

AMENDED IN SENATE MAY 31, 2016

AMENDED IN SENATE MARCH 29, 2016

SENATE BILL

No. 1465

Introduced by Senator De León

(Coauthor: Assembly Member Rendon)

(Principal coauthor: Assembly Member Rendon)

(Coauthors: Senators Allen, Gaines, Hall, Pan, and Pavley)

(Coauthors: Assembly Members Bonta, Chau, Gatto, Gipson, Gomez, Jones-Sawyer, Lopez, Low, Ridley-Thomas, and Santiago)

February 19, 2016

An act relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 1465, as amended, De León. Public contracts: 2024 Olympic Games and Paralympic Games.

Existing law provides specified requirements in awarding certain public contracts.

This bill would authorize the Governor to sign agreements with the International Olympic and Paralympic ~~Committee~~, *Committees*, as part of the site selection process for the City of Los Angeles to become the host for the 2024 Olympic Games and Paralympic Games.

This bill would make legislative findings and declarations that, among other things, the endorsing municipality, as defined, 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.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. This act is known, and may be cited, as the 2024
2 Olympic Games and Paralympic Games Act.

3 SEC. 2. For purposes of this act:

4 (a) “Endorsing municipality” means the City of Los Angeles,
5 which has authorized a bid by the Organizing Committee for the
6 Olympic Games (OCOG) for selection of the municipality as the
7 site of the games.

8 (b) “Games” means the 2024 Olympic and Paralympic Games.

9 (c) “Games support contract” means a joinder agreement or a
10 similar contract executed by the Governor and containing terms
11 permitted or required by this act.

12 (d) “Joinder agreement” means an agreement entered into by
13 the Governor, on behalf of the state, and the International Olympic
14 Committee and the International Paralympic Committee setting
15 out representations and assurances by the state in connection with
16 the selection of a site in this state for the location of the games.

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

19 (1) Has been authorized by the endorsing municipality to pursue
20 an application and bid on the endorsing municipality’s behalf to
21 a site selection organization for selection as the site for the games.

22 (2) With the authorization of the endorsing municipality, has
23 executed a bid committee agreement with the United States
24 Olympic Committee regarding a bid and the bid process to host
25 the games.

26 (f) “Site selection organization” means the International Olympic
27 Committee, the International Paralympic Committee, or both, as
28 applicable.

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

30 (a) The purpose of this act is to provide assurances required by
31 a site selection organization ~~which~~ *that* will select a city to host
32 the games.

33 (b) Hosting the games in California is expected to generate
34 billions of dollars for the state’s economy. The OCOG, on behalf
35 of the endorsing municipality, has developed a self-sufficient bid

1 and plan for financing the games that is based on realistic and
2 conservative revenue scenarios and has budgeted sufficient funds
3 to reimburse local and regional governments for services provided
4 during the games.

5 (c) The endorsing municipality plans to host a sustainable and
6 environmentally responsible games, has committed to sports and
7 recreational opportunities for young people throughout each area
8 by planning to generate a legacy for youth programs and other
9 sports purposes in ~~California~~ *this state* with excess revenues from
10 the games, and plans to develop and implement a unique and
11 broad-based, cultural program.

12 (d) The endorsing municipality has involved athletes, sports
13 professionals, environmentalists, business and financial experts,
14 nonprofit organizations, youth service leaders, and individuals
15 who represent the entire diversity of the endorsing municipality's
16 area in its bid.

17 (e) The endorsing municipality expects that if it is chosen as
18 the host city, and once the games have concluded, there will be
19 net revenue exceeding expenses that can be devoted to legacy
20 programs for youth and citizens of California.

21 SEC. 4. The Governor may agree in a joinder agreement that
22 the state shall, in accordance with law and subject to Sections 5,
23 6, and 7 of this act, do the following:

24 (a) Provide or cause to be provided any or all of the state
25 government funding, facilities, and other resources specified in
26 the OCOG's bid to host the games.

