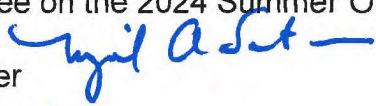



CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

C.F. No. 15-0989

Date: January 11, 2017

To: Honorable Members of the Ad Hoc Committee on the 2024 Summer Olympics

From: Miguel A. Santana, City Administrative Officer 
Sharon M. Tso, Chief Legislative Analyst 

Subject: PROPOSED MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF LOS ANGELES AND LA24

SUMMARY

Per Council direction, the Offices of the City Administrative Officer (CAO) and Chief Legislative Analyst (CLA), along with Office of the City Attorney, have worked with the Los Angeles 2024 Exploratory Committee (LA24) to negotiate and finalize a proposed Memorandum of Understanding (MOU) to be presented to Council for its consideration and approval. The proposed MOU is intended to guide the Organizing Committee for the Olympic Games' (OCOG) governance and operations, should the City be selected to host the 2024 Summer Olympic and Paralympic Games (Games), by formalizing a number of material commitments made by LA24 to the City during this process. The agreement incorporates Council's guiding principles, including efforts to protect City finances, retain control over decision-making on issues affecting the City, and promote transparency. This proposed MOU is in addition to the Council-approved agreement now in effect with LA24, and applicable to the OCOG as its successor in interest, that clarifies the City's roles and responsibilities during the current Candidature Process.

This report and its recommendations are focused solely on the MOU and are intended to highlight to the Council the key features of the agreement for its review and consideration. Other issues, including updates on changes to the Host City Contract and proposed event venues, will be addressed in a separate report prior to the International Olympic Committee's (IOC) February 3, 2017, Stage 3 deadline.

RECOMMENDATIONS

That the Council:

1. **APPROVE** the Memorandum of Understanding (MOU) between the City of Los Angeles and LA24, and authorize the Mayor and City Council President to execute the MOU; and

2. **INSTRUCT** the CAO and the CLA, and request LA24, to present a progress report on the Candidature Process prior to the February 3, 2017, Stage 3 submission deadline to provide the Council with a comprehensive update on key issues including but not limited to the Host City Contract, the proposed venue plan, and any Stage 3 IOC submittal requirements.

BACKGROUND

At its special meeting on November 4, 2016, the Ad Hoc Committee on the 2024 Summer Olympics instructed the CAO and CLA, along with the Office of the City Attorney, to undertake the development of an agreement with LA24 memorializing its commitments related to risk management, transparency, and continued oversight. Per this direction, our Offices worked with LA24 on the development of an MOU to address a post-selection scenario informed by Council's guiding principles (C.F. 15-0989, Motion 20A). The resulting agreement is hereby presented with this report for Council's consideration and approval. The MOU is a tri-party agreement between the City, LA24, and the United States Olympic Committee (USOC). The OCOG would be obligated to comply with the terms of the agreement should it be formed.

SUMMARY OF PROPOSED MEMORANDUM OF UNDERSTANDING

The proposed MOU addresses a number of key risk management considerations identified by our Offices, including City representation on the OCOG Board of Directors and any related Executive Committee, Council oversight of the OCOG's financial performance, and other important reporting and transparency measures. The agreement also requires the OCOG to secure a range of insurance policies, and to include the City as an additional insured. Finally, the proposed MOU provides Council with a number of consent rights designed to protect the City while providing the OCOG with the flexibility required to deliver an exceptional Games experience to athletes and spectators alike.

City Representation on OCOG Board of Directors

Per the terms of the Host City Contract, the OCOG must include at least one member representing, and designated by, the City among the members of its highest executive body. Per the Stage 2 submittal to the IOC, this body is expected to be the OCOG's Board of Directors and will operate through a number of committees. The Board and its committees will be responsible for governing the affairs of the OCOG, including Games-related planning, delivery, and budgeting. In the event the total number of directors exceeds 20 members, the USOC requires the OCOG Board to appoint an Executive Committee comprised of no more than 18 members.

The proposed MOU addresses minimum City representation requirements for the Board and any Executive Committee and subcommittees formed. Given the City's position as the OCOG's guarantor, the MOU provides for no less than 1/6th of the Board to be appointed by the City while its committees, including the Executive Committee, will have at least two City representatives. Due to administrative considerations, the audit and ethics committees will each have at least one City representative per the 1/6th minimum proportion requirement. This

position on Board representation is consistent with KPMG guidance issued in its independent budget assessment on December 2, 2016 (C.F. 15-0989).

