

ST. PETERSBURG CITY COUNCIL

Meeting of August 20, 2009

TO: The Honorable Jeff Danner, Chair and Members of City Council

SUBJECT: Fifth Amendment to Agreement with Andretti Green Promotions, L.L.C., Approving a One Year Contract Extension to Conduct a Downtown Automobile Race and Deleting Certain Financial Requirements.

BACKGROUND: In September, 2004 City Council approved an agreement to conduct an open wheel race downtown under the premise that the event would provide:

- 1. Direct economic benefit to our City (e.g. hotel stays, restaurant meals, etc.)**
- 2. Unparallel opportunity for national and world wide television exposure valued in the millions of dollars.**
- 3. Another diverse special event added to our impressive list to be enjoyed by our citizens.**

This promise has been delivered in each of the five annual races since adoption of the original 2004 Agreement. The three day weekend has grown from an inaugural estimated 60,000 attendees to an event estimated at in excess of 150,000. The race weekend now includes a second signature racing series, The American Lemans Series (ALMS) in addition to the premier north American open wheel series, the Indy Racing League (IRL). The stature and preeminence of the IRL was significantly enhanced in the 2008 season with the reunification with the former 29 year old Champ Car Series. Our recent 2009 race weekend featured the live national ABC broadcast, along with international broadcasting of the Saturday ALMS race. Sunday's IRL race was nationally and internationally broadcast on Versus to over 200 countries.

REQUEST: On May 1, 2008, City Council approved The Fourth Amendment to an Agreement with Andretti Green Promotions to conduct a professional automobile race in downtown St. Petersburg. The Fourth Amendment extended the term of the Agreement so that it expires on April 30, 2013 and further provided for future extensions subject to the length of the lease term limitations of the City Charter. Andretti Green is now requesting a contract extension of one additional year (the maximum amount allowed under the City Charter).

Andretti Green has also requested deletion of paragraph 2.4(A) which requires a letter of credit (or other form of financial security acceptable to the City) in the amount of \$120,000 to insure Andretti Green's payment for City Services. Subsequent to the first race on April 1, 2005, City Council on December 1, 2005 approved the Second Amendment to the Agreement whereby the City increased City services inside the Race Area from \$40,000 to an amount not to exceed \$150,000. Although the City services contribution was revised in the Second Amendment, the financial guarantee to insure repayment for City services was not changed. This amendment would eliminate the need to post a financial guarantee for payment of City Services. Since the

2005 adoption of Amendment Two the following amounts reflect the dollar amount over the City services cap which are the responsibility of the promoter:

| <u>Race Year</u> | <u>Overage Paid by Andretti Green Promotions</u> |
|-------------------------|---|
| 2006 | \$ 316.24 |
| 2007 | 12,359.23 |
| 2008 | 39,842.68 |
| 2009 | 639.40* |

*** Billed to Andretti Green on 7/31/09**

The increases in 2007 and 2008 were largely attributable to one-time only additional requests for City Services for that specific event (primarily due to reconfiguring the race event facilities due to changes, i.e. Park/Terminal/Dali construction occurring within the Race Area). Given the history of repayment, the disparity between actual costs to be paid by Andretti Green versus the financial guarantee amount, and the promoters long term commitment and investment in this race, it is felt the financial guarantee (based on the original City services level of commitment) is no longer necessary. All other financial assurances of the Agreement remain unchanged.

SUMMARY: The Honda Grand