

Dear Concerned Citizen,

Thank you for your email regarding the City of Austin's impending vote to endorse the use of the State of Texas' Major Events Trust Fund to secure the Formula One United States Grand Prix. My office has received hundreds of phone calls and thousands of emails over the past month, with large numbers of opponents and proponents voicing their thoughts on the matter. This is an important decision and I want to let you know the main reasons for my decision to conditionally support the endorsement request.

1. There must be no financial risk for the City of Austin or its taxpayers. Over the last several weeks, I negotiated with representatives from the Austin-based Circuit Events Local Organizing Committee (CELOC) to get them to hold the City financially-harmless in this deal. The event promoters have agreed to pay out of their own pockets the entire amount of money needed to seed the Major Events Trust Fund (METF). We call this the Local Increment. The way this works is that the State Comptroller's Office will determine how much additional tax revenue is generated by the running of the US Grand Prix and will inform CELOC what the maximum amount of money they can contribute to the METF can be. Through a contract with the organizers and the Comptroller's Office, CELOC has agreed to pay this Local Increment from their profits. Additionally, the City of Austin will receive ALL TAX REVENUES generated during race week. This provision is specified in the contracts with the organizers and the Comptroller's Office. Moreover, there is nothing in the State of Texas laws that would allow the State to either withhold our race week tax revenues or to obligate the City of Austin to put money into the METF.

Allow me to be very clear: as of today our contracts with the Comptroller and CELOC clearly state that the City of Austin will not put one dollar into the METF and that we will collect all tax revenues generated locally due to the event.

2. The City of Austin must be able to terminate all contracts due to non-performance. Since this is a ten-year long deal, we need to ensure that the City of Austin can terminate any and all contracts related to the F1 event in case CELOC, the owners of the race track or the Comptroller do not live up to their end of the deal. The current drafts of all three contracts clearly state that we can terminate the contracts due to non-performance, and each contract has a trigger that allows us to terminate one contract if another has already been terminated. Some examples of performance expectations are:

1. CELOC must contribute the Local Increment each year
2. CELOC must conduct annual economic audits and revise prospective impact studies each year
3. CELOC must report progress on sustainability initiatives each year
4. Race track owners must comply with the sustainability initiatives

3. Circuit of the Americas must meet the sustainability expectations. We strive to be a sustainable city and major construction projects, auto racing, and throngs of spectators driving in cars don't inherently fit within that image. The owners of the race track, Circuit of the Americas (COTA), must work hard to defend our local environment from significant impact and ensure that folks from all walks of life have an opportunity to benefit economically from this deal. Council Member Chris Riley has taken the lead on negotiating an environmental term sheet to which COTA and CELOC will be expected to adhere. Measures include: planting trees, developing satellite parking and dedicated transit lanes, following the City of Austin's Minority-Owned and Women-Owned Business Enterprise guidelines, working with local educational institutions to provide young people with the opportunity to learn and work at the track, and integrating with our high-tech industry to help develop research opportunities for our local universities.

We are still waiting on the final negotiated sustainability term sheet and I look forward to reading through it closely.

Circuit of the Americas *could* be economically fruitful for the City of Austin and nearby communities. It *could* offer opportunities to merge our high tech and environmental sectors with the automotive industry.

It *could* serve as a focal point for significant economic development in southeast Austin. But we have to safeguard against the financial, environmental, and social risks that come with a project of this magnitude. Assuming the finalized sustainability term sheet is consistent with my expectations and the current contracts with CELOC and the Comptroller's Office meet the current legal and financial scrutiny, I intend to vote in support of the items at the Special Called City Council Meeting on June 29, 2011.

Thank you again for contacting my office. I hope you will remain engaged with all the City of Austin does and will let my office know your thoughts.

Best wishes,

Bill Spelman
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<http://www.ci.austin.tx.us/council/spelman.htm>