Council Oversight of OCOG Venue Changes

To date, LA24 has leveraged the Los Angeles region's expansive inventory of world-class facilities to develop a highly competitive venue plan for the IOC's consideration. With the 2024 Games still more than seven years away however the MOU seeks to ensure the OCOG retains the flexibility to adapt its venue plan where necessary. In fact, LA24 continues to refine its Games venue plan for the IOC's Stage 3 submittal due on February 3, 2017. Accordingly, our Offices expect to report to Council on LA24's updated venue plan and associated budget adjustments ahead of the next Ad Hoc Committee meeting. It is important to note that any adjustments to the total OCOG budget are not expected to be material.

The flexibility sought by LA24 with respect to venue plan changes must also be balanced with the City's need to ensure that the Games plan continues to incorporate venues within the City in a meaningful way. As such, the MOU requires LA24 to present its plan for the official Opening and Closing Ceremonies to Council for its consideration and approval and ensures that any subsequent changes will also require City approval. The agreement also requires the OCOG to inform Council and obtain its written consent prior to making any amendment to the Games plan that would result in the relocation of an event envisioned to take place within the City, as of LA24's Stage 3 submittal, to a location outside of the City.

Reporting and Transparency

Per the terms of the MOU, the OCOG will provide annual reports to Council that will include a management discussion and analysis of its budget, financial statements, and performance against financial forecasts. Upon Council request, the OCOG will share its plans to address any adverse financial information contained in its annual reports. The agreement also requires the OCOG to provide updates on venue related matters, a list of material contracts entered into, and updates on its insurance program. Additionally, the MOU ensures a continuation of the collaborative working relationship developed between LA24 and the City through the OCOG's participation in regularly scheduled meetings with City staff.

Insurance and Risk Management

The MOU memorializes a number of commitments designed to mitigate any potential downside risk to the City in hosting the Games. This includes requirements for the OCOG to obtain a range of insurance policies in accordance with prudent commercial best practices at its own expense, to include the City as an additional insured, and to incorporate contractual indemnification language into any venue use agreements it enters into. The OCOG will also be required to report on its insurance program and risk management strategy on an annual basis and to consider any City recommended changes on a timely basis.

Contingency

Per KPMG's independent report on the proposed Games budget, \$491.9 million has been projected as a contingency to address any unexpected financial deficit. Accordingly, the MOU requires the OCOG to establish an Allocated Contingency account funded with \$250 million of that amount. Per the terms of the agreement, allocations to this account will be made on a periodic basis until a cumulative balance of \$250 million is reached in 2025. Furthermore, funds in the Allocated Contingency account may only be utilized after the OCOG has obtained the City's written consent. In the event any portion of the account remains unutilized upon dissolution of the OCOG, the funds will be disbursed in accordance with Bid City Agreement and or distributed as surplus per the terms of the Host City Contract.

Maintaining Control Over Decision Making Processes on Issues Affecting the City

The proposed MOU establishes that the City and LA24 are wholly independent entities. As such, neither party can incur any debts or obligations on behalf of the other, nor act as an officer, agent, or employee of the other.

NEXT STEPS

We anticipate that LA24 and City staff will report in late January 2017 concerning the status of candidature-related activities, changes to the Host City Contract, and any venue related updates prior to the February 3, 2017, submission deadline for Stage 3 IOC submittals.

FISCAL IMPACT STATEMENT

There is no General Fund impact as a result of recommended actions.

Attachments

Attachment A: Proposed MOU

MAS:BC:AH

Attachment A

Proposed MOU

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF LOS ANGELES,
LOS ANGELES 2024 EXPLORATORY COMMITTEE
AND
THE UNITED STATES OLYMPIC COMMITTEE
REGARDING THE LOS ANGELES ORGANIZING COMMITTEE
OF THE 2024 OLYMPIC AND PARALYMPIC GAMES**

This Memorandum of Understanding (this “MOU”) is made and entered into as of the date of the last signature set forth below by and among the City of Los Angeles, a municipal corporation (the “City”), the United States Olympic Committee, a Congressionally chartered non-profit corporation (“USOC”), and Los Angeles 2024 Exploratory Committee, a California nonprofit public benefit corporation (“LA24”). Collectively, these entities shall be known herein as the “Parties” or individually as a “Party.”

