detailed information on the direct expenditures and direct impact data for the endorsing municipality hosting the event and for the requested market area (the "Economic Study"), as Attachment 2, (iii) a description of the requested market area, as Attachment 3, and information to support the requested market area, which is included in the Economic Study, and (iv) a list of all related events activities proposed to be included in the trust fund estimate, as Attachment 4, with data for each such activity including projected attendance figures, ticket sales and relevant production and expenditure information related to the activity, included in the Economic Study. Also included as Attachment 5, is a letter from Mr. Marc Ott, City Manager for the City of Austin to the Comptroller's Office requesting participation in the Trust Fund for the MotoGP Race Event.

If you have any questions or comments on or need any additional information or clarification on the above request, please do not hesitate to contact me or any member of the Board of Directors of the Committee.

Thank for your time and consideration of this request.

Respectfully,



Wayne S. Hollingsworth, Director of
Circuit Events Local Organizing Committee

Ms. Susan Combs, Comptroller
Mr. Mark Ott, City Manager, City of Austin
Mr. Sam Bryant, Director
Mr. Ford Smith, Director
Mr. Rodney Gonzalez, Director
Mr. Steve Sexton, CEO of COTA
Mr. Dan Allen, CFO of COTA

ATTACHMENT 1

Site Selection Committee Designation Letter



Pinar, 7
28006 Madrid
Spain
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Telefax: 34 - 91 561 58 07

via email: marc.ott@austintexas.gov

Mr. Marc Ott
City Manager
City of Austin
Austin, Texas 78701

Madrid, December 18th, 2012

Dear Mr. Ott,

We have received and appreciate the application, dated December 17th, 2012, from Circuit Event Local Organizing Committee, as designee and on behalf of the City of Austin, to host an event of the FIM Road Racing World Racing Championship Grand Prix (commonly known as MotoGP™) in Austin at the new raceway facilities known as Circuit of the Americas. We understand that this recent application is submitted separately, but in cooperation with the prior application we received from the Austin Sports Commission.

As we emphasized in our previous letters to you and the Austin Sports Commission, there has been and remains substantial competition in our process of reviewing a number of venues interested in hosting our series. Our prior indication of Austin, Texas as the site for the 2013 MotoGP™ Event was conditional and subject to such competition until our final selection is made. As we are comfortable that our prior conditions have been, or will soon be, satisfied, please consider this letter as the final selection of Austin, Texas, and the Circuit of the Americas to host the MotoGP™ event in the spring of 2013, with such event to be named upon mutual agreement as **"MotoGP™ at the Circuit of the Americas"**. Congratulations!

The MotoGP™ series features the world's best riders and teams that appeal to a diverse audience. We race at venues in many countries, including Spain, France, Italy, Great Britain, Australia, and Malaysia. MotoGP™ brings a substantial number of tourists to each region where we race, and we anticipate that a race in Austin will generate significant interest as well as major economic benefit to the community.

We look forward to receiving and working with you to finalize and Event Support Contract related to the local and State support available through CELOC and the Circuit of the Americas.

Yours sincerely,

Enrique Aldama
COO & CFO
DORNA SPORTS S.L.



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Spain
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via email: whollingsworth@abaustin.com

Mr. Wayne S. Hollingsworth
CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE
100 Congress Avenue, Suite 1300
AUSTIN, Texas 78701-2744

Madrid, December 18th 2012

Dear Mr. Hollingsworth,

We appreciate your application, dated December 17th, 2012 submitted as designee on behalf of the City of Austin, to host an event of the FIM Road Racing World Racing Championship Grand Prix (commonly known as MotoGP™) in Austin at the new raceway facilities known as Circuit of the Americas. We understand that your application is submitted separately, but in cooperation with the prior application we received from the Austin Sports Commission.

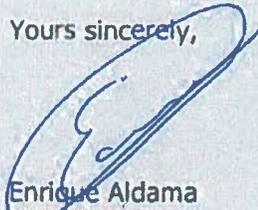
As we emphasized in our previous letters to you and City officials there has been and remains substantial competition in our process of reviewing a number of venues interested in hosting our series. Our prior indication of Austin, Texas as the site for the 2013 MotoGP™ Event was conditional and subject to such competition until our final selection is made. As we are comfortable that our prior conditions have been, or will soon be, satisfied, please consider this letter as the final selection of Austin, Texas, and the Circuit of the Americas to host the MotoGP™ event in the spring of 2013, with such event to be named upon mutual agreement of the parties as "**MotoGP™ at the Circuit of the Americas**". Congratulations!

As noted in your December 17th letter, we do not anticipate sanctioning or holding any other similar MotoGP™ Event in Texas or its contiguous states during any year that the MotoGP™ at the Circuit of the Americas is held in Austin.

The MotoGP™ series features the world's best riders and teams that appeal to a diverse audience. We race at venues in many countries, including Spain, France, Italy, Great Britain, Australia, and Malaysia. MotoGP™ brings a substantial number of tourists to each region where we race, and we anticipate that a race in Austin will generate significant interest as well as major economic benefit to the community.

We look forward to receiving and working with you to finalize and Event Support Contract related to the local and State support available through CELOC and the Circuit of the Americas.

Yours sincerely,



Enrique Aldama
CEO & CFO
DORNA SPORTS S.L.

ATTACHMENT 2

Economic Study

**Economic Impact Study
of the
2013 MotoGP Championship Race Weekend at Circuit of the Americas
Austin, Texas**

April 19 -21, 2013

Submitted for consideration under the Events Trust Fund by:

Don Hoyte, Ph.D.
TexasTrustFunds.com
10704 Scotland Well Drive
Austin, Texas 78750

On behalf of

**The City of Austin
and the Circuit Events Local Organizing Committee**

100 Congress Avenue, Suite 1300
Austin, Texas 78701-2744

December 18, 2012



Event Background

MotoGP is the premier motorcycle racing World Championship consisting, in 2012, of an eighteen-race series visiting thirteen countries in four continents with global television coverage. Nine nationalities of the world's most skilled riders line a grid riding cutting-edge motorcycle technology with prototype machinery fielded by three manufacturers; Ducati, Yamaha and Honda.

