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Discussion Regarding  
Formula 1  
United States Grand Prix

June 9, 2011

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# Topics Covered

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

# Circuit Events Local Organizing Committee

## *Request of the City of Austin*

- LOC is requesting the City enter into an Event Support Contract (ESC)
- ESC can allow LOC to act on the City's behalf to:
  - Submit the economic impact study and relevant market area data to the Texas Comptroller  
*(Sec. 5A(b-1), (c); 34 TAC 2.102(a)(3))*
  - Submit \$4 million to the METF on City's behalf in Year 1  
*(Sec. 5A(d))*
  - Submit annual audited financial statements, attendance figures, and event economic impact analysis  
*(Sec. 5A(i); 34 TAC 2.103)*
  - Provide an annual \$29 million performance bond  
*(Sec. 5A(o), (t))*
- LOC will be reimbursed its \$4 million contribution in allowable expenses which will be submitted to the Texas Comptroller
- LOC has offered a seat on its board for a City appointee

# Major Events Trust Fund

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

- The METF statute requires an interlocal agreement between the Endorsing Municipality (the City) and the State to access funds before an event  
*(VCS Art. 5190.14, Sec. 5A(r); 34 TAC Sec. 2.105)*
- The interlocal agreement will include:
  - Establishment of METF  
*(Sec. 5A(p); 34 TAC 2.102(a))*
  - A provision allowing funds to be accessed before and after\* the event  
*(Sec. 5A(r))*
  - A provision allowing funds to be held and made available to pay the cost of securing the event in future years  
*(Sec. 5A(r), 34 TAC 2.104 & 2.105)*
  - A term of up to 10 years, with renewal should performance-based criteria be met, or automatic termination should event not occur  
*(Sec. 5A(s))*
  - Terms regarding repayment of State's initial contribution  
*(Sec. 5A(t), 34 TAC 2.105)*
- State will also receive City's METF request cover letter, Site Selection Organization's confirmation letter, a copy of the Event Support Contract, and the Economic Impact Study

# Major Events Trust Fund

*What are the legal considerations for an METF Event Support Contract between an Endorsing Municipality and the Site Selection Organization?*

- The METF statute requires an Event Support Contract between the Endorsing Municipality (the City) and the Site Selection Organization (Formula One Management, Ltd.)  
*(VCS Art. 5190.14, Sec. 5A(a)(3))*
- The Event Support Contract will include:
  - Provisions for LOC to act on the City's behalf  
*34 TAC 2.100(7)*
  - Provisions for Full Throttle Productions to act on Formula One Management's behalf
  - Description and prioritization\* of City and LOC financial obligations eligible for reimbursement  
*(Sec. 5A(h), (k), (r); 34 TAC 2.104 & 2.105)*
  - Description of LOC performance bond obligations\*
  - A term of up to 10 years, with renewal should performance-based criteria be met, or automatic termination should event not occur  
*(Sec. 5A(s))*

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# Next Steps

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

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# Questions