WITNESSETH

WHEREAS, on September 1, 2015, LA24 and the USOC entered into that certain Bid City Agreement, which set forth certain governing principles regarding the candidature of LA24 (the “Bid City Agreement”);

WHEREAS, on September 1, 2015, the City executed that certain Joinder Agreement, in connection with the Bid City Agreement;

WHEREAS, LA24 and the City have submitted a bid to the International Olympic Committee (“IOC”) to host the 2024 Olympic and Paralympic Games (the “Games”) in Los Angeles, with the USOC’s support and close collaboration;

WHEREAS, on September 30, 2016, the Los Angeles City Council (the “Council”), the governing body of the City, unanimously adopted a resolution authorizing the Mayor of the City (the “Mayor”) and Council President to sign the necessary documentation in support of continuing the City’s candidature to host the Games;

WHEREAS, the IOC has developed Olympic Agenda 2020, which invites cities to develop plans to host the Games in a manner that ensures a sustainable long-term Olympic legacy for the host city;

WHEREAS, the Parties desire to work together in good faith to host a fiscally-responsible Games that are consistent with the long-term interests of each of the City and the USOC;

WHEREAS, the Parties are committed to developing and operating in accordance with an operating budget for the Games that is prudent, realistic and designed to protect taxpayers by mitigating financial risk;

WHEREAS, LA24 has developed a plan to host the Games that mitigates taxpayer risk by maximizing the use of existing and planned world-class facilities and venues;

WHEREAS, the risk-mitigation features of the OCOG Budget (defined in Section 7(f) below) are enhanced by its inclusion of a substantial contingency to protect LA24 and the City against the financial risk of additional costs arising from unknown events and changed circumstances that may arise during the Games planning and construction process;

WHEREAS, the Parties risk-mitigation planning shall be further enhanced by an insurance package for the Games that shall be negotiated and purchased by LA24 and shall be comprehensive, both in its coverage and scale;

WHEREAS, if the City is selected by the IOC to host the Games, LA24 shall be reconstituted into the Los Angeles Organizing Committee of the Olympic and Paralympic Games (the “OCOG”);

WHEREAS, the Parties recognize the City’s diversity as a strength and desire that the OCOG’s Board of Directors and all of its committees reflect such strength;

WHEREAS, the Parties desire to ensure the OCOG shall build upon the Parties’ careful risk mitigation planning cooperatively undertaken to date by LA24, USOC, and the City by memorializing herein their intentions concerning certain material terms of the relationship to be maintained between the City and the OCOG in the event that the City is awarded the opportunity to host the Games;

WHEREAS, local governmental viewpoints are an essential constituent of the OCOG’s operation of the Games, and accordingly, the USOC encourages consultation with the City regarding certain material terms of the organization and governance of the OCOG;

WHEREAS, in the event the City is awarded the opportunity to host the Games in Los Angeles, matters pertaining to the relationship between the City and the OCOG shall be memorialized in a definitive “Los Angeles 2024 Games Agreement” incorporating the provisions herein and other customary terms and conditions; and

WHEREAS, the Parties acknowledge and agree that, pursuant to Section 3 of the Host City Contract 2024 (the “Host City Contract”), all agreements relating to the incorporation and the existence of the OCOG, including this MOU, shall be submitted to the IOC for its approval.

NOW, THEREFORE, in consideration of the mutual benefits to be derived by the Parties, and of the promises contained in this MOU, the Parties hereby agree as follows:

Section 1. Recitals. The recitals set forth above are fully incorporated into this MOU.

Section 2. Purpose. The purpose of this MOU is to set forth certain material terms of the relationship between the City and the OCOG that shall be memorialized, implemented and maintained in the event that the City is awarded the opportunity to host the Games.

Section 3. Cooperation. In the event that the City is awarded the opportunity to host the Games, the Parties shall cooperate with one another and the OCOG in good faith to negotiate, obtain all necessary approvals for and enter into the Los Angeles 2024 Games Agreement no later than June 30, 2018.