Established as a World Championship by the FIM (Fédération Internationale de Motocyclisme) in 1949, MotoGP is now into its 63rd year. It is the oldest motorsports championship in the world with three racing classes that take to the track on a typical Grand Prix weekend.

Formerly labeled '500cc', the championship underwent a change in 2002 when new technical regulations permitted the introduction of four-stroke machinery and increased the engine capacity to 990cc, thus becoming MotoGP. In 2007 the rules were altered again limiting engine capacity to 800cc, and in 2012 the maximum engine displacement was set at 1000cc.

MotoGP has been administrated by commercial rights owners Dorna Sports under the supervision of the FIM since 1992.

Following discussions between the Circuit Events Local Organizing Committee (CELOC), the City of Austin, and representatives of the organizations controlling MotoGP, on Dorna Sports informed CELOC and the City of Austin that the Circuit of the Americas in Austin, Texas would be the newest site of a MotoGP weekend event from April 19 – 21, 2013. According to Dorna, this site is the preferred location for the race after considering alternative locations in the U.S. and other countries. (see Appendix A for acceptance letter)

History

MotoGP™ has a rich history with Grand Prix events having taken place in every corner of the world throughout the last 62 years. More than 2.2 million people came through the gates of the circuits to watch MotoGP in 2011--up slightly from 2010 (Table 1). Worldwide, the events averaged nearly 132,000 attendees in 2011.¹



Table 1
Attendance at MotoGP Events Since 2010

<u>Race</u>	<u>Site</u>	----- Three-day Attendance Totals -----		
		<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial Bank Grand Prix of Qatar	Losail	15,603	15,670	9,982
Grand Premio Bwin De Espana	Jerez	184,160	233,932	232,670
Bwin Grande Premio de Portugal	Estoril	87,148	62,114	61,520
Monster Energy Grand Prix de France	Le Mans	160,700	176,200	162,745
Gran Premi Aperol de Catalunya	Catalunya	141,451	146,718	149,996
Airasia British Gran Prix	Silverstone	146,415	157,708	145,247
TT Assen	TT Circuit Assen	130,451	131,337	139,809
Gran Premio D-Italia TIM	Mugello	88,714	127,102	116,467
Eni Motorrad Grand Prix Deutschland	Sachsenring	195,685	230,133	224,668
Red Bull U.S. Grand Prix	Laguna Seca	137,221	136,285	116,488
Carion AB Grand Prix Ceske Republiky	Brno	212,303	238,000	238,210
Red Bull Indianapls Grand Prix	Indianapolis	134,795	134,766	136,184
GP Aperol di San Marino e Della Riviera di Rimini	Misano	na	82,530	78,568
Grand Premio de Aragon	Motorland Aragon	na	103,222	116,931
Grand Prix of Japan	Motegi	na	53,212	64,823
Iveco Australian Grand Prix	Phillip island	na	95,100	88,037
Shell Advance Malaysian Motorcycle Grand Prix	Sepang	na	111,385	105,555
GP Generali Comunitat Valenciana	Com. Val. Ricardo Tormo	na	134,535	154,930
	TOTAL	1,634,646	2,369,949	2,342,830
	Average	136,221	131,664	130,157

The first annual competition was held in 1949. But before that, from the early 1900s motorcycle Grands Prix were held in various countries and in 1938 the predecessor to the current FIM, the FICM (Fédération Internationale des Clubs Motocyclistes), announced a European Championship. However, the start of the Second World War interrupted the competition and it then took several years after the war for fuel to become available to again hold the competitions.

EARLY DAYS

When the first formal World Championship was held in 1949, Grand Prix racing comprised four solo classes, with the inaugural 'premier class' 500cc title being won by British rider Leslie Graham on AJS machinery. Another Brit, Freddie Frith (Velocette) took the first ever 350cc World title, while Italians Bruno Ruffo (Moto Guzzi) and Nello Pagani (Mondial) were the first 250cc and 125cc World Champions respectively.

A 600cc sidecar championship in the same season was won by Britons Eric Oliver and Denis Jenkinson with Norton machinery, though the sidecar category later became a 500cc competition in 1951.

The Italian manufacturers such as the Mondial and Moto Guzzi firms, along with companies such as Gilera and MV Agusta, dominated the World Championships during the 1950s, reflecting the strength of the country's motorcycle industry at the time. MV Agusta were particularly prolific late in the decade, taking a clean sweep of World titles across all four categories for three seasons from 1958 to 1960 – while their dominance in the 500cc class was unbroken for 17 years from 1958 until 1974.

THE SIXTIES

During the '60s the Japanese motorbike industry began to boom and during that decade many of the manufacturers that today participate in MotoGP racing, such as Honda, Suzuki and Yamaha, arrived to pick up their first World Championship title wins across the 125, 250 and 500 categories, as they announced themselves in Grand Prix racing. Suzuki in particular enjoyed great success in a new 50cc class which was introduced in 1962.

The late '60s brought the start of the glory days for MotoGP Legend Giacomo Agostini – the most successful rider in the history of World Championship competition. Up until the modern era riders regularly competed in two or three classes simultaneously and Agostini took 10 of his 15 titles in five successive seasons as double champion in 350cc and 500cc - in a golden period commencing in 1968, riding for MV Agusta.

At this time the escalating costs associated with Grand Prix racing reached such a level that several Japanese firms withdrew from competition - with only Yamaha left at the end of the '60s. In response the FIM introduced rules which limited the bikes to single cylinder engines in the 50cc class, two cylinders in 125cc and 250cc, and four cylinders in 350cc and 500cc.

LEVEL PLAYING FIELD

In the period that followed the level playing field saw title wins for firms from Europe (Bultaco, Kreidler, Morbidelli, MV Agusta), Japan (Kawasaki, Suzuki, Yamaha) and North America (Harley Davidson) – with the Japanese firms finally breaking MV Agusta's stranglehold on the premier class by the mid 1970s.

