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AB-132 Public contracts: 2028 Olympic Games and Paralympic Games. (2017-2018)

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Assembly Bill No. 132

CHAPTER 836

An act relating to public contracts.

[Approved by Governor October 15, 2017. Filed with Secretary of State October 15, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

AB 132, Jones-Sawyer. Public contracts: 2028 Olympic Games and Paralympic Games.

Existing law provides specified requirements in awarding certain public contracts.

This bill would authorize the Governor to execute games support contracts, not to exceed a specified amount, in connection with the site selection process for the City of Los Angeles to become the host for the 2028 Olympic Games and Paralympic Games, that accept financial liability to provide the state security for amounts owed by the Organizing Committee for the Olympic Games (OCOG), as specified, and for any financial deficit accruing to the OCOG as a result of the hosting of the games by the endorsing municipality, as defined.

The bill would establish the Olympic Games Trust Fund in the State Treasury and would, upon appropriation by the Legislature, make the money in the fund available for these purposes, as specified.

This bill would make legislative findings and declarations that, among other things, the endorsing municipality has developed a self-sufficient bid for financing the games.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. This act is known, and may be cited, as the 2028 Olympic Games and Paralympic Games Act.

SEC. 2. For purposes of this act:

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

(b) "Games" means the 2028 Olympic and Paralympic Games.

(c) "Games support contract" means 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 in connection with the selection of a site in this state for the location of the games.

(e) "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 endorsing municipality'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 a bid committee agreement with the United States Olympic Committee regarding a bid and the bid process to host the games.

(f) "Site selection organization" means the International Olympic Committee, the International Paralympic Committee, or both, as applicable.

(g) "State security" means the financial obligation, not to exceed two hundred seventy million dollars (\$270,000,000), undertaken by the state pursuant to a games support contract executed by the Governor in accordance with this act.

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 that will select a city to host the games.

(b) Hosting the games in California is expected to generate billions of dollars for the state's economy. The OCOG, on behalf of the endorsing municipality, has developed a self-sufficient bid and plan for financing the games that is based on realistic and conservative revenue scenarios, and it has budgeted sufficient funds to reimburse local and regional governments for services provided during the games.

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

(d) The endorsing municipality will involve athletes, sports professionals, environmentalists, business and financial experts, nonprofit organizations, youth service leaders, and individuals who represent the entire diversity of the endorsing municipality's state in its bid.

(e) The endorsing municipality expects that if it 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 execute games support contracts on behalf of the state that, in accordance with law and subject to the requirements and limitations set forth in Sections 5, 6, and 7 of this act, accept financial liability, funded solely by means of the funding mechanism established by Sections 5, 6, and 7 of this act, and in an aggregate amount that under no circumstance shall exceed two hundred seventy million dollars (\$270,000,000), to provide the state security for the following:

(1) Amounts owed by the OCOG to a site selection organization for claims by third parties arising out of or relating to the games.

(2) Any financial deficit accruing to the OCOG as a result of the hosting of the games by the endorsing municipality. Any liability for an amount in excess of the state security of two hundred seventy million dollars (\$270,000,000) shall be the responsibility of parties other than the state.

(b) The games support contracts may contain additional provisions that 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 site selection organizations.

(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 the state security. Notwithstanding any other law, the Controller may use the funds in the trust fund for cashflow loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code.

(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, the balance necessary to provide the state security pursuant to a games support contract.

(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 the Director of Finance makes a determination that the state's obligation to provide the state security under a games support contract has been satisfied and concluded, at which time the trust fund shall be terminated.

(f) If the endorsing municipality in the State of California is not selected by the site selection organization as the host city for the games, the Olympic Games Trust Fund shall be immediately terminated.

(g) 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 of this act shall be, upon appropriation by the Legislature, used for the sole purpose of providing the state security under a games support contract. The state security may be provided by moneys contained in the trust fund established in Section 5 of this act, or by insurance coverage, letters of credit, or other secured instruments purchased or secured by the moneys, or by any combination thereof as specified in a games support contract. 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 seventy million dollars (\$270,000,000) 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 shall be pledged for any payment under any obligation authorized by this act.

SEC. 7. The state shall, subject to the limitations set forth in Sections 5 and 6 of this act and the games support contract, be the payer of last resort with regard to the use of the state security. The state security may not be accessed to cover any obligation of the state under a games support contract until after all of the following occur:

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

(b) The endorsing municipality has expended and exhausted at least two hundred seventy million dollars (\$270,000,000) of the endorsing municipality's security.

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

(d) The limits of available insurance policies have been fully expended and exhausted.

(e) The OCOG has exhausted all efforts to seek payment 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 shall 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 International Paralympic Committees.