Section 4. Voluntary. This MOU is voluntarily entered into for the purposes set forth in Section 2 above.

Section 5. Term. This MOU shall become effective on the date of the last signature set forth below by the Parties and shall remain in effect until one of the following events occurs (in which case, this MOU shall automatically terminate upon the occurrence of such event): (i) the members of IOC vote (which vote is expected to occur on or about September 13, 2017) to select a city to host the 2024 Games and the city so selected by the members of the IOC is not Los Angeles (an “Unsuccessful Games Vote”), (ii) the OCOG and the City execute and deliver a Los Angeles 2024 Games Agreement and such agreement is in full force and effect, (iii) any Early Termination of the Bid City Agreement according to the terms thereof and the delivery by LA24 to the City of written notice of such Early Termination (“Early Termination” used in this Section 5(iii) having the meaning ascribed to it in the Bid City Agreement), or (iv) the express written agreement of each of the parties hereto to terminate this MOU.

Section 6. OCOG Joinder. In the event that the City is awarded the opportunity to host the Games, the Parties shall ensure that, within one (1) month after the OCOG’s formation, the OCOG intervenes as a party to this MOU. (LA24 has agreed in writing separately with the USOC that LA24 will take all necessary steps to ensure that the OCOG intervenes as a party to this MOU.) The OCOG shall be the successor in interest of LA24 and be bound by all of LA24’s rights, responsibilities, duties and obligations.

Section 7. Roles and Responsibilities. In the event that the City is awarded the opportunity to host the Games:

(a) The City shall have no less than 1/6 of the voting members (the “City Representative(s)”) of the OCOG Board of Directors and each of its committees, including the executive committee. The City’s representation on the OCOG Board of Directors and any committee shall be rounded up to the next whole number. No OCOG committee possessing the legal authority to act on behalf of the OCOG Board of Directors in respect of one or more matters, including, but not limited to, the executive committee, shall have fewer than two (2) City Representatives, except that any audit committee or ethics committee shall have only one (1) City Representative if the audit committee or ethics committee is made up of six (6) or fewer voting members.

(b) The Parties agree that the City will determine its City Representatives on the OCOG Board of Directors and the assignment of such City Representatives on any related OCOG committee, as described in Section 7(a).

(c) A municipality other than the City shall not be entitled to designate a representative on the OCOG Board of Directors or any of its committees, including the executive committee, unless LA24 and/or the OCOG informs the Council and obtains its written consent.

(d) LA24 and the USOC acknowledge and LA24 agrees that any commitment by the OCOG of any City funds or any City financial guarantee related to the Games shall require the express authorization of the City.

(e) LA24 and the USOC acknowledge and agree the OCOG shall not have any authority to bind the City to any legally binding obligation unless that authority has been granted to the OCOG by the City.

(f) The Parties acknowledge and agree that the OCOG shall plan, organize, and deliver the Games within a total project budget for the Games (the “OCOG Budget”). The OCOG Budget shall include Revenue Line Items and Cost Line Items. As used herein, “Revenue Line Items,” individually or in the aggregate, is limited to the following IOC-identified revenue categories: (1) the IOC’s contribution, (2) the TOP Programme (gross), (3) domestic sponsorships (gross), (4) ticket sales; (5) licensing and merchandise, (6) government contributions, (7) lotteries, and (8) other revenues. As used herein, “Cost Line Items”, individually or in the aggregate, is limited to the following IOC-identified cost categories: (A) venue infrastructure, (B) sport, games services and operations, (C) technology, (D) people management, (E) ceremonies and culture, (F) communications, marketing and look; (G) corporate administration and legacy; (H) other expenses; and (I) Contingency. Each of the foregoing Revenue Line Items and Cost Line Items shall be determined as represented in Table 121a of the IOC Candidature Questionnaire Olympic Games 2024. Beginning in 2022, in all reports to the City, the Contingency shall reflect the following sub-categories: Unallocated Contingency and Allocated Contingency (as such terms are defined in Section 8(e)(i)). Should the OCOG and the City desire to include additional Revenue Line Items or Cost Line Items, the OCOG and the City can do so at any time upon the written mutual consent of the OCOG and the City.