After a break of almost 12 years from racing, Honda rejoined the World Championships in the late 1970s and by 1983 they had changed their philosophy from using 4-stroke machinery to build the V3 500 2-stroke, known as the NS500, on which Freddie Spencer took the 500cc World title – his first championship win and the first for Honda since their return to Grand Prix.

The 1983 season brought to a conclusion racing in the 350cc class after 34 years of competition, leaving four classes in the World Championship - 50cc, 125cc, 250cc and 500cc – with 50cc subsequently replaced by an 80cc category in 1984. A short lived affair, the 80cc World Championship was contested for just six seasons, yielding four titles for Derbi, three courtesy of Spanish rider Jorge Martinez.

THE MODERN AGE

Before the revision of regulations which brought about the move to 990cc 4-stroke competition in the premier class - in line with modern engineering and production trends - a young Italian rider called Valentino Rossi took the last ever 500cc title in 2001 on Honda machinery, having won the 1997 edition of the 125cc championship and the 1999 quarter litre crown with Aprilia.

After the re-branding of the World Championship as MotoGP in 2002 and the introduction of 990cc racing, Rossi went on to win four further consecutive titles, two with Honda and two after a sensational move to Yamaha.

In recent seasons the lower cylinder categories have been ruled by young European riders preparing for MotoGP on Aprilia and Honda bikes, with Dani Pedrosa epitomising the trend with three successive titles – one in 125 in 2003 followed by two in 250 – riding for Honda before moving into the premier class. In his first season in MotoGP Pedrosa shared the Repsol Honda pit-box with American rider Nicky Hayden, whose aggressive but consistent riding earned him the 2006 title and ended Rossi's annual procession to glory.

At the start of the 2007 season, new rules restricting the number of tires used on Grand Prix weekends and a reduction in engine size from 990cc to 800cc again leveled the playing field in MotoGP – with Bridgestone-equipped Ducati rider Casey Stoner emerging as the first standout rider of the new era, as the runaway 2007 World Champion. In 2008, however, Rossi returned to the pinnacle, taking his sixth premier class title, with Stoner a distant runner-up in the standings.

The 2009 season saw the introduction of a single-tire rule, as Bridgestone was named the sole supplier for the MotoGP class. Rossi took his seventh title in the premier class after a battle with team-mate Jorge Lorenzo, taking him to within one more of equaling Giacomo Agostini's all-time record of eight.

In 2010 a new name entered into the MotoGP class history book as Jorge Lorenzo was crowned World Champion following an exciting season long battle with team mate Rossi for the title. Lorenzo showed superb consistency and remarkable maturity to claim the premier class crown at just 23 years old.

2011 saw Casey Stoner move to factory Honda, a switch that proved a resounding success. Stoner clinched the 2011 title with a win at Phillip Island, his 9th but not his final victory of the season (he also won the last round in Valencia).

RACE WEEKENDS

In addition to the premier class of racing in MotoGP, each race weekend includes two World Championship Grand Prix categories which together form 'MotoGP'. The Moto3 (formerly 125cc) and Moto2 (formerly 250cc) World Championships have their own races at each Grand Prix, and at season's end three new champions are crowned. So each Grand Prix weekend consists of races in each of MotoGP's three categories:

- **Moto3** – This new 4-stroke, 250cc, single-cylinder class replaces the 125cc GP category, which had its final run in 2011. The maximum age for riders is 28 years (25 for wild-card riders or those newly contracted and competing in a Moto3 for the first time) and the minimum age is 16 years.
- **Moto2** – The Moto2™ class replaced the 250cc category from 2010. Honda is the sole engine supplier, and Dunlop provide the tires. The bikes are powered by a 600cc 4-stroke engine, producing around 140hp, and the design and construction of the chassis is free within the constraints of the FIM Grand Prix Technical Regulations. The main frame, swingarm, fuel tank, seat and fairing/bodywork from a non-prototype (ie. series production road-homologated) motorcycle may not be used. The minimum age for riders is 16.
- **MotoGP** – The ultimate test for the finest talents in motorcycle racing, in which the maximum engine capacity is the 1000cc (4-stroke engines) and the minimum age for riders is 18.

At selected events the race timetable is augmented further by the Red Bull MotoGP Rookies Cup – an initiative designed to unearth future MotoGP stars from across the world.

A Grand Prix event takes place over three days, with the first two of those for practice and qualification for each class. The third day is race-day. There are free practice sessions on Friday and Saturday, and a single qualification session on Saturday afternoon that determines grid order for Sunday's race, with the fastest riders taking the front slots. In each category the three fastest riders take positions on the first row of the grid, with the rest lining up in rows of three behind.

After warm-up sessions for each category on race-day, traditionally the smallest category, in this case Moto3, begins the program, with the Moto2 class following and then finally the MotoGP event. This can be subject to change however. Races vary in length between 95-130km and



normally last between 40-45 minutes, conforming to a set number of laps which differs at each track. Pit-stops are rare but permitted, and are especially applicable in changeable weather conditions when riders can enter the pit-lane and switch machines to one fitted with different spec tires (only MotoGP).

RIDERS AND TEAMS

The current MotoGP World Champion is factory Honda rider Casey Stoner, who in 2011 claimed his second premier class title. The Championship saw 2010 Champion Jorge Lorenzo (Factory Yamaha) finish runner-up behind him after some fantastic battles along the way, with Andrea Dovizioso (Repsol Honda) placing third.

To define a 'typical' team competing in MotoGP is not simple, but Grand Prix teams consist of financial backers, management staff, administrative staff, press officers, a group of mechanics, and of course the riders themselves.

Teams in the MotoGP class are generally comprised of one or two riders and in addition to the riders' and constructors' (manufacturers) World Championships, the teams compete for a title of their own. All points scored by both riders in a team, including substitutes or replacements, but excluding wildcard entries, count towards the Teams World Championship title - which is presented each year at the end of season MotoGP Awards.

