

## MAJOR EVENTS TRUST FUND APPLICATION SUBMITTALS

July 13, 2012

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Index

JUL 17 2012

CITY OF AUSTIN - ECONOMIC DEVELOPMENT

### Application Documents

1. CELOC Application Letter to Comptroller, dated July 13, 2012
2. FOML Letter to CELOC re: City of Austin as Site Designee, dated July 10, 2012
3. Economic Impact Study, dated July 5, 2012
4. Requested Economic Impact Study Area
5. Schedule of Events for 2012 F-1 Race
6. City of Austin Letter to Comptroller, dated July 5, 2012 RE: Conference of Endorsing Municipality for Events

### Supplemental Application Documents

7. CELOC Letter to Assistant City Attorney, Leela Fireside, dated July 3, 2012, Requesting City Endorsement Letter
8. City of Austin Resolutions Authorizing Action by City of Austin as Endorsing Municipality and Appointment of CELOC as Designee (2011)
9. City of Austin / CELOC / COTA Agreements Relating METF and Letter Modifications
10. Event Support Contract, dated effective December 6, 2011

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

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

July 13, 2012

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**JUL 17 2012**

**CITY OF AUSTIN - EGHSU**

Deputy Comptroller  
Comptroller of Public Accounts  
111 E. 17<sup>th</sup> Street  
Austin, Texas 78774

**RE: Application for Participation in the Texas Major Events Trust Fund**

Dear Deputy Comptroller:

Circuit Events Local Organizing Committee, has been organized as a Texas non-profit corporation (the "Committee") with the purpose to help facilitate and support the Formula 1 United States Grand Prix auto races (the "Race Events") that are tentatively set to be held annually in Austin, Texas for the next ten years, beginning on November 18, 2012. Further, as an integral part of this support, the Committee and the City of Austin, as approved by City Council resolution of June 29, 2011, entered into an "Agreement", dated July 31, 2011, whereby the City of Austin agreed to be the "endorsing municipality" for the Race Events, 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 Events for the Austin and Central Texas area, as well as the application for and qualification of each Race Event as a "Major Event" under TEX. REV. CIV. STAT. ART. 5190.14 (the "Act") and the Texas Major 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 A, Rule 2.102, 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 one year period that begins two (2) months before the date of the first event, (scheduled for November 18, 2012), will begin, 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 2.102, 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 November 18, 2012 Race Event.

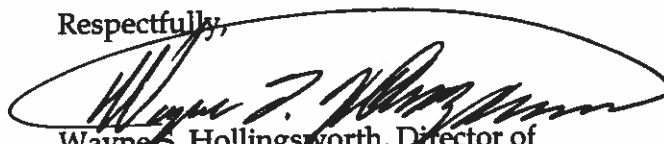
Further, as required by Rule 2.201(a)-(d), enclosed with this letter are (i) a letter, dated July 10, 2012 from the site selection committee for the Race Events, selecting the site in Texas, as

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.

If you have any questions or comments on or need any additional information or clarification on the above request, please to 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  
Ms. Anne Smalling, Director  
Ms. Stephanie Richmond, Director  
Mr. Sam Bryant, Director  
Mr. Ford Smith, Director  
Mr. Rodney Gonzalez, Director

**ATTACHMENT 1**

**Site Selection Committee Designation Letter**



The fact that Austin was selected, after a highly competitive selection process, to host a round of the FIA FORMULA ONE WORLD CHAMPIONSHIP in the United States and then reselected in late 2011 as our chosen location for a round of the Championship says much about support for the event in the region and our view that Austin is a very desirable location. FOML believes that Austin will be a very successful venue for the United States Grand Prix, and we are looking forward to the inaugural event in November and to many successful events in the future at the new COTA facility.

Yours sincerely



Bernie Ecclestone  
Chief Executive Officer  
Formula One Management Limited

## **ATTACHMENT 2**

### **Economic Study**

SEE TAB 3



## **ATTACHMENT 3**

### **Requested Formula One Economic Impact Study Market Area**

The requested basic economic impact region for the Formula One Grand Prix event scheduled for November 18, 2012 is the five-county Austin Metropolitan area, including Travis, Williamson, Hays, Bastrop, and Caldwell Counties, plus Comal and Bexar Counties (collectively, the "Economic Impact Region"). This designated Economic Impact Region has been used for the Economic Study.

## ATTACHMENT 4

### Events & Activities Schedule

#### *Formula 1 United States Grand Prix – Austin, TX*

##### *Schedule of Events\**

June 15-17: Formula Expo – Convention Center

August 10: F1 Fashion Show

October 6: Go Green Auto Rally

November 1: USGP Kick-Off Luncheon

November 15: Formulaustin.com (Willie Nelson/Pat Green Concert - ACL Live)

November 16: Formula 1 USGP- Practice

Support Race 1- Practice

Support Race 2- Practice

Support Race 3- Practice

Formula Fan Zone and Concert (Downtown)

November 17: Formula 1 USGP- Qualifying

Support Race 1- Qualifying

Support Race 2- Qualifying

Support Race 3- Qualifying

Formula Fan Zone and Concert (Downtown)

November 18: Formula 1 USGP- Race

Support Race 1- Race

Support Race 2- Race

Support Race 3- Race

Formula Fan Zone (Downtown)

\* Anticipated that up to 10 additional events will be added to schedule. See more details in the Economic Impact Study.



The fact that Austin was selected, after a highly competitive selection process, to host a round of the FIA FORMULA ONE WORLD CHAMPIONSHIP in the United States and then reselected in late 2011 as our chosen location for a round of the Championship says much about support for the event in the region and our view that Austin is a very desirable location. FOML believes that Austin will be a very successful venue for the United States Grand Prix, and we are looking forward to the inaugural event in November and to many successful events in the future at the new COTA facility.

Yours sincerely

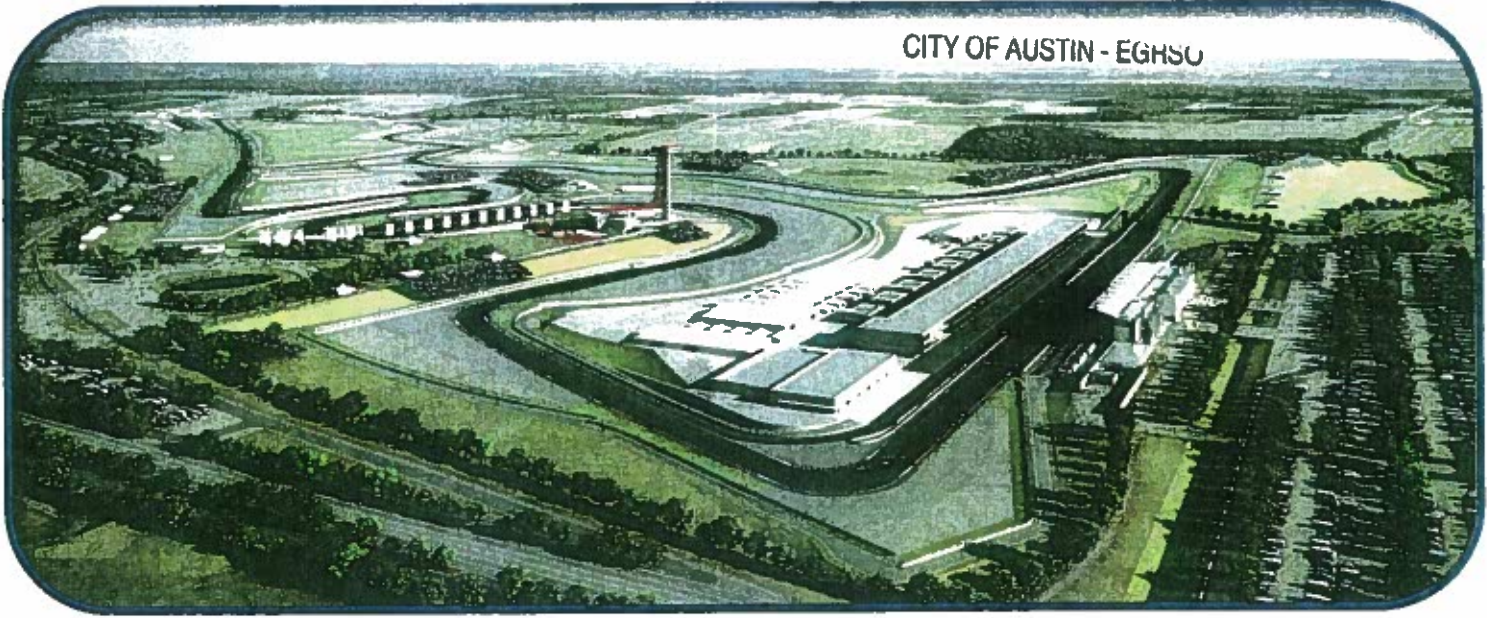


Bernie Ecclestone  
**Chief Executive Officer**  
**Formula One Management Limited**

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# Major Event Trust Fund Gain from Formula One United States Grand Prix Austin, Texas

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Don Hoyte, Ph.D.  
**TEXASECONOMICIMPACT.COM**  
7.5.2012

Prepared for

**Circuit Events Local Organizing Committee**  
100 Congress Avenue, Suite 1300  
Austin, Texas 78701-2744

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## Underlying Philosophy of Major Event Trust Fund

Back in the late 1990s, the legislature sought to find a way to attract the Pan Am games to San Antonio without having a fiscal impact on the state. A financing structure was put in place to do that specifically recognizing the special nature of attracting huge international and national events: Without support to attract such events, they would go to other states.

Appreciating the huge potential gain to the state from winning these events, the original legislation established a trust fund financing approach that gathered the taxes considered a “gain” to the state from holding the Pam Am games into a separate fund and allowed the host municipality to tap into those funds to attract the event. The approach was simple: Winning the event means winning the taxes generated by the event so that sharing some (or even all) of that tax gain to get the event does not fiscally burden the state.

Because of the all-or-nothing nature of event location decisions, the amount of the gain attributable to getting these events is considered somewhat differently from “normal” impact analysis. That is, the gain to the state is considered the taxes generated by attracting the event-related activity into the state that would not have come to Texas if the event were not here. It is not considered simply the increase above some baseline level of visitor activity. Instead, it is the gain to the state attributable to getting the event to come to Texas.

But in practice, the concept of what constitutes an incremental gain to the state does not mean the TOTAL economic activity related to the event. For the purposes of the gain to the state, only the amount of activity that is drawn into the state from other states or countries is counted as a gain. Similarly, only activity drawn into the local area from outside of that area is considered a local gain.<sup>1</sup>

## Process of METF Approval and Verification

This report presents an **estimate** of the gain to the state and to the host municipality from holding the Formula One United States Grand Prix from November 16-18, 2012. It does not include any impacts of the construction of the Formula One facility. The report focuses solely on the impact of the event itself and the taxes generated under the METF statutes.

The Comptroller must review and approve this estimate. Moreover, the METF statute allows the Comptroller to request verification of the impact and tax estimates after the event is held. Typically, such verifications are sought before all funds are dispersed under the program. Initially, because an appropriation made in 2009 allowed some funds to be paid to the local



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organizing committee in advance of the F1 event, it appeared to some that the protection usually afforded by post-event verification prior to payment was not applicable to the F1 event. However, the Comptroller has since indicated that no pre-event funding will be approved and that if the U.S. Grand Prix is awarded support from the Major Event Trust Fund, that will occur in accord with the rules and procedures applied to other MEFT recipients—including post-event verification of the preliminary estimate.

Accordingly, this document presents what the local organizing committee believes is a reasonable and responsible estimate of the impact of the 2012 U.S. Grand Prix on Texas and on Austin based on the best available data as of April 2012 to guide the decision of the Comptroller in her consideration for preliminary approval of the race under the METF. Admittedly, some key figures are not known with certainty and some others can really only be known following the event. In cases in which there is little reliable data to go on—such as determining the number and impact of non-ticketed attendees in Texas and Austin for the event—those impacts have been entirely excluded from this analysis.

Immediately after the event, the Circuit Events Local Organizing Committee will analyze and present survey and other data from the event verifying the estimate provided here as well as figures for impacts that currently cannot be properly estimated.

## **Selection of Austin for the 2012 U.S. Grand Prix**

In addition to providing an estimate of the economic and tax gain to Texas and the host city from an event applying for approval under the Major Event Trust Fund, qualified events must also show that they were recruited to Texas, or retained in Texas, instead of going to another state. This recruitment competition is an important part of the history of the U.S. Grand Prix—with the latest chapter seeing the event awarded to Texas for ten years.

Prior to Austin's selection to host the USGP, the last Formula One race in the US was June of 2007. On July 12, 2007, Formula One and the Indianapolis Motor Speedway announced that the 2007 U.S. Grand Prix would be the last one held at IMS for the foreseeable future, as both sides could not agree on the terms for the event. Attempts were made to re-recruit the race to Indianapolis for 2009 based on the track configuration that was used for the 2008 race in the MotoGP championship.<sup>2</sup>

However, in August 2009, Formula One president Bernie Ecclestone remarked that there was no immediate plan to return Formula One to the US, vowing "never to return" to Indianapolis.

**TEXASECONOMICIMPACT.COM**

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Nevertheless, shortly before the first race of the 2010 season, Ecclestone continued to fuel speculation that a return to Indianapolis was not out of the question.<sup>3</sup>

In March 2010, Ecclestone announced consideration of plans to bring a Formula One race to New York City for the 2012 season. Ecclestone was quoted as saying the race could take place across the Hudson River in New Jersey, with the Manhattan skyline overlooking the circuit.<sup>4</sup> In May 2010, plans emerged for a circuit to be built in Jersey City's Liberty State Park, but those plans were abandoned shortly thereafter.<sup>5</sup> A race in West New York and Weehawken was later announced in October 2011.<sup>6</sup> In May 2010, it was announced that Monticello Motor Club – a circuit complex modeled on a private country club near Monticello – had submitted a bid for the rights to host the race.<sup>7</sup>

To the surprise of many in Indianapolis, New York and New Jersey, the awarding of the F1 U.S. Grand Prix designation went to Texas. On May 25, 2010, Austin, Texas, was awarded the race on a ten-year contract, as Ecclestone and event promoter Full Throttle Productions agreed to a deal beginning in 2012. For the first time in the U.S. the event will be held on a purpose-built new track.<sup>8</sup>

Austin's ability to secure the Formula One United States Grand Prix is due to two very important factors: 1) the site selection process for the race is VERY competitive, and 2) support and involvement by state and local government is crucial in landing the U.S. Grand Prix.

## Structure of the Report

This report is divided into two portions. First, to estimate the **tax impact** of the F1 event under the METF statutes, the first section builds on the economic impact estimates presented in Appendix A (starting on page 14). This estimate includes consideration of relevant tax rates and tax incidence of the taxes allowed to be contributed to the METF both by the state and the host community. The first section of the report focuses solely on developing the tax gains to the state and host municipality from the economic gains in Appendix A.

Appendix A develops the economic impacts of holding the event in Texas for the state, for the seven-county F1 Study area and the host municipality. These economic impacts include fan spending, spending by drivers, media, race teams and others associated with the event, and various corporate and TV spending levels. Crucial to estimating this economic impact is the capacity limitation on hotel availability in the Austin Metro region as the facilities will likely be able to accommodate only about 70 percent of F1 fans during peak event days in November



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2012. The overflow from these fans will likely end up in hotels in both Comal and Bexar counties since these are both the closest facilities to the F1 race site and have significant capacity to host fans.

## **Major Event Trust Fund History: Formula One**

In 2009, Senate Bill 1515 (SB1515) passed by the Texas Legislature and signed into law by the Governor amended Article 5190.14, Vernon's Texas Civil Statutes by renaming what had been the Other Events Trust Fund to become the Major Events Trust Fund and making some other modifications to the calculations determining deposits of tax revenue into the fund for events.

One major change in the statute was to include Formula One races in the list of allowable events which could receive funding under the Major Events Trust Fund statutes after September 1, 2009. One step in securing that funding is for the host municipality or local organizing committee to submit an economic impact study of the event detailing the tax gains to the state, the local study area and the host municipality from hosting the event. This study serves to estimate those tax gains from a Formula One Grand Prix race to be held in a seven-county F1 Study area encompassing the Austin Metropolitan area plus Comal and Bexar counties on November 18, 2012.

This study is based on the economic impact estimates of the Formula One races contained in a study of the event updated for the primary race stakeholder, Circuit of the Americas of Austin Texas. These estimates are based on a variety of other studies of similar events held in Texas, on some data known before the race such as hotel rates, and on operating parameters for similar Formula One events throughout the world. These estimates are discussed and presented in detail in Appendix A of this study.

This presentation generally will discuss the economic impact of hosting the Formula One Grand Prix race from two perspectives. The first is the state's gain in tax revenues from hosting the event. This largely centers on economic activity brought in to the state by the event from outside the state. As such, it excludes those impacts generated by Texans attending the event either as fans or as media representatives. In addition, sales tax on admission tickets sold to Texans is excluded from the gain to the state.

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The second perspective is that of the gain to the F1 Study area containing and surrounding the City of Austin. In that regard the economic impacts of Texans from outside of the F1 Study area attending the event---including non-Austin based media--- are added to the out-of-state economic impacts to estimate the tax gains to Austin as the host municipality. Tables 1, 2 and 3 of this report detail the economic and tax impacts of hosting the Formula One race based on fan attendance, on team, FIA, FOM and Media attendance and on other miscellaneous spending related to the event. Table 4 rolls up these different economic gains into an estimate of what the event should generate in state tax revenues for a Major Event Trust Fund established for the Formula One race including indirect and induced tax impacts. It also includes tax gains accruing to the City of Austin from economic gains within the F1 Study area.

Table 5 rolls up the different economic gains into an estimate of what the event should generate in tax revenues for Austin including indirect and induced tax impacts.

## **Fan Economic Impact**

Table 1 presents a summary of the economic impacts of fan spending discussed in Appendix A (in particular, see Tables 4 and 5 in Appendix A). In total, out-of-state fan spending is expected to reach \$193.5 million on the Formula One event. Based on the relevant state sales tax rate, state hotel tax rate, state rental car tax rate and state alcoholic beverage taxes, it is estimated that this level of direct event spending will generate \$10.7 million in tax revenues from the gain to the state under the applicable taxes allowed to be deposited into the Major Event Trust Fund in support of this event.

Table 1 also indicates that total spending by both out-of-state visitors and Texans visiting the Austin metro region from other parts of the state should reach \$209.4 million. This figure is somewhat higher than that for Texas since under the METF, expenditures from other Texans visiting Austin can be considered a gain to the metro area, but are not considered a gain to the state. Somewhat offsetting these additional visitors is the fact that not all of fan activity (particularly hotel stays) will be in the Austin Metro area. Given this leakage of some economic activity outside the Austin Metro area to Comal and Bexar counties, the Austin taxes generated by the event that parallel those state tax gains allowed to be deposited into the Major Event Trust Fund amounts to more than \$4.1 million.

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It should be noted that in estimating the local tax gains, only those portions of the relevant F1 Study Area tax gains that will accrue to the City of Austin are considered in the \$4.1 million. In particular, estimated expenditures on food, beverages, alcohol and merchandise at the venue were considered not taxed at the local level. Total tax gains will accrue to other localities within the F1 Study area but are not included in the tax local tax impacts in Table 1.

Table 1

# Major Event Trust Fund Gain from Out-of-State and Out of Area Visitors at Formula One Race in Austin

	----- METF Estimate for State Gain-----			METF Estimate for Metropolitan Area Gain		
	Non-Texans	Total Gain	Major Event Trust Fund Direct Tax Gain	Visiting Texans	Total Area Gain	Major Event Trust Fund Direct Tax Gain to Austin
<b>Visitors (outside state / Austin)</b>	84,000			24,489		
Percent Arriving by Air (d)	74%			--		--
Average RT Airfare Cost	\$500.00	\$14,700,000	--	--	\$14,700,000	--
Hotel (hotel price exci. tax)	\$125.06	\$43,529,447	\$2,611,767	\$125.06	\$41,033,731	\$3,323,732
Food & Beverage (ex Alcoholic)	\$85.91	\$39,861,535	\$2,301,474	\$85.91	\$43,909,748	\$255,549
Alcoholic Beverage	\$49.11	\$22,787,843	\$1,431,636	\$49.11	\$25,102,105	\$96,967
Shopping & Entertainment	\$103.22	\$47,893,418	\$2,765,209	\$103.22	\$55,405,154	\$358,278
Merchandise at Venue	\$9.97	\$4,626,507	\$267,119	\$9.97	\$5,662,622	--
Rental Car	\$18.73	\$8,692,860	\$790,260	\$9.29	\$9,658,440	--
Other	\$24.53	\$11,382,668	\$492,898	\$24.53	\$13,931,840	\$67,568
<b>TOTAL</b>	<b>\$416.54</b>	<b>\$193,474,277</b>	<b>\$10,660,364</b>	<b>\$407.09</b>	<b>\$209,403,600</b>	<b>\$4,102,094</b>

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## **Team, FOM, FIA, ACCUS and Media Impacts**

Table 2 presents the estimated economic impacts of the drivers, teams, Formula One Management (FOM), Federation Internationale de l'Automobile (FIA), Automobile Competition Committee for the United States (ACCUS) and media attending the Formula One Grand Prix in Austin. Again, a distinction is made between those visitors from outside Texas versus those Texans visiting Austin for the event from other parts of the state.

Overall the direct economic impact of hosting this event in Texas from out-of-state visitors in these groups should reach about \$22.1 million. In turn, these expenditures should drive state tax gains under the Major Event Trust Fund of \$1.2 million.

Since virtually all of the visitors in the groups considered in Table 2 are from outside Texas, the economic impact differences between only out-of-staters and all visitors from outside the F1 study area is slight. As compared to the \$22.1 million gain from only out-of-staters, other Texas media visiting the F1 Study area for this event add only slightly to this total raising it to \$22.4 million. Based on this level of economic impact and the appropriate local tax rates for taxes generating revenue under the Major Event Trust Fund, the gain to the City of Austin from drivers, teams, FOM, FIA, ACCUS and media should be \$774,286.

Table 2

# Major Event Trust Fund Impact of Expenditures by Teams, F1 Personnel and Media at Austin Formula One Grand Prix

						----- State Gain -----	---Metro/Austin Gain ---
	Drivers and Teams	FIA, FOM, ACCUS	Out-Of State Media	Out-of- Area Texas Media	Total Expenditure from Out- of-State	METF Tax Gain	Metro Total Expenditure to Austin
Number in Group	2,400	1,025	1,100	150			
Days Spent at Event	6.5	6.5	6.0	5.0			
Percentage Arriving by Air	100%	90%	90%	0%			
Average RT Airfare Cost	\$800.00	\$700.00	\$500.00	\$500.00	\$1,530,375	--	--
Hotel	\$371.20	\$371.20	\$294.40	\$294.40	\$8,611,680	\$516,701	\$8,788,320
Food & Beverage (ex Alcohol)	\$118.03	\$118.03	\$73.02	\$73.02	\$3,109,619	\$179,539	\$3,164,385
Alcoholic Beverage	\$67.31	\$67.31	\$41.74	\$41.74	\$1,774,003	\$111,451	\$1,805,312
Shopping & Entertainment	\$250.00	\$156.34	\$46.62	\$46.62	\$5,249,335	\$303,079	\$5,284,302
Merchandise at Venue	\$0.00	\$9.97	\$9.97	\$9.97	\$132,239	\$7,635	\$139,718
Rental Car	\$43.08	\$43.08	\$18.73	\$9.37	\$1,082,782	\$98,435	\$1,089,808
Other	\$18.49	\$18.49	\$24.53	\$24.53	\$573,572	\$24,837	\$591,971
TOTAL	\$868.12	\$784.43	\$509.03	\$499.66	\$22,063,605	\$1,241,677	\$22,394,190
							\$774,286

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## Other Major Event Trust Fund Revenues

In addition to spending driven mostly by individuals, a number of other spending categories will generate direct economic and tax gains to the state and to the City of Austin related to the Formula One Grand Prix race. Table 3 details those other economic and tax gains.

First of all, although ticket expenditures typically are not counted as a direct economic impact, in this case those sales do serve to generate state tax revenues into the trust fund at the state level. Since tickets to the Formula One event will be subject to state sales tax,<sup>9</sup> a portion of this tax itself can be considered as a gain to the state under the Major Event Trust Fund. On the other hand, since sales tax on ticket revenues is determined by the site of the event and Elroy does not impose a local sales tax, no local taxes will be generated from ticket sales.

Secondly, tips earned by service workers from helping at the event and related activities have traditionally been considered as a direct economic gain of the event since they are earned during the event itself. Moreover, based on expenditure patterns by lower-income workers in the state, direct event-related earnings by service workers in the hospitality industry attributable to the event are seen as generating direct sales tax gains as these workers spend these earnings. In this case, the direct gain to the state from these earnings from out of state visitors is \$12.3 million plus an additional \$1.5 million from out-of-state media, drivers, FOM, FIA and ACCUS personnel.

Other significant expenditures by corporate sponsors, TV production and event sponsors themselves also contribute significantly to the over economic and tax impact of the Formula One event. Table 3 estimates that the total impact of this spending by out-of-state sources should reach \$78.3 million generating \$4.3 million in state tax gains into the Major Event Trust Fund. The local tax gains to the City of Austin should be more modest, yielding about \$323,968.