(g) The Parties acknowledge and agree that, in order to support a successful Games, the City shall be required to provide certain municipal services that go above and beyond the normal and customary service level that would be provided in the absence of the Games. Accordingly, in the event that the City is awarded the opportunity to host the Games, the OCOG and the City shall negotiate in good faith and enter into one or more agreements under which the City and other venue municipalities shall agree to provide municipal services at levels necessary to support a successful Games (“Enhanced Municipal Services”) and the OCOG shall reimburse the City and such other municipalities for their incremental out-of-pocket costs incurred as a result of performing such Enhanced Municipal Services (the “Enhanced Municipal Services Agreements”). The Parties acknowledge that they expect that the categories of Enhanced

Municipal Services identified in each Enhanced Municipal Services Agreement as being necessary to support a successful Games shall be substantially identical in each of the Enhanced Municipal Services Agreements, subject to articulable differences between municipalities (e.g., if in certain municipalities, such services are performed by private entities or other differentiating circumstances). The Parties further acknowledge that each municipality containing a venue planned as of the Stage 2 Deliverable has provided a guarantee to the IOC that the municipality shall cooperate with the OCOG and the municipality shall charge no more than its ordinary and customary prices for goods and services, including but not limited to, police, fire, sanitation, traffic and parking control, associated with the Games. The OCOG will ensure that this IOC requirement is adhered to with respect to any municipality containing a venue added after the delivery of the Stage 2 Deliverable.

(h) The Parties acknowledge, agree and anticipate that given the Games events are not scheduled to take place until 2024 and given that the Los Angeles region continues to add to its already expansive inventory of world class sports venues, relocating a competition event may benefit the presentation of the Games. Prior to relocating certain Olympic events (a “Certain Event”), the OCOG shall inform the Council and obtain its written consent (which shall not be unreasonably withheld, conditioned, or delayed) if such relocation both moves a Certain Event out of the City and constitutes an amendment to the venue plan submitted as part of the Stage 3 deliverable to the IOC and submitted to the City [on January xx, 2017] (a “Material Event Relocation”). For purposes of this Section 7(h), the following are Certain Events: any competition event to be held at a venue located in the City, the Media Village, and the Athletes Village.

(i) LA24 shall present to Council for its approval a plan for the Official Opening and Closing Ceremonies of the Games. LA24 shall present and obtain Council’s written approval to any changes to such approved plan.

Section 8. Risk Management. In the event that the City is selected to host the Games:

(a) The OCOG shall obtain and maintain, at its own cost, insurance policies in accordance with prudent commercial best practices (and that of past Olympic Games) to include, but not be limited to, policies to protect against natural disasters, terrorism, event cancellation, and coverage for reduced ticket sales and other revenue sources should the events become less appealing. Such insurance protection shall also include public liability and indemnity insurance to protect against the financial risk associated with death, bodily injury or damage to property suffered by any third party, including members of the general public, as well as to protect the OCOG and City against the cost of defending any third-party claim in addition to covering any compensation or damages that are awarded. The OCOG shall provide copies of all purchased insurance policies to the City.

(b) The OCOG shall have the City designated as either an additional insured, interest, payee or beneficiary, on any insurance policy purchased in connection with the

preparation for and conduct of the Games. The OCOG shall notify the City of all insurance claims brought against the OCOG.

(c) The OCOG shall prepare and present to the City a report on its insurance program and risk management strategy on at least an annual basis for review by the City. The report shall address pertinent information, including but not limited to, the various insurance products and coverage amounts contemplated, along with the proposed timing of their procurement. The OCOG shall obtain the City's approval for any proposed reduction of any insurance program. The City shall have the right to recommend changes to the insurance program and risk management strategy. The OCOG shall consider and provide a written response to the recommendations within thirty (30) days of receiving such recommendations.

(d) Following the conclusion of the Games, the OCOG shall not seek funds from the City to defray any financial deficit associated with the Games unless and until all of the following has occurred: (i) the OCOG's funds are fully expended and exhausted; (ii) the OCOG has made commercially reasonable efforts to obtain full coverage for covered claims from all valid and collectible liability insurance policies procured by the OCOG; and (iii) the OCOG has made commercially reasonable efforts to recover from all third parties who owe payments to the OCOG.