Currently 14 teams are listed as competing in MotoGP. These teams vary in size but according to Dorna officials, averaged 32.1 members per team in 2012 (not including riders).² The 14 teams currently list a total of 25 riders (see Table 2).³

Table 2

MotoGP Teams for 2012 Championships

<u>Team</u>	<u>Riders</u>
Avintia Blusens	2
Came IodaRacing Project	1
Cardion AB Motoracing	1
Ducati Team	6
LCR Honda MotoGP	1
Monster Yamaha Tech 3	2
NGM Mobile Forward	1
Paul Bird Motorsport	1
Power Electronics Aspar	2
Pramac Racing Team	1
Repsol Honda Team	2
San Carlo Honda Gresini	2
Speed Master	1
Yamaha Factory Racing	2
Total	25

In 2012 the MotoGP class will be joined by a selection of new riders – known as Rookies – who will ensure that the level of competition and racing ability remains at an exceptionally high level. 2011 Moto2 champion Stefan Bradl (LCR Honda) moves up to the premier class, with additional rookies Michele Pirro (Gresini Honda), Danilo Petrucci (Ioda Racing Project), Ivan Silva (BQR) and Yonny Hernandez (BQR), all riding CRT machines. The list of participants in each Grand Prix is composed of the permanent riders, contracted and nominated by their teams for the whole season, and wildcard entries – who are often local riders.

There are currently 22 Moto2 teams listed as participating in the annual race series (see Table 3). These teams list a total of 34 riders and average 15.2 members per team in addition to riders.⁴

Table 3
Teams Participating in 2012 Moto2 Races

<u>Team</u>	<u>Riders</u>
Arguiñano Racing Team	1
Blusens Avintia	1
Came IodaRacing Project	1
Desguaces La Torre SAG	1
Federal Oil Gresini Moto2	1
GP Team Switzerland	1
Interwetten-Paddock	1
Italtrans Racing Team	2
JIR Moto2	2
Kiefer Racing	2
Mapfre Aspar Team Moto2	2
Marc VDS Racing Team	2
NGM Mobile Forward	2
Pons 40 HP Tuenti	3
QMMF Racing Team	2
S/Master Speed Up	1
SAG Team	1
Speed Master	1
Team Catalunya Caixa Repsol	1
Tech 3 Racing	2
Technomag-CIP	3
Thai Honda PTT Gresini Moto2	1
Total	34

There are current 21 Moto3 teams listed as participating in the 2012 races (see Table 4). These teams list a total of 33 riders and average 12.3 members per team (in addition to riders).⁵

Table 4
Moto3 Teams Participating in 2012 Events

<u>Team</u>	<u>Riders</u>
AirAsia-SIC-AJO	1
Ambrogio Next Racing	2
Andalucia JHK t-shirt Laglisse	1
Blusens Avintia	1
Caretta Technology	2
Estrella Galicia 0,0	2
Ioda Team Italia	1
IodaRacing Project	1
JHK t-shirt Laglisse	2
Mahindra Racing	2
Mapfre Aspar Team Moto3	2
Moto FGR	1
Ongetta-Centro Seta	1
Racing Team Germany	2
Red Bull KTM Ajo	3
Redox-Ongetta-Centro Seta	1
RW Racing GP	2
San Carlo Gresini Moto3	1
Team Italia FMI	2
Technomag-CIP-TSR	2
TT Motion Events Racing	1
Total	33

Riders from around the globe take part in the World Championships including the following countries: Australia, Austria, Belgium, Brazil, Colombia, Czech Republic, Finland, France, Germany, Hungary, India, Italy, Japan, Malaysia, the Netherlands, Norway, Portugal, Qatar, San Marino, Spain, South Africa, Sweden, Switzerland, Thailand, UK and USA.

ORGANIZATIONS

Regulating, coordinating and conducting eighteen MotoGP weekends across the globe is a massive organizational undertaking. Tasked with seeing that the race season proceeds smoothly and safely are a variety of affiliated organizations:

- **FIM** - The FIM (Fédération Internationale de Motorcyclisme) is the sanctioning body of the MotoGP World Championship and is the overall governing body of motorcycling sport at world level. It groups together 93 affiliated National Federations and six Continental Unions.
- **IRTA** - IRTA (International Road-Racing Teams Association) was formed in 1986 and is the association of all the Grand Prix teams, representing their collected voice in the decision-making process. The organisation works alongside the FIM and Dorna to maintain high standards within MotoGP and improve the sport overall.
- **Dorna** - Dorna Sports is the company at the heart of MotoGP which administers and organizes all Grands Prix. The company manages all commercial aspects of the sport with responsibilities ranging from marketing, media services, security, time-keeping and sponsorship co-ordination to TV production and promotion.
- **MSMA** - The MSMA (Motorcycle Sports Manufacturers' Association) takes care of the interests of all the constructors involved in motorcycle racing.

Representatives from FIM, Dorna, IRTA and an IRTA riders' representative form the Race Direction team at each Grand Prix, with this group of people having responsibility for such decisions as declaring race conditions dry or wet. Meanwhile, the Grand Prix Commission, composed of Messrs. Carmelo Ezpeleta (Dorna, Chairman), Ignacio Verneda (FIM Executive Director, Sport), Hervé Poncharal (IRTA) and Takanao Tsubouchi (MSMA), has the authority to make changes to the Road Racing World Championship Grand Prix Regulations (the rules of MotoGP). It is estimated that 275 persons from these coordinating organizations attend each race.⁶

SPONSORS, SUPPORT COMPANIES AND MEDIA

The official race titles of the teams usually are composed of three elements: the name of the manufacturer of the motorcycle or engine, the name of the team and/or the name of one principal sponsor.

Sponsors play a key role in supporting the running of the team as they help cover costs such as administrative fees, bike lease, insurance, travel and staff salaries. In turn the teams provide their sponsors with global media exposure and an association with one of the world's most glamorous, popular and thrilling sports.

As the name suggests, the factory teams are those most closely linked with the manufacturer they represent. Teams such as Repsol Honda are the MotoGP showcases for the 'brand' and the 'technology' of the respective manufacturers.