Table 3

# Other Economic and Tax Gains from Formula One Grand Prix in Austin

	Out-of-State Fans	Out-of-State Fans	Out-of-Area Fans	Teams, F1, OOS Media	Teams, F1, OOA Media	Sponsor, TV and Event Production	Total	State Tax	Local Total	Austin Tax
Avg. Ticket Price*	422	422		--	--	--	--	--	--	--
Tickets	\$35,448,000	\$10,334,358		--	--	--	\$35,448,000	\$2,085,176	\$45,782,358	--
Gratuities	\$12,325,252	\$12,885,323	\$1,483,092	\$1,511,709		--	\$13,808,343	\$828,501	\$14,397,032	\$103,659
TV Production Costs	--	--	--	--	--	\$1,500,000	\$1,500,000	\$64,954	\$1,500,000	\$10,393
Advertising	--	--	--	--	--	\$5,000,000	\$5,000,000	\$144,342	\$5,000,000	\$23,095
Event Costs	--	--	--	--	--	\$9,336,583	\$9,336,583	\$404,298	\$9,336,583	\$64,688
Catering	--	--	--	--	--	\$13,221,069	\$13,221,069	\$763,341	\$13,221,069	\$122,135
Total	\$47,773,252	\$23,219,681	\$1,483,092	\$1,511,709		\$29,057,652	\$78,313,995	\$4,290,612	\$89,237,042	\$323,968

----METF State Gain ---- METF Local Gain ---



## Total Major Event Trust Fund Gain

Table 4 rolls up the results from the previous three tables and adds the likely tax gains from the indirect and induced economic impact generated by the direct spending on the Formula One event (see Table 13 in Appendix A and related discussion).

By and large, the estimated direct tax gain is the statutory tax rate for the tax allowed under the Major Events Trust Fund for the expenditures, but in some cases a lower rate was applied if a portion of the expenditure could be exempt from taxation.

Table 4  
State Tax Gain under Major Event Trust Fund for Formula One Race

	State Gain (including tax)	Direct Trust Fund Tax Gain	Trust Fund Gain from Indirect Economic Gain	Trust Fund Gain from Induced Economic Gain	Total Trust Fund Gain
Airfare Cost	\$16,230,375	\$0	\$483,008	\$76,233	\$559,240
Hotel	\$52,141,127	\$3,128,468	\$1,676,445	\$256,432	\$5,061,344
Food & Bev. (ex. Alcohol)	\$42,971,154	\$2,481,013	\$1,095,102	\$208,307	\$3,784,423
Alcoholic Beverage	\$24,561,846	\$1,543,087	\$1,135,419	\$144,319	\$2,822,825
Shopping & Entertainment	\$53,142,752	\$3,068,288	\$2,179,616	\$296,958	\$5,544,863
Merchandise at Sports Venue	\$4,758,746	\$274,754	\$209,657	\$26,860	\$511,271
Rental Car	\$9,775,643	\$888,695	\$398,122	\$44,010	\$1,330,828
Other	\$11,956,240	\$517,736	\$515,161	\$71,952	\$1,104,848
TV Production Costs	\$1,500,000	\$64,954	\$12,596	\$9,043	\$86,593
Advertising	\$5,000,000	\$144,342	\$21,160	\$30,600	\$196,103
Event Costs	\$9,336,583	\$404,298	\$240,646	\$65,597	\$710,541
Catering	\$13,221,069	\$763,341	\$336,934	\$64,090	\$1,164,365
Gratuities	\$13,808,343	\$828,501	\$284,884	\$300,973	\$1,414,357
Subtotal	\$258,403,878	\$14,107,476	\$8,588,749	\$1,595,375	\$24,291,601
Tickets	\$35,448,000	\$2,085,176	-	-	\$2,085,176
TOTAL	\$293,851,878	\$16,192,653	\$8,588,749	\$1,595,375	\$26,376,777

The one exception to this method of calculating the direct trust fund tax gain is in the case of gratuities in which it is assumed that the expenditure of gratuities by workers reflects the percentage of sales taxes that the lowest quintile of income earners in Texas spend on sales tax from of their earnings.<sup>10</sup>

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Estimation of the tax gain under the taxes allowed to be deposited under Major Events Trust Fund from indirect and induced economic activities relies on the estimated level of induced and indirect economic gain to the state from holding the event (detailed in Table 16 in Appendix A), on the percentage of indirect business taxes paid in the various industries in the IMPLAN model.<sup>11</sup>

Table 4 indicates that the direct, indirect and induced economic activity associated with the Formula One Race should generate a total of \$24.3 million in taxes eligible to be deposited into the Major Event Trust Fund. In addition to this amount, direct taxes from ticket sales to out-of-state attendees should generate another \$2.1 million in sales tax for a total state tax impact of \$26.4 million.

The Major Events Trust Fund statute allows the state to deposit tax revenues gained from hosting the event into the trust fund only to the extent that those revenues are matched by contributions by the host municipality or local organizing committee. Specifically, the state will deposit \$6.25 into the fund for an event for every \$1 in local contributions made for the event. But the amount that the state can contribute is limited to the net gain from hosting the event, and the amount of local contributions that the state will recognize from the host community or local organizing committee is also capped at no more than the taxes accruing to the host municipalities or counties gain from hosting the event. Calculating this total local cap involves estimating the local gain from the event similar to the state gain specified in Table 4.

Table 5 presents the estimated gain to the City of Austin as the host community for the event based on the direct, indirect and induced economic gains to the metro area detailed in Table 17 in Appendix A. In total, the gain to the City of Austin for this event for the taxes specified under the Major Event Trust Fund statutes is more than \$6.0 million. However, to fully match the \$26.4 million gain to the state would require generating only \$4.2 million from the host municipality so the local tax gain in just the City of Austin is more than sufficient to match the state tax gain under the Major Event Trust Fund Statute.

In fact, the total local tax gain accruing to local government in the Austin metro region is an estimated \$11.2 million. Of that amount an estimated \$2.2 would accrue to the Austin MTA and \$3.0 million to local governments in the metro region but outside of the City of Austin. In total, the \$4.2 million local match for the Trust Fund amounts to less than 40% of the total local tax gain in the metropolitan region.

Table 5

**Austin Tax Gain under Major Event Trust Fund for Formula One Race**

Expenditure*	Metro Gain	Austin Direct Tax Gain	Austin Indirect Tax Gain	Austin Induced Tax Gain	Total Austin Tax Gain
Airfare Cost	\$16,230,375	\$0	\$34,375	\$5,425	\$39,800
Hotel	\$49,822,051	\$4,035,586	\$90,904	\$13,905	\$4,140,395
Food & Beverage (exclude Alcohol)	\$47,074,133	\$273,965	\$84,641	\$16,100	\$374,706
Alcoholic Beverage	\$26,907,417	\$103,941	\$116,898	\$14,858	\$235,697
Shopping & Entertainment	\$60,689,457	\$408,968	\$216,885	\$29,549	\$655,402
Merchandise at Sports Venue	\$5,802,340	\$0	\$24,150	\$3,094	\$27,244
Rental Car	\$10,748,248	\$0	\$43,594	\$4,819	\$48,413
Other	\$14,523,810	\$70,439	\$59,117	\$8,257	\$137,813
TV Production Costs	\$1,500,000	\$9,700	\$787	\$565	\$11,052
Advertising	\$5,000,000	\$23,095	\$2,130	\$3,080	\$28,304
Event Costs	\$9,336,583	\$60,375	\$19,001	\$5,179	\$84,556
Catering	\$13,221,069	\$91,601	\$25,470	\$4,845	\$121,916
Gratuities	\$14,397,032	\$103,659	\$28,704	\$29,692	\$162,054
Subtotal	\$275,252,514	\$5,181,327	\$746,655	\$139,369	\$6,067,351
Tickets	\$45,782,358	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$321,034,872</b>	<b>\$5,181,327</b>	<b>\$746,655</b>	<b>\$139,369</b>	<b>\$6,067,351</b>

\* Figures include Tax except for Hotel expenditures

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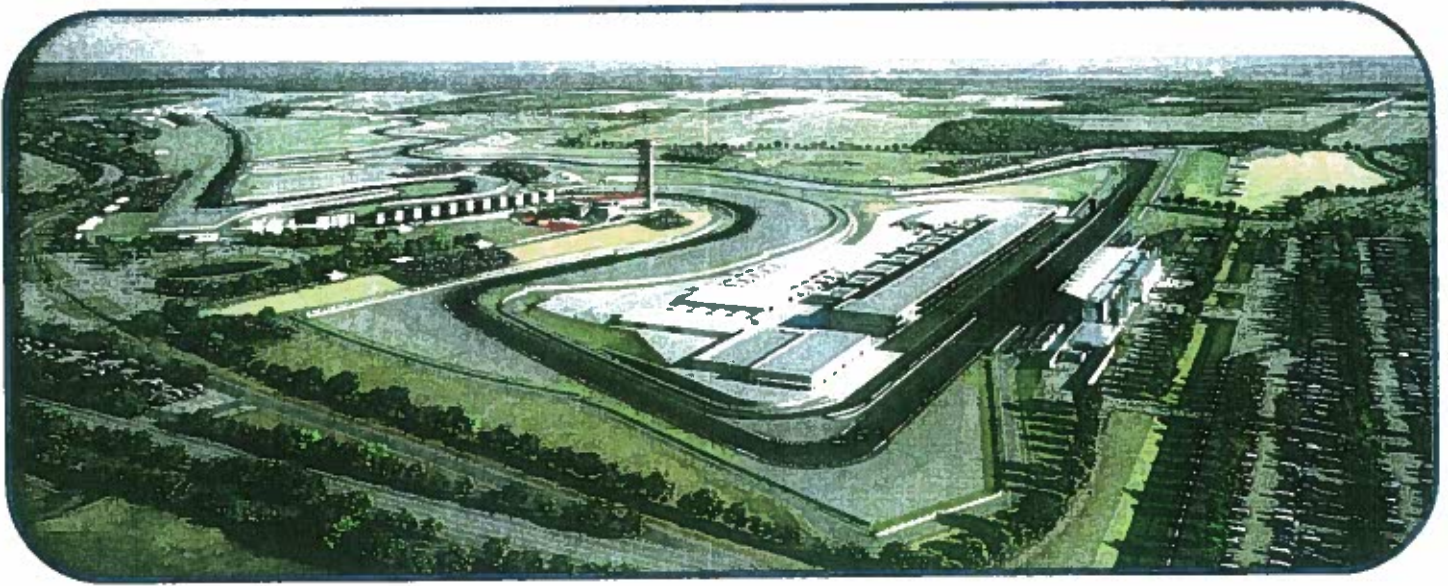
## Major Event Trust Fund Request

Based on the estimates provided in the report, the total state tax gain expected to be generated under taxes allowed to be deposited into the Major Event Trust Fund is \$26,376,777. To deposit that amount into the Major Event Trust Fund for this event, local contributions of \$4,220,284 would be required on behalf of the host municipality, which is less than the estimated tax gain to the host municipality under the Major Event Trust Fund. Accordingly, the Circuit Events Local Organizing Committee requests the comptroller approve creating a trust fund for this event containing \$4,220,284 in contributions made on behalf of the City of Austin matched by \$26,376,777 in state contributions in support of this event pending submission of appropriate receipts relating to bringing the Formula One event to Austin for a total Major Event Trust Fund amount of \$30,597,061.

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## **Appendix A**

### **Austin Formula One Event Impact Study**



# Economic Gain from Formula One United States Grand Prix Austin, Texas

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Don Hoyte, Ph.D.  
REVISED  
5.28.2012

Prepared for  
Circuit of the Americas  
Austin, Texas

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## Executive Summary

Formula One Grand Prix events are without a doubt one of the major sporting events held throughout the world. But because the U.S. market has not hosted a Grand Prix race in years, this impact can go under-appreciated. But lack of familiarity does not change the degree to which a Formula One Grand Prix can support---and possibly transform--- a local economy.

Based on key parameters of Formula One races and similar events held recently in Texas, it is estimated that the total direct, indirect and induced spending by out-of-state visitors to Texas created by a Formula One United States Grand Prix in Austin<sup>12</sup> on November 16-18, 2012 would reach \$482.9 million.

The \$482.9 million is comprised of a direct impact of \$295.7 million from spending by out-of-state visitors spending time (and money) in the Texas at the Grand Prix plus \$187.2 million in indirect and induced spending.

Considering both out-of-state visitors and attendees from other parts of Texas at the event staying in the Austin metro region changes this estimated impact to \$297.7 million in direct spending plus \$165.5 million in indirect and induced spending.

The major portion of this spending comes from fans attending the event. Out-of-state fans at the United States Grand Prix are expected to spend \$203.2 million at the event while fan spending in the Austin metro region (including Texas fans attending the event from other parts of the state) will amount to \$245.1 million. Other significant sources of spending at the event come from out-of-area media, drivers, teams, FIA, FOM and ACCUS personnel along with corporate sponsors and event operations themselves.

These spending gains will serve to support jobs in the state, both from direct spending and from indirect and induced spending. The direct spending gains from hosting the Formula One United States Grand Prix should support 3,694 jobs in the Texas economy based on just visitors from out of state. The indirect and induced gains from this out-of-state spending should support an additional 1,269 jobs for a total of 4,962 jobs.

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## Economic Gain of Formula One Race Events

There are relatively few events that compare in magnitude to hosting a Formula One Grand Prix race. Certainly the month-long World Cup soccer matches have more global interest, and in the U.S. the Super Bowl is the "100-year flood" that other sports shoot to achieve in the U.S. But after those two events, Formula One races have been shown to have the largest global fan base consisting of nearly 600 million television viewers.

The economic impacts of Formula One races stem from many sources. Clearly the number of race-day visitors is the largest single manifestation. But other activities also generate strong economic gains to the host community and the state as well. The earnings by seasonal workers needed to stage the race is significant. Corporate expenditures to host galas, parties and attract media attention range into the millions of dollars. The mere logistics of staging a race are huge. Media interest can bring more than 1,000 reporters, writers, commentators, electronic media technicians and others into the state for four, five or even more days. The drivers, crews and others can often take up more than 100 hotel rooms each night from a single car.

It is important to document and measure the both economic impact of the Formula One race on Austin and on Texas. But it is crucial to estimate the economic GAIN to the region and the state. There is an important distinction between economic impact and economic gain.

A dollar spent in a local or state economy generates an economic impact. If that dollar is used to buy a shirt, part of the dollar goes to pay the salesperson's salary, part to the wholesaler for the shirt, part to the retail business's overhead, part to pay accountants, lawyers, janitors and others hired by the retailer. The portion going to the wholesaler goes in part to the shirt manufacturer, who uses those earnings to pay for cloth, thread and even indirectly to the farmer that raised the cotton.

The simple act of spending one dollar ripples through regions, states and nations. But whether or not the act of spending that dollar represents a GAIN to a region, state or nation depends crucially on where the dollar came from. If a local resident spends a dollar on a shirt locally, that spending has a local economic impact, but is that impact a gain to the locality? Not in the same sense that enticing or encouraging a resident from another region, state or nation to spend their dollar on a shirt bought from a local retailer does. As soon as administrative boundaries become relevant through tax-base concerns or in concepts of local economic



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welfare (such as being able to find a job to support a family without having to relocate), WHERE the source of the dollar spent comes from becomes crucial in determining if a local expenditure represents an economic gain to the administrative region or not.

To suppose that all of what is spent “would have been spent otherwise SOMEWHERE” so no spending represents a true gain to a locality is a simplistic and a useless concept. Governments make real investments in fixed infrastructure and abandoning that infrastructure because of major shifts in demand is a real economic cost. People have real investments in social networks of emotional support which cements society into efficient economic units. Having to disrupt those networks to relocate in order to find work generates real social and personal costs. WHERE expenditures are made matters.

So the purpose of this report is to gauge both the economic impact of the activities related to hosting a Formula One event in Austin with a primary emphasis on the economic GAIN to the region and to Texas. But there are some gains that range beyond the ability of this report to accurately assess the long-term economic value of Austin hosting the U.S. Formula One Grand Prix. The City of Austin and State of Texas benefit from the international recognition and exposure generated through the hosting of the USGP. These are largely “psychic” gains in how the world views Texas and Austin as a result of the media exposure of hosting this event. These gains are significant in contributing to how Austin and Texas are seen by a much larger world community, but measuring the value of these gains to the state and the city are beyond the scope of this report.

This report examines the magnitude and impact of various streams of direct spending associated with hosting a Formula One event. These streams can range from the highly visible--such as tens of thousands of visitors reveling on race day--to the more obscure such as media spending. This report also gauges the indirect and induced economic gains for that direct spending. But to properly appreciate these revenue streams it is important to first appreciate the activity that comprises a Formula One Race

## **Anatomy of a Formula One Grand Prix<sup>13</sup>**

Essential in estimating the impact of a Formula One Grand Prix event in Austin Texas is first understanding what such an event entails. A Formula 1 Grand Prix weekend is a lot more than just a 2-hour race on Sunday afternoon and it's a lot more than just a weekend.

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While race day on Sunday is no doubt the high point of the event, it is also the day when many people involved have the least to do. On the Monday before a race, crew members of the dozen teams will travel from the previous event to Austin.<sup>14</sup> Some crew members arrive well before this time. Once here, the teams begin setting up their garages.

The racing cars arrive in pieces and mechanics put them together by Thursday, when they undergo inspection to make sure that they conform to the technical regulations. The race team crewmen also practice pit stops outside their garages.

In addition to the Formula One teams, the USGP will also host up to three support races consisting on average of 30 teams. Other F1 events held around the world typically include these support races to provide additional excitement and activity for the fans. In 2011 the Canadian Grand Prix included four support events: the Canadian Touring Car Championship (CTCC), a Formula 1600 race, the Porsche IMSA GT3 Cup Challenge and the Ferrari Challenge. Both the Spanish and British Grand Prix included Formula 1600 races along with the Porsche IMSA GT3 Cup Challenge and the Ferrari Challenge. The Australian Grand Prix in Melbourne includes racing by V8 Supercars, the Porsche Carrera Cup and Formula Ford.

By Wednesday of the race week many of the drivers and the media arrive—although the extra week now scheduled before the November 18 date could mean crews and drivers will arrive considerably earlier. The International Automobile Federation, the sport's governing body, holds a press conference in the afternoon on Thursday with drivers and other team members. Teams also offer interviews with drivers which should prove to be particularly of interest for the first running of a race at a new site.

Friday morning from 10:00 - 11:30 November 16 will mark the first free practice. It does not count for a starting grid position. The time is used to set up the cars for qualifying and for the race. Friday afternoon from 2:00 - 3:30 is the second free practice to again help determine car set up and qualifying. Usually another FIA press conference takes place after the second practice.

On Saturday November 17, 2012 from 11:00 - 12:00 is typically a Saturday free practice in preparation for qualifying. Later from 2:00 - 3:00 is qualifying. Drivers try to set the fastest lap possible to obtain the best grid position for the race start based on a one-hour qualifying session divided into three parts. For the first 20 minutes (Q1), all cars together on the track try to set the fastest time. The slowest seven cars are eliminated, earning grid positions 18 to 24. Q2 runs from 2:27 to 2:42 during which the 17 remaining cars do another round, their previous lap times having been cancelled. The slowest seven cars are eliminated and take the grid positions 11 to 17. Finally, from 2:50 to 3:00 is Q3 with the 10 last cars fighting for the pole position, or No. 1 spot on the grid, and qualify no lower than 10th.

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On both Friday and Saturday, teams also allow the media to conduct interviews with their drivers and staff and hold special events with their sponsors.

At just about every Grand Prix location, the race begins between 1:00 and 2:00 pm Sunday. Races run an average of 190 miles, which usually takes about 1 1/2 hours. If they are run during a rain storm, they take longer. But the rules stipulate that a race cannot run any longer than 2 hours on the track, so even with several laps remaining a race will be stopped at that point and the leader is declared the winner.

After the race the top three drivers receive trophies on the victory podium, they then take part in a television press conference, followed by one for the print media.

Immediately after the race itself, teams begin to dismantle their garages and pack equipment into their trucks. But the process of packing up the paddock goes on into the next day and beyond, before the trucks head out to the next race site or back to the team factory.

## **Fan Attendance**

The most visible effects of hosting a Formula One race are the fans coming to view the spectacle. While Formula One races have been held in the U.S. as recently as 2007 the experience of the latter races in drawing a fan base is unlikely to have much relevance today. Earlier races that were well promoted and funded drew in excess of 225,000 fans, but later races less well supported or publicized saw much smaller crowds.<sup>15</sup> It is estimated that average Sunday race day attendance the last six years of Formula One racing at Indianapolis was about 125,000.<sup>16</sup>

At least as relevant to the estimation of visitors to a Formula One race today are recent international race experiences. From 2005 to 2008, average total attendance at Formula One races range from about 190,000 to 207,000.<sup>17</sup> Race-day totals, though closely guarded numbers, are often cited in local news media reports of the race. Based on these estimates, recent large Formula One events have averaged in excess of 114,000 fans on race day (see Table 1).<sup>18</sup>

Clearly attendance at Formula One events can easily exceed the 100,000 fans seen at some of Texas' largest sporting events. But other recent race attendance figures dwarf even these

numbers. For example from 2007 to 2011, eight NASCAR races in Dallas averaged attendance in excess of 160,000.

For the first running of the U. S. Grand Prix in Austin, it is conservatively estimated that fan attendance will reach 120,000 to 125,000 on race day.<sup>19</sup>

Table 1  
Recent Fan Attendance Estimates at Formula One Grand Prix Races  
in Countries with Similar Economic and Cultural Environments to Austin

<u>Year</u>	<u>Grand Prix</u>	<u>Location</u>	<u>Attendance</u>
2012	Australian Grand Prix	Melbourne, Australia	114,900
2011	Australian Grand Prix	Melbourne, Australia	111,000
2011	Canadian Grand Prix	Montreal, Canada	116,000
2011	British Grand Prix	Silverstone, England	122,000
2010	British Grand Prix	Silverstone, England	115,000
2010	Australian Grand Prix	Melbourne, Australia	108,500
2009	Australian Grand Prix	Melbourne, Australia	105,000
2009	British Grand Prix	Silverstone, England	120,000
	Average		114,050

It should be noted that the entire discussion of fan attendance through this report includes only fans with tickets. This is a serious underestimate of fan attendance on two counts. First, as is noted in most major sporting events, there is a sizable number of fans that do not have tickets to the event yet spend time in the host city and the host state for the event. These non-ticketed fans can simply be in the area to enjoy the celebrations connected with the sporting event or they can be spouses or others (such as event planners, party planners, sponsor activation support personnel, etc) who are accompanying a ticket-holder but do not themselves intend to attend the actual event. Because the size of this group is notoriously hard to estimate particularly for a new event like Formula One, no attempt is made in this analysis to examine their impact. After the event when survey data will likely confirm the presence and size of this group, their impact will be assessed and added to the impact estimate.

Second, it is assumed in this analysis that there is a one-ticket, one-fan policy in effect for the U.S. Grand Prix. However, race policy will allow tickets to be transferrable so two or more fans

could actually share the same ticket (on different days) increasing all fan-related expenditures to the extent that persons sharing a ticket stay in the Austin area for the time of the event. Again, given the novelty of this situation, no attempt is made to quantify the impact of shared tickets (if that turns out to be the policy) until after the event when some survey data will be available.

While race-day attendance certainly anchors the overall level of single-day economic impact of a Formula One race, of equal importance to the concept of economic GAIN to the state and the F1 Study area is the degree to which the event attracts visitors from outside Austin (in the case of the economic gain to Austin) and from outside Texas (in the case of the economic gain to the state). This involves not only where the visitors come from, but how long the visitors stay.

Table 2 presents the estimates for four large national-market events either held or to be held in Texas and the associated out-of-area, in-Texas and local visitor figures. All four events estimate in-state, out-of-state attendance based on survey data. In estimating the local, in-state and out-of-state split for the Formula One race in Austin, it was conservatively assumed that out-of-state fans would account for about 70 percent of all fans—significantly below the 78.4 percent figure seen in the four large sporting events in Texas since 2008. Moreover, that percentage is also seen in the distribution of contacts about Formula One tickets received through May 2012.<sup>20</sup>

Table 2  
Visitor Origins at Recent Large National Sporting Events Held in Texas

	2011 Super Bowl (Dallas)	2011 Men's Final Four (Houston)	2010 NBA All-Star (Dallas)	2008 Men's Final Four (San Antonio)	Four Event Average	Formula One Estimate
Total Event Attendance*	93,221	77,220	81,086	88,000	84,882	120,000
Out-of State Attendance	74,577	67,954	64,853	66,000	78.4%	84,000
In-Texas, non-local fans	10,254	4,633	8,917	13,200	12.3%	20,489
Local Fans	8,390	4,633	7,316	8,800	9.3%	15,511

Also crucial in estimating the state and local economic gain from hosting the Formula One U.S. Grand Prix is the length of time visitors spend in Austin and surrounding areas. Table 3 presents the estimated length of stay for both out-of-state visitors and other Texans visiting Austin for the U.S. Grand Prix. It is assumed that approximately one-half of those staying three nights will stay one additional night either after the race is completed or arriving earlier to spend an extra evening in the region. Overall, it is estimated that the average length of time out-of-staters will spend in the Austin area is 4.5 nights while Texans visiting Austin from other parts of the state will stay for 4.0 nights.<sup>21</sup>

A survey of required minimum stays at Austin hotels during the race week in 2012 conducted by COTA in March 2012 indicated 76 hotels in the Austin area are requiring average stays of 3.5 nights. In 21 downtown hotels the average required stay is 4.5 nights. Given that required minimums are being imposed by hotels, these minimums form a starting point for fan stays during the race. Recognizing that starting point and the fact that out-of-state attendees typically staying longer, based on this data the actual length of stay for the race could easily meet or exceed the average used in this estimate of 4.5 nights for out-of-state fans and 4.0 nights for in-state fans.