(e) The OCOG shall annually present to Council an updated OCOG Budget which shall include a contingency amount that equals actual or projected total revenue net of total actual or projected costs (the "Contingency"). This presentation shall occur within the first quarter of each OCOG Fiscal Year (the "Fiscal Year" January through December), beginning in Fiscal Year 2018 and ending when the OCOG is dissolved.

(i) Beginning with the OCOG's annual presentation of an updated OCOG Budget in Fiscal Year 2022, the OCOG shall each year show the Contingency as both an unallocated Contingency (the "Unallocated Contingency") and an allocated Contingency (the "Allocated Contingency"). Except for any amounts utilized pursuant to Section 8(e)(ii)(A), no later than the first quarter of 2025, the OCOG shall have set aside funds for a total Allocated Contingency of two hundred and fifty million dollars (\$250,000,000).

(A) In the first quarter of Fiscal Year 2022, the OCOG shall set aside twenty million dollars (\$20,000,000) for the Allocated Contingency, except that the funds set aside for the Allocated Contingency in 2022 shall not exceed ten percent of the unencumbered cash the OCOG possesses (the "Cash Reserves") at the close of the prior Fiscal Year (FY2021). In the first quarter of Fiscal Year 2023, the OCOG Budget shall set aside an additional twenty million dollars (\$20,000,000) for the Allocated Contingency, except that the funds set aside for the Allocated Contingency in 2023 shall not exceed ten percent of the Cash Reserves at the close of the prior Fiscal Year (FY2022). In the first quarter of Fiscal Year 2024, the OCOG shall set aside an additional thirty million dollars (\$30,000,000), except that the funds set aside for the Allocated Contingency in

2024 shall not exceed ten percent of the Cash Reserves at the close of the prior Fiscal Year (FY2023). Except for any amounts utilized pursuant to Section 8(e)(ii)(A), in the first quarter of Fiscal Year 2025, the OCOG shall set aside such funds as necessary to achieve a total Allocated Contingency of two hundred and fifty million dollars (\$250,000,000) (or such lesser amount that reflects the deduction of funds utilized in prior Fiscal Years pursuant to Section 8(e)(ii)(A)).

(B) The Allocated Contingency shall be reflected in dollars specific to each of the respective Fiscal Years referenced in Section 8(e)(i)(A).

(C) For the avoidance of doubt, to the extent Cash Reserves prevent full allocation in Fiscal Years 2022 or 2023 of the Allocated Contingency to be set aside in such Fiscal Year on the schedule provided above, then the remainder of such year's allocation shall be set aside in either Fiscal Year 2023 or 2024 so long as the total amount set aside in either Fiscal Year does not exceed ten percent (10%) of the Cash Reserves at the close of the prior Fiscal Year. As provided in Section 8(e)(i)(A), in the first quarter of Fiscal Year 2025, the OCOG shall set aside such funds as necessary to achieve a total Allocated Contingency of two hundred and fifty million dollars (\$250,000,000) (or such lesser amount that reflects the deduction of funds utilized in prior Fiscal Years pursuant to Section 8(e)(ii)(A)).

(ii) The Allocated Contingency may only be (A) utilized to cover expenditures in the event that other actual or projected OCOG revenues (including the Unallocated Contingency) are not available therefor, or (B) disbursed as surplus games profits (1) in accordance with Section IV.C. of the "OCOG Memorandum of Terms" attached as Exhibit B to the Bid City Agreement between LA24 and the USOC, dated as of September 1, 2015, or (2) in accordance with the Host City Contract. Prior to the OCOG's use of the Allocated Contingency with respect to clause (A) only, the OCOG shall obtain the City's written consent (which shall not be unreasonably withheld, conditioned, or delayed). OCOG surplus is defined as the cash surplus resulting from cash revenues minus cash expenses, in relation to the OCOG Budget and calculated at the determination of the OCOG's final contingent liabilities.

Section 9. Transparency.

(a) The OCOG shall designate representatives to make periodic appearances at meetings of the Council and its committees on the 2024 Summer Olympics, as appropriate, and to participate in regularly-scheduled status update meetings and conference calls with appropriate City staff. Such OCOG representatives shall appear before the Council at least once during each Fiscal Year or as requested by Council.