Private teams, meanwhile, can also have close links with the manufacturers who provide their machinery, but their levels of collaboration with the factory differ from case to case – with some teams being completely separate from factories. Some private teams lease their race bikes from the manufacturers and benefit from direct technical support and supply of parts from the factories dependent on their agreement. For the factories, feedback from these teams also plays a crucial role in their development of competitive racing machinery.

Many private teams are operated completely independently from the factories but again they lease their bikes from the manufacturers - LCR Honda MotoGP Team do this in the MotoGP class.

The manufacturers for MotoGP are Ducati, Honda, Suzuki, and Yamaha. Manufacturers for Moto2 are FTR, Honda, Ioda, Moriwaki, MZ, Motobi, Kalex, Suter and Tech3. Finally, Moto3 manufacturers are Ioda, Honda, KTM, Oral, Mahindra and MZ.

In addition to these manufacturers a number of other corporate sponsors are affiliated with MotoGP. Each race has a title sponsor, there are four official sponsors (Tissot, BMW, Aperol and Bridgestone), a dozen MotoGP suppliers (Oakley, DeWalt, Stanley, FedEx, Enel, Yamaha, Ivecco, Alpinstars, Capcom, Buckler, Freixenet, Gigawave) and seven MotoGP service providers (Prosegur, Hertz, SBP, HSE, AMG, Roland and Flex). All of these sponsors typically have a corporate presence at each race. It is estimated that sponsors and support companies add 370 personnel to each race.⁷

Media play a huge part in developing and maintaining the interest in MotoGP, so their attendance is cultivated at the events. In 2012 there were 58 different countries represented by media personnel at MotoGP events receiving more than 7,000 broadcast hours of television coverage, of which 57 percent was live. There is an average of 120 television cameras at each Grand Prix event. In total it is estimated that each MotoGP event attracts 320 television personnel and 400 other media.⁸

Fan Support

Clearly without the support of involved fans, MotoGP would not be the international success it has proven to be for 63 years. As is presented in Table 1, on average, nearly 132,000 fans typically attend the three-day MotoGP events. But this level of fan participation can vary from below 20,000 to well in excess of a quarter million people.

Over the long haul, the attendance at the Austin MotoGP will most likely parallel the recent experience of other U.S. MotoGP races. Table 5 estimates the day-by-day attendance at the U.S.-based MotoGP events in the past three years.⁹ Those events have attracted, on average, 132,616 fans for the three racing days.

Table 5
Reference Races for Estimating Austin MotoGP Attendance

Year	Site	----- Attendance by Day -----			Total Attendance
		Friday	Saturday	Sunday	
2012	Laguna Seca	39,300	45,244	52,677	137,221
2012	Indianapolis	26,111	43,312	65,372	134,795
2011	Laguna Seca	38,797	44,818	52,670	136,285
2011	Indianapolis	30,340	40,275	64,151	134,766
2010	Laguna Seca	24,250	40,802	51,436	116,488
2010	Indianapolis	25,260	48,130	62,749	136,184
2008	Indianapolis Inaugural	30,978	52,010	91,064	174,052
	2010-2012 Average	30,676	43,764	58,176	132,616

Based solely on that data it might be reasonable to assume the three-day race attendance for the 2013 race in Austin would reach more than 132,000 with about 58,000 attendees expected for Sunday's races. However, there is a "novelty" effect that appears to have operated quite strongly in the past.

Attendance in 2008 at the first year of MotoGP in Indianapolis was more than 25 percent higher than the average seen there in the last three years.¹⁰ Accordingly, it is quite likely that the average figures from Indianapolis and Laguna Seca would underestimate actual first year totals by a considerable margin. Instead, given that attendance at these events has increased in recent years, just assuming the 2013 event in Austin only replicates the 2008 experience in Indianapolis is likely to prove conservative.

EVENT TRUST FUND ESTIMATE

Based on the preceding discussion of teams, riders, crew, other participants, racing organizations, sponsors, media and fans, it is possible to make reasonable estimate of the likely tax gain from hosting a 2013 MotoGP in Austin. Table 6 presents the likely pattern of attendance at the inaugural Circuit of the Americas MotoGP weekend¹¹:

Table 6
**Estimated Team, Sponsors, Support, Media, Racing Organizations and Fan Attendance
 2013 MotoGP Austin**

April 16 -22, 2013 in Austin, Texas

<u>Date</u>	<u>Event Schedule</u>	<u>Teams & Drivers</u>	<u>Sponsors & Support</u>	<u>Media</u>	<u>FIM, IRTA & Dorna</u>	<u>Friends & Family</u>	<u>Total Fans*</u>	<u>Out of State Fans</u>
16-Apr	Crew & Teams Arrive	803	93	144	206	921	0	0
17-Apr	Drivers Arrive	1,162	185	288	275	1,415	2,676	2,141
18-Apr	Set-up & Press Conf.	1,162	278	432	275	1,626	10,703	7,492
19-Apr	Practice	1,162	370	576	275	1,837	26,759	16,055
20-Apr	Qualifying	1,162	370	720	275	1,909	47,575	28,545
21-Apr	Races	1,162	370	720	275	1,909	86,629	47,646
22-Apr	Return	1,162	278	360	275	1,590	21,657	15,160

*Based on Table 5 after accounting for other attendees

Crucial in any estimate of the economic impact of this event under the Event Trust fund is the number of out-of-state fans that will attend the event. While there are several years worth of total attendance data to cite in making this estimate at two U.S. tracks---including the crucial first-event attendance at Indianapolis in 2008---where fans come from to attend MotoGP events is a very closely held bit of proprietary business data.

The recent estimate of U.S. Grand Prix Formula One out-of-state attendance based in part on the sale of personal seat licenses, puts that figure at 70 percent.¹² Other large-event attendance events such as the Super Bowl, Final Four and major league all-star games put this percentage at 78.4 percent.¹³ To provide a conservative estimate, this analysis assumes only 55 percent of fans would come from outside Texas. Post-event survey data will be used to verify this percentage.