Table 3  
Estimated Arrival and Length of Fan Stay, U.S. Grand Prix in Austin

		----- Out-of-State Fans -----			--- Non-Local Texas Fans ---		
		Number	Total in	Total	Number	Total in	Total
<u>Arrival</u>	<u>Nights</u>	<u>Arriving</u>	<u>Austin</u>	<u>Stayed</u>	<u>Arriving</u>	<u>Austin</u>	<u>Stayed</u>
Tuesday	6	18,000	18,000	108,000	2,000	2,000	12,000
Wednesday	5	20,000	38,000	100,000	4,000	6,000	20,000
Thursday	4	22,000	60,000	88,000	6,000	12,000	24,000
Friday*	3.5	24,000	84,000	84,000	12,489	24,489	43,712
Total		84,000		380,000	24,489		99,712
Average Nights Stayed				4.52			4.07
Average Days Stayed				5.52			5.07

This overall pattern of fans arriving at the venue will generate peak-capacity conditions at hotels in the Austin metro region during the three days of the event. On these days hotels in the Austin Metro area will be able to serve only about 70% of the F1 fans and the remaining attendees will shift to hotel facilities in Bexar and Comal counties.<sup>22</sup> Based on the expected



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arrival patterns of fans at the event and available capacity of area hotels, Table 4 presents the likely hotel availability and hotel revenue generated by the F1 race both within the Austin Metro region and in Bexar and Comal Counties. As is readily apparent in Table 4, capacity constraints will occur in the Austin Metro area with regard to housing F1 Fans. As a result, room rates are projected to rise about what have been historical norms in this region.<sup>23</sup> As noted in Table 4 (and in Table 5) for the entire race week, these rates equate about \$130 per person per night for fans.<sup>24</sup>

Currently the Austin metro area has 32,067 hotel rooms available which should increase slightly by the time the race is held.<sup>25</sup> Estimating that 10 percent of rooms in the Austin Metro area will be used by non-F1 guests and about 4,250 rooms will be used by race teams, media and other non-fans attending the race, it is estimated that hotels in Austin will be able to serve about 70% of fan room demand for the peak three nights of the race. On an overall basis, for the seven days covered in Table 4, an average of 81% of all Formula One fan room-nights will be spent at hotels in the Austin Metro area but that share falls to 70 percent for the peak racing period.

Table 4

## Hotel Room Usage by F1 Inside and Outside Austin Metro Area

	Tue	Wed	Thu	Fri	Sat	Sun	Total or Average
Total Fans Attending from Outside Metro	20,000	44,000	90,245	108,489	108,489	108,489	479,712
Total Fans in Hotels	17,900	39,300	80,308	96,416	96,416	96,416	426,755
Percent Fans in Hotels	89.5%	89.3%	89.0%	88.9%	88.9%	88.9%	89%
Total Rooms Needed for Fans	8,524	17,864	33,462	37,083	37,083	37,083	171,098
Persons per room	2.10	2.20	2.40	2.60	2.60	2.60	2.42
Total Rooms Needed for Event Personnel <sup>26</sup>	4,250	4,250	4,250	4,250	4,250	4,250	25,500
Total Rooms Needed for F1	12,774	22,114	37,712	41,333	41,333	41,333	196,598
90% of Rooms Available in Austin Metro	28,860	28,860	28,860	28,860	28,860	28,860	173,160
Rooms Used in Austin Metro for F1 Fans	8,524	17,864	24,610	24,610	24,610	24,610	124,827
Rooms Used for F1 Fans Outside of Austin Metro	0	0	8,852	12,473	12,473	12,473	46,270
% F1 Fan Room Demand met in Austin Metro	100%	100%	77%	70%	70%	70%	81%
Fan Hotel Expenditure In Austin Metro	\$2,429,286	\$5,627,045	\$8,244,350	\$8,244,350	\$8,244,350	\$8,244,350	\$41,033,731
Out of State Fans	\$2,198,571	\$4,896,818	\$6,652,327	\$6,464,437	\$6,464,437	\$6,464,437	\$33,141,026
Other Texas Fans	\$230,714	\$730,227	\$1,592,023	\$1,779,913	\$1,779,913	\$1,779,913	\$7,892,705
Hotel Expenditure in Comal and Bexar Counties	\$0	\$0	\$2,520,491	\$3,551,670	\$3,551,670	\$3,551,670	\$13,175,502
Out of State Fans	\$0	\$0	\$2,033,772	\$2,784,883	\$2,784,883	\$2,784,883	\$10,388,421
Other Texas Fans	\$0	\$0	\$486,719	\$766,788	\$766,788	\$766,788	\$2,787,082
Hotel Expenditure Per person Per Day	\$135.71	\$143.18	\$134.04	\$122.35	\$122.35	\$122.35	\$130.00
Ttl Spent By Fans Staying in Austin Metro	\$2,429,286	\$5,627,045	\$8,244,350	\$8,244,350	\$8,244,350	\$8,244,350	\$41,033,731
Ttl Spent By Fans Staying in Comal & Bexar Cos.	\$0	\$0	\$2,520,491	\$3,551,670	\$3,551,670	\$3,551,670	\$13,175,502



## Fan Expenditures

Many crucial figures for estimating the total economic impact on Austin of fan spending on the Formula One race are, unfortunately, impossible to derive directly. Because there has been no race of this type in the area---or in Texas or even the U.S. in recent years---fan expenditure survey results are not available. Nor are survey results available for previous races in other parts of the U.S.

Survey-based expenditure estimates are however available for similar events held in Texas and one large nation-wide survey of expenditures by attendees at trade shows also contains some relevant and confirming data.

There have been four major sporting events that have provided expenditure estimates of fans to the Comptroller's office in the past three years. These studies include the 2008 NCAA Men's Final Four in San Antonio<sup>27</sup>, the 2010 NBA All-star Game in Dallas<sup>28</sup>, the 2011 NFL Super Bowl in Dallas<sup>29</sup> and the 2011 NCAA Men's Final Four in Houston.<sup>30</sup> In addition, a major survey effort of attendees at conferences in the U.S.<sup>31</sup> provides confirming figures to the Texas-based event expenditures. Moreover, this survey provides other data relevant to expenditures (such as airline ticket expenditures) that is missing from other studies. All of the economic impact estimates of fan spending at these events are grounded in surveys either of previous events held in Texas or previous events of the same series.

For example, the estimates of fan spending at the 2011 NCAA Final Four in Houston heavily utilize the results of an expenditure survey of attendees at the 2009 Final Four in Detroit.<sup>32</sup> The estimates in the 2011 Dallas Super Bowl Study were grounded in two separate consumer surveys. One interviewed 500 attendees at the 2003 Super Bowl in San Diego and the other was a telephone survey of 400 random households in the San Diego region area during Super Bowl week.<sup>33</sup> The 2007 Study of the San Antonio Final Four relied on several surveys. One was conducted of attendees before, during and after at the 2004 Final Four in San Antonio<sup>34</sup> and another was survey results from the 2007 Final Four in Atlanta.<sup>35</sup> Some survey results are also cited in the 2010 NBA Basketball study.<sup>36</sup> Finally, the ExPact Study surveyed 12,920 delegates at approximately 1,000 conventions in the U.S. about their event-related expenditures.<sup>37</sup>

In total, then, relevant estimates of fan expenditures at large sporting and corporate events abound and they are all grounded in survey-based estimates of consumer expenditure behavior. But, these estimates have not been put on a consistent comparable basis for the events examined. Table 5 collects and standardizes the estimates of fan expenditures from different events to develop realistic estimates for fan expenditures at the future Formula One

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race in Austin. This table presents per person per day expenditures at the four Texas events and one national conference survey.<sup>38</sup>

Overall, expected average out-of-state fan expenditure at the Formula One race should be less than \$421 per day excluding airfare costs. This estimate is about 5 percent below the average of \$449 (adjusted for inflation to 2011) for all five reference event studies and is nearly 20% less than the spending projected for the 2011 Super Bowl and 14% less than projected spending at the 2011 Final four. The one area where expenditures are expected to reach relatively high levels compared to the reference studies are in at-event merchandise sales. These are expected to match those seen in the 2008 survey of fans at the San Antonio Final Four when adjusted for inflation.

Expenditures by other Texans at the Formula One race should reach about \$412 per person per day. While this is somewhat above the average expenditures by similar groups in the ExPact survey,<sup>39</sup> it is substantially below the more than \$533 per day figure estimated for the North Texas Super Bowl or the \$497 at the Houston Final Four. Finally, it is assumed fans at hotels and eating establishments will include gratuities in their expenditures at those locations.

Based on the number of fans estimated in Table 2, the average length of stay of fans presented in Table 3, pattern of stay in Table 4 and average expenditures per fan per day in Table 5, Table 6 presents the estimate of total fan spending at the Formula One Grand Prix race in Austin Texas. Overall spending by both out-of-state fans and visiting Texas at the event should reach nearly \$233.5 million. The majority of these expenditures should come from out-of-state visitors, accounting for \$193.5 million of that total with visiting Texas accounting for another \$40.0 million. Because of capacity constraints largely due to hotel room availability, it is estimated that the total direct gain from fan spending that will accrue to the Austin Metro region will be \$209.4 from out-of-state fans and visiting Texans.

Table 5

# Expenditure Comparison of Expenditures by Out-of-State Visitors at Major Sporting and Visitor Events

	2008 Men's Final Four in San Antonio <sup>41</sup>	2010 NBA All Star Game Dallas <sup>42</sup>	2011 Super Bowl Dallas <sup>43</sup>	2011 Men's Final Four in Houston <sup>44</sup>	Formula One Estimate Non-Texans (e)	Formula One Estimate Visiting Texans
<b>Out-of-State Visitors</b>						
Percent Arriving by Air (d)	na	45,910	85,534	77,220	84,000	20,489
RT Airfare Cost	69.6%	na	80.4%	Na	70.0%	--
Hotel	\$555.56	na	na	Na	\$500.00	--
Food & Beverage	\$184.07	\$209.28	\$120.31	\$128.89	\$130.00	\$130.00
Alcoholic Beverage (b)	\$99.68	\$70.85	\$185.34	\$171.64	\$135.02	\$135.02
Shopping & Entertainment	na	na	\$67.31	\$31.01	\$49.11	\$49.11
Merchandise at Venue (a)	\$59.78	\$75.68	\$166.31	\$151.20	\$113.19	\$113.19
Rental Car	na	\$9.66	\$5.36	\$2.37	\$9.97	\$9.97
Other	\$9.29	\$28.28	\$43.08	\$11.81	\$18.73	\$9.29
TOTAL	\$12.58	\$24.36	\$18.49	\$33.50	\$24.53	\$24.53
	\$365.40	\$408.45	\$533.54	\$497.03	\$421.47	\$412.03
<b>In-State Visitors:</b>						
Other Texas Visitor Expend (c)	\$126.65	\$87.17	na	--	--	--

(a) Included in shopping and entertainment, but not identified separately

(b) Not clearly identified separately

(c) Super Bowl and NBA All-Star had a mixture of Other Texas and Local merchandise sales which could not be made consistent with other definitions used.

(d) For Super Bowl and NBA All-Star game, assumed equal to percentage of visitor groups renting cars

(e) Since reference events were held from 2008 to 2011 with studies prepared no later than 2010, the dollar averages based on these studies were increased 2.85% to reflect expected CPI changes from 2010 to 2012 based on Comptroller Winter 2010-11 forecast.

Table 6  
**Economic Impact of Fan Spending at Formula One Grand Prix  
 In Austin, Texas**

<b>Expenditure</b>	<b>----- Total Spending by -----</b>		<b>Gain to F1 Study Area</b>	<b>Gain to Austin Metro Area</b>
	<b>Out-of-State Visitors</b>	<b>Visiting Texans Staying in Study Area</b>		
Airfare Cost	\$14,700,000	--	\$14,700,000	\$14,700,000
Hotel	\$43,529,447	\$10,679,787	\$54,209,233	\$41,033,731
Food & Beverage	\$62,649,379	\$14,030,458	\$76,679,836	\$69,011,853
Alcoholic Beverage	\$22,787,843	\$5,103,385	\$27,891,228	\$25,102,105
Shopping & Entertainment	\$52,519,924	\$11,761,946	\$64,281,870	\$61,067,776
Merchandise at Venue	\$4,626,507	\$1,036,116	\$5,662,622	\$5,662,622
Rental Car	\$8,692,860	\$965,579	\$9,658,440	\$9,658,440
Other	\$11,382,668	\$2,549,172	\$13,931,840	\$13,931,840
<b>TOTAL w/o airfare</b>	<b>\$178,774,277</b>	<b>\$39,986,942</b>	<b>\$218,761,219</b>	<b>\$194,703,640</b>
<b>TOTAL w airfare</b>	<b>\$193,474,277</b>	<b>\$39,986,942</b>	<b>\$233,461,219</b>	<b>\$209,403,640</b>

### **Team, FIA, FOM and ACCUS Expenditures**

A significant source of expenditures at Formula One races stem from the size and spending of the teams themselves as well as from the various racing organizations administering Formula One rules, enforcing safety precautions, monitoring race events and managing the entire process that collectively makes up Formula One racing.

The size and logistics involved in staging a Formula One race are staggering. The usual traveling teams can include upward to 100 personnel per team for as many as a full 24 field car race with each team fielding two cars.<sup>45</sup> In addition, other professionals directly involved with each race include those representing the Fédération Internationale de l'Automobile (FIA), Formula One Management (FOM), and for races run in the United States, the Automobile Competition Committee of the United States (ACCUS). ACCUS is the National Sporting Authority (ASN) of the FIA for the United States.

Table 7

**Expenditures by Teams, Drivers, Related Personnel and Reference Groups at Austin  
Formula One Grand Prix**

----- Reference Groups-----

	2011 Super Bowl Dallas OOS Visitors	Formula One Estimate Non-Texans	Drivers and Teams <sup>46</sup>	Out-of State FIA, FOM, ACCUS <sup>47</sup>
Number in Group	85,534	84,000	2,400	1,025
Days Spent at Event	5.3	5.5	6.5	6.5
Percentage Arriving by Air	80%	70%	100%	90%
Airfare Cost	na	\$500.00	\$800.00	\$700.00
Hotel <sup>48</sup>	\$120.31	\$130.00	\$371.20	\$371.20
Food & Beverage	\$185.34	\$135.02	\$185.34	\$185.34
Alcoholic Beverage	\$67.31	\$49.11	\$67.31	\$67.31
Shopping & Entertainment	\$166.31	\$113.19	\$250.00	\$166.31
Merchandise at Sports Venue	\$5.36	\$9.97	0	\$9.97
Rental Car	\$43.08	\$18.73	\$43.08	\$43.08
Other	\$18.49	\$24.53	\$18.49	\$18.49
TOTAL (w/o airfare)	\$533.54	\$421.47	\$868.12	\$784.43

Not only are the number of team members and other professionals involved in each Formula One significant, but their spending patterns tend to be substantially above average. It is not unusual for team members to be given per diems of upwards to \$300 in addition to teams paying for hotels, meals and incidentals. While this level of spending may seem high to some, it constitutes only a minor part of the overall budgets for the teams. Altogether in 2006, Formula One teams spent a mind-boggling estimated 2.5 billion dollars.<sup>49</sup>

Table 7 presents the estimated number of drivers, team members, FIA, FOM and ACCUS staff attending the Formula One Grand Prix in Austin along with their estimated patterns of expenditures. For comparison, the estimated expenditure pattern for out-of-state fans at the Super Bowl and at the Formula One race is also presented. Per-day hotel expenditure rates reflect the nightly room rates at 20 hotels in downtown Austin for the race week in November 2012 (see endnote).

Table 8 presents these estimates on a total expenditure basis by expenditure category. In total, drivers, teams, FIA, FOM and ACCUS personnel are expected to spend more than \$18.7 million at the U.S Grand Prix in Austin.

Table 8

**Economic Impact of Driver, Team and Related Personnel  
at Formula One Grand Prix in Austin, Texas**

Expenditure	----- Total Spending by -----		TOTAL SPENDING
	Drivers and Teams	Out-of State FIA, FOM, ACCUS	
Airfare Cost	\$960,000	\$322,875	\$1,282,875
Hotel	\$4,899,840	\$2,092,640	\$6,992,480
Food & Beverage	\$2,891,322	\$1,234,836	\$4,126,158
Alcoholic Beverage	\$1,050,034	\$448,452	\$1,498,486
Shopping & Entertainment	\$3,900,000	\$1,108,049	\$5,008,049
Merchandise at Venue	\$0	\$66,431	\$66,431
Rental Car	\$672,094	\$287,040	\$959,134
Other	\$288,465	\$123,199	\$411,663
TOTAL (w/o airfare)	\$12,651,721	\$4,845,763	\$17,497,484
TOTAL w airfare	\$13,611,721	\$5,168,638	\$18,780,359

## Media and Press Expenditures

Media coverage of Formula One events in many ways rivals that of the Super Bowl, and in some aspects surpasses even that media milestone. For example, the world-wide television audience of an F1 Grand Prix is estimated at 515 million viewers in 2011.<sup>50</sup> In comparison, an estimated 153.4 million total viewers watched all or part of Super Bowl XLIV the largest.<sup>51</sup>

Comparable events again can serve to establish some likely boundaries for expected media attendance at the Formula One event. The 2007 survey of the Atlanta Final Four included 1,650 media averaging a 4-day stay plus \$814,530 in expenditures by ESPN, CSTV, and CBS Sports on televising the event.<sup>52</sup> The 2010 study of the NBA All-Star game estimated 1,800 media covering the event, 78% from outside Texas, 18% non-local Texas.<sup>53</sup> The 2011 study of the Final Four in Houston estimated a more modest 850 media attendees with 75 percent coming from outside of Texas and staying five days.<sup>54</sup> On the other hand, the 2011 Super Bowl projects 4,600 credentialed media personnel attending the event, but this includes halftime show participants and crew along with broadcast and production personnel. Media is expected to stay 7.5 days at the Super Bowl with 90 percent attending the event from outside Texas.<sup>55</sup>

For the Formula One Grand Prix in Austin, it is estimated that a total of 1,100 out-of-state media will attend the event staying, on average, 6 days (Table 9). Another 150 media from other Texas markets will join their out-of-state colleagues in covering the event, staying 5 days.

Table 9

**Expenditures by Media Groups at Austin Formula One Grand Prix**

	Formula One Estimate Non-Texans	Out-Of State Media	Out-of- Area Texas Media
Number in Group	84,000	1,100	150
Days Spent at Event	5.5	6	5
Percentage Arriving by Air	74%	90%	0%
Average RT Airfare Cost	\$500.00	\$500.00	\$500.00
Hotel <sup>56</sup>	\$130.00	\$294.40	\$294.40
Food & Beverage	\$135.02	\$114.77	\$114.77
Alcoholic Beverage	\$49.11	\$41.74	\$41.74
Shopping & Entertainment	\$113.19	\$56.59	\$56.59
Merchandise at Sports Venue	\$9.97	\$9.97	\$9.97
Rental Car	\$18.73	\$18.73	\$9.37
Other	\$24.53	\$24.53	\$24.53
TOTAL (w/o airfare)	\$421.47	\$509.03	\$499.66

Table 10 presents the total estimated media expenditures by expenditure category at the Formula One Grand Prix to which should also be added an estimated \$1.5 million in television production costs.<sup>57</sup> Including that amount, media expenditures at the Formula One race in Austin should reach approximately \$5.1 million.



Table 10  
**Expenditures by Media Groups at Austin Formula One Grand Prix**

Expenditure	Out-Of State Media	Out-of- Area Texas Media	Total Media
Airfare Cost	\$247,500	--	\$247,500
Hotel	\$1,619,200	\$176,640	\$1,795,840
Food & Beverage	\$757,463	\$86,075	\$843,539
Alcoholic Beverage	\$275,517	\$31,309	\$306,826
Shopping & Entertainment	\$373,525	\$42,446	\$415,971
Merchandise at Venue	\$65,808	\$7,478	\$73,286
Rental Car	\$123,648	\$7,025	\$130,674
Other	\$161,909	\$18,399	\$180,307
TOTAL (w/o airfare)	\$3,035,746	\$330,586	\$3,366,331
TOTAL w airfare	\$3,283,246	\$330,586	\$3,613,831

## Corporate and Sponsor Expenditures

Colin Chapman revolutionized the Formula One by putting the engine behind the driver. It was also Chapman who ignored what had been a gentlemen's agreement that cars should carry colors representative of their country, and made his Lotuses the world's fastest billboards.<sup>58</sup> Since then, corporate sponsorship in and around Formula One racing has been an integral part of the sport.

Corporate sponsorships have become so pervasive that it is estimated that the various forms of sponsorship involved in Formula One racing generate nearly one in every four dollars in the sport (Table 11). This is not done idly or with philanthropic goals. Sponsors receive valuable media and direct fan exposure. Just the value of the estimated media exposure to the sports 600 million global viewers for the top 50 sponsors in 2009 exceeded \$686 million.<sup>59</sup>



Table 11  
Formula One's Sponsorship Revenue, 2009

Category	Amount
On-car Team sponsorship	\$770,750,000
Sponsorship Activation	\$130,600,000
FOA Sponsorship	\$102,000,000
Sponsorship of TV Broadcasts	\$65,000,000
Off-car Team Sponsorship	\$49,800,000
Driver Sponsorship	\$34,500,000
 Total Sponsorship Revenue	 \$1,152,650,000
Total Revenue	\$4,686,550,000
Sponsorship as % Total Revenue	24.6%

Corporate expenditures have been significant at recent major sporting events in Texas as well. The 2007 Men's Final Four survey of expenditures in Atlanta estimated corporate expenditures at \$2.8 million while the 2008 San Antonio study placed that figure at \$3.2 million.<sup>60</sup> The 2010 NBA All-Star game study noted that 125 major corporations spent approximately \$75,000 each for catered event related to the game.<sup>61</sup> Table 12 presents the corporate expenditures on the four major events in Texas and uses the average of those expenditures to estimate sponsor and corporate expenditures at the Austin Formula One Grand Prix. Most of these expenditures will be made on advertising, catered functions and promotions.

Table 12  
Corporate and Sponsor Expenditures at Reference Events and  
Estimated Expenditures at the Austin Formula One Grand Prix

Event	Corporate Expenditure	Event Attendance	2012 Dollars
2008 Final Four San Antonio	\$3,226,123	88,000	\$3,367,567
2010 NBA All-Star Dallas	\$9,525,000	81,086	\$9,800,897
2011 Final Four Houston	\$1,751,839	77,220	\$1,782,908
2011 Super Bowl Dallas	\$29,015,098	93,221	\$29,529,690
<i>Average</i>		<i>84,882</i>	<i>\$11,120,265</i>
 <i>Formula One GP Estimate</i>		 120,000	 \$15,721,069

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## Event Costs

The last area of economic impact deals with the actual production of the race itself. This entails a variety of expenses from advertising to security to parking to emergency staff and all related costs. Although such information is typically tightly held, F1 industry experts Christian Sylt and Caroline Reid estimate the operating costs of fourteen Formula one races.<sup>62</sup> Based on thirteen of these races the average gross operating budget for a race is about \$11 million (Table 13).

To be consistent with most of the other races for which some estimates are available, it is assumed that the cost of the race in Austin will reach this event average in 2012 dollars or a total of \$11.8 million. About \$9.3 million of that amount will be spent as race presentation costs with \$2.5 million of that amount dedicated to advertising costs.

Table 13

### Estimated Formula One Race Costs

Canadian Grand Prix	\$9,000,000
French Grand Prix	\$16,000,000
British Grand Prix	\$9,000,000
German Grand Prix	\$16,000,000
European Grand Prix	\$9,000,000
Belgian Grand Prix	\$14,000,000
Italian Grand Prix	\$9,000,000
Singapore Grand Prix	\$9,000,000
Japanese Grand Prix	\$9,000,000
Malaysian Grand Prix	\$20,000,000
Brazilian Grand Prix	\$9,000,000
Bahrain Grand Prix	\$9,000,000
Spanish Grand Prix	\$9,000,000
2009 Average	\$11,307,692
<b>Estimated 2012 Austin Grand Prix</b>	<b>\$11,836,583</b>

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## Direct Economic Gains

Based on the estimates contained in the previous tables, Table 14 presents the total direct economic gain from out-of-state visitors to Texas for the Formula One Grand Prix race. Fans are the biggest group contributing to this impact, accounting for \$205.8 million of the total \$258.4 million gain. From the perspective purely of the Austin region, the gain is a bit more based on two opposing trends. On the one hand, some Texas fans will travel to the F1 Study area for the event that are not counted in Table 14 since they are not from outside Texas. But, not all out-of-state or Texans from outside the F1 Study area attending the event will be able or choose to stay within the greater Austin Metropolitan area. Some will likely have to stay in Comal or Bexar Counties taking at least part of their spending outside the 5-county Austin Metro region.

