

Senate Bill No. 1987

Passed the Senate March 21, 2002

Secretary of the Senate

Passed the Assembly March 21, 2002

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day of
_____, 2002, at _____ o'clock __M.

Private Secretary of the Governor



CHAPTER _____

An act relating to public contracts, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1987, Burton. Public contracts: 2012 Olympic Games.

Existing law provides specified requirements in awarding certain public contracts.

This bill would authorize the Governor to sign agreements required by the United States Olympic Committee as part of the bid process for San Francisco to become the United States Candidate City for the 2012 Olympic Games.

This bill would make legislative findings and declarations that, among other things, the Bay Area Sports Organizing Committee has developed a self-sufficient bid for a privately financed 2012 Olympic Games. This bill would authorize the Governor to enter into an agreement for the state to be jointly liable, not to exceed a specified amount, with the local organizing committee, as specified, for obligations of the local organizing committee, and for any financial deficit relating to the Olympic Games, through the creation of the Olympic Games Trust Fund, as provided.

This bill would declare that it would take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. This act is known and may be cited as “The 2012 Olympic Games Act.”

SEC. 2. For purposes of this act:

(a) “Endorsing Municipality” means the City and County of San Francisco, which has authorized a bid by a local organizing committee for selection of the municipality as the site of the Games.

(b) “Games” means the 2012 Olympic Games.

(c) “Games support contract” means a Joinder Undertaking, a Joinder Agreement, or a similar contract executed by the Governor and containing terms permitted or required by this act.

(d) “Joinder Agreement” means an agreement entered into by:



(1) The Governor on behalf of this state and a site selection organization setting out representations and assurances by the state in connection with the selection of a site in this state for the location of the Games.

(2) An Endorsing Municipality and a site selection organization setting out representations and assurances by the Endorsing Municipality in connection with the selection of a site in this state for the location of the Games.

(e) “Joinder Undertaking” means an agreement entered into by:

(1) The Governor on behalf of this state and a site selection organization that the state will execute a Joinder Agreement in the event that the site selection organization selects a site in this state for the Games.

(2) An Endorsing Municipality and a site selection organization that the Endorsing Municipality will execute a Joinder Agreement in the event that the site selection organization selects a site in this state for the Games.

(f) “Local organizing committee” means a nonprofit corporation, or its successor in interest, that:

(1) Has been authorized by an Endorsing Municipality to pursue an application and bid on the applicant’s behalf to a site selection organization for selection as the site for the Games.

(2) With the authorization of an Endorsing Municipality, has executed an agreement with a site selection organization regarding a bid to host the Games.

(g) “Site selection organization” means the United States Olympic Committee, or the International Olympic Committee, or both.

SEC. 3. The Legislature finds and declares all of the following:

(a) The purpose of this act is to provide assurances required by a site selection organization sponsoring the Games.

(b) The Bay Area Sports Organizing Committee (BASOC) has submitted a bid to the United States Olympic Committee to host the 2012 Olympic Games in the San Francisco Bay area, with the City and County of San Francisco as the official candidate city.

(c) Hosting the 2012 Olympic Games in the San Francisco Bay area is expected to generate billions of dollars for the regional economy. BASOC has developed a self-sufficient bid for privately



financed Games, that is based on realistic and conservative revenue scenarios. BASOC has budgeted over \$32 million to reimburse security and other service costs provided by local regional governments during the 2012 Olympic Games.

(d) BASOC plans to build over 2,500 new units of transit-accessible, high density infill, energy self-sufficient housing for the Olympic Village, serving as a model of environmentally responsible, sustainable development for the region. BASOC has committed to sports and recreational opportunities for young people throughout the San Francisco Bay area by planning to endow a foundation for youth programs with excess revenues from the 2012 Olympic Games.

(e) BASOC has involved athletes, sports professionals, environmentalists, business and financial experts, nonprofit organizations, youth service leaders, and individuals who represent the entire diversity of the San Francisco Bay area in its bid and board of directors.