Economic Gain under Texas Event Trust Fund

The economic gains from events such as the 2013 Austin MotoGP Weekend are significant for the state and for the local economy. When calculated correctly, these “gains” are not merely the dollars that Texans might have otherwise spent in the state, but it represents a true addition to the local and state economy by: (1) keeping expenditures in Texas that likely would have otherwise left the state, and (2) bringing in expenditures from outside the state.

Based on the attendance pattern detailed in Table 6, the 2013 Austin MotoGP Weekend should fill an estimated 33,000 hotel room nights and generate estimated total direct spending by fans, riders, teams, sponsors, media and racing organizations of \$25.0 million.¹⁴ This gain is composed of \$6.1 million in lodging expenditures, nearly \$6.9 million in food and beverage expenditures and more than \$9.0 million in entertainment and shopping expenditures.

Table 7
2013 MotoGP Austin
April 16 -22, 2013 in Austin, Texas

Total Room nights	33,312
Hotel Expenditure	\$6,056,045
Food and Beverage	\$6,890,817
Entertainment & Shopping	\$9,023,521
Other Expenditures and Tips	\$3,048,869
Total Economic Impact	\$25,019,252

Event Trust Fund Tax Gain

In 2009 the Texas legislature established the Events Trust Fund to assist in attracting to Texas or retaining in Texas sporting and other events that could well be moved outside the state. The provisions of this law allow the Comptroller to deposit into a trust fund established for a qualifying event the amount of state hotel, sales and use, motor vehicle rental and alcohol taxes that can be attributed to the incremental gain in economic activity to the state from hosting the event. To qualify for reimbursement from the Trust Fund, the local sponsoring municipality or county must contribute matching tax revenues received from hosting the event at the rate of \$1 local tax dollar for every \$6.25 in state tax contributions.

Based on the attendance and schedule of events presented in Table 6, Table 8 estimates the incremental tax gain to the state and to the City of Austin from hosting the 2013 Austin MotoGP.¹⁵ This event is estimated to generate a total of \$1,855,948 in state tax revenues which

could be deposited into a trust fund for supporting this event. Table 8 also notes that the total local tax gain is estimated to reach \$680,322 of which \$296,952 would need to be deposited by the City of Austin into the trust fund to fully match state contributions.

At this time the estimated expenditures on bringing this event to Austin are still under negotiation but will undoubtedly greatly exceed the tax gains in Table 8. Accordingly, pending verification of those expenses, this report requests that the Comptroller of Public Accounts approve a trust fund for this event under Section 5C of Article 5190.14 Vernon's Texas Civil Statutes to receive \$1,855,948 in state tax contributions when matched by \$296,952 in tax contributions by the City of Austin for a total Trust Fund level of \$2,152,900.

Table 8
**State Tax and Expenditure Summary for the
 2013 MotoGP Austin**

April 16 -22, 2013 in Austin, Texas

-----Includes Friends and Family -----

Hotel Expenditures

		Teams & Drivers	Sponsors & Support	Media	FIM, IRTA and Dorna	Out of State Fans		
Persons/ hotel room ¹⁶		1.36	1.79	1.4	1.79	2.39		
Percent Staying in hotel		90%	90%	90%	95%	70%		
Hotel Cost rm/night ¹⁷		\$236.08	\$199.29	\$151.00	\$236.08	\$124.70		
							State Tax	City Tax
Tue	4/16	\$187,557	\$23,228	\$20,548	\$64,759	\$0	\$17,766	\$25,316
Wed	4/17	\$271,578	\$46,455	\$41,096	\$86,345	\$78,090	\$31,414	\$44,765
Thu	4/18	\$271,578	\$69,683	\$61,644	\$86,345	\$273,315	\$45,754	\$54,905
Fri	4/19	\$271,578	\$92,911	\$82,192	\$86,345	\$585,675	\$67,122	\$80,546
Sat	4/20	\$271,578	\$92,911	\$102,740	\$86,345	\$1,041,284	\$95,691	\$114,830
Sun	4/21	\$271,578	\$69,683	\$51,370	\$86,345	\$553,022	\$61,920	\$88,236
							Total Tax	\$319,667
							Family, Friends & Out of State	\$408,598

**Food & Bev.
Expenditures:**

		Teams & Drivers	Sponsors & Support	Media	FIM, IRTA and Dorna	Out of State Fans		
Tue	16-Apr	\$19,641	\$2,264	\$3,524	\$5,048	\$22,551	\$3,314	\$504
Wed	17-Apr	\$56,880	\$9,056	\$14,098	\$13,461	\$121,657	\$13,447	\$2,044
Thu	18-Apr	\$56,880	\$13,584	\$21,146	\$13,461	\$446,332	\$34,463	\$4,411
Fri	19-Apr	\$56,880	\$18,112	\$28,195	\$13,461	\$875,794	\$62,028	\$7,940
Sat	20-Apr	\$56,880	\$18,112	\$35,244	\$13,461	\$1,490,684	\$100,899	\$12,915
Sun	21-Apr	\$56,880	\$18,112	\$35,244	\$13,461	\$2,425,677	\$159,336	\$24,219
Mon	22-Apr	\$28,440	\$6,792	\$8,811	\$6,731	\$409,950	\$28,795	\$0
							Total Tax	\$402,281
							Family, Friends & Out of State	\$52,033

**Entertainment &
Shopping:**

		Teams & Drivers	Sponsors & Support	Media	FIM, IRTA and Dorna	Out of State Fans		
Tue	16-Apr	\$25,720	\$2,965	\$4,615	\$6,610	\$29,530	\$4,340	\$660
Wed	17-Apr	\$74,484	\$11,859	\$18,461	\$17,628	\$159,310	\$17,609	\$2,677
Thu	18-Apr	\$74,484	\$17,788	\$27,691	\$17,628	\$584,472	\$45,129	\$5,777
Fri	19-Apr	\$74,484	\$23,717	\$36,922	\$17,628	\$1,146,852	\$81,225	\$10,397
Sat	20-Apr	\$74,484	\$23,717	\$46,152	\$17,628	\$1,952,050	\$132,127	\$16,912
Sun	21-Apr	\$74,484	\$23,717	\$46,152	\$17,628	\$3,176,423	\$208,650	\$31,715
Mon	22-Apr	\$37,242	\$8,894	\$11,538	\$8,814	\$536,829	\$37,707	\$0
							Total Tax	\$526,787
							Family, Friends & Out of State	\$68,137