In total, counting these visiting Texans staying in the seven-county F1 study area, total expenditures should reach \$301.6 million (Table 15). But, within the somewhat smaller Austin Metropolitan area, out-of-staters and visiting Texans will add a total direct economic gain to the Austin metro area of \$275.3 million with fans contributing \$222.3 million of this gain (Table 16).

Table 14

# Direct Economic Impact on Texas of Out-of- State Spending at Formula One Grand Prix

(Spending occurring in Texas by Out-of-State Fans and Event Personnel)

Expenditure	Out-of-State			Drivers,			Event	Total
	Fans	Media	Out-of-State	FOM & ACCUS	Corporate Sponsors	Costs		Direct Spending
Airfare Cost	\$14,700,000	\$247,500		\$1,282,875	-	-		\$16,230,375
Hotel	\$43,529,447	\$1,619,200		\$6,992,480	-	-		\$52,141,127
Food & Beverage	\$62,649,379	\$757,463		\$4,126,158	-	-		\$67,533,000
Alcoholic Beverage	\$22,787,843	\$275,517		\$1,498,486	-	-		\$24,561,846
Shopping & Entertainment	\$52,519,924	\$373,525		\$5,008,049	-	-		\$57,901,498
Merchandise at Venue	\$4,626,507	\$65,808		\$66,431	-	-		\$4,758,746
Rental Car	\$8,692,860	\$123,648		\$959,134	-	-		\$9,775,643
Other	\$11,382,668	\$161,909		\$411,663	-	-		\$11,956,240
TV Production Costs	-	-		-	-	\$1,500,000		\$1,500,000
Advertising	-	-		-	\$2,500,000	\$2,500,000		\$5,000,000
Catering	-	-		-	\$13,221,069	-		\$13,221,069
Event Costs	-	-		-	-	\$9,336,583		\$9,336,583
TOTAL w/o airfare	\$178,774,277	\$3,035,746		\$17,497,484	\$15,721,069	\$11,836,583		\$228,365,159
TOTAL w airfare	\$193,474,277	\$3,283,246		\$18,780,359	\$15,721,069	\$11,836,583		\$244,595,534
Gratuities	\$12,325,252	\$258,309		\$1,224,782	-	-		\$13,808,343
TOTAL	\$205,799,529	\$3,541,555		\$20,005,141	\$15,721,069	\$11,836,583		\$258,403,878

Table 15

**Direct Economic Impact of Out-of-Area Spending at Formula One Grand Prix on Austin Area**  
(Spending in Seven County F1 Study Area)

Expenditure	Out of State and Texas Fans	Out of State and Texas Media	Drivers, Teams, FIA FOM & ACCUS	Corporate Sponsors	Event Costs	Total Direct Spending
Airfare Cost	\$14,700,000	\$247,500	\$1,282,875	-	-	\$16,230,375
Hotel	\$54,209,233	\$1,795,840	\$6,992,480	-	-	\$62,997,553
Food & Beverage	\$76,679,836	\$843,539	\$4,126,158	-	-	\$81,649,533
Alcoholic Beverage	\$27,891,228	\$306,826	\$1,498,486	-	-	\$29,696,540
Shopping & Entertainment	\$64,281,870	\$415,971	\$5,008,049	-	-	\$69,705,890
Merchandise at Venue	\$5,662,622	\$73,286	\$66,431	-	-	\$5,802,340
Rental Car	\$9,658,440	\$130,674	\$959,134	-	-	\$10,748,248
Other	\$13,931,840	\$180,307	\$411,663	-	-	\$14,523,810
TV Production Costs	-	-	-	-	\$1,500,000	\$1,500,000
Advertising	-	-	-	\$2,500,000	\$2,500,000	\$5,000,000
Catering	-	-	-	\$13,221,069	-	\$13,221,069
Event Costs	-	-	-	-	\$9,336,583	\$9,336,583
TOTAL w/o airfare	\$218,761,219	\$3,366,331	\$17,497,484	\$15,721,069	\$11,836,583	\$268,682,687
TOTAL w airfare	\$233,461,219	\$3,613,831	\$18,780,359	\$15,721,069	\$11,836,583	\$284,913,062
Gratuities	\$15,178,645	\$286,927	\$1,224,782	-	-	\$16,690,354
TOTAL	\$248,639,864	\$3,900,758	\$20,005,141	\$15,721,069	\$11,836,583	\$301,603,416

Table 16  
**Direct Economic Impact of Out-of-Area Spending at Formula One Grand Prix on Austin Area**  
 (Spending in Austin Metro Area)

	Out of State and Texas Fans	Out of State and Texas Media	Drivers, Teams, FIA FOM & ACCUS	Corporate Sponsors	Event Costs	Total Direct Spending
Expenditure						
Airfare Cost	\$14,700,000	\$247,500	\$1,282,875	-	-	\$16,230,375
Hotel	\$41,033,731	\$1,795,840	\$6,992,480	-	-	\$49,822,051
Food & Beverage	\$69,011,853	\$843,539	\$4,126,158	-	-	\$73,981,550
Alcoholic Beverage	\$25,102,105	\$306,826	\$1,498,486	-	-	\$26,907,417
Shopping & Entertainment	\$61,067,776	\$415,971	\$5,008,049	-	-	\$66,491,796
Merchandise at Venue	\$5,662,622	\$73,286	\$66,431	-	-	\$5,802,340
Rental Car	\$9,658,440	\$130,674	\$959,134	-	-	\$10,748,248
Other	\$13,931,840	\$180,307	\$411,663	-	-	\$14,523,810
TV Production Costs	-	-	-	-	\$1,500,000	\$1,500,000
Advertising	-	-	-	\$2,500,000	\$2,500,000	\$5,000,000
Catering	-	-	-	\$13,221,069	-	\$13,221,069
Event Costs	-	-	-	-	\$9,336,583	\$9,336,583
TOTAL w/o airfare	\$194,703,640	\$3,366,331	\$17,497,484	\$15,721,069	\$11,836,583	\$244,625,107
TOTAL w airfare	\$209,403,640	\$3,613,831	\$18,780,359	\$15,721,069	\$11,836,583	\$260,855,482
Gratuities	\$12,885,323	\$286,927	\$1,224,782	-	-	\$14,397,032
TOTAL	\$222,288,962	\$3,900,758	\$20,005,141	\$15,721,069	\$11,836,583	\$275,252,514

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## Indirect and Induced Economic Gains

As is presented in Tables 14, 15 and 16, the direct spending gain from hosting a Formula One Grand Prix is substantial ranging from \$258.4 million for the state primarily from just out-of-state visitors to \$301.6 million which includes both out-of-staters as well as some Texans, but is limited to just direct impacts in the F1 Study Area. Impacts in just the Austin Metro region fall in between at \$275.3 million.

But these direct spending gains are not the only impact which will be felt in Texas or in Austin. A second economic gain accrues as the money spent on the direct impact is spent and re-spent within the economy driving further INDIRECT and INDUCED economic gains.

For example, the concrete used to build the Formula One facility is usually purchased locally so that concrete companies employ additional workers to meet the new demand and purchase additional sand and gravel. Workers at the concrete plant benefit as their hours are expanded or new workers hired. Sand and gravel pits may also need to add more workers or increase hours of existing workers. The earnings by those employees at concrete plants and sand and gravel pits may go out to eat more often at local restaurants driving activity at those facilities or new employees may feel secure enough to make larger purchases such as automobiles or homes.

As the direct expenditures get spent and then re-spent, the economy increases in size, wages may rise and hours worked invariably increase.

In economics, flow of expenditures on goods and services are traced through input-output models. These models simplify and present the interdependencies between different branches of regional economies or even between branches of different, often competing economies.

Input-output models use a matrix representation of a nation's (or a region's) economy to predict the effect of changes in one industry on others and by consumers, government, and foreign suppliers on the economy. The models show how the output of one industry is an input to each other industry. A given input is typically enumerated in the column of an industry and its outputs are enumerated in its corresponding row. This format shows how dependent each industry is on all others in the economy both as customer of their outputs and as supplier of their inputs. Each column of the input-output matrix reports the monetary value of an industry's inputs and each row represents the value of an industry's outputs.

Turning the mathematical concept of an input-output model into an analytical tool requires vast data resources and consistent methods to update and manipulate that data. MIG, Inc. (Formerly "Minnesota IMPLAN Group, Inc.") maintains IMPLAN (IMPact analysis for PLANning) data and

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software to create input-output models of states, sub-state regions and even multi-state regions based on county, state, zip code, and federal economic statistics. The models are used to measure the effect on a regional or local economy of a given change or event in the economy's activity.

While the changes in the flow of goods and services in a local economy in response to some external shift can be very complex, the ultimate net effect of such changes can be succinctly summarized in a "multiplier." Multipliers are a numeric way of describing the secondary impacts stemming from an initial change. For example, an industry-employment multiplier of 1.8 suggests that by hiring 10 additional employees in an industry ultimately results in creating 8 additional jobs in other industries, such that 18 total jobs would be added to the given economic region.

For a variety of purposes---including tax revenue generation estimates---the Texas State Comptroller maintains an IMPLAN model for the state of Texas as well as for various regions of the state, including the Austin Metropolitan region.<sup>63</sup> Based on the Texas and Austin IMPLAN models maintained by the Comptroller of Public Accounts, Table 17 presents the overall economic impact of the Formula One race in on Texas and Table 18 presents the same analysis for the impact on the Austin Metro Area.

As seen in Table 17, the total direct spending gain to Texas from out-of-state expenditures of \$258.4 million generates additional indirect spending in Texas of \$99.3 million based on IMPLAN multipliers. This direct and indirect spending in turn induces additional spending of \$89.8 million for total spending of \$447.6 million.

In addition to this spending, out-of-state attendees will likely spend another \$35.4 million on tickets for the event. However, because this spending will actually be used to support the presentation of the event (including promotion and other event costs) the indirect and induced effects of ticket expenditures are actually included in other spending categories so to include them here as well would double count the effects of ticket expenditures.

**In total, the Formula One event should generate \$293.9 million in direct expenditures in Texas from out-of-state visitors and total expenditures of \$483.0 million.**



Table 17

**Direct, Indirect and Induced Spending in Texas From Formula One Race**  
(Gain to Texas)

<b>Expenditure*</b>	<b>Direct Spending</b>	<b>Indirect Spending</b>	<b>Induced Spending</b>	<b>Total Spending</b>
Airfare	\$16,230,375	\$10,573,489	\$5,082,169	\$31,886,032
Hotel	\$52,141,127	\$20,244,470	\$17,095,459	\$89,481,056
Food & Beverage (ex Alcohol)	\$42,971,154	\$20,196,270	\$13,887,117	\$77,054,541
Alcoholic Beverages	\$24,561,846	\$7,442,927	\$9,621,268	\$41,626,042
Shopping and Entertainment	\$53,142,752	\$16,941,165	\$19,797,216	\$89,881,134
Merchandise at Sports Venue	\$4,758,746	\$1,353,173	\$1,790,673	\$7,902,592
Rental Car	\$9,775,643	\$5,374,003	\$2,934,032	\$18,083,678
Other	\$11,956,240	\$3,390,084	\$4,796,807	\$20,143,131
TV Production Costs	\$1,500,000	\$700,443	\$602,895	\$2,803,338
Advertising	\$5,000,000	\$2,178,115	\$2,040,030	\$9,218,145
Event Costs	\$9,336,583	\$3,528,071	\$4,373,143	\$17,237,797
Catering	\$13,221,069	\$6,213,850	\$4,272,693	\$23,707,611
Gratuities	\$13,808,343	\$1,199,324	\$3,548,744	\$18,556,412
<b>Subtotal</b>	<b>\$258,403,878</b>	<b>\$99,335,385</b>	<b>\$89,842,247</b>	<b>\$447,581,510</b>
Tickets	\$35,448,000			\$35,448,000
<b>TOTAL</b>	<b>\$293,851,878</b>	<b>\$99,335,385</b>	<b>\$89,842,247</b>	<b>\$483,029,510</b>

\* figures include state and local taxes except hotels

As seen in Table 18, the total direct spending gain to the F1 Study Area from out-of-area expenditures generates a similar-sized total economic gain. In this case total out-of-area spending should reach \$301.6 million. The additional indirect spending in the F1 Study Area would be \$91.6 million based on IMPLAN multipliers. This direct and indirect spending in turn induces additional spending of \$75.9 million for total spending of \$469.2 million in the F1 Study area.

Table 18

**Direct, Indirect and Induced Spending in Austin Metro Area from Formula One Race**  
 (Direct Spending from Fans and Race Personnel Spending in the F1 Study Area)

<b>Expenditure</b>	<b>Direct Spending</b>	<b>Indirect Spending</b>	<b>Induced Spending</b>	<b>Total Spending</b>
Airfare	\$16,230,375	\$8,365,622	\$3,360,808	\$27,956,805
Hotel	\$62,997,553	\$19,348,628	\$15,197,215	\$97,543,396
Food & Beverage (ex Alcohol)	\$51,952,994	\$14,984,075	\$12,096,319	\$79,033,388
Alcoholic Beverages	\$29,696,540	\$7,493,625	\$8,701,294	\$45,891,458
Shopping and Entertainment Merchandise at Sports	\$63,903,550	\$16,792,191	\$17,952,488	\$98,648,230
Venue	\$5,802,340	\$1,388,349	\$1,635,053	\$8,825,742
Rental Car	\$10,748,248	\$5,744,627	\$2,255,144	\$18,748,018
Other	\$14,523,810	\$3,459,121	\$4,367,353	\$22,350,285
TV Production Costs	\$1,500,000	\$693,423	\$378,045	\$2,571,468
Advertising	\$5,000,000	\$1,816,760	\$1,589,245	\$8,406,005
Event Costs	\$9,336,583	\$3,527,426	\$2,479,731	\$15,343,741
Catering	\$13,221,069	\$3,813,168	\$3,078,288	\$20,112,525
Gratuities	\$16,690,354	\$4,218,755	\$2,818,788	\$23,727,897
<b>Subtotal</b>	<b>\$301,603,416</b>	<b>\$91,645,770</b>	<b>\$75,909,771</b>	<b>\$469,158,956</b>
Tickets	\$45,782,358			\$45,782,358
<b>TOTAL</b>	<b>\$347,385,774</b>	<b>\$91,645,770</b>	<b>\$75,909,771</b>	<b>\$514,941,314</b>

As seen in Table 19, the total direct spending gain to the Austin Metro area from out-of-area expenditures generates a similar, but somewhat smaller, total economic gain. In this case total out-of-area spending should reach \$275.2 million. The additional indirect spending in the Austin metro area would be \$84.0 million based on IMPLAN multipliers. This direct and indirect spending in turn induces additional spending of \$69.5 million for total spending of \$428.8 million.

In addition to this spending, out-of-area attendees will likely spend another \$45.8 million on tickets for the event. In total, the Formula One event should generate \$321.0 million in direct expenditures in the Austin Metro area from out-of-state visitors and total expenditures of \$474.6 million.

These spending gains will serve to support jobs in the region, both from direct spending and from indirect and induced spending. Table 20 translates the direct, indirect and induced spending gains into jobs supported by out-of-state visitors and by the larger group of both out-of-state visitors and other Texans visiting the area.

The direct spending of \$301.6 million by out-of-state visitors should support a total of 3,731 jobs in Texas plus an additional 641 jobs supported by indirect expenditures and another 642 jobs from induced expenditures in Texas for a total job gain of 5,012 jobs.

Table 19

**Direct, Indirect and Induced Spending in Austin Metro Area from Formula One Race**

(Direct Spending from Fans and Race Personnel Spending in the Austin Metro Area)

<b>Expenditure</b>	<b>Direct Spending</b>	<b>Indirect Spending</b>	<b>Induced Spending</b>	<b>Total Spending</b>
Airfare	\$16,230,375	\$8,365,622	\$3,360,808	\$27,956,805
Hotel	\$49,822,051	\$15,301,996	\$12,018,823	\$77,142,870
Food & Beverage (ex Alcohol)	\$47,074,133	\$13,576,933	\$10,960,364	\$71,611,430
Alcoholic Beverages	\$26,907,417	\$6,789,818	\$7,884,061	\$41,581,296
Shopping and Entertainment	\$60,689,457	\$15,947,611	\$17,049,550	\$93,686,618
Merchandise at Sports Venue	\$5,802,340	\$1,388,349	\$1,635,053	\$8,825,742
Rental Car	\$10,748,248	\$5,744,627	\$2,255,144	\$18,748,018
Other	\$14,523,810	\$3,459,121	\$4,367,353	\$22,350,285
TV Production Costs	\$1,500,000	\$693,423	\$378,045	\$2,571,468
Advertising	\$5,000,000	\$1,816,760	\$1,589,245	\$8,406,005
Event Costs	\$9,336,583	\$3,527,426	\$2,479,731	\$15,343,741
Catering	\$13,221,069	\$3,813,168	\$3,078,288	\$20,112,525
Gratuities	\$14,397,032	\$3,639,081	\$2,431,475	\$20,467,588
<b>Subtotal</b>	<b>\$275,252,514</b>	<b>\$84,063,935</b>	<b>\$69,487,940</b>	<b>\$428,804,389</b>
Tickets	\$45,782,358			\$45,782,358
<b>TOTAL</b>	<b>\$321,034,872</b>	<b>\$84,063,935</b>	<b>\$69,487,940</b>	<b>\$474,586,747</b>

Table 20  
Total Jobs Supported by Formula One Race in Texas

Expenditure	Direct Spending	Jobs Supported by Direct Spending	Jobs Supported by Indirect Spending	Jobs Supported by Induced Spending	Total Jobs Supported
Airfare	\$16,230,375	55.8	47.7	43.0	146.5
Hotel	\$62,997,553	550.9	127.0	120.4	798.4
Food & Beverage (ex Alcohol)	\$51,952,994	787.1	116.3	107.4	1,010.7
Alcoholic Beverages	\$29,696,540	422.2	49.9	74.4	546.5
Shopping and Entertainment	\$63,903,550	992.0	120.1	152.6	1,264.8
Merchandise at Sports Venue	\$5,802,340	104.2	9.1	13.9	127.2
Rental Car	\$10,748,248	46.9	35.0	21.9	103.8
Other	\$14,523,810	290.7	23.0	37.1	350.8
TV Production Costs	\$1,500,000	6.1	4.4	5.7	16.2
Advertising	\$5,000,000	39.2	14.9	1.3	55.4
Event Costs	\$9,336,583	125.1	31.9	16.1	173.1
Catering	\$13,221,069	227.5	33.6	6.6	267.7
Gratuity	\$16,690,354	81.4	28.0	41.9	151.3
<b>TOTAL</b>	<b>\$301,603,416</b>	<b>3,729.0</b>	<b>641.0</b>	<b>642.4</b>	<b>5,012.4</b>

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<sup>1</sup>In this report the basic economic impact region used is the five-county Austin Metropolitan area plus Comal and Bexar counties. This is termed the **F1 Study Area**. Throughout the report some of the impacts and calculations will detail figures for just the five-county Austin Metro area or, sometimes just for the City of Austin. But because as is shown in Table 4 of the Appendix there will be a significant overflow of visitors from the Austin Metro region to Bexar and Comal Counties, these two counties will also see a significant economic impact from the F1 Grand Prix and should be included in the study region.

<sup>2</sup> Autosport: 11. 27 March 2008.

<sup>3</sup> "Ecclestone eyes Canada Grand Prix for 2010". AFP. 4 August, 2009. See also "F1: Indianapolis Admits US GP Return Possible". SPEEDTV.com. 15 March 2010. See also <http://sports.espn.go.com/rpm/news/story?seriesId=6&id=2903573> Well into 2010, Indianapolis continued to court the return of F1. See "Indianapolis Keen on seeing F1 Return," in *The F1 Times*, April 26, 2010.

<sup>4</sup> Lostia, Michele (25 March 2010). "Ecclestone hoping for New York GP". Autosport.com. <http://www.autosport.com/news/report.php/id/82366>. See also [http://news.bbc.co.uk/sport2/hi/motorsport/formula\\_one/8697770.stm](http://news.bbc.co.uk/sport2/hi/motorsport/formula_one/8697770.stm) and "F1: Monticello in Bid for US GP," SpeedTV.com. May 21, 2010.

<sup>5</sup> Collantine, Keith (4 May 2010). "New York F1 track plans revealed – Jersey City bids for 2012 night race". *F1 Fanatic*. See also "Veteran Promoter in New Jersey F1 Bid," *YallaF1.com*, July 7, 2010.

<sup>6</sup> Noble, Jonathan (4 May 2010). "Jersey City eyes Formula 1 race". Autosport.com. <http://www.autosport.com/news/report.php/id/83312>. Elizalde, Pablo (5 May 2010). "Jersey City cans F1 grand prix plan". Autosport.com. <http://www.autosport.com/news/report.php/id/83332>.

<sup>7</sup> Collantine, Keith (May 22, 2010). "Monticello Motor Club making United States Grand Prix bid". *F1 Fanatic*.

<sup>8</sup> "Formula One returns to the United States". *formula1.com* (Formula One Administration). May 25, 2010.

<sup>9</sup> Based on e-mail from Dan Allen at the Circuit of the Americas on May 11, 2012, in the opinion of COTA's financial firm, Ernst and Young, tickets to the F1 event are fully taxable. COTA is proceeding with agreements with Ticketmaster to assure sales or use tax is remitted to the state on all tickets.

<sup>10</sup> See Texas Comptroller of Public Accounts, "Tax Exemptions and Tax Incidence: A Report to the Legislature and the 82nd Legislature," (Austin, Texas) February 28, 2011, page 45.

<sup>11</sup> IMPLAN presents the proportion of production cost for each industry that goes to pay indirect business taxes. This is the amount that the comptroller has used to estimate the indirect tax impacts of events under the Major Events Trust Fund. The tax gain from induced effects applies a formula used by the Office of the Governor to determine the estimates sales taxes generated from consumer expenditures. This formula assumes that 80 percent of household income is used in the purchase of consumer goods and

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services and it is assumed that 30 percent of the consumer goods and services purchased is subject to sales taxes. These proportions are then multiplied by the state portion of the sales tax rate.

<sup>12</sup> In this report the basic economic impact region used is the five-county Austin Metropolitan area plus Comal and Bexar counties. This is termed the **F1 Study Area**. Throughout the report some of the impacts and calculations will detail figures for just the five-county Austin Metro area or, sometimes just for the City of Austin. But because as is shown in Table 4 there will be a significant overflow of visitors from the Austin Metro region to Bexar and Comal Counties, these two counties will also see a significant economic impact from the F1 Grand Prix and should be included in the study region.

<sup>13</sup> From Brad Spurgeon: [http://formula1.about.com/od/seasonstructure/ss/f1anatomy\\_7.htm](http://formula1.about.com/od/seasonstructure/ss/f1anatomy_7.htm)

<sup>14</sup> At this point, the 2011 provisional F1 calendar has the Austin race preceded by the November 4 race in Abu Dhabi, so some activity at the race locale in Austin could begin to ramp up well before the traditional Monday before the scheduled race.

<sup>15</sup> <http://www.autoracing.com/formula-1/races/us/>

<sup>16</sup> <http://sports.espn.go.com/rpm/news/story?seriesId=6&id=2933630>

<sup>17</sup> Christian Sylt and Caroline Reid, "Formula One's Financial Performance Guide," published by Communications and Network Consulting, 2010.

<sup>18</sup> See <http://www.formula1.com/news/headlines/2010/10/11435.html> and <http://www.grandprixcities.com/raceattendances.html> 2011 Australian GP race day attendance from <http://paddocktalk.com/news/html/story-156646.html>. More recent figures from Christian Sylt and Caroline Reid, Formula Money: Formula One's Financial Performance Guide, various issues, FormulaMoney.com.

<sup>19</sup> The 120,000 figure is in-line with ongoing traffic studies of the site while the higher 125,000 figure reflects possible addition of new satellite parking facilities near the site but away from heavily travelled access routes.

<sup>20</sup> Although tickets have yet to be sold, through May 2012 COTA has logged 99,168 ticket inquiries with 28,321 coming from fans in Texas or 28.6% of the total. As reported in a recent Austin American Statesman article, 61 percent of the early sales of personal seat licenses have been to non-Texans. But, since the PSLs entail access to many events held at the track, it is believed those sales would appeal more strongly to local residents and other Texans so that percentage of PSL sales to out-of-staters would be somewhat below F1 ticket sales to non-Texans for the U.S. Grand Prix event. See John Maher, "Want a great seat for F1?" *Austin American Statesman*, April 14, 2012, page C1.

<sup>21</sup> This pattern of arrivals is consistent with the data on the pattern of attendees at other F1 events, considering that many arrivals for the race with tickets to the race preliminaries may not actually go to the track. See, for example, the attendance at the Korean Grand Prix (<http://www.formula1.com/news/headlines/2010/10/11435.html>). Because of multi-day tickets and limited availability of hotel facilities, it is believed that while peak attendance at the race facility will not be reached until Sunday, arrivals in Austin will occur sooner as fans spend time at other area attractions.