(f) San Francisco is one of four bid cities throughout the country to be selected as a finalist by the United States Olympic Committee (USOC) to be the United States Candidate City for the 2012 summer Olympic Games. BASOC has submitted a bid to the USOC on behalf of San Francisco to host sporting events for the 2012 Olympic Games in San Francisco, San Jose, Oakland, Palo Alto, Sacramento, Monterey, and several other bay area cities and counties. The USOC requires that all bid states, bid cities, and bid committees execute certain agreements including the Joinder Agreement, which must be executed on or before November 30, 2002.

(g) BASOC expects that if San Francisco is chosen as the host city, and once the Games have concluded, there will be net revenue exceeding expenses that can be devoted to legacy programs for youth and citizens of San Francisco and the San Francisco Bay area and that BASOC has committed to providing those programs in its bid.

SEC. 4. (a) The Governor may agree, in accordance with law and subject to Sections 6 and 7 of this act, in a Joinder Undertaking entered into with a site selection organization that:

(1) The Governor will execute a Joinder Agreement if the Site Selection Organization selects a site in this state for the Games.



(2) The state will refrain, during the period, or any portion thereof, between the execution of the Joinder Undertaking and the IOC's award of the Games to a host city, from becoming a party to or approving or consenting to any act, contract, commitment, or other action contrary to, or which might affect, any of the obligations stipulated in the Joinder Agreement.

(3) The Governor may agree that any dispute in connection with the Joinder Undertaking arising during the period between the execution of the Joinder Undertaking and the IOC's award of the Games to a host city shall be definitively settled as provided in the Candidate City Agreement.

(b) The Governor may agree in a Joinder Agreement that the state will, in accordance with law and subject to Sections 6 and 7 of this act, do the following:

(1) Provide or cause to be provided any or all of the state government funding, facilities, and other resources specified in the local organizing committee's bid to host the Games.

(2) The state will be jointly liable, solely by means of the funding mechanism established by Sections 6 and 7 of this act, with the local organizing committee for:

(A) Obligations of the local organizing committee to a site selection organization, including obligations indemnifying the site selection organization against claims of and liabilities to third parties arising out of or relating to the Games.

(B) Any financial deficit relating to the local organizing committee or the Games.

(3) The state's joint liability shall not exceed the amount of funds appropriated to the Olympic Games Trust Fund established in Section 6 of this act. Any liability above this amount shall be the responsibility of the local organizing committee.

(4) Acknowledge that the local organizing committee will be bound by a series of agreements with the site selection organization known as the Candidature Agreements as set forth in the Joinder Agreement.

(c) The Governor may agree to execute a Joinder Undertaking, a Joinder Agreement, other Games support contracts, and other contracts or agreements related to the conduct of the Games only if the Governor determines both of the following:

(1) The state's assurances and obligations under the undertaking, agreement, or contract are reasonable.



(2) Any financial commitments of the state under this section, or any contract or agreement related to the conduct of the Games, including, but not limited to, any Games support contract and all financial obligations of the state otherwise arising out of this act will be satisfied exclusively by recourse to the Olympic Games Trust Fund, as applicable.

(d) Before executing a Games support contract, the Governor shall execute an agreement with the applicable local organizing committee requiring, if a site selection organization selects a site for the Games in this state, that the local organizing committee repay the state any funds expended by the state under this act from any surplus of the local organizing committee's funds remaining after the presentation of the Games and after the payment of the expenses and obligations incurred by the local organization committee.

(e) A Games support contract may contain any additional provisions the Governor requires in order to carry out the purposes of this act.

SEC. 5. The Governor may develop a plan acceptable to the site selection organization for exercising appropriate oversight of the conduct of the local organizing committee and monitoring performance of the local organizing committee's obligations under the Candidature Agreement, and will certify at least annually to the site selection organization that in the course of exercising that oversight and monitoring that performance, nothing, other than matters specifically described in that certification, has come to the state's attention that would indicate either of the following:

(a) That the conduct of the local organizing committee to the date of certification has departed materially from the requirements of the site selection organization regarding the conduct of the local organizing committee.

(b) That the local organizing committee has failed to perform, or act in accordance with, its obligations under the Candidature Agreement.