(b) The OCOG shall provide annual reports to the Council (and provide copies of all such reports to the USOC), which shall include, but not be limited to, the following

(collectively, the “Annual Report”), which shall be submitted to Council no later than three (3) months after the end of each Fiscal Year:

(i) the OCOG’s Budget and financial statements, including, but not limited to its balance sheet, income statement, and statement of cash flows, as well as a forecast versus actual comparison against the OCOG Budget for the year, and bank statements of the Allocated Contingency;

(ii) a management discussion and analysis that provides a written overview of the previous year’s operations, how the OCOG performed financially and a forecast versus actual comparison of Revenue Line Items and Cost Line Items;

(iii) a financial forecast of the OCOG’s revenues, expenses and construction costs for each of the years thereafter;

(iv) an update on venue infrastructure, including, but not limited to, all related schedules and budgets;

(v) a list of all contracts (including the name, type, amount, term and purpose) of the OCOG pertaining to the Games that were entered into by the OCOG the prior Fiscal Year, valued in excess of \$1,000,000 (which includes contractors possessing contracts with a cumulative value in excess of \$1,000,000);

(vi) an update on the insurance procured by the OCOG and the amount and types of coverage provided by such insurance; and

(vii) copies of any financial reports submitted by the OCOG to the IOC and the USOC and any reports submitted by the OCOG to the State of California.

(c) Upon Council’s request, the OCOG shall provide additional details regarding its plan to address any adverse financial information contained in the Annual Report.

(d) The OCOG shall provide the City with copies of (i) the OCOG’s conflict of interest policy, (ii) the OCOG’s annual audited financial statements within thirty (30) days of OCOG’s receipt of such financial statements from its outside auditor and (iii) the OCOG’s annual IRS Form 990 within thirty (30) days of the filing of such form with the IRS.

(e) The OCOG shall comply with all applicable City laws and ordinances.

Section 10. Venue Agreements.

(a) LA24 and the OCOG shall require that any provision that provides (i) general indemnification for the OCOG that is contained in any agreement relating to the rental of a facility to be used for a Games competition or ceremony event (a “Venue Agreement”) shall also be provided for the City and the USOC.

(b) LA24 and the OCOG shall require each Venue Agreement include the following provisions which shall be incorporated therein *mutatis mutandis*:

(i) None of the City, the State of California, the IOC, the International Paralympic Committee, the USOC or any of their respective representatives, nor any representative of the [OCOG] (all of the foregoing, collectively, “Unrelated Parties”) shall incur any financial responsibility or liability of any kind or nature whatsoever in connection with or arising out of this [Venue Agreement] or any subsequent agreement between the parties relating to the subject matter hereof; and

(ii) Without limiting the foregoing, neither the [OCOG] nor [Venue Owner] shall be deemed to be an agency, instrumentality, joint venturer or agent of any Unrelated Party.

(c) The Parties agree that if the OCOG benefits from the following provision, or anything similar to the following language, then the City shall receive the same benefit of such provision:

(i) [Venue Owner], for itself and its successors and assigns, hereby irrevocably waives and releases, and hereby agrees and covenants to refrain from bringing or causing to be brought, any claims, demands, action, suits or other proceedings, whether at law or in equity, or whether before a court, arbitration panel, agency board or other body, against any Unrelated Party on account of any and all rights, demands, damages, claims, actions, causes of action, duties or breaches of duty, known or unknown, existing, pending, accrued or unaccrued (each, a “Cause of Action”), that [Venue Owner] has, claims to have or may have against any Unrelated Party, to the extent any such Cause of Action arises from or relates to this [Venue Agreement].

Section 11. Dispute Resolution. Article IX of the Bid City Agreement shall be the sole method for resolving disputes between the Parties under this MOU and such Article shall be incorporated herein by this reference in its entirety *mutatis mutandis*. Notwithstanding the foregoing, the Parties agree that for any dispute arising between the Parties under this MOU, the place of arbitration shall be the City of Los Angeles, State of California.

Section 12. General Provisions.

(a) Notices. Any notices or reports relating to this MOU, and any request, demand, statement or other communication required or permitted hereunder, shall be in writing and shall be delivered to the Parties at their respective addresses set forth in Exhibit A. Each Party shall promptly notify every other Party of any change of contact information, including personnel changes, provided in Exhibit A. Written notice shall include notice delivered via email or facsimile. A notice shall be deemed to have been received on (i) the date of delivery, if delivered by hand during regular business hours, or by confirmed facsimile or by

email, or (ii) on the third (3rd) business day following mailing by registered or certified mail (return receipt requested) to the addresses set forth in Exhibit A.