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<sup>22</sup> Texas Comptroller of Public Accounts records of hotel taxes in the second quarter of 2011 indicated that there are 32,067 hotel rooms in the greater Austin area. Assuming that some 10% will be used for other purposes indicates that total available rooms for the race would be 28,860. Of that total those in the city of Austin would fill first so that it is likely that numerically Austin would account for more than 80 percent of the rooms used in the metro area by F1 attendees. However, since those facilities also tend to be the more expensive rooms, by value, expenditures by F1 attendees in the City of Austin will greatly exceed 80 percent of hotel expenditures in the metro area.

<sup>23</sup> In 2001, the Austin American Statesman documented this peaking problem with room rates when they visited Montreal during the 2011 Canadian Grand Prix. A survey of 76 Austin-area hotels conducted by COTA in March 2012 indicated an average room rate of \$353 per night during the four-day race period. Data cited for 16 Austin-area hotel rates during the race averaged \$316 a night based on research published in the Austin American Statesman (see Gary Dinges, "Hotels hit the gas on race-day rates," Austin American Statesman, February 5, 2012, page 1).

Averaging this recent survey data it is assumed that the average room rate during the peak nights of the U.S. Grand Prix will reach about \$335 per night in the Austin Metro area. These rates will be somewhat less in days well before the event. Moreover, it is assumed that the overflow into Comal and Bexar county hotels will occur at about 80 percent of the Austin Metro rate.

For comparison purposes this rate is converted to a per-person-per night rate in Table 5 weighted by the number of nights stayed.

It should be noted that the rates based on currently available survey data in 2012 are about 30 percent higher than the rates estimated in the Formula One race impact study submitted in July 2011.

<sup>24</sup> Figures cited in the COTA survey and in the Austin American Statesman article do not include state or local room taxes.

<sup>25</sup> Total of all hotel rooms listed in the 5-county Austin metro area in the Comptroller's hotel tax database as of 2<sup>nd</sup> Quarter 2011.

<sup>26</sup> This figure consists of 1,200 rooms to house F1 team members, 600 rooms for team members in other races (30 teams with 20 members per team), another 600 rooms for tire and engine manufacturers, paddock club executives, and other equipment sponsors, 675 rooms for out-of-state marshals, security and firefighters and 250 rooms for out-of-state medical personnel and 925 rooms for about 1,100 media.

<sup>27</sup> Richard Irwin and Dan Rascher, 2008 NCAA Men's Final Four: A Forecast of Economic and Fiscal Impact, (San Antonio Sports Foundation, San Antonio Texas), October 18, 2007.

<sup>28</sup> Marketing Information Masters, Revenue and Tax Estimates Regarding the National Basketball Association's 2010 All-Star Event: Estimates for the State of Texas and Local Market Area Cities and Counties, (All Star North Texas Basketball Local Organizing Committee, Inc., Dallas, Texas), September 1, 2009.

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<sup>29</sup> Marketing Information Masters, Inc., Revenue and Tax Estimates Regarding the National Football Leagues' Super Bowl XLV in 2011: Estimates for the State of Texas, and Market Area Cities and Counties, (North Texas Super Bowl XLV Host, Committee, Inc. Dallas Texas), February 3, 2010.

<sup>30</sup> Marketing Information Masters, Inc. Revenue and Tax Estimates Regarding the 2011 NCAA Division I Men's Basketball Final Four, (Houston NCAA Final Four Organizing Committee, Inc, Houston, Texas), April 28, 2010.

<sup>31</sup> ExPact2004, Convention Expenditure and Impact Study, (International Association of Convention and Visitors Bureaus, Washington, D.C), February 2005.

<sup>32</sup> 2011 Houston Final Four Report, page 13.

<sup>33</sup> 2011 Super Bowl Study, pages 19 – 21.

<sup>34</sup> 2008 Men's Final four in San Antonio, page 7 – 8 and page 14.

<sup>35</sup> 2008 Men's Final four in San Antonio, page 8 and page 19.

<sup>36</sup> 2010 NBA All Star Study, page 21.

<sup>37</sup> ExPact2004, page 3.

<sup>38</sup> Although it is a little unusual, figures are presented on a per person per day basis. Hotel expenditures are on a per person per night basis.

<sup>39</sup> The ExPact Survey did not explicitly look at Texans spending on on-state conventions but did look at expenditures by "local attendees" at these events as distinct from other visitors.

<sup>40</sup> ExPact2004, Convention Expenditure and Impact Study, (International Association of Convention and Visitors Bureaus, Washington, D.C), February 2005.

<sup>41</sup> Richard Irwin and Dan Rascher, 2008 NCAA Men's Final Four: A Forecast of Economic and Fiscal Impact, (San Antonio Sports Foundation, San Antonio Texas), October 18, 2007.

<sup>42</sup> Marketing Information Masters, Revenue and Tax Estimates Regarding the National Basketball Association's 2010 All-Star Event: Estimates for the State of Texas and Local Market Area Cities and Counties, (All Star North Texas Basketball Local Organizing Committee, Inc., Dallas, Texas), September 1, 2009.

<sup>43</sup> Marketing Information Masters, Inc., Revenue and Tax Estimates Regarding the National Football Leagues' Super Bowl XLV in 2011: Estimates for the State of Texas, and Market Area Cities and Counties, (North Texas Super Bowl XLV Host, Committee, Inc. Dallas Texas), February 3, 2010.

<sup>44</sup> Marketing Information Masters, Inc. Revenue and Tax Estimates Regarding the 2011 NCAA Division I Men's Basketball Final Four, (Houston NCAA Final Four Organizing Committee, Inc, Houston, Texas), April 28, 2010.



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<sup>45</sup> Communication from Christian Sylt to Dan Allen, COTA on May 25, 2012.

<sup>46</sup> Includes 1,200 for 12 teams participating in the F1 events, 30 teams of 20 drivers and crews for support races, 600 persons affiliated with the paddock club operations, engine and tire manufacturers or other parts and equipment representatives. The figures for the F1 team participation were suggested by Christian Sylt in a communication with Dan Allen of COTA on May 16, 2012 while the support race personnel attendance are estimates by COTA.

<sup>47</sup> From figures suggested by Christian Sylt in a communication with Dan Allen COTA, May 16, 2012.

<sup>48</sup> The room rate is based on a survey of rates at 20 downtown Austin hotels for the race week in which the average rate was \$464 per night. The rate in Table 7 is based on an occupancy of 1.25 persons per room since some F1 personnel and others affiliated with the race teams will bring spouses or other friends and family.

<sup>49</sup> <http://web.archive.org/web/20080209182616/http://www.f1i.com/content/view/4377/0/>

<sup>50</sup> Updated 2011 figure supplied by Christian Sylt in e-mail to Dan Allen COTA on May 25, 2012. Earlier figure of 600 million viewers cited in "[Formula 1's Global TV Audience Expands](http://paddocktalk.com/GlobalBroadcastReport)". [paddocktalk.com/Global Broadcast Report](http://paddocktalk.com/GlobalBroadcastReport).

<sup>51</sup> <http://tvbythenumbers.zap2it.com/2010/02/09/cbss-super-sunday-super-week/41551>

<sup>52</sup> 2008 Men's Final Four Study, page 21.

<sup>53</sup> 2010 Study of NBA All-Star game, pages 6 and 21.

<sup>54</sup> 2011 Final Four Houston Study, page 15.

<sup>55</sup> 2011 Super Bowl Study, pages 6, 20 and 23.

<sup>56</sup> The room rate is based on a survey of rates at 22 South Austin hotels for the race week in which the average rate was \$368 per night. The rate in Table 7 is based on an occupancy of 1.25 persons per room.

<sup>57</sup> This estimate of the costs of producing the television programming for the Formula One race was provided by Carol Pirie, Deputy Director, Texas Film Commission in an e-mail on November 8, 2010.

<sup>58</sup> [http://articles.sun-sentinel.com/1998-03-06/news/9803050488\\_1\\_f1-team-lotus-alex-zanardi](http://articles.sun-sentinel.com/1998-03-06/news/9803050488_1_f1-team-lotus-alex-zanardi)

<sup>59</sup> Christian Sylt and Caroline Reid, "Formula One's Financial Performance Guide," pages 39 and 139-140.

<sup>60</sup> 2008 San Antonio Final Four Study, page 19.

<sup>61</sup> 2010 NBA All Star study, page 28.

<sup>62</sup> The report citing these race costs covers races held in 2008 and 2009, although it is not specific which year the data for each race covered. Since the data contain references to both the Canadian and French

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Grand Prix which took place in 2008 but not 2009, it is likely most of the race cost data cover the 2008 race season. Christian Sylt and Caroline Reid, "Formula One's Financial Performance Guide." Section 6: Races.

<sup>63</sup> In a series of e-mails from May 1, 2011 to May 24, 2011 Jojo Estrada at the Texas Comptroller of Public Accounts graciously and patiently provided statewide and some local output and job multipliers from the Comptroller's IMPLAN model based on the industry expenditures considered in this analysis. His help in doing this is acknowledged and greatly appreciated.

RECEIVED

JUL 17 2012

CITY OF AUSTIN - EGRSU

**Requested Formula One Economic Impact Study Market Area**

The requested basic economic impact region for the Formula One Grand Prix event scheduled for November 18, 2012 is the five-county Austin Metropolitan area, including Travis, Williamson, Hays, Bastrop, and Caldwell Counties, plus Comal and Bexar Counties (collectively, the "Economic Impact Region"). This designated Economic Impact Region has been used for the Economic Study.

**Events & Activities Schedule**

***Formula 1 United States Grand Prix – Austin, TX  
Schedule of Events\****

**RECEIVED**

**JUL 17 2012**

**CITY OF AUSTIN - EGRSO**

**June 15-17: Formula Expo – Convention Center**

**August 10: F1 Fashion Show**

**October 6: Go Green Auto Rally**

**November 1: USGP Kick-Off Luncheon**

**November 15: Formulaustin.com (Willie Nelson/Pat Green Concert - ACL Live)**

**November 16: Formula 1 USGP- Practice**

**Support Race 1- Practice**

**Support Race 2- Practice**

**Support Race 3- Practice**

**Formula Fan Zone and Concert (Downtown)**

**November 17: Formula 1 USGP- Qualifying**

**Support Race 1- Qualifying**

**Support Race 2- Qualifying**

**Support Race 3- Qualifying**

**Formula Fan Zone and Concert (Downtown)**

**November 18: Formula 1 USGP- Race**

**Support Race 1- Race**

**Support Race 2- Race**

**Support Race 3- Race**

**Formula Fan Zone (Downtown)**

**\* Anticipated that up to 10 additional events will be added to schedule.**



# City of Austin

## City Manager's Office

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Marc A. Ott, *City Manager*  
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July 5, 2012

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

### Comptroller Combs:

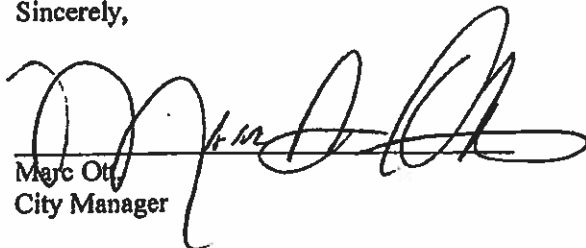
The City of Austin requests participation in the Major Events Trust Fund (METF) program under TEX. REV. CIV. STAT. ART. 5190.14 Section 5A (Act) as authorized by the Austin City Council action on June 29, 2011, in support of the Formula 1 United States Grand Prix. This action satisfies the requirements found at 34 TAC Section 2.102(a)(1) and documents that Austin is the endorsing municipality in accordance with the Act.

Enclosed is correspondence from Formula One Management Ltd. (FOML) confirming the selection of Austin, Texas, as the location for the annual Formula 1 United States Grand Prix from 2012 - 2021. The dates for the 2012 event will be November 16-18, 2012. The correspondence from FOML satisfies the requirements found at 34 TAC Section 2.102(a)(2).

The correspondence from FOML states that the selection of Austin as the location for the race was completed after presentations from many groups representing locations around the world. It is my understanding that Tavo Hellmund pursued this application to bring this event to the Austin area. We believe this supports a finding that Austin was selected as the sole site for the event through a highly competitive selection process in compliance with Section 5A(a-1) of the Act.

We understand from the Circuit of the Americas and the Circuit Events Local Organizing Committee (the City's designee to submit the METF economic analysis, to fund the City's contribution to the METF, and to receive funds for eligible expenses from the METF) that there have been some changes in business dealings among the parties involved in the race. Austin is still the site for the event and we are working hard to make this a success.

Sincerely,



Marc Ott  
City Manager



Received  
JUN 01 2011  
Mayor's Office

11<sup>th</sup> May 2011

The Honourable Lee Leffingwell, Mayor  
City of Austin  
P.O Box 1088  
Austin, TX 78767

Dear Mayor Leffingwell

Formula One Management is confirming that we selected Austin, Texas as the location for the annual FORMULA 1 UNITED STATES GRAND PRIX from 2012 to 2021, based on an application submitted to this office. We anticipate the first event to be held in June 2012 at the Circuit of the Americas.

Although other cities have provided compelling reasons for their desire to host a Formula One World Championship event, we are sure that we have selected the right city and state for this global event. As you know, this great honour was awarded to your city after presentations from many groups representing locations around the world.

We look forward to the long term success of this great event in a great region in North America and anticipate a wonderful inaugural FORMULA 1 UNITED STATES GRAND PRIX in Austin next year.

Best wishes

  
Bernie Ecclestone  
Chief Executive Officer

CC: The Honourable Susan Combs  
Mr Tavo Hellmund

# **CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE**

100 CONGRESS AVENUE, SUITE 1300  
AUSTIN, TEXAS 78701-2744

**RECEIVED**

July 3, 2012

JUL 17 2012

CITY OF AUSTIN - EGRSO

***VIA HAND DELIVERY***

Ms. Leela Fireside  
Assistant City Attorney  
City of Austin  
301 West 2nd Street  
Law Dept. - 4th Floor  
Austin, Texas 78701

***RE: CELOC Application for Participation in Major Event Trust Fund with respect to the 2012 – 2021 Formula One United States Grand Prix Races (the "Events")***

Dear Ms. Fireside:

Enclosed with this letter are proposed drafts of the application submittals to be delivered from Circuit Events Local Organizing Committee ("CELOC") to the Deputy Comptroller for formal application by CELOC to participate in the Major Event Trust Fund with respect to the Events. The submittals to be provided to the Deputy Comptroller include (i) the Application Letter, (ii) the letter from Formula One Management Limited to the City of Austin naming Austin as the site for the Events, (iii) the requested Economic Impact Study and, (iv) a Schedule of Events and Activities for the 2012 Event, scheduled for November, 18, 2012. All of the submittals, except the Economic Impact Study, which has not yet been provided to CELOC, are included with this letter. I expect to have a final copy of the Economic Impact Study shortly and will provide a copy to you upon my receipt.

If you have any questions or comments on the enclosed draft submittals, please do not hesitate to contact me.

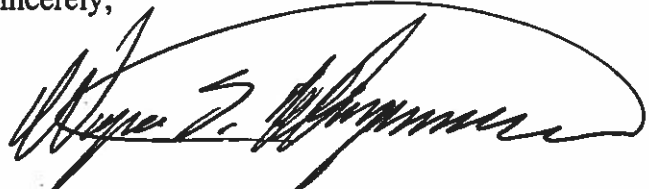
Also, in connection with this Application, I request that you initiate and help coordinate a letter from the City of Austin, by and through Mr. Marc Ott, the City Manager, to the Texas Comptroller indicating that the City of Austin, by resolution of City Council, has determined and agreed to act as the endorsing municipality for the Events with respect to participation in the Major Event Trust Fund and has designated CELOC as its exclusive designee for participation under such trust fund. I anticipate that CELOC will be in a position to submit, and will submit, its Application by the end of the day today, Tuesday, July 3, 2012. If at all possible, I request that the City of Austin submit the requested participation letter to the Comptroller, on or about the same day. If you need anything from CELOC or Circuit of the Americas to help facilitate this timing, please do not hesitate to let me know.

As an update, I am sure you are aware of the recent disagreements among Mr. Hellmund and his business partners involved in Circuit of the Americas. As you know, these disagreements and the recent settlement have not affected the selection of Austin as the site to host the F1 Events. And therefore, the efforts of Full Throttle Productions, LP, led by Tavo Hellmund, to secure the Events by pursuing an application to host the United States Grand Prix on behalf of the City, the State and the Central Texas region will now be fulfilled by Circuit of the Americas, as successor. Considering the highly competitive selection process that was followed to attract and secure the F1 Events (with several other US locations interested in securing the events), we are very pleased that Formula One Management Limited, the site selection organization for Formula One events, originally announced and even after the disagreements and the termination of Full Throttle Productions' contract, re-committed to Austin as the site of the Events after what we understood was yet another highly competitive selection process.

Also enclosed with this letter are clean and redlined drafts of the modification letters to the agreements between (a) the City of Austin, and Circuit of the Americas and, (b) the City of Austin and CELOC as we have discussed. If these modification letters are acceptable to you please have them reviewed and, if acceptable, executed by Mr. Ott, as City Manager on behalf of the City of Austin, and return them to me for circulation to and execution by CELOC and Circuit of the Americas.

Thank you in advance for your assistance and courtesies.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne S. Hollingsworth", written over a horizontal line.

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

Enclosures



**RESOLUTION NO. 20110629-001**

**WHEREAS**, major sporting events attract thousands of spectators to cities and counties in the State of Texas, many from out of state, that generate considerable economic activity for local communities and the State of Texas; and

**WHEREAS**, these events generate tax revenues but the cost of preparing for and hosting a major event is significant to the local community; and

**WHEREAS**, to encourage major national and international sporting events to select Texas as their site and to help local communities alleviate the costs associated with preparing for and hosting these events, the Texas Legislature established the "Major Events Trust Fund" (METF) as defined in Article 5190.14 Section 5A of Vernon's Texas Civil Statutes (Statute); and

**WHEREAS**, Formula One Management, Ltd. as a site selection organization has confirmed the selection of Austin as the location for the annual Formula 1 United States Grand Prix from 2012 through 2021; and

**WHEREAS**, the Formula 1 U.S. Grand Prix is an event eligible for METF support; and

**WHEREAS**, for eligible events that generate at least \$15 million in state and local tax revenue from hotel occupancy tax, sales tax, mixed beverage tax, beer and wine tax, and motor vehicle rental tax, an endorsing municipality and the Texas Comptroller may enter into an agreement to deposit these tax revenues and funds from other sources into an METF and the Texas Comptroller may make disbursements from that METF that do not exceed amounts deposited to pay costs relating to attracting and securing the event; and

**WHEREAS**, the Circuit Events Local Organizing Committee (CELOC) desires to act on the City's behalf and to assume certain financial obligations including depositing the City's calculated annual contribution into a METF established for the purpose of preparing for and hosting the Formula 1 U.S. Grand Prix; and

**WHEREAS**, CELOC will provide the City's contribution to the METF every year, there will be no expenditure of City funds into the METF, and the

Comptroller's responsibility to provide City tax revenues to the City is not affected; and

**WHEREAS**, the Council finds that the conditions to support the Formula 1 U.S. Grand Prix have been met to its satisfaction and that it is in the interest of the City of Austin to enter into an Interlocal Agreement with the Texas Comptroller of Public Accounts to initiate the Major Events Trust Fund for the Formula 1 U.S. Grand Prix; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

- I. That the City Manager is authorized to negotiate and execute the Interlocal Agreement with the Texas Comptroller of Public Accounts, which agreement will, among other things:
  - a. Set forth the rights and obligations of the parties required under the Statute; and
  - b. Set forth the authority for the City and CELOC to submit an application to the Texas Comptroller to seek state funds to assist

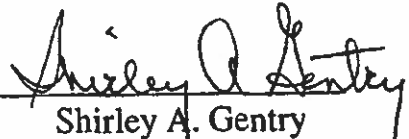
CELOC on the City's behalf with securing, preparing for, and hosting the Formula 1 U.S. Grand Prix; and

- c. Set forth the authority for CELOC to seek reimbursements from the METF established for the Formula 1 U.S. Grand Prix.
- d. Set a term for the Interlocal Agreement from date of signature through August 31, 2021.

- 2. That the City Manager is further authorized to execute related agreements, including mutual aid agreements.

ADOPTED: June 29, 2011

ATTEST:

  
Shirley A. Gentry  
City Clerk

**RESOLUTION NO. 20110629-002**

**WHEREAS**, major sporting events attract thousands of spectators to cities and counties in the State of Texas, many from out of state, that generate considerable economic activity for local communities and the State of Texas; and

**WHEREAS**, these events generate tax revenues but the cost of preparing for and hosting a major event is significant to the local community; and

**WHEREAS**, to encourage major national and international sporting events to select Texas as their site and to help local communities alleviate the costs associated with preparing for and hosting these events, the Texas Legislature established the "Major Events Trust Fund" (METF) as defined in Article 5190.14 Section 5A of Vernon's Texas Civil Statutes (Statute); and

**WHEREAS**, Formula One Management, Ltd. as a site selection organization has confirmed the selection of Austin as the location for the annual Formula 1 United States Grand Prix from 2012 through 2021; and

**WHEREAS**, the Formula 1 U.S. Grand Prix is an event eligible for METF support; and

**WHEREAS**, for eligible events that generate at least \$15 million in state and local tax revenue from hotel occupancy tax, sales tax, mixed beverage tax, beer and wine tax, and motor vehicle rental tax, an endorsing municipality and the Texas Comptroller may enter into an agreement to deposit these tax revenues and funds from other sources into an METF and the Texas Comptroller may make disbursements from that METF that do not exceed amounts deposited to pay costs relating to attracting and securing the event; and

**WHEREAS**, the Statute authorizes a local organizing committee to undertake certain duties and responsibilities and the City Council finds that it is in the interest of the City of Austin to enter into an Agreement with the Circuit Events Local Organizing Committee (CELOC) to act on the City's behalf and to assume certain financial obligations; and

**WHEREAS**, the Council finds the Agreement will serve a public purpose by simplifying the administration of the application process, benefiting the City of Austin in its efforts to create jobs, increasing tourism, and attracting events to the City; and

**WHEREAS**, CELOC will provide the City's contribution to the METF every year, there will be no expenditure of City funds into the METF, and the Comptroller's responsibility to provide City tax revenues to the City is not affected; and

**WHEREAS**, the Council finds that the conditions to support the Formula 1 U.S. Grand Prix have been met to its satisfaction and that it is in the interest of the City of Austin to enter into an Agreement with CELOC to initiate the METF for the Formula 1 U.S. Grand Prix; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

1. That CELOC is authorized to act on the City's behalf with respect to the City's application to the Texas Comptroller of Public Accounts for creation of a METF in support of the Formula 1 U.S. Grand Prix.
2. That the City Manager is authorized to negotiate and execute the Agreement with CELOC to, among other things:
  - a. Set forth the rights and obligations of the parties as required by the Statute; and

- b. Set forth the authority for the City and CELOC to submit an application to the Texas Comptroller to seek state funds to assist CELOC on the City's behalf with securing, preparing for, and hosting the Formula 1 U.S. Grand Prix; and
  - c. Set forth the procedures for CELOC to assume the financial obligations including depositing the local calculated annual contribution into a METF established for the purpose of preparing for and hosting the Formula 1 U.S. Grand Prix; and
  - d. Set forth language that if CELOC's financial obligation of depositing the local calculated annual contribution in the contract terminates, then, in the alternative, that Circuit of the Americas will serve as guarantor of CELOC's obligation in the event the City becomes liable for any amount.
  - e. Set forth the authority for CELOC to seek reimbursement from the METF established for the Formula 1 U.S. Grand Prix; and
  - f. Set a term for the Agreement from date of signature through August 31, 2021, subject to annual renewal during that term.
3. That CELOC is further authorized to remit an amount determined by the Texas Comptroller annually on the City's behalf for deposit into the

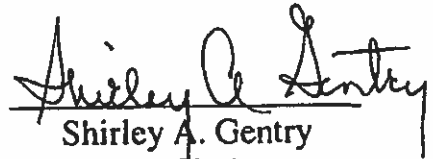


Formula 1 Major Events Trust Fund established for the purposes of preparing for and hosting the Formula 1 U.S. Grand Prix.