Table 8, continued
**State and Local Tax and Expenditure Summary for the
 2013 MotoGP Austin**
 April 16 -22, 2013 in Austin, Texas

State Mixed Beverage Tax:		Teams & Drivers	Sponsors & Support	Media	FIM, IRTA and Dorna	Family, Friends & Out of State Fans	State Tax	City Tax
Tue	16-Apr	\$5,618	\$648	\$1,008	\$1,444	\$6,450	\$1,062	\$100
Wed	17-Apr	\$16,268	\$2,590	\$4,032	\$3,850	\$34,795	\$4,310	\$407
Thu	18-Apr	\$16,268	\$3,885	\$6,048	\$3,850	\$127,654	\$11,046	\$878
Fri	19-Apr	\$16,268	\$5,180	\$8,064	\$3,850	\$250,482	\$19,882	\$1,580
Sat	20-Apr	\$16,268	\$5,180	\$10,080	\$3,850	\$426,345	\$32,341	\$2,571
Sun	21-Apr	\$16,268	\$5,180	\$10,080	\$3,850	\$693,758	\$51,072	\$4,821
Mon	22-Apr	\$8,134	\$1,943	\$2,520	\$1,925	\$117,248	\$9,230	\$0
Total Tax							\$128,943	\$10,358

Title 5 ABC State Tax:		Teams & Drivers	Sponsors & Support	Media	FIM, IRTA and Dorna	Family, Friends & Out of State Fans	State Tax	City Tax
Tue	16-Apr	\$5,618	\$648	\$1,008	\$1,444	\$6,450	\$61	\$ -
Wed	17-Apr	\$16,268	\$2,590	\$4,032	\$3,850	\$34,795	\$246	\$ -
Thu	18-Apr	\$16,268	\$3,885	\$6,048	\$3,850	\$127,654	\$631	\$ -
Fri	19-Apr	\$16,268	\$5,180	\$8,064	\$3,850	\$250,482	\$1,135	\$ -
Sat	20-Apr	\$16,268	\$5,180	\$10,080	\$3,850	\$426,345	\$1,847	\$ -
Sun	21-Apr	\$16,268	\$5,180	\$10,080	\$3,850	\$693,758	\$2,917	\$ -
Mon	22-Apr	\$8,134	\$1,943	\$2,520	\$1,925	\$117,248	\$527	\$ -
Total Tax							\$3,920	\$0

----- Includes Friends and Family -----

Vehicle Rental Tax:		Teams & Drivers	Sponsors & Support	Media	FIM, IRTA and Dorna	Out of State Fans	State Tax	City Tax
Percent Renting		27%	16%	67%	20%	8%		
Cost per Day		\$60	\$60	\$40	\$60	\$40		
Tue	16-Apr	\$12,840	\$888	\$3,840	\$11,057	\$0	\$2,862	\$0
Wed	17-Apr	\$18,592	\$1,776	\$7,680	\$16,980	\$2,676	\$4,770	\$0
Thu	18-Apr	\$18,592	\$2,664	\$11,520	\$19,509	\$9,365	\$6,165	\$0
Fri	19-Apr	\$18,592	\$3,552	\$15,360	\$22,038	\$20,069	\$7,961	\$0
Sat	20-Apr	\$18,592	\$3,552	\$19,200	\$22,902	\$35,681	\$9,993	\$0
Sun	21-Apr	\$18,592	\$2,664	\$9,600	\$19,077	\$18,950	\$6,888	\$0
Total Tax							\$13,798	\$0

Other Expend.:	Food & Bev.							
Tip Income	\$643,650					Tax	\$38,619	\$6,179
Out-of State Ticket Sales ¹⁸	\$6,750,934					Tax	\$421,933	\$135,019

Total Taxes							\$1,855,948	\$680,322
Required Local Tax match							\$296,952	

Total Event Trust Fund							\$2,152,900	
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Appendix A:
Event Award Letter



Endnotes

¹ MotoGP Audience Data-2010, Dorna Sports S.L.; MotoGP Audience Data-2011, Dorna Sports S.L.; 2012 figures from e-mail from Bruce Knox, Circuit of the Americas, 4/14/2012

² Email from Javier Alonso, Managing Director, Events Area, Dorna Sports S.L on September 6, 2012 to Matthew Payne, Executive Director, Austin Sports Commission.

³ <http://www.motogp.com/en/teams/MotoGP>

⁴ The team names and riders are from: <http://www.motogp.com/en/teams/Moto2>. Team members per team from September 6, 2012 email.

⁵ The team names and riders are from: <http://www.motogp.com/en/teams/Moto3>. Team members per team from September 6, 2012 email.

⁶ Email from Javier Alonso, Managing Director, Events Area, Dorna Sports S.L on September 6, 2012 to Matthew Payne, Executive Director, Austin Sports Commission.

⁷ Email from Javier Alonso, Managing Director, Events Area, Dorna Sports S.L on September 6, 2012 to Matthew Payne, Executive Director, Austin Sports Commission.

⁸ Email from Javier Alonso, Managing Director, Events Area, Dorna Sports S.L on September 6, 2012 to Matthew Payne, Executive Director, Austin Sports Commission.