(b) Relationship of Parties. The Parties are and shall remain at all times, as to each other, wholly independent entities. No Party shall have power to incur any debt, obligation or liability on behalf of another Party unless expressly provided to the contrary by this MOU. No employee, agent or officer of a Party shall be deemed for any purpose whatsoever to be an agent, employee or officer of another Party.

(c) Assignment. No Party may assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the other Parties, except that LA24 shall be permitted to assign its rights and delegate its obligations hereunder to the OCOG and the OCOG shall assume LA24's obligations without obtaining the consent of the other Parties. This MOU shall be binding upon and inure solely to the benefit of each Party and its successors and permitted assigns (including the OCOG) and nothing in this MOU, express or implied, is intended to or shall confer upon any other person any rights, benefits or remedies of any nature whatsoever under or by reason of this MOU.

(d) Amendment; Waiver. Subject to written approval by the IOC, the terms and provisions of this MOU shall be binding upon the Parties and may not be amended, modified or waived, except by an instrument in writing signed by each of the Parties. Waiver by any Party to this MOU of any term, condition or covenant of this MOU shall not constitute a waiver of any other term, condition or covenant. Waiver by any Party of any breach or violation of any of the provisions of this MOU shall not constitute a waiver of any breach or violation of any other provision of this MOU, nor a waiver of any subsequent breach or violation of any provision of this MOU.

(e) Entire Agreement. This MOU constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements, whether written or oral, with respect thereto; provided that nothing in this MOU shall be deemed to supersede or otherwise modify all or any terms of, including as may be reflected in exhibits thereto (i) the Memorandum of Understanding between the City and LA24 dated January 15, 2016 or (ii) the Bid City Agreement.

(f) Non-Recourse. No obligation of LA24, USOC or the City (or the OCOG) under this MOU constitutes an obligation of, and no recourse, claims, actions, rights to sue or other remedies shall be had against, any trustee, director, officer, employee, volunteer, agent, consultant, member, attorney, representative or independent contractor of LA24, USOC or the City (or the OCOG) for any obligations arising out of this MOU. No trustee, director, officer, employee, volunteer, agent, consultant, member, attorney, representative or independent contractor of the LA24, USOC or the City (or the OCOG) shall have any personal liability or obligation for any act or omission of the LA24, USOC or the City (or the OCOG), whether arising out of this MOU or otherwise in connection with any of the transactions contemplated hereby or thereby or any other matter related to the Games.

(g) No Third Party Beneficiary. Except as expressly provided herein, no third party is intended to be, or shall be deemed to be, a beneficiary of any provision of this MOU.

(h) IOC Approval Required. The Parties acknowledge that the understandings set forth in this MOU are subject to the written approval of the IOC and shall not be binding upon any Party unless and until such written approval is obtained.

(i) Counterparts. This MOU may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute but one and the same instrument. This MOU is being executed in three (3) originals, each of which is deemed to be an original.

[The remainder of this page has intentionally been left blank; signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this MOU to be executed by their duly authorized representatives and affixed as of the date of signature of the Parties:

THE CITY OF LOS ANGELES

By: _____
ERIC GARCETTI
Mayor, City of Los Angeles

By: _____
HERB J. WESSON, JR
President, Los Angeles City Council

Date: _____

Date: _____

APPROVED AS TO FORM:

ATTEST:

MICHAEL N. FEUER, City Attorney

HOLLY L. WOLCOTT, City Clerk

By: _____

By: _____

Date: _____

Date: _____

LOS ANGELES 2024 EXPLORATORY COMMITTEE

By: _____
CASEY WASSERMAN
Chairperson

By: _____
GENE T. SYKES
Chief Executive Officer

Date: _____

Date: _____

UNITED STATES OLYMPIC COMMITTEE

By: _____
LAWRENCE F. PROBST, III
Chairperson

By: _____
SCOTT BLACKMUN
Chief Executive Officer

Date: _____

Date: _____

Exhibit A

Addresses for Notices

THE CITY OF LOS ANGELES

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Holly L. Wolcott
City Clerk
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