4. That the City Manager is further authorized to execute related agreements, including mutual aid agreements.

ADOPTED: June 29, 2011

ATTEST:

  
Shirley A. Gentry  
City Clerk

## CIRCUIT OF THE AMERICAS

301 CONGRESS AVENUE, SUITE 200  
AUSTIN, TEXAS 78701-2744

July 3, 2012

Mr. Marc A. Ott  
City Manager  
City of Austin  
P. O. Box 10898  
Austin, Texas 78767

**RE: *Modification of the Parties of the Agreement (the "Agreement") between the City of Austin ("City") and Circuit of the Americas, L.L.C. ("COTA"), executed and effective July 31, 2011, pertaining to the Major Event Trust Fund ("METF")***

Dear Mr. Ott:

On June 29, 2011, council authorized you to negotiate and execute the Agreement noted above (Resolution No. 20110629-002). Pursuant to that authorization, you negotiated and executed the Agreement. The Agreement includes specific authority for the City and CELOC to modify the obligations relating to the METF if that modification is done in writing (Agreement page 6, item D). This letter is to clarify and confirm certain terms and provisions of the Agreement due to changed circumstances since the City and COTA executed the Agreement. Those circumstances include a change in the 2012 - 2021 Formula 1 United States Grand Prix (the "Events") initial race date and a change in application and qualification under the METF for the 2012 event from pre-event, advance funding ("Advance Funding") to post-event reimbursement funding, the City is no longer required to and has not entered into an interlocal agreement with the Texas Comptroller of Public Accounts ("Comptroller") pertaining to the METF to be established for the Events. Now therefore, by the signatures below, the City and COTA acknowledge and agree as follows:

1. Unless and until (a) CELOC applies for, (b) the Comptroller approves Advance Funding under the METF, and (c) the City and the Comptroller execute and deliver an interlocal agreement in compliance with Sections 5A(r)-(s) of the Act on terms and conditions mutually acceptable to the City, the Comptroller, and CELOC (collectively, the "Advanced Funding Conditions"), Sections 14(C)(1) and 25(B)(2), with respect to the phrase "the Interlocal Agreement", of the Agreement are waived in their entirety; however, if during the term of the Agreement, the Advanced Funding Conditions are met, Sections 14(C)(1) and 25(B)(2) of the Agreement shall automatically be reinstated and effective as originally written in the Agreement (*i.e.*, prior to modification by this letter).
2. According to Section 7 of the Agreement, the effective date of the Agreement is the date both parties signed the Agreement, which is July 31, 2011.

{W0532825.7}

CITY OF AUSTIN

July 3, 2012

Page 2

3. The City and COTA confirm and ratify that, as of the date of the letter, the Agreement is and remains in good standing, in full force and effect, and unchanged except as amended by this letter. Any conflict or ambiguity between the Agreement and this letter shall be controlled by this letter.
4. All terms used in this letter shall have the same meaning as in the Agreement, except as otherwise defined in this letter.
5. This letter is executed and delivered in multiple counterparts, each of which shall have the force and effect of an original.

Please indicate your acceptance and agreement by signing below, and return an original executed counterpart of this letter to me at the letterhead address above.

Sincerely,

CIRCUIT OF THE AMERICAS, L.L.C.

By: \_\_\_\_\_

Steve Sexton, President

ACCEPTED AND AGREED:

CITY OF AUSTIN, TEXAS

By: \_\_\_\_\_

Marc A Ott, City Manager

Date: \_\_\_\_\_

7/5/12

**Agreement between  
City of Austin and  
Circuit of the Americas**

The City of Austin, a home-rule municipal corporation located in Hays, Travis, and Williamson Counties, in the State of Texas, (City) acting through its duly authorized agent the City Manager, and Circuit of the Americas, L.L.C. is a Delaware limited liability company, (COTA) acting through its duly authorized agent or officer, enter into this Agreement (Agreement) on June 29, 2011, upon the terms and conditions set forth below.

**RECITALS:**

1. During the 81<sup>st</sup> Legislative Session, the Texas Legislature appropriated the amount of \$25,000,000 for the state fiscal biennium beginning September 1, 2009 for the purpose of attracting and securing eligible events pursuant to the terms of Tex. Rev. Civ. Stat. Art. 5190.14 § 5A, the Major Events Trust Fund (Act) and related rules at 34 Tex. Admin. Code Chapter 2 Subchapter A (Rules).
2. On June 29, 2011, the City of Austin entered into an interlocal agreement (Interlocal) with the State of Texas as an Endorsing Municipality, requesting establishment of the Major Events Trust Fund (METF).
3. On June 29, 2011, the City of Austin entered into Agreement (CELOC Agreement) with the Circuit Events Local Organizing Committee (CELOC) regarding establishment of the METF, setting forth rights and responsibilities relating to the METF, and referencing this document.
4. COTA is the owner and operator of a race track and related facilities currently under construction in Travis County, Texas which will host the Formula One race.
5. This agreement serves the public interest in that it establishes sustainability initiatives and minority and women-owned business initiatives for events and for construction and operation of the COTA facilities. This agreement complements the public interest furthered by the Major Event Trust Fund Agreement between the City and CELOC; this Agreement is a condition of the City entering that Agreement between the City and CELOC.

**AGREEMENT**

6. **Agreement Purpose.**

The purpose of this Agreement is to establish the parties' authority, rights, and responsibilities with respect to compliance with Sustainability and Minority/Women Business Enterprise (M/WBE) Initiatives. This Agreement does not constitute City approval for any permits or licenses that may be needed by COTA or any other entity to hold this event.

7. Term.

This Agreement is effective on the date signed by both parties below (Effective Date) and shall remain in effect until 90 days after the 2012 Event, with automatic one-year renewals, terminating 90 days after the Event in the year 2021 (Term), unless terminated sooner only in accordance with the terms of this Agreement.

8. City Authority.

The City has the authority to enter into this Agreement pursuant to its home-rule authority. No City appropriation is necessary for performance of this Agreement.

9. City Responsibilities.

- A. Receive, review, and report to City Council regarding COTA compliance.
- B. Assist with provision of information from the City's Sustainability Office, the City's Small and Minority Business Resources (SMBR) Department, and any other applicable City departments.

10. COTA Responsibilities.

- A. Comply with the Sustainability Initiatives described in Section 11.
- B. Comply with the M/WBE Initiatives described in Section 12.

11. ~~Sustainability Initiatives.~~

- A. COTA will enter into an agreement with CELOC, with City input, that specifies CELOC's and COTA's responsibilities to accomplish the terms specified in Exhibit A.
- B. COTA will report to the City annually, after any F1 race is held and prior to disbursement of funds by Comptroller for the next year's race, on progress made as it relates to the terms specified in ~~Exhibit A.~~

12. ~~Minority/Women Business Enterprise Initiatives.~~

- A. For every year of this Agreement, with respect to the construction of all improvements from the effective date of the Agreement forward, COTA will conform to the standards and principles of the City's M/WBE Ordinance. COTA will meet the ethnic specific annual contract construction goals as follows:

African American-owned Business Enterprises:	1.7%
Hispanic-owned Business Enterprises:	9.7%
Asian American and Native American-owned Business Enterprises:	2.3%
Women-owned Business Enterprises:	13.8%
- B. If COTA cannot meet the goals, COTA will demonstrate good faith efforts to meet the goals with specific and detailed information sufficient to show COTA's good faith efforts to meet the goals as required by SMBR.
- C. The City will provide a list of certified firms to COTA from which COTA will

solicit participation for the construction of all improvements at COTA's facility. COTA will use best efforts to work with SMBR to identify potential scopes of work for certified subcontractors, establish the bid packages, schedule and host outreach meetings, and assist COTA in soliciting certified firms.

- D. COTA will report the percentage of ethnic specific participation on an annual basis using forms provided by SMBR. COTA will report aggregate M/WBE participation for all certified firms, and will report the percentage of participation by each certified firm. Percentages will be calculated based on a percentage of total construction work completed on the improvements at the site. COTA will report participation on the basis of both dollars awarded to certified firms and dollars paid to certified firms.
- E. The City acknowledges that this Agreement does not require COTA to modify, nullify, or abrogate any contracts that COTA has entered into prior to the effective date of this Agreement.

13. **Modifications of Obligations and Responsibilities.**

COTA's obligations and responsibilities may be modified or amended with written City approval; this approval will not be unreasonably withheld. Further, the City may ratify any non-compliant or untimely performance by COTA and upon such ratification, the compliance or performance will be considered and deemed compliant, performed, cured, and timely. Such ratification is only effective if it is in writing.

14. **Termination With Cause.**

- A. In the event of a default by a party to this Agreement, the other party shall have the right to terminate the Agreement for cause, but only after written notice of the default is delivered to the party in default via certified mail. The notice shall be effective thirty (30) days after delivery, unless otherwise specified, or the default is cured, as provided below. During this time period, the party alleged to be in default shall have the right to and may cure the event of default, or may provide evidence sufficient to prove to the other party's reasonable satisfaction that the default does not exist or that it will be cured in a time satisfactory to the party alleging the default. Each party's rights and remedies under the Agreement are cumulative and are not exclusive of any other right or remedy provided by law.
- B. Subject to and following the 30 day notice and opportunity to cure, there must also be 90 days written notice of intent to terminate delivered to the State and CELOC pursuant to this Section (for a total 120 day notice period).
- C. This Agreement may be terminated upon occurrence of any of the following events:
  - (1) Termination of the City's Interlocal Agreement with the State of Texas.
  - (2) Termination of the City's Agreement with CELOC.
  - (3) COTA fails to meet the Performance Measures set out below, provided, however, that both parties will first attempt non-binding arbitration to resolve any dispute between the parties with regard to the alleged failure

of COTA to meet the Performance Standards. If non-binding arbitration is not successful, the City and COTA agree to resolve the dispute in the jurisdiction and venue set forth in Section 16 below prior to the City exercising any termination remedy due to such dispute.

15. Performance Measures.

- A. Annual reporting and compliance with the Sustainability Initiatives as set forth above and in Exhibit A.
- B. Annual reporting and compliance with M/WBE Initiatives as set forth above.

16. Jurisdiction and Venue.

The parties agree that this Agreement is governed by the laws of the State of Texas and that venue for a dispute arising from this Agreement shall be in Austin, Travis County, Texas.

17. Severability.

If a term or provision of this Agreement is determined to be void or unenforceable by a court of competent jurisdiction, the remainder of this Agreement remains effective to the extent permitted by law.

18. Notices.

Any notice, request, or other communication required or appropriate to be given under this Agreement shall be in writing and shall be addressed to the person designated for receipt below. Legal notices shall be sent postage prepaid and Return Receipt Requested. Other notices and routine communications may be delivered by any other means (fax, e-mail, courier). These notices and communications shall be deemed delivered upon receipt of a successful fax, e-mail, or courier confirmation report by the addressee; provided, that the notice is specifically directed to the attention of the person designated for receipt of notices to City or COTA. Notice shall be addressed as follows:

To City:  
Attn: City Manager  
301 W. 2<sup>nd</sup> St.  
Austin, TX 78701

With copy to:  
City Attorney  
Law Department  
301 West 2<sup>nd</sup> St.  
Austin, TX 78701

To COTA:  
Attn: Steve Sexton  
100 Congress Avenue, Suite 1350  
Austin, TX 78701-2744

With copy to:  
Richard T. Suttle, Jr.  
Armbrust & Brown, PLLC  
100 Congress Avenue, Suite 1300  
Austin, TX 78701-2744

19. Assignment.

A party to this Agreement may not assign or transfer its interests under this Agreement except with the written consent of the other party to this Agreement. This consent will not be unreasonably withheld.

20. Amendment.

This Agreement may not be amended in whole or in part except in a written amendment executed by all parties to this Agreement, with copy to the State.

21. Survival of Obligations.

All provisions of this Agreement that impose continuing obligations on the parties shall survive the expiration or termination of this Agreement.

22. Business Days.

Whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time or by a particular date that ends or occurs on a non-business day (i.e., Saturday, Sunday, or a holiday recognized by the U.S. federal government or the State of Texas), then such period or date will be extended until the immediately following business day.

23. No Implied Waiver.

No waiver or consent, express or implied, by any party to or of any breach or default by any party in the performance by such party of its obligations under this Agreement, will be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such party of the same or any other obligations of such party under this Agreement. Failure on the part of a party to complain of any act of any party or to declare any party in default, irrespective of how long such failure continues, will not constitute a waiver by such party of its rights under this Agreement until the applicable statute of limitations period has run.

24. Estoppel Certificate/Lender Protection.

Upon a written request from COTA or its lender, the City shall, within ten (10) business days after receipt of such request, execute and deliver to COTA and its lender and to any other party designated by COTA, an estoppel certificate in form reasonably approved by the City Manager which certifies whether the City has knowledge of any default under this Agreement or COTA's Performance Measures. COTA may, from time to time, deliver a written notice of lender ("Notice of Lender") executed by COTA and notifying the City of a lender for all or part of COTA's race track facilities and related



development. The Notice of Lender must include the name and address of COTA's lender (the "Lender"). Until the City receives a written release of the Notice of Lender from the Lender, the City agrees to provide the Lender a notice of default provided to CELOC and the Comptroller under Section 14(B) above and will provide Lender the same 90 day opportunity to cure such default.

25. **Limited Indemnity.**

**COTA AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY REGARDING THE CITY OBLIGATIONS AND RESPONSIBILITIES UNDER THIS AGREEMENT.**

**TO THE EXTENT ALLOWABLE BY LAW, COTA SHALL ALSO DEFEND, INDEMNIFY, AND HOLD HARMLESS CITY, ITS OFFICERS, AND EMPLOYEES, FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, SUITS, DEMANDS, PROCEEDINGS, COSTS, DAMAGES, AND LIABILITIES, INCLUDING WITHOUT LIMITATION ATTORNEYS' FEES AND COURT COSTS ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM:**

- A. ANY ACTS OR OMISSIONS OF THE CITY, OR ANY AGENT OR EMPLOYEE OF THE CITY OR COTA IN THE EXECUTION OR PERFORMANCE OF THIS AGREEMENT; OR**
- B. ANY ACTION BY THE COMPTROLLER TO REQUIRE FUNDING OF THE LOCAL CONTRIBUTION BY THE CITY, WHETHER AS A DIRECT PAYMENT OR A REDUCTION IN COLLECTED TAX REVENUES, THAT WOULD OTHERWISE BE DISTRIBUTED TO THE CITY BY THE STATE, IF:**
  - (1) CELOC FAILS TO MAKE THE LOCAL CONTRIBUTION; AND**
  - (2) THE INTERLOCAL AGREEMENT AND THE CELOC AGREEMENT ARE BOTH TERMINATED.**

**CITY SHALL COORDINATE ITS DEFENSE WITH THE CELOC AS REQUESTED BY COTA.**

**THIS SECTION IS NOT INTENDED AND SHALL NOT BE CONSTRUED TO REQUIRE COTA TO INDEMNIFY OR HOLD HARMLESS CITY FROM ANY CLAIMS OR LIABILITIES RESULTING FROM THE NEGLIGENT ACTS OR OMISSIONS OF CITY OR ITS EMPLOYEES, OR FROM DAILY OPERATIONAL EXPENSES INCURRED BY THE CITY IN THE NORMAL COURSE OF BUSINESS.**

*(Signature blocks follow on final page)*

EXECUTED on the 31 day of July, 2011, in Austin, Travis County, Texas.

CITY OF AUSTIN, TEXAS

By: 

Name: Marc A. Ott

Title: City Manager

Date: 7/31/11

Circuit of the Americas, L.L.C.

By: 

Name: Steve Sexton

Title: President

Date: July 22, 2011

# Exhibit A

1. *The following items are CELOC responsibilities under the Agreement between the City and CELOC:*

*A. Air quality and environmental initiatives*

- (1) Purchase carbon offsets to achieve carbon neutrality for the net carbon emissions associated with all fuel use and energy demands associated with the Formula One race, to include race operations during the event and temporary generation. Cost of offsets are not to exceed \$15,000 annually. Carbon impacts and neutrality methodology shall be approved by the City of Austin Office of Sustainability. Possible tools include GreenSports.org OR the Green Sports Alliance.
- (2) A minimum of 50% of carbon offsets will be local, if feasible, and may include options for local tree planting, including on-site trees, and land conservation grants, as carbon offset options.
- (3) Investigate holding the F1 race outside of the Central Texas ozone season (April 1 – October 31).
- (4) If the event is held between April 1 and October 31, develop and submit a plan prior to the first US Grand Prix event, to reduce emissions of Particulate Matter NOx (nitrogen oxides) and CO<sub>2</sub> (carbon dioxide) from the event. The plan should include an estimate of emissions associated with the first event, to the extent practical.
- (5) Establish an Event recycling and composting program for any major event held at the site. At minimum, include Paper, Plastic grades 1 (PETE) and 2 (HDPE), aluminum, glass, and compostables. (Same as Universal Recycling Ordinance, plus organics).
- (6) Require Event food and drink vendors to use recycled and/or compostable materials to the extent available.

*B. Transportation initiatives*

- (1) Coordinate Event-specific parking and transportation efforts for major events<sup>1</sup> with City of Austin Special Events Offices located in the Austin Transportation Department and Aviation, TXDOT, and Travis County
- (2) Develop an Event-specific Transportation Management Plan for major events. Submit plan by ~~July 31, 2017~~ to City of Austin Transportation Department Director for review and comment. Plan should be updated annually.
- (3) Obtain a Special Event Permit from City of Austin for any special off-site events, such as event-associated parades or festivals, located within the City limits.

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<sup>1</sup> For the purpose of this agreement, a major event is defined as any event with more than 40,000 attendees, exclusive of employees.

- (4) Provide Event-specific satellite parking locations and sufficient mass transportation options for major events.
- (5) Limit Event-specific parking on-site to 25,000 parking spots and monitor on-site parking; work toward establishing plans for increasing transit share annually for major events.
- (6) Manage the majority of Event-specific parking sales with coordination through a designated single organization for major events.
- (7) Where possible, pre-sell and manage all Event-specific parking through the ticket sales process, in order to ease traffic flow tied to major events. Sell assigned parking for major events that are aligned with trip origination locations. Provide parking purchasers for major events with maps guiding them to their parking location.
- (8) Commit to seeking a transportation partner for the Formula One Event that provides low emission mass transit vehicles for the shuttle operation, and give contracting preference to the lowest available emissions rapid transit vehicles available that reasonably satisfy the needs of the Event, such as those powered by hybrid electric propulsion equipment, natural gas or propane, or low emission diesel engines that meet tier 3 or 4 standards, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards. Analysis of this item shall be included in the Transportation Management Plan referenced in item B(2).

2. *The following items are Circuit of the Americas responsibilities under the Agreement between the City and Circuit of the Americas:*

A. *Air quality and environmental initiatives*

- (1) Work with CAPCOG and other relevant governmental entities to establish, by ~~May 1, 2012~~ <sup>May 1, 2017</sup>, an Air Quality analysis and inventory, modeling, and a mitigation strategy to resolve air quality issues related to major events held between April 1 – October 31. Commit to securing data that allows assessment of emissions specific to the COTA site, subject to an annual cost cap of \$50,000.
- (2) Utilize a combination of subscription to Austin Energy's GreenChoice program (or its successor) and on-site renewable energy generation to reach at least 50% of all non-event energy demands. At least 5% of the demands can be met by on-site renewable energy generation.
- (3) Land preservation and restoration of all disturbed areas, including implementing a combination of xeriscaping, integrated pest management, and water quality controls.
- (4) The majority of new plantings will use naturally drought-tolerant native and adaptive landscaping to promote water conservation.
- (5) Make a minimum of 5 acres in the floodplain available for a community garden or farm. Make reasonable efforts to locate the site as close to an available water source as possible.

- (6) Follow Environmental Board recommendations:
  - a) Comply with new commercial landscape standards.
  - b) Comply with parking lot shading areas.
  - c) Investigate the restoration of riparian of Dry Creek.
  - d) Demonstrate a black land prairie land restoration.
  - e) Perform restoration of Dry Creek Riparian Corridor and Blackland Prairie Corridor, by working with partners such as Texas A&M.
  - f) Establish a monitoring program of any pervious pavement used on site.
- (8) Achieve a minimum of 2 Stars in the Sustainable Sites Initiative by the end of 2013. Work with local partners such as LBJ Wildflower Center or Center for Maximum Potential Building Systems to achieve compliance.
- (9) Plant at least 800 trees on-site and establish a maintenance program.
- (10) Establish a Facility recycling and composting program for any major event held at the site. At minimum, include Paper, Plastic grades 1 (PETE) and 2 (HDPE), aluminum, glass, and compostables. (Same as Universal Recycling Ordinance, plus organics).
- (11) Require Facility year-round food and beverage vendors to use recycled and/or compostable materials to the extent available.
- (12) Protect existing wetlands and Critical Environmental Features.
- (13) Strive to reduce emissions of Particulate Matter NO<sub>x</sub> (nitrogen oxides) and CO<sub>2</sub> (carbon dioxide) from construction, transit and maintenance vehicles for all construction activities and major events to occur after the first US Grand Prix Event.
  - a) Give preference to contractors using lowest emission transit, construction, maintenance and generation equipment in future or renewed contracts, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards..
  - b) Give preference to contractors using the lowest emissions diesel engines available, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards.. Specify use of Tier 3 or Tier 4 emission equipment and ultra low sulfur fuels, where feasible. Use as many of the suggested measures as feasible from the COA Construction Equipment Emission Reduction Toolkit: <http://www.dieselnets.com/standards/us/nonroad.php#tier4> Do an inventory and report to the City of Austin annually.
  - c) Use reasonable efforts to use cleanest equipment available, such as electric, four cycle or propane-fueled lawnmowers, line trimmers and electric hand-held equipment for landscape maintenance.<sup>2</sup>

<sup>2</sup> New EPA standards include hydrocarbon and nitrogen oxides exhaust emission standards of 10 g/kW-hr for Class I engines starting in the 2012 model year and 8 g/kW-hr for Class II engines starting in the 2011 model year.

**B. Transportation**

- (1) Develop a Transportation Management Plan for all major events.<sup>3</sup> Submit plan to City of Austin Transportation Department Director for review and comment. Plan should be updated annually.
- (2) Coordinate parking and transportation efforts for major events with City of Austin Special Events Offices located in the Austin Transportation Department and Aviation, TXDOT, and Travis County.
- (3) For any special off-site events such as event-associated parades or festivals located within the City of Austin, require the event-sponsor to obtain a Special Event Permit from City of Austin.
- (4) Require all major events held at the COTA to provide satellite parking locations and sufficient mass transportation options.
- (5) Limit parking on-site to 25,000 parking spots and monitor on-site parking; work toward increasing transit share annually for major events.
- (6) Manage the majority of all parking sales and coordination through a designated single organization for major events.
- (7) Where possible, pre-sell and manage all parking through the ticket sales process, in order to ease traffic flow tied to major events. Sell assigned parking for major events that are aligned with trip origination locations. Provide parking purchasers for major events with maps guiding them to their parking location.
- (8) Commit to seeking a transportation partner that provides low emission mass transit vehicles for the shuttle operation, and give contracting preference to the lowest available emissions rapid transit vehicles available that reasonably satisfy the needs of the event, such as those powered by hybrid electric propulsion equipment, natural gas or propane, or low emission diesel engines that meet tier 3 or 4 standards, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards.
- (9) Post a policy and undertake reasonable enforcement to limit unnecessary idling of vehicles being used to supply heat or air conditioning necessary for passenger comfort and safety, in vehicles intended for commercial or public passenger transportation, or passenger transit operations, to a maximum of 30 minutes.
- (10) Commit to working with relevant governmental entities to dedicate traffic lanes on all appropriate roads entering the site to mass transit for major events.
- (11) Work with relevant governmental entities to establish a dedicated bike facility by the first major event, that would provide direct access to the site; provide public showers for major events.
- (12) Explore partnerships with Austin Energy to provide on-site charging stations (110/240 volt) for electric, hybrid/electric vehicles, electric

<sup>3</sup> For the purpose of this agreement, a major event is defined as any event with more than 40,000 attendees exclusive of employees.

scooters, pony packs, and electric landscaping equipment, to facilitate charging.

**C. Future On-site Development**

- (1) Any future buildings (i.e. buildings not currently under construction or in review) of over 2000 Square Feet will achieve a minimum 2 Star rating in Austin Energy's Green Building program OR achieve Silver LEED certification. Work with Office of Sustainability and Austin Energy Green Building with the goal of achieving higher levels of green building certification, including leveraging all available incentives.
- (2) Building design and window placement to maximize natural light and passive solar design.
- (3) All new toilets and urinals meet or exceed low flow requirements, as defined by the Austin Uniform Plumbing Code, to achieve water reduction.

**D. Ongoing Collaboration on Sustainability Efforts**

- (1) Establish an ongoing partnership with the City's Sustainability Office to implement best practices on site-specific sustainability efforts and collaborate on educational tours and demonstrations at the site.
- (2) Designate a single point-of-contact for the facility's sustainability efforts.

**E. Green Technology R&D**

- \* (1) Coordinate with partners including UT, Texas State, Huston-Tillotson, Texas A&M, and Austin Technology Incubator to support the establishment of a Green Racing and Transportation Research, Education, and Testing Center or similar low carbon transportation technology incubator at the site.
- \* (2) Allow reasonable access to the track facilities for electric vehicle research and testing. *Prof. Littlewood*
- (3) COTA shall make good faith efforts in partnership with other interested parties to raise, within 18 months from the date on which the contract is signed between the City and COTA, \$5 million to fund on-site green technology and research & development projects, in one or more of the following categories: solar power, automotive fuel efficiency, electric vehicles, biofuels, geothermal, or wind power. COTA shall cooperate with the City to seek US Department of Energy funds to support any resulting green technology R&D projects.

**F. Alternative Energy Events**

- (1) Commit to hosting alternative energy, energy-efficient car races such as:
  - a) F-zero Race
  - b) Go Green Auto Rally
  - c) SAE Solar Races
- (2) Commit to hosting bicycle and foot races at the track.