⁹ Data for this table is derived from several sources including e-mail from Bruce Knox, Circuit of the Americas on September 14, 2012 which provided the Friday and Saturday attendance levels for some years and:

<http://www.ibj.com/motogp-raceday-attendance-up-threeday-total-down/PARAMS/article/29208>

<http://www.motorcycle.com/events/motogp-2012-at-laguna-seca-91358.html>

<http://www.motoracereports.com/5554/motogp-stat-of-the-day-187.html>

<http://www.state-journal.com/ap%20sports/2012/08/19/germany-s-cortese-extends-moto3-points-lead>

<http://www.ibj.com/motogp-raceday-attendance-up-threeday-total-down/PARAMS/article/29208>

¹⁰ <http://www.ibj.com/motogp-raceday-attendance-up-threeday-total-down/PARAMS/article/29208>

¹¹ It is estimated that each rider, team member and media is accompanied by 0.5 friends and family whereas other participants in the event (sponsors and racing organizations) bring 1.5 friends and family. In comparison to data on most other sporting events, these figures are quite conservative.

¹² Although ticket sales continue, COTA personnel believe this figure will be attained.

¹³ See: Circuit Events Local Organizing Committee, **Major Event Trust Fund Gain from Formula One United States Grand Prix**, (100 Congress Avenue, Suite 1300 Austin, Texas 78701-2744), July 5, 2012, page 25.

¹⁴ Note the figures in Table 6 focus on expenditures for which a state tax gain under the Event Trust Funds is expected. As such those figures include drivers, teams, sponsors, media, racing organizations (and their friends and family that accompany them) plus the out-of state fans attending the event. Expenditures by Texas fans attending the event are not included.

¹⁵ Note that at peak attendance, about 9,700 hotel rooms will be required for all participants and out-of-state fans for MotoGP. The number of hotel rooms in the Austin area total about 28,000 so this level of demand by MotoGP attendees, while significant, should not overly tax the availability of hotel rooms--- although it is at a level at which prices could firm above average rates during the race weekend, particularly if one or more other large events are held in Austin that weekend. Since facilities in the City of Austin account for more than 80 percent of all hotel rooms in the region, during the three peak days of the MotoGP event it is estimated that the City of Austin should host about 80 percent of participant and out-of-state fan spending. Earlier in the week when room demand is considerably lower, proximity of Austin hotels to COTA and other MotoGP events will probably result in the City of Austin hosting 95 percent of MotoGP activity. Hotel tax gains to the city as well as sales and alcoholic beverage tax gains to the city are adjusted accordingly.

¹⁶ Persons per room takes into account the number of people in a “group” (persons traveling together) and the percentage of groups occupying multiple rooms. MotoGP data indicates fans attend in relatively large groups compared to many events---averaging more than 3.3 persons per group. But, when group size increases, not surprisingly so does the prevalence of groups utilizing multiple rooms per group. It should be noted that 40 percent of groups from outside Texas attending the 2011 Houston marathon occupied multiple rooms. So room occupancy for fans at MotoGP reflects a 3.35 persons per group level with 40 percent of groups using two rooms. On the other hand, groups with relatively low number of people per group (such as team members) have the lowest propensity to occupy multiple rooms---about 5 percent.

¹⁷ Hotel rates based on 107 hotels listed in <http://www.i-maps.com/hotel-locator/usa/hotels/tx/austin.html>. For drivers and racing organizations an average room rate was calculated for the top 50 percent of hotels listed. For media, the rate is based on the average of all 107 hotels. For sponsors and support organizations the rate was calculated to include the top 75 percent of hotels listed. For fans, the rate is based on the lowest 75 percent of hotels listed.

¹⁸ Based on COTA ticket price model for MotoGP event. Also includes local Tax since by the time the race is held the annexation of the COTA facility by the City of Austin should be complete.

ATTACHMENT 3

Requested Formula One Economic Impact Study Market Area

The requested basic economic impact region for the MotoGP event scheduled for the weekend of April 19, 2013 is the five-county Austin Metropolitan area, including Travis, Williamson, Hays, Bastrop, and Caldwell Counties (collectively, the "Economic Impact Region"). This designated Economic Impact Region has been used for the Economic Study.

ATTACHMENT 4

Events & Activities Schedule

MotoGP of the Circuit of the Americas – Austin, TX
*Schedule of Events**

MotoGP (Practice, Qualifying and Race)

Moto 2 (Practice, Qualifying and Race)

Moto 3(Practice, Qualifying and Race)

* Anticipated additional events will be added to schedule. See more details in the Economic Impact Study.

ATTACHMENT 5

City of Austin Letter to Comptroller re Participation



City of Austin

City Manager's Office

P. O. Box 1088, Austin, TX 78767
(512) 974-2200, Fax (512) 974-2833

Marc A. Ott, City Manager

Marc.Ott@ci.austin.tx.us

December 18, 2012

The Honorable Susan Combs
Texas Comptroller of Public Accounts
Post Office Box 13528, Capitol Station
Austin, Texas 78711-3528

Comptroller Combs:

The City of Austin requests participation in the Event Trust Fund (ETF) program pursuant to TEX. REV. CIV. STAT. ART. 5190.14 Section 5C (Act) as authorized by Austin City Council action on December 13th, 2012 in support of the MotoGP motorcycling championship. This action satisfies the requirements of 34 TAC Section 2.202(a)(1) and documents that Austin is the endorsing municipality in accordance with the Act.

Enclosed is correspondence from DORNA SPORTS, S.L. (DORNA) confirming the selection of Austin, Texas as the location for this event in April of 2013. The correspondence from DORNA satisfies the requirements found at 34 TAC Section 2.202(a)(2).

The correspondence from DORNA states that the selection of Austin as the location for the MotoGP was completed after substantial competition in their process of reviewing a number of venues interested in hosting their series. Further, DORNA does not anticipate holding any other similar MotoGP event in Texas or its contiguous states during any year that the MotoGP is held at the Circuit of the Americas in Austin. We believe that this supports a finding that Austin was selected as the site for this event consistent with the requirements of 34 TAC Section 2.201.

The Circuit Events Local Organizing Committee is the City's designee to apply to establish the ETF, submit the ETF economic analysis, to fund the City's contribution to the ETF, and to receive funds for eligible expenses from the ETF.

Sincerely,

Marc A. Ott
City Manager
City of Austin, Texas.