

Assembly Bill No. 300

Passed the Assembly March 29, 2007

Chief Clerk of the Assembly

Passed the Senate April 9, 2007

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2007, 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

AB 300, Nunez. Public contracts: 2016 Olympic Games and Paralympic 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 Los Angeles to become the United States applicant city and candidate city for the 2016 Olympic Games and Paralympic Games.

This bill would make legislative findings and declarations that, among other things, the Southern California Committee for the Olympic Games has developed a self-sufficient bid for financing the 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 Organizing Committee for the Olympic Games (OCOG), as specified, for obligations of the OCOG, and for any financial deficit relating to the games, as provided.

This bill would declare that it is to 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 2016 Olympic Games and Paralympic Games Act.

SEC. 2. For purposes of this act:

(a) "Applicant committee agreement" means agreements to be entered into between the Organizing Committee for the Olympic Games (OCOG) and the United States Olympic Committee (USOC) if, and upon, the USOC's selection on about April 14, 2007, of the City of Los Angeles as the official United States candidate city.

(b) “Bid committee agreement” means agreements entered into between the OCOG and the USOC governing the OCOG and the bid process.

(c) “Endorsing municipality” means the City of Los Angeles, which has authorized a bid by a OCOG for selection of the municipality as the site of the Olympic Games and Paralympic Games.

(d) “Games” means the 2016 Olympic Games.

(e) “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.

(f) “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) The 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.

(g) “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) The 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.

(h) “OCOG” means a nonprofit corporation, or its successor in interest, that:

(1) Has been authorized by the 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 the endorsing municipality, has executed the bid committee agreement with a site selection organization regarding a bid to host the games.

(i) “Site selection organization” means the United States Olympic Committee, the International Olympic Committee, the

International Paralympic Committee, all three or some combination, as applicable.

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 Southern California Committee for the Olympic Games (SCCOG) has submitted a bid to the United States Olympic Committee to host the games in the Los Angeles area, with the City of Los Angeles as the official candidate city.

(c) Hosting the games in the Los Angeles area is expected to generate billions of dollars for the regional economy. SCCOG has developed a self-sufficient bid for financing games that is based on realistic and conservative revenue scenarios. SCCOG has budgeted sufficient funds to reimburse security and other service costs provided by local regional governments during the games.

(d) SCCOG plans to host an environmentally responsible games; has committed to sports and recreational opportunities for young people throughout the Los Angeles area by planning to generate a legacy for youth programs and other sports purposes in California with excess revenues from the games; and plans to develop and implement a unique and broad-based, statewide cultural program.

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

(f) Los Angeles is one of two remaining bid cities throughout the country to be evaluated by the United States Olympic Committee (USOC) to be the United States candidate city for the games. SCCOG has submitted a bid to the USOC on behalf of Los Angeles to host sporting events for the games in Los Angeles, San Francisco, San Diego, Anaheim, Arcadia, Carson, Inglewood, Irvine, Long Beach, Monterey Park, Pasadena, Pomona, San Dimas, San Juan Capistrano, and several other cities and counties. The USOC requires that all bid states, bid cities, and bid committees execute certain agreements including the joinder undertaking, which joinder undertaking must be executed on or before March 31, 2007.

(g) SCCOG expects that if Los Angeles 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 California.

SEC. 4. (a) The Governor may agree, in accordance with law and subject to Sections 5 and 6 of this act, in a joinder undertaking entered into with a site selection organization that:

(1) The Governor shall execute a joinder agreement if the site selection organization selects a site in this state for the games.

(2) The state shall refrain, during the period, or any portion thereof, between the execution of the joinder undertaking and award by the International Olympic Committee (IOC) 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 bid committee agreement.

(b) The Governor may agree in a joinder agreement that the state shall, in accordance with law and subject to Sections 5 and 6 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 OCOG's bid to host the games.

(2) The state will be liable, solely by means of the funding mechanism established by Sections 5 and 6 of this act, for:

(A) Obligations of the OCOG 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 OCOG or the games.

(3) The state's liability shall not exceed the amount of funds appropriated to the Olympic Games Trust Fund established in Section 5 of this act. Any liability above this amount shall be the responsibility of the OCOG.

(4) Acknowledge that the OCOG will be bound by a series of agreements with the site selection organization as set forth in the joinder agreement.

(C) The Governor shall execute a joinder undertaking and a joinder agreement, provided the parties conform with this act.

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

SEC. 5. (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 the time or times the state determines necessary. It is the intent of the Legislature that the funding mechanism for the fund shall be determined on or about the time of the selection of the endorsing municipality as the host city by the International Olympic and Paralympic Committees.

(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 6.

(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 the 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 the endorsing 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 endorsing municipality is not selected by the IOC 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. 6. (a) Any moneys deposited, transferred, or otherwise contained in the Olympic Games Trust Fund established in Section 5 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 and Paralympic Committees, 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 5 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. 7. 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 OCOG 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 OCOG from all third parties owing moneys or otherwise liable to the OCOG.

SEC. 8. The OCOG shall list the state as an additional insured on any policy of insurance purchased by the OCOG to be in effect in connection with the preparation for and conduct of the games.

SEC. 9. The OCOG 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 and Paralympic Committees.

SEC. 10. 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 2016 Olympic Games, it is necessary that this act go into immediate effect.

Approved _____, 2007

Governor