SEC. 6. (a) There is hereby established in the State Treasury a special fund to be known as the "Olympic Games Trust Fund."

(b) The state may choose to fund the Olympic Games Trust Fund in any manner it considers appropriate, and at such time or times the state determines necessary. It is the intent of this



Legislature that the funding mechanism for the fund will be determined on or about the time of the selection of the Endorsing Municipality as the host city by the International Olympic Committee.

(c) The funds in the trust fund may be used only for the sole purpose of fulfilling the obligations of the state under a Games support contract to provide adequate security as described in Section 7.

(d) No additional state funds shall be deposited into the Olympic Games Trust Fund once the Director of Finance determines that the account has achieved, or is reasonably expected to otherwise accrue, a sufficient balance to provide adequate security, acceptable to the site selection organization, to demonstrate the state's ability to fulfill its obligations under a Games support contract, or any other agreement, to indemnify and insure up to two hundred fifty million dollars (\$250,000,000) of any net financial deficit and general liability resulting from the conduct of the Games.

(e) If an Endorsing Municipality is selected by the site selection organization as the host city for the Games, the Olympic Games Trust Fund shall be maintained until a determination by the Department of Finance is made that the state's obligations under a Games support contract, or any other agreement, to indemnify and insure against any net financial deficit and general liability resulting from the conduct of the Games are satisfied and concluded, at which time the trust fund shall be terminated. If a municipality in the State of California is not selected by the United States Olympic Committee as the United States candidate city to host the Games, or if the municipality is not selected by the International Olympic Committee as the host city for the Games, the Olympic Games Trust Fund shall be immediately terminated.

(f) Upon the termination of the Olympic Games Trust Fund, all sums earmarked, transferred, or contained in the fund, along with any investment earnings retained in the fund, shall immediately revert to the General Fund.

SEC. 7. (a) Any moneys deposited, transferred, or otherwise contained in the Olympic Games Trust Fund established in Section 6 shall be, upon appropriation by the Legislature, used for the sole purpose of obtaining adequate security, acceptable to the United States Olympic Committee and the International Olympic



Committee, to demonstrate the state's ability to fulfill its obligations under a Games support contract to indemnify and insure up to two hundred fifty million dollars (\$250,000,000) of any general liability and net financial deficit resulting from the conduct of the Games. The security may be provided by moneys contained in the trust fund as provided in Section 6 of this act, or by insurance coverage, letters of credit, or other acceptable secured instruments purchased or secured by the moneys, or by any combination thereof. In no event may the liability of the state under all Games support contracts, any other agreements related to the conduct of the Games, and all financial obligations of the state otherwise arising under this act, exceed two hundred fifty million dollars (\$250,000,000) in the aggregate.

(b) Obligations authorized by this act shall be payable solely from the Olympic Games Trust Fund. Neither the full faith and credit nor the taxing power of the state are or may be pledged for any payment under any obligation authorized by this act.

SEC. 8. The state shall be the payer of last resort with regard to any net financial deficit as defined in this act. The security provided pursuant to this act may not be accessed to cover any general liability and net financial deficit indemnified by the state under the Games support contract until:

(a) The security provided by the local organizing committee is fully expended and exhausted.

(b) Any security provided by any other person or entity is fully expended and exhausted.

(c) The limits of available insurance policies covering any general liability obligation and the net financial deficit, or any expense or liability used in determining the net financial deficit, have been fully expended and exhausted.

(d) Payment has been sought by the local organizing committee from all third parties owing moneys or otherwise liable to the local organizing committee.

SEC. 9. The local organizing committee shall list the state as an additional insured on any policy of insurance purchased by the local organizing committee to be in effect in connection with the preparation for and conduct of the Games.

SEC. 10. The local organizing committee may not engage in any conduct that reflects unfavorably upon this state, the Endorsing Municipality, or the Games, or that is contrary to law



or to the rules and regulations of the United States Olympic Committee and the International Olympic Committee.

SEC. 11. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to meet deadlines for the bid process for the 2012 Olympic Games, it is necessary that this act go into immediate effect.



Approved _____, 2002

Governor