27 (b) Accept liability, solely by means of the funding mechanism
28 established by Sections 5, 6, and 7 of this act, for both of the
29 following:

30 (1) Obligations of the OCOG to a site selection organization,
31 including obligations indemnifying the site selection organization
32 against claims of and liabilities to third parties arising out of or
33 relating to the games.

34 (2) Any financial deficit relating to the OCOG or the games, ~~to~~
35 ~~not~~ *not to* exceed the amount appropriated to the Olympic Games
36 Trust Fund established in Section 5 of this act. Any liability for
37 an amount in excess of that amount shall be the responsibility of
38 the OCOG.

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

4 (d) The Governor shall execute a joinder agreement, provided
5 that the parties conform to this act.

6 (e) A games support contract may contain additional provisions
7 the Governor requires in order to carry out the purposes of this
8 act.

9 SEC. 5. (a) There is hereby established in the State Treasury
10 a special fund to be known as the “Olympic Games Trust Fund.”

11 (b) The state may choose to fund the Olympic Games Trust
12 Fund in any manner it considers appropriate and at the time or
13 times the state determines necessary. It is the intent of the
14 Legislature that the funding mechanism for the fund shall be
15 determined on or about the time of the selection of the endorsing
16 municipality as the host city by the site selection organizations.

17 (c) The funds in the trust fund may be used only for the sole
18 purpose of fulfilling the obligations of the state under a games
19 support contract to provide adequate security as described in
20 Section 6.

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

30 (e) If the endorsing municipality is selected by the site selection
31 organization as the host city for the games, the Olympic Games
32 Trust Fund shall be maintained until a determination by the
33 Department of Finance is made that the state’s obligations under
34 a games support contract, or any other agreement, to indemnify
35 and insure against any net financial deficit and general liability
36 resulting from the conduct of the games are satisfied and
37 concluded, at which time the trust fund shall be terminated. If the
38 endorsing municipality in the State of California is not selected
39 by the site selection organization as the host city for the games,
40 the Olympic Games Trust Fund shall be immediately terminated.

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

5 SEC. 6. (a) Any moneys deposited, transferred, or otherwise
6 contained in the Olympic Games Trust Fund established in Section
7 5 shall be, upon appropriation by the Legislature, used for the sole
8 purpose of obtaining adequate security, acceptable to the site
9 selection organization, to demonstrate the state's ability to fulfill
10 its obligations under a games support contract to indemnify and
11 insure up to two hundred fifty million dollars (\$250,000,000) of
12 any general liability and net financial deficit resulting from the
13 conduct of the games. The security may be provided by moneys
14 contained in the trust fund as provided in Section 5 of this act, or
15 by insurance coverage, letters of credit, or other acceptable secured
16 instruments purchased or secured by the moneys, or by any
17 combination thereof. In no event may the liability of the state under
18 all games support contracts, any other agreements related to the
19 conduct of the games, and all financial obligations of the state
20 otherwise arising under this act, exceed two hundred fifty million
21 dollars (\$250,000,000) in the aggregate.

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

26 SEC. 7. The state shall, along with the endorsing municipality
27 and subject to the limitations set forth in Sections 5 and 6 of this
28 act, be the payer of last resort with regard to any net financial
29 deficit. The security provided pursuant to this act may not be
30 accessed to cover any general liability and net financial deficit
31 indemnified by the state under the games support contract until
32 after all of the following occur:

33 (a) The security provided by the OCOG is fully expended and
34 exhausted.

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

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

1 (d) Payment has been sought by the OCOG from all third parties
2 owing moneys or otherwise liable to the OCOG.

3 (e) The endorsing municipality has expended and exhausted
4 two hundred fifty million dollars (\$250,000,000) of the endorsing
5 municipality's security deposit.

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

9 SEC. 9. The OCOG shall not engage in any conduct that
10 reflects unfavorably upon this state, the endorsing municipality,
11 or the games, or that is contrary to law or to the rules and
12 regulations of the United States Olympic Committee and the
13 International Olympic and Paralympic Committees.