Get Contacts  
from COTA

Chuck  
Hering

- (3) Publicly advocate for electric vehicle research and testing, including the pursuit of business partnerships.
- (4) Agree to host public awareness event to advance community knowledge of the available options for green energy or transportation.

**G. *Community Sustainability***

- (1) Make good faith efforts to comply with the standards and principles of the City's MBE/WBE ordinance per Section 12 of the Agreement between the City and Circuit of the Americas
- (2) Reporting as required by Agreement between CELOC and City and Agreement between COTA and City, respectively. Commit to recruiting local hires through job fairs and local media outreach.
- (3) Continue educational partnerships with area schools and universities on sustainability and technology issues.



## **CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE**

100 CONGRESS AVENUE, SUITE 1300  
AUSTIN, TEXAS 78701-2744

July 3, 2012

Mr. Marc A. Ott  
City Manager  
City of Austin  
P. O. Box 10898  
Austin, Texas 78767

**RE: *Modification of the portion of the Agreement (the "Agreement") between the City of Austin ("City") and Circuit Events Local Organizing Committee ("CELOC") executed and effective July 31, 2011, pertaining to the Major Events Trust Fund ("METF") to be established for the 2012 - 2021 Formula 1 United States Grand Prix (the "Events")***

Dear Mr. Ott:

On June 29, 2011, council authorized you to negotiate and execute the Agreement noted above (Resolution No. 20110629-002). Pursuant to that authorization, you negotiated and executed the Agreement. The Agreement includes specific authority for the City and CELOC to modify the obligations relating to the METF if that modification is done in writing (Agreement page 6, item D). This letter is to clarify and confirm certain terms and provisions of the Agreement due to certain changed circumstances since the City and CELOC executed the Agreement. Those circumstances include a change in the 2012 - 2021 Formula 1 United States Grand Prix (the "Events") initial race date and a change in application and qualification under the METF for the 2012 Event from pre-event, advance funding ("Advance Funding") to post-event, reimbursement funding. Without Advanced Funding, the City is no longer required to and has not entered into an interlocal agreement with the Texas Comptroller of Public Accounts ("Comptroller") pertaining to the METF to be established for the Events.

Although CELOC does not currently contemplate Advanced Funding the 2012 Event as authorized by Sections 5A(r)-(s) of the Act, CELOC does intend for the METF to be funded after the 2012 Event, as authorized by Sections 5A(d-1) and (f) of the Act. And, funding the METF after the Events (rather than in advance) eliminates certain risks to the City, eliminates the need for the Assurance, and affects the timing of certain aspects of the METF process. On those bases, the City and CELOC intend to continue under the Agreement and consequently, desire to modify certain terms and provisions of the Agreement.

Now therefore, by the signatures below, the City and CELOC acknowledge and agree as follows:

1. Unless and until (a) CELOC applies for, (b) the Comptroller approves Advance Funding under the METF, and (c) the City and the Comptroller execute and deliver an interlocal

(W0532858.7)

agreement in compliance with Sections 5A(r)-(s) of the Act on terms and conditions mutually acceptable to the City, the Comptroller, and CELOC (collectively, the "Advanced Funding Conditions"), the following sections of the Agreement are waived in their entirety: §17(A)(1), §19(A)(1)(f), §19(B)(1)(e), §20(C), §22(A)(2), §22(B), §23(A)(2), §23(B), §24(A)(1), §24(B), and §29(C)(1); however, if during the term of the Agreement, the Advanced Funding Conditions are met, all enumerated sections of the Agreement shall automatically be reinstated and effective in full as originally written in the Agreement (i.e., prior to modification by this letter).

2. Further, unless and until the Advanced Funding Conditions are initiated and met, the following modifications shall apply to the Agreement:
  - a. Section 14 of the Agreement is modified by ignoring the phrase "and upon termination of the Interlocal".
  - b. Section 18 of the Agreement is modified to ignore the phrase "under the Interlocal at Section 5, and".
  - c. Section 19(A)(1)(a) of the Agreement is modified by replacing the phrase "not later than 11 months prior to the next Event" with the phrase "not later than 3 months prior to the next Event".
  - d. Section 19(A)(1)(c) of the Agreement is modified by waiving the phrase "but not to exceed \$4 million".
  - e. Section 19(B)(1)(b) of the Agreement is modified by replacing the phrase "20 days after the previous Event (e.g., an EIS for the 2013 race will be submitted 20 days after the 2012 race)" with the phrase "3 months prior to the next Event (e.g., an EIS for the 2013 race will be submitted 3 months prior to the 2013 race)".
  - f. Section 19(D) is modified to limit the requirement of Comptroller approval, to only those approvals required under statutes, rules or laws applicable to the METF.
  - g. If during the term of the Agreement the Advanced Funding Conditions are initiated by CELOC and met by both CELOC and the City, then the provisions waived or modified above, excepting §19(A)(i)(c), shall automatically be reinstated in full as originally written in the Agreement (i.e., prior to modification by this letter).
3. The effective date of the Agreement is the date both parties signed the Agreement, which is July 31, 2011.
4. The City confirms its designation and authorization for CELOC to act as its exclusive Designee and local organizing committee for the 2012 – 2021 Events in accordance with the Agreement, as modified by this letter. CELOC confirms its obligation to fund all of the

City's portion of the METP contribution as required under the Agreement, as modified by this letter, and to provide the economic impact study and any other documentation reasonably required by the Comptroller.

5. The City and CELOC confirm and ratify that, as of the date of this letter, the Agreement is and remains in good standing, in full force and effect, and unchanged except as modified by this letter. Any conflict or ambiguity between the Agreement and this letter shall be controlled by this letter.
6. All terms used in this letter shall have the same meaning as in the Agreement, except as otherwise defined in this letter.
7. This letter is executed and delivered in multiple counterparts, each of which shall have the force and effect of an original.

Please indicate your acceptance and agreement by signing below, and return an original executed counterpart of this letter to me at the letterhead address above.

Sincerely,

CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE

By:

  
Wayne S. Hollingsworth, Authorized Director

ACCEPTED AND AGREED:

THE CITY OF AUSTIN, TEXAS

By:

  
Marc A. Ott, City Manager

Date:

7/5/12

**Agreement  
City of Austin  
Circuit Events Local Organizing Committee**

The City of Austin, a home-rule municipal corporation located in Hays, Travis, and Williamson Counties, in the State of Texas, (City) acting through its duly authorized agent the City Manager, and Circuit Events Local Organizing Committee, a Texas non-profit corporation, (CELOC) acting through its duly authorized agent or officer, enter into this Agreement (Agreement) on June 29, 2011, upon the terms and conditions set forth below.

**RECITALS:**

1. During the 81<sup>st</sup> Legislative Session, the Texas Legislature appropriated the amount of \$25,000,000 for the state fiscal biennium beginning September 1, 2009 for the purpose of attracting and securing eligible events pursuant to the terms of Tex. Rev. Civ. Stat. Art. 5190.14 § 5A, the Major Events Trust Fund (Act) and related rules at 34 Tex. Admin. Code Chapter 2 Subchapter A (Rules).
2. The Act at 5A(r) and (s) authorizes the Texas Comptroller of Public Accounts (Comptroller or State) to enter into an interlocal agreement with a city that contains a site selected by a site selection organization for one or more events (Endorsing Municipality), such as the City of Austin, for purposes of establishing a Major Events Trust Fund (METF) that makes City and State funds available up to one year in advance of an event to attract and secure the Formula One automobile race (Event) for the State of Texas.
3. The Act at 5A(r) and (s) authorizes the interlocal agreement to have a term of up to ten years, with funds in the METF held from year-to-year for future Events.
4. The Act at 5A(b) and (b-1) authorizes an Endorsing Municipality or a local organizing committee (Local Organizing Committee) to request each year that the Comptroller estimate the incremental increases in certain local taxes (Local Increment) and state taxes (State Increment) that will be attributable to the Event.
5. The Act at 5A(d) and (d-1) authorizes the City, or its designee, to fund the METF in an amount up to the estimated Local Increment and, under this Agreement, CELOC, as the City's exclusive designee, has agreed and committed to fund the Local Increment on behalf of the City; the Act at 5A(f) authorizes the State to fund the METF with \$6.25 for each dollar of estimated Local Increment, but not more than the estimated State Increment.
6. The Act at 5A(d-1) and (e) authorizes the City to determine whether the Local Increment will come from sales, use, and mixed beverage tax collected and retained by the State; hotel occupancy tax collected and remitted by the City; surcharges; any other source; or any combination of sources and, under this Agreement, CELOC has agreed and committed to fund the Local Increment on behalf of the City.

7. If CELOC does not fund the Local Increment on behalf of the City, the City may terminate (i) this Agreement, under Section 29 below, and (ii) the Interlocal.
8. The Act at 5A(h) authorizes disbursements from the METF to the City or its designee and State to fulfill Event-related obligations and at 5A(k) authorizes disbursements to CELOC as the "Local Organizing Committee" on the prior approval of the City.
9. The parties acknowledge and agree that City will solely and exclusively utilize CELOC as its designee (Designee) to provide the Local Increment, and that this Agreement does not affect Comptroller's responsibility to provide City's tax revenues to the City. This agreement does not require the expenditure of City funds into the METF. To provide funds for Future Events, City has requested that CELOC as its designee have the right, at the conclusion of the 2012 Event and all Future Events, to submit additional amounts to the Comptroller for the purpose of replenishing the Local Increment to the Formula 1 METF.
10. On June 1, 2011, the City received a letter from the Event "Site Selection Organization", confirming that, after an international highly competitive selection process, the Site Selection Organization has chosen Austin as the sole location for the Event from 2012 to 2021.
11. On June 3, 2011, CELOC incorporated as a Texas non-profit corporation; and, per its Certificate of Formation, its purpose includes assisting with the organization, administration, management, promotion, facilitation, and operation related to hosting the Event and promoting the public interest of the City of Austin, Travis County, and the State of Texas.
12. On June 6, 2011, the CELOC Board of Directors voted unanimously to request, and has submitted a formal letter requesting, that the City (i) act as the Endorsing Municipality for purposes of establishing a METF for the Event, and (ii) authorize CELOC to submit a request to the Comptroller to determine the incremental increase in the receipts of various taxes.
13. On June 29, 2011, the City of Austin entered into an interlocal agreement (Interlocal) with the State of Texas as an Endorsing Municipality, requesting establishment of the METF and referencing this document.

#### AGREEMENT

14. Agreement Purpose.

The purpose of this Agreement is to establish the parties' authority, rights, and responsibilities with respect to the application to the Comptroller for creation of a METF, the funding of the METF, and disbursements from that account for the 2012-2021 Events and upon termination of the Interlocal. This Agreement does not constitute City approval

for any permits or licenses that may be needed by CELOC or any other entity to hold this event.

15. Term.

If the Comptroller approves creation of the METF for the Event, this Agreement shall remain in effect until 90 days after the 2012 Event, with automatic one-year renewals, terminating 90 days after the Event in the year 2021 (Term), unless terminated sooner only in accordance with the terms of Sections 27 or 29 of this Agreement.

16. City Authority.

The City has the authority to enter into this Agreement in accordance with the terms of the Act and pursuant to the approval of City Council on June 29, 2011. No City appropriation is necessary for performance of this Agreement.

17. City Responsibilities.

A. City responsibilities and obligations include:

- (1) Enter into an interlocal agreement with the Comptroller for purposes of requesting participation in the METF program.
- (2) Authorize CELOC, and, if requested by CELOC, confirm the authority of CELOC as the City's exclusive Designee, to (i) contribute the Local Increment on the City's behalf, (ii) prepare and submit disbursement and reimbursement request letters to the Comptroller, (iii) receive funds from the METF, and (iv) make annual METF requests to the Comptroller under 34 TAC Section 2.102(a).
- (3) Coordinate, cooperate with, and assist CELOC in the submission of invoices, receipts, and other documents evidencing eligible expenses, all as reasonably requested by CELOC, to obtain disbursement and reimbursement of eligible expenses from the METF, including providing prior approval per the Act at 5A(k) and for obligations under 5A(h). Parties acknowledge that the State is the final determiner of what constitute an "eligible expense" for reimbursement purposes.

- B. Per 17.A.(2), in carrying out the duties in this Agreement, the City may, and does hereby, designate and authorize CELOC to act as its exclusive Designee and "Local Organizing Committee" for the 2012 to 2021 Events and to perform those certain duties and tasks on behalf of the City as specified in Section 19 below and any such other duties as subsequently agreed by the City and CELOC in writing. Per the Act at 5A(k) and 5A(h), City grants its prior approval for CELOC's submittal to the Comptroller of all disbursement and reimbursement request letters and invoices for eligible expenses related to the Event.

18. CELOC Authority.

CELOC is authorized by the City, and has the authority to fulfill certain responsibilities on the City's behalf, as the City's exclusive Designee under the Interlocal at Section 5, and as further authorized and described at Section 19.

19. CELOC Responsibilities and Authority.

A. Year One Responsibilities and Authority (2012 Event).

- (1) The City authorizes and requests, and by its authorized signature below, CELOC agrees that it will fulfill the following responsibilities and obligations on behalf of the City:
  - (a) Make a request to the Comptroller under Rule 2.102(a), including requesting that the Comptroller make a Local and State Increment determination per section 5A(b) of the Act (Trust Fund Estimate), with such request made not earlier than one year, but not later than 11 months prior to the next Event. Should the date of the Event be changed, the request may be resubmitted at any time permitted by the Comptroller.
  - (b) Commission, pay for, or provide for payment of, and submit to the Comptroller, an Economic Impact Study (EIS) assessing estimated tax increment for the next year's Event.
  - (c) Pay or provide for payment of the City's initial estimated Local Increment contribution, up to the amount of estimated Local Increment determined by the Comptroller, but not to exceed \$4 million.
  - (d) Enter into an Event Support Contract with the Site Selection Organization per Rule 2.100(7)(B).
  - (e) Submit to the Comptroller documentation of the Site Selection Organization's "highly competitive selection process" per Rule 2.100(6).
  - (f) Provide and fund a performance bond or other financial or performance assurance (Assurance) per section 5A(t) in a form and with an institution acceptable to the State insuring the State's Increment Funding if the Event is not held in the State (within the time permitted) after a disbursement of the State Increment has been made. The costs to provide the Assurance may be paid out of the Funds as an eligible expense.
  - (g) Prepare and submit all disbursement request letters for the Event or the METF to the Comptroller, including required documentation and backup information requested by the Comptroller.
- (2) CELOC will have one City representative to the CELOC board. This representative will be a non-voting, ex-officio member.
- (3) All meetings of CELOC shall be conducted in accordance with the Texas Open Meetings Act.

- (4) All records of CELOC shall be open in accordance with the Texas Public Information Act.
  - (5) "Year One" is described as the period between establishment of the METF and 90 days after the first Event occurrence. Provided, however, the definitions of Year One, Future Year, and Final Year in this Agreement are for administrative purposes only and do not preclude or prohibit CELOC from submitting and receiving disbursements of eligible expenses from one such year or period during a different year or period or otherwise limit CELOC ability or authority to submit for and receive distributions from the METF under this Agreement in accordance with the rules for these distributions established by the Comptroller.
- B. Annual Responsibilities and Authority for Future Events (2013-2021 Events).
- (1) The City authorizes and requests, and by its authorized signature below, CELOC agrees that it will fulfill the following responsibilities and obligations on behalf of the City:
    - (a) Make a request to the Comptroller under Rule 2.102(a), including requesting that the Comptroller make a Local and State Increment determination per section 5A(b) of the Act (Trust Fund Estimate), with such request made not earlier than one year, but not later than 3 months prior to the next Event. Should the date of an Event be changed, the request may be resubmitted at any time permitted by the Comptroller.
    - (b) Commission, pay for, and submit to the Comptroller an EIS assessing estimated tax increment for the next year's Event, to be submitted on or before 20 days after the previous Event (e.g., an EIS for the 2013 race will be submitted 20 days after the 2012 race).
    - (c) Commission, pay for, or provide for payment of, and submit to the Comptroller an EIS reassessing estimated tax increment for the previous Event, to be submitted on or before 9 months following each Event per section 5A(w).
    - (d) Pay or provide for payment of the City's Local Increment contribution up to the amount of estimated Local Increment determined by the Comptroller.
    - (e) Provide and fund the Assurance with an institution and on terms acceptable to the State insuring the State Increment if the event is not held in the State (within the time permitted) after a disbursement of the State Increment has been made. The costs to provide the Assurance may be paid out of the Funds as an eligible expense.
    - (f) As the City's Designee or as required by the Comptroller, submit information, including audited statements, attendance figures, and other related information as described per section 5A(i).
    - (g) Prepare and submit all disbursement request letters for the Event or the METF to the Comptroller, including required documentation and backup information requested by the Comptroller.



- (2) CELOC will maintain one City representative on the CELOC board. This representative will be a non-voting ex-officio member.
- (3) All meetings of CELOC shall be conducted in accordance with the Texas Open Meetings Act.
- (4) All records of CELOC shall be open in accordance with the Texas Public Information Act.
- (5) The annual period for each "Future Year" is described generally as the period between the 91<sup>st</sup> day after one Event and 90 days after the next Event.

C. Final Year Responsibilities and Authority.

- (1) The City authorizes and requests, and by its authorized signature below, CELOC agrees that it will fulfill the following responsibilities and obligations on behalf of the City:
  - (a) Commission, pay for, or provide for payment of, and submit to the Comptroller, an EIS assessing the final Event, if any occurs during the Final Year period, to be submitted on or before 9 months following the final Event.
  - (b) As the City's Designee, or as required by the Comptroller, submit information, including audited statements, attendance figures, and other related information as described section 5A(1).
  - (c) Prepare and submit all disbursement request letters for the Event to the Comptroller, including requested documentation and backup information requested by the Comptroller.
- (2) CELOC will maintain one City representative on the CELOC board. This member will be a non-voting, ex-officio member.
- (3) All meetings of CELOC shall be conducted in accordance with the Texas Open Meetings Act.
- (4) All records of CELOC shall be open in accordance with the Texas Public Information Act.
- (5) The Final Year is described generally as the period between the 91<sup>st</sup> day after the penultimate Event and 90 days after the last Event.

D. Modifications of obligations and responsibilities.

CELOC's obligations and responsibilities under this Section 19, and the time periods for compliance or performance, as well as the distributions under Sections 22, 23, and 24 may be modified or amended with written approval of the Comptroller and the City; this approval will not be unreasonably withheld. Further, the City may ratify any non-compliant or untimely performance by CELOC and upon such ratification, the compliance or performance will be considered and deemed compliant, performed, cured, and timely. Such ratification is only effective if it is in writing.

20. Funding of Local Increment Year One and Future Years.

- A. The City authorizes and requests, and by its authorized signature below CELOC agrees to fulfill, the following obligations and responsibilities on behalf of the City: payment of the City's Local Increment contributions for the Event in Year One and the Event in Future Years, in amounts up to the estimated anticipated Local Increment.
- B. If this Agreement and the Interlocal are terminated because CELOC does not meet its financial obligation of depositing the annual Local Increment in amounts up to the estimated anticipated Local Increment, then Circuit of the Americas will guaranty the City against any liability to the Comptroller for any amount the Comptroller asserts that the City owes the Comptroller for such Local Increment, as such obligation is further set out in Section 25 of the Agreement between the City and Circuit of the Americas.
- C. Per the Interlocal Agreement, the Local Increment will be matched by the State in a ratio of 1:6.25, but currently for Year One the State match may not exceed the smaller of the estimated State Increment or \$25 million.

21. INTENTIONALLY LEFT BLANK FOR EXPANSION.

22. Disbursements in Year One.

- A. The City authorizes and approves for disbursement from the METF in the following order of priority:
  - (1) To the Site Selection Organization, payment for all or part of the Event service fee, in an amount not to exceed \$25,000,000.
  - (2) To CELOC, for eligible expenses directly related to the costs of the Assurance.
  - (3) To CELOC, in payment of eligible expenses, including the EIS for the Event.
- B. No disbursement may be made before proof of Assurance is provided to the State and the City.

23. Disbursements in Future Years.

- A. In the period between Year One and termination of this Agreement, the City approves for disbursement from the METF in the following order of priority:
  - (1) To the Site Selection Organization, payment for all or part of the Event service fee in advance of the Event, in an amount not to exceed \$25,000,000.
  - (2) To CELOC, for eligible expenses directly related to the costs of the Assurance.

- (3) To CELOC, for eligible expenses, including the Economic Impact Study(ies).
  - B. No disbursement may be made before proof of Assurance is provided to City and State.
24. Disbursements After Final Year.
- A. The City approves for disbursement from the METF after the final Event, in the following order of priority:
    - (1) To the State of Texas, State reimbursement per section 5A(t), in an amount equal to the State's initial appropriated contribution to the fund, but not to exceed \$25,000,000.
    - (2) To CELOC, for eligible expenses, including the EIS.
    - (3) Any remaining funds shall be disbursed pro-rata per the Act at 5A(m) to each entity contributing such funds, with CELOC receiving funds it contributed on behalf of the City as the City's Designee.
  - B. The Assurance provided by CELOC must remain in effect until either (i) the Comptroller has confirmed all disbursements have been properly completed and any obligation to the METF is released, or (ii) the Event occurs in the Final Year.
25. Disbursements Must Be Eligible Expenses.
- All disbursements from the METF must constitute eligible expenses, as determined by the State, in accordance with the Act and the Rules.
26. Fund Disbursement Upon Early Termination.
- Early termination of this Agreement triggers reimbursement of funds on hand to the party or parties contributing such funds, but only after eligible expenses have been disbursed for applicable Events, per Section 5A(m), with CELOC receiving funds contributed on behalf of the City as City's Designee.
27. Sustainability Initiatives.
- A. CELOC and Circuit of the Americas L.L.C. (Circuit of the Americas) will enter into an agreement, with City input, that specifies CELOC's and Circuit of the Americas' responsibilities to accomplish the terms specified in Exhibit A.
  - B. CELOC will report to the City annually, after any F1 race is held and prior to disbursement of funds to CELOC by Comptroller for the next year's race, on progress made as it relates to the terms specified in Exhibit A.
  - C. Subject to and following the 30 day notice and opportunity to cure described in section 29 below, there must also be 90 days written notice of intent to terminate

delivered to CELOC, pursuant to this section, with copy to the State (for a total 120 day notice period).

- D. Failure to meet items (A) and (B) above, or terms specified in Exhibit A, constitute grounds for termination; provided, however, both parties will first attempt non-binding arbitration to resolve any dispute between the parties with regard to the alleged failure of Circuit of the Americas to meet items (A) and (B) above or the terms specified in Exhibit A. If non-binding arbitration is not successful, the City and CELOC agree to resolve the dispute in the jurisdiction and venue set forth in Section 32 below prior to the City exercising any termination remedy due to such dispute.
- E. City and Circuit of the Americas will enter into an agreement that specifies Circuit of the Americas' responsibilities to accomplish the terms specified in Exhibit A. In the event City is entitled to terminate the Contract between the City and Circuit of the Americas, and City has provided notice of the termination of the Contract between the City and Circuit of the Americas, City may terminate this Agreement by giving 90 days advance notice of termination to CELOC.

28. Minority/Women Business Enterprise Initiatives.

City and Circuit of the Americas will enter into an agreement that specifies Circuit of the Americas' responsibilities to accomplish the M/WBE terms specified in that Agreement. In the event City is entitled to terminate the Contract between the City and Circuit of the Americas, and City has provided notice of the termination of the Contract between the City and Circuit of the Americas, City may terminate this Agreement by giving 90 days advance notice of termination to CELOC.

29. Termination With Cause.

- A. In the event of a material default by a party relating to the METF authority, rights, and responsibilities set out in this Agreement, the other party shall have the right to terminate the Agreement for cause, but only after written notice of the default is delivered to the party in default via certified mail. The notice shall be effective thirty (30) days after delivery, unless otherwise specified, or the default is cured, as provided below. During this time period, the party alleged to be in default shall have the right to and may cure the event of default, or may provide evidence sufficient to prove to the other party's reasonable satisfaction that the default does not exist or that it will be cured in a time satisfactory to the party alleging the default. Evidence may include an opinion from the Comptroller regarding whether or not the alleged default is material to compliance with the Act. Each party's rights and remedies under the Agreement are cumulative and are not exclusive of any other right or remedy provided by law.
- B. Subject to and following the 30 day notice and opportunity to cure described in Section 29 above, there must also be 90 days written notice of intent to terminate

delivered to the State and the other party pursuant to this Section (for a total 120 day notice period).

- C. This Agreement may be terminated upon occurrence of any of the following events which continue beyond the 30 and 90 day notices and opportunities to cure set forth above:
- (1) Termination of the City's Interlocal Agreement with the State of Texas.
  - (2) The Event fails to meet the Performance Measures set out below.
  - (3) Termination of the City's Agreement with Circuit of Americas.
30. Performance Measures.
- A. Performance measures are:
- (1) The occurrence of an annual Event within the time permitted in the Act at 5A(s) or otherwise approved by the State.
  - (2) City and CELOC, respectively, meet all their designated responsibilities as defined in Sections 17 and 19.
  - (3) CELOC timely deposits, or causes the deposit of, each Local Contribution.
  - (4) Reporting regarding Sustainability Measures for the Event as set forth in Exhibit A.
31. Repeal or Modification of the Act.
- This Agreement expressly contemplates its effectiveness under the Act as currently in effect. Should the Act be repealed or modified in such a manner that the Event no longer qualifies under the provisions of the Act, this Agreement shall become voidable by either party on ninety (90) days written notice to the other party and the Comptroller.
32. Jurisdiction and Venue.
- The parties agree that this Agreement is governed by the laws of the State of Texas and that venue for a dispute arising from this Agreement shall be in Austin, Travis County, Texas.
33. Severability.
- If a term or provision of this Agreement is determined to be void or unenforceable by a court of competent jurisdiction, the remainder of this Agreement remains effective to the extent permitted by law. However, if it is determined by a court of competent jurisdiction by a non-appealable final judgment that CELOC cannot provide the Local Increment on behalf of the City, this entire Agreement is void.
34. Notices.
- Any notice, request, or other communication required or appropriate to be given under this Agreement shall be in writing and shall be addressed to the person designated for receipt below. Legal notices shall be sent postage prepaid and Return Receipt Requested.

Other notices and routine communications may be delivered by any other means (fax, e-mail, courier). These notices and communications shall be deemed delivered upon receipt of a successful fax, e-mail, or courier confirmation report by the addressee; provided, that the notice is specifically directed to the attention of the person designated for receipt of notices to City or CELOC. Notice shall be addressed as follows:

To City:  
Attn: City Manager  
301 W. 2<sup>nd</sup> St.  
Austin, TX 78701

With copy to:  
City Attorney  
Law Department  
301 West 2<sup>nd</sup> St.  
Austin, TX 78701

To CELOC:  
Attn: Chairman  
100 Congress Avenue, Suite 1350  
Austin, TX 78701-2744

With copy to:  
Richard T. Suttle, Jr.  
Armbrust & Brown, PLLC  
100 Congress Avenue, Suite 1300  
Austin, TX 78701-2744

35. Estoppel Certificate / Lender Protection

Upon a written request from CELOC, the City shall, within ten (10) business days after receipt of such request, execute and deliver to CELOC and any other party designated by CELOC, an estoppel certificate in form reasonably approved by the City Manager which certifies whether the City has knowledge of any default under this Agreement or CELOC's Performance Measures. CELOC may, from time to time, deliver a written notice of lender ("Notice of Lender") executed by CELOC and notifying the City of a lender for all or part of Circuit of the America's race track facilities and related development. The Notice of Lender must include the name and address of COTA's lender (the "Lender"). Until the City receives a written release of the Notice of Lender from the Lender, the City agrees to provide the Lender a notice of default provided to the Comptroller under Section 29 (B) above and will provide Lender the same 90 day opportunity to cure such default.

36. Assignment.

A party to this Agreement may not assign or transfer its interests under this Agreement except with the written consent of the other party to this Agreement; this consent will not be unreasonably withheld.

37. Amendment.

This Agreement may not be amended in whole or in part except in a written amendment executed by all parties to this Agreement, with copy to the State. Further, to the extent that an amendment to the Interlocal affects CELOC responsibilities or changes the contract term, City agrees that the terms of the Interlocal may not be amended or modified without the prior written consent or approval of CELOC; this consent will not be unreasonably withheld. City agrees to promptly furnish CELOC with copies of all notices it receives or furnishes under the Interlocal.

38. Survival of Obligations.

All provisions of this Agreement that impose continuing obligations on the parties shall survive the expiration or termination of this Agreement.

39. Business Days.

Whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time or by a particular date that ends or occurs on a non-business day (i.e., Saturday, Sunday, or a holiday recognized by the U.S. federal government or the State of Texas), then such period or date will be extended until the immediately following business day.

40. No Implied Waiver.

No waiver or consent, express or implied, by any party to or of any breach or default by any party in the performance by such party of its obligations under this Agreement, will be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such party of the same or any other obligations of such party under this Agreement. Failure on the part of a party to complain of any act of any party or to declare any party in default, irrespective of how long such failure continues, will not constitute a waiver by such party of its rights under this Agreement until the applicable statute of limitations period has run.

41. Limited Indemnity.

**THE CELOC AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY REGARDING THE CITY OBLIGATIONS AND RESPONSIBILITIES THAT THE CELOC IS UNDERTAKING ON THE CITY'S BEHALF AS ITS EXCLUSIVE DESIGNEE AS SET OUT IN THIS AGREEMENT AND THE INTERLOCAL AGREEMENT BETWEEN THE CITY AND THE TEXAS COMPTROLLER.**

TO THE EXTENT ALLOWABLE BY LAW, CELOC SHALL ALSO DEFEND, INDEMNIFY, AND HOLD HARMLESS CITY, ITS OFFICERS, AND EMPLOYEES, FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, SUITS, DEMANDS, PROCEEDINGS, COSTS, DAMAGES, AND LIABILITIES, INCLUDING WITHOUT LIMITATION ATTORNEYS' FEES AND COURT COSTS ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM ANY ACTS OR OMISSIONS OF THE CITY, OR ANY AGENT OR EMPLOYEE OF THE CITY OR CELOC IN THE EXECUTION OR PERFORMANCE OF THIS AGREEMENT. CITY SHALL COORDINATE ITS DEFENSE WITH THE CELOC AS REQUESTED BY THE CELOC.

THIS SECTION IS NOT INTENDED AND SHALL NOT BE CONSTRUED TO REQUIRE CELOC TO INDEMNIFY OR HOLD HARMLESS CITY FROM ANY CLAIMS OR LIABILITIES RESULTING FROM THE NEGLIGENT ACTS OR OMISSIONS OF CITY OR ITS EMPLOYEES, OR FROM DAILY OPERATIONAL EXPENSES INCURRED BY THE CITY IN THE NORMAL COURSE OF BUSINESS.

EXECUTED on the 31 day of July, 2011, in Austin, Travis County, Texas.

CITY OF AUSTIN, TEXAS

By: 

Name: Marc A. Ott  
Title: City Manager

Date: 7/31/11

CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE

By: 

Name: Wayne Hallingsworth

Title: Authorized Director

Date: 7-22-11



# Exhibit A

1. *The following items are CELOC responsibilities under the Agreement between the City and CELOC:*

*A. Air quality and environmental initiatives*

- (1) Purchase carbon offsets to achieve carbon neutrality for the net carbon emissions associated with all fuel use and energy demands associated with the Formula One race, to include race operations during the event and temporary generation. Cost of offsets are not to exceed \$15,000 annually. Carbon impacts and neutrality methodology shall be approved by the City of Austin Office of Sustainability. Possible tools include GreenSports.org OR the Green Sports Alliance.
- (2) A minimum of 50% of carbon offsets will be local, if feasible, and may include options for local tree planting, including on-site trees, and land conservation grants, as carbon offset options.
- (3) Investigate holding the F1 race outside of the Central Texas ozone season (April 1 – October 31).
- (4) If the event is held between April 1 and October 31, develop and submit a plan prior to the first US Grand Prix event, to reduce emissions of Particulate Matter NOx (nitrogen oxides) and CO<sub>2</sub> (carbon dioxide) from the event. The plan should include an estimate of emissions associated with the first event, to the extent practical.
- (5) Establish an Event recycling and composting program for any major event held at the site. At minimum, include Paper, Plastic grades 1 (PETE) and 2 (HDPE), aluminum, glass, and compostables. (Same as Universal Recycling Ordinance, plus organics).
- (6) Require Event food and drink vendors to use recycled and/or compostable materials to the extent available.

*B. Transportation Initiatives*

- (1) Coordinate Event-specific parking and transportation efforts for major events<sup>1</sup> with City of Austin Special Events Offices located in the Austin Transportation Department and Aviation, TXDOT, and Travis County
- (2) Develop an Event-specific Transportation Management Plan for major events. Submit plan by July 31<sup>st</sup> 2011 to City of Austin Transportation Department Director for review and comment. Plan should be updated annually.
- (3) Obtain a Special Event Permit from City of Austin for any special off-site events, such as event-associated parades or festivals, located within the City limits.

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<sup>1</sup> For the purpose of this agreement, a major event is defined as any event with more than 40,000 attendees, exclusive of employees.

- (4) Provide Event-specific satellite parking locations and sufficient mass transportation options for major events.
- (5) Limit Event-specific parking on-site to 25,000 parking spots and monitor on-site parking; work toward establishing plans for increasing transit share annually for major events.
- (6) Manage the majority of Event-specific parking sales with coordination through a designated single organization for major events.
- (7) Where possible, pre-sell and manage all Event-specific parking through the ticket sales process, in order to ease traffic flow tied to major events. Sell assigned parking for major events that are aligned with trip origination locations. Provide parking purchasers for major events with maps guiding them to their parking location.
- (8) Commit to seeking a transportation partner for the Formula One Event that provides low emission mass transit vehicles for the shuttle operation, and give contracting preference to the lowest available emissions rapid transit vehicles available that reasonably satisfy the needs of the Event, such as those powered by hybrid electric propulsion equipment, natural gas or propane, or low emission diesel engines that meet tier 3 or 4 standards, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards. Analysis of this item shall be included in the Transportation Management Plan referenced in item B(2).

2. *The following items are Circuit of the Americas responsibilities under the Agreement between the City and Circuit of the Americas:*

A. *Air quality and environmental initiatives*

- (1) Work with CAPCOG and other relevant governmental entities to establish, by May 1<sup>st</sup>, 2012, an Air Quality analysis and inventory, modeling, and a mitigation strategy to resolve air quality issues related to major events held between April 1 – October 31. Commit to securing data that allows assessment of emissions specific to the COTA site, subject to an annual cost cap of \$50,000.
- (2) Utilize a combination of subscription to Austin Energy's GreenChoice program (or its successor) and on-site renewable energy generation to reach at least 50% of all non-event energy demands. At least 5% of the demands can be met by on-site renewable energy generation.
- (3) Land preservation and restoration of all disturbed areas, including implementing a combination of xeriscaping, integrated pest management, and water quality controls.
- (4) The majority of new plantings will use naturally drought-tolerant native and adaptive landscaping to promote water conservation.
- (5) Make a minimum of 5 acres in the floodplain available for a community garden or farm. Make reasonable efforts to locate the site as close to an available water source as possible.

- (6) Follow Environmental Board recommendations:
  - a) Comply with new commercial landscape standards.
  - b) Comply with parking lot shading areas.
  - c) Investigate the restoration of riparian of Dry Creek.
  - d) Demonstrate a black land prairie land restoration.
  - e) Perform restoration of Dry Creek Riparian Corridor and Blackland Prairie Corridor, by working with partners such as Texas A&M.
  - f) Establish a monitoring program of any pervious pavement used on site.
- (8) Achieve a minimum of 2 Stars in the Sustainable Sites Initiative by the end of 2013. Work with local partners such as LBJ Wildflower Center or Center for Maximum Potential Building Systems to achieve compliance.
- (9) Plant at least 800 trees on-site and establish a maintenance program.
- (10) Establish a Facility recycling and composting program for any major event held at the site. At minimum, include Paper, Plastic grades 1 (PETE) and 2 (HDPE), aluminum, glass, and compostables. (Same as Universal Recycling Ordinance, plus organics).
- (11) Require Facility year-round food and beverage vendors to use recycled and/or compostable materials to the extent available.
- (12) Protect existing wetlands and Critical Environmental Features.
- (13) Strive to reduce emissions of Particulate Matter NOx (nitrogen oxides) and CO<sub>2</sub> (carbon dioxide) from construction, transit and maintenance vehicles for all construction activities and major events to occur after the first US Grand Prix Event.
  - a) Give preference to contractors using lowest emission transit, construction, maintenance and generation equipment in future or renewed contracts, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards..
  - b) Give preference to contractors using the lowest emissions diesel engines available, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards.. Specify use of Tier 3 or Tier 4 emission equipment and ultra low sulfur fuels, where feasible. Use as many of the suggested measures as feasible from the COA Construction Equipment Emission Reduction Toolkit: <http://www.dieselnets.com/standards/us/nonroad.php#tier4> Do an inventory and report to the City of Austin annually.
  - c) Use reasonable efforts to use cleanest equipment available, such as electric, four cycle or propane-fueled lawnmowers, line trimmers and electric hand-held equipment for landscape maintenance.<sup>2</sup>

<sup>2</sup> New EPA standards include hydrocarbon and nitrogen oxides exhaust emission standards of 10 g/kW-hr for Class I engines starting in the 2012 model year and 8 g/kW-hr for Class II engines starting in the 2011 model year.

**B. Transportation**

- (1) Develop a Transportation Management Plan for all major events.<sup>3</sup> Submit plan to City of Austin Transportation Department Director for review and comment. Plan should be updated annually.
- (2) Coordinate parking and transportation efforts for major events with City of Austin Special Events Offices located in the Austin Transportation Department and Aviation, TXDOT, and Travis County.
- (3) For any special off-site events such as event-associated parades or festivals located within the City of Austin, require the event-sponsor to obtain a Special Event Permit from City of Austin.
- (4) Require all major events held at the COTA to provide satellite parking locations and sufficient mass transportation options.
- (5) Limit parking on-site to 25,000 parking spots and monitor on-site parking; work toward increasing transit share annually for major events.
- (6) Manage the majority of all parking sales and coordination through a designated single organization for major events.
- (7) Where possible, pre-sell and manage all parking through the ticket sales process, in order to ease traffic flow tied to major events. Sell assigned parking for major events that are aligned with trip origination locations. Provide parking purchasers for major events with maps guiding them to their parking location.
- (8) Commit to seeking a transportation partner that provides low emission mass transit vehicles for the shuttle operation, and give contracting preference to the lowest available emissions rapid transit vehicles available that reasonably satisfy the needs of the event, such as those powered by hybrid electric propulsion equipment, natural gas or propane, or low emission diesel engines that meet tier 3 or 4 standards, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards.
- (9) Post a policy and undertake reasonable enforcement to limit unnecessary idling of vehicles being used to supply heat or air conditioning necessary for passenger comfort and safety, in vehicles intended for commercial or public passenger transportation, or passenger transit operations, to a maximum of 30 minutes.
- (10) Commit to working with relevant governmental entities to dedicate traffic lanes on all appropriate roads entering the site to mass transit for major events.
- (11) Work with relevant governmental entities to establish a dedicated bike facility by the first major event, that would provide direct access to the site; provide public showers for major events.
- (12) Explore partnerships with Austin Energy to provide on-site charging stations (110/240 volt) for electric, hybrid/electric vehicles, electric

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<sup>3</sup> For the purpose of this agreement, a major event is defined as any event with more than 40,000 attendees exclusive of employees.

scooters, pony packs, and electric landscaping equipment, to facilitate charging.

**C. *Future On-site Development***

- (1) Any future buildings (i.e. buildings not currently under construction or in review) of over 2000 Square Feet will achieve a minimum 2 Star rating in Austin Energy's Green Building program OR achieve Silver LEED certification. Work with Office of Sustainability and Austin Energy Green Building with the goal of achieving higher levels of green building certification, including leveraging all available incentives.
- (2) Building design and window placement to maximize natural light and passive solar design.
- (3) All new toilets and urinals meet or exceed low flow requirements, as defined by the Austin Uniform Plumbing Code, to achieve water reduction.

**D. *Ongoing Collaboration on Sustainability Efforts***

- (1) Establish an ongoing partnership with the City's Sustainability Office to implement best practices on site-specific sustainability efforts and collaborate on educational tours and demonstrations at the site.
- (2) Designate a single point-of-contact for the facility's sustainability efforts.

**E. *Green Technology R&D***

- (1) Coordinate with partners including UT, Texas State, Huston-Tillotson, Texas A&M, and Austin Technology Incubator to support the establishment of a Green Racing and Transportation Research, Education, and Testing Center or similar low carbon transportation technology incubator at the site.
- (2) Allow reasonable access to the track facilities for electric vehicle research and testing.
- (3) COTA shall make good faith efforts in partnership with other interested parties to raise, within 18 months from the date on which the contract is signed between the City and COTA, \$5 million to fund on-site green technology and research & development projects, in one or more of the following categories: solar power, automotive fuel efficiency, electric vehicles, biofuels, geothermal, or wind power. COTA shall cooperate with the City to seek US Department of Energy funds to support any resulting green technology R&D projects.

**F. *Alternative Energy Events***

- (1) Commit to hosting alternative energy, energy-efficient car races such as:
  - a) F-zero Race
  - b) Go Green Auto Rally
  - c) SAE Solar Races
- (2) Commit to hosting bicycle and foot races at the track.

- (3) Publicly advocate for electric vehicle research and testing, including the pursuit of business partnerships.
- (4) Agree to host public awareness event to advance community knowledge of the available options for green energy or transportation.

**G. *Community Sustainability***

- (1) Make good faith efforts to comply with the standards and principles of the City's MBE/WBE ordinance per Section 12 of the Agreement between the City and Circuit of the Americas
- (2) Reporting as required by Agreement between CELOC and City and Agreement between COTA and City, respectively. Commit to recruiting local hires through job fairs and local media outreach.
- (3) Continue educational partnerships with area schools and universities on sustainability and technology issues.

JUL 17 2012

## EVENT SUPPORT CONTRACT

CITY OF AUSTIN - EGRSO

This Event Support Contract (this "Agreement") is entered into by and between Circuit Events Local Organizing Committee, a Texas nonprofit corporation ("CELOC"), and Formula One Management Limited, a company incorporated under the laws of England and Wales ("FOML"), as agent and business manager for Formula One World Championship Limited, a company incorporated under the laws of England and Wales ("FOWC"). FOML is a wholly owned subsidiary of FOWC; and for the purposes of this Agreement, references to FOML shall be deemed to include FOWC.

**RECITALS:**

- A. FOWC has the exclusive right to exploit the commercial rights in the FIA Formula One World Championship ("Championship") including the exclusive right to propose the Championship calendar and to award to promoters the right to stage Formula One events that count towards the Championship.
- B. After a highly competitive process, a site in Austin, Texas, USA, was selected as the sole site to host the Formula 1 United States Grand Prix™, a Formula One automobile race being an event that counts as a round of the worldwide Championship, once annually for ten years beginning November, 2012 (each, an "Event"; and collectively, the "Events").
- C. Article 5190.14, Section 5A, Vernon's Texas Civil Statutes (the "Act") provides that the Events are eligible for funding ("Funds") from the Major Events Trust Fund ("Trust Fund") and, along with related administrative rules promulgated by the Texas Comptroller of Public Accounts, establishes the requirements and procedures for depositing and disbursing Funds from the Trust Fund.
- D. Pursuant to that certain Agreement (the "City Agreement") by and between CELOC and the City of Austin, Texas (the "City") dated June 29, 2011, the City designated and authorized CELOC to (i) act as the City's exclusive designee and local organizing committee with respect to the Trust Fund for the Events and (ii) perform those certain duties and tasks on behalf of the City as specified in such agreement and as may be subsequently agreed by the City and CELOC.
- E. As a condition to qualifying for Funds, the Act requires a local organizing committee to have entered into an event support contract with a qualified site selection organization (such as FOML); the parties hereto acknowledge that CELOC applied to FOML to be considered as, and FOML has selected CELOC to be, the local organizing committee for the Events within the meaning of the Act; and the parties desire and intend this Agreement be deemed an event support contract within the meaning of the Act.
- F. Independent from this Agreement, FOWC has entered into a Race Promotion Contract, dated December 6, 2011 ("Race Contract") with Circuit of the Americas, LLC, a Delaware limited liability company ("Promoter") concerning the grant of certain rights by FOWC and related obligations to FOWC in respect of the Events.

In consideration of the foregoing and the agreements contained herein, CELOC and FOML hereby agree as follows:

1. **No Affect on Other Agreements.** Nothing in this Agreement affects, modifies or amends the Race Contract or any other agreements entered into between FOWC or Beta Prema (UK) Limited and the Promoter. Nothing in this Agreement shall be deemed or operate to appoint CELOC as an 'organiser' within the meaning of the Formula One Sporting Regulations published by the Fédération Internationale de l'Automobile from time to time.
2. **CELOC Obligations.** In accordance with the Act and consistent with its obligations under the City Agreement, CELOC hereby agrees with FOML that CELOC shall pay FOWC twenty five million United States Dollars (US\$25,000,000) for each Event, which shall be applied as Event rights fees, such amount to be payable on or before 30 November in the year preceding the relevant Event. The parties acknowledge and agree that

(i) FOML will cause FOWC to accept payment of such amount from Promoter on behalf of CELOC (and Promoter may, by separate agreement, have certain reimbursement rights from CELOC), (ii) CELOC shall be credited for its obligations under this Agreement for any payment of rights fees received by FOWC from Promoter; (iii) with respect to the 2012 Event, FOML acknowledges receipt by FOWC of US\$25,000,000 from Promoter on behalf of CELOC; and (iv) any amounts paid to FOWC hereunder constitute a part of the rights fees due in respect of each Event. CELOC acknowledges that in the absence of all amounts due under this Agreement and the Race Contract being paid, an Event may not be conducted.

In addition, CELOC shall be obligated to FOML to accomplish CELOC's responsibilities for environmental sustainability initiatives specified in Exhibit A of the City Agreement and to fulfill such other responsibilities in support of hosting the Events as may be specified in the City Agreement (as such agreement may be amended from time to time by CELOC and the City).

Nothing herein shall be construed to obligate CELOC to pay any cost or expense that is not an expense or cost qualified for disbursement out of the Trust Fund under the Act. For the avoidance of doubt, nothing in this Agreement shall waive, amend, or alleviate any of the Promoter's payment or non-payment obligations under the Race Contract.

Further, CELOC shall, prior to any Texas Public Information Act disclosure by CELOC, provide FOML with notice of any Texas Public Information Act request to CELOC for, or pertaining to any, FOML information in CELOC's possession or control so that FOML will have sufficient opportunity to protect the information and/or object to the disclosure by CELOC of FOML trade secrets, confidential commercial and/or financial information, or other information exempt from disclosure under the Texas Public Information Act (Chapter 552 of the Texas Government Code). Notice shall be given not later than 5 business days after CELOC's receipt of such request and shall be communicated in writing (by post and fax) to: the Legal Department, Formula One Management Limited, 6 Princes Gate, London SW7 1QJ England or the Legal Department: (+44) 20 7581 1649.

**3. Representations and Assurances by CELOC.** CELOC does hereby represent and provide assurances to FOML that CELOC (i) is a nonprofit corporation duly formed, validly existing and in good standing under the laws of the State of Texas and (ii) has been designated and authorized by the City to act as the City's exclusive designee and local organizing committee with respect to the Trust Fund for the Events.

**4. Payment and Withholding Documentation.** FOML agrees that (i) upon written request from CELOC following receipt by FOWC of any rights fees from or on behalf of CELOC, FOML and/or FOWC will provide to CELOC such written documentation as is reasonably requested by CELOC and/or the State of Texas to support or confirm the amounts that have been paid by or on behalf of CELOC to FOWC and (ii) upon written request from CELOC, FOML and/or FOWC will provide to CELOC such written confirmation and documentation, as is reasonably requested by CELOC, including without limitation a properly completed and signed U.S. IRS Form W-8BEN, to assist CELOC in evidencing that payments made by it (or on its behalf) under this Agreement to FOWC are not subject to U.S. source income withholding taxes, including by way of such amounts being non-U.S. source income or as qualification for an exemption under tax treaties between the United States of America and the United Kingdom, England and/or Wales. Neither FOML nor FOWC shall be required to provide any information which either of them considers to be confidential or business sensitive in connection with such assistance and to the extent FOML or FOWC shall volunteer disclosure of such information, such disclosure shall be subject to observance by the recipients of such information of any confidentiality undertakings as FOML or FOWC prescribes, subject to Texas' Public Information Act (Chapter 552 of the Texas Government Code). All third party costs of FOML and FOWC associated with such assistance, including the fees and expenses of third party advisors, shall be promptly reimbursed by CELOC to FOML or FOWC (as the case may be) upon presentation of invoices thereof.

**5. Term.** The term of this Agreement shall commence and become operative as of the effective date set forth below and shall continue until 31 December 2021, and shall apply to each Event during that period; provided, however, either party shall have the right and option to terminate this Agreement by written notice to the other party if either the Race Contract or the City Agreement is terminated prior to such time. CELOC will promptly



notify FOML of any termination of the City Agreement that occurs during the term of this Agreement. FOML will promptly notify CELOC of any termination of the Race Contract that occurs during the term of this Agreement.

**6. Governing Law; Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. The venue of any suit brought for any breach of this Agreement is fixed in any court of competent jurisdiction in Travis County, State of Texas, USA.

**7. Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby, and this Agreement shall be liberally construed so as to carry out the intent of the parties to it.

**8. Integration.** This Agreement represents the entire and integrated agreement between the parties with respect to the subject matter hereof. All prior negotiations, representations or agreements with respect to the subject matter hereof not expressly incorporated into this Agreement are hereby superseded and cancelled.

Dated Effective: December 6, 2011

SIGNED by  
Formula One World Championship Limited  
By its agent and business manager  
Formula One Management Limited  
acting by a director  
in the presence of :

Director

Witness

Signature:

Name:

Address:

Date:

SIGNED by  
Circuit Events Local  
Organizing Committee  
acting by a director  
in the presence of :

Director

Witness

Signature:

Name:

Address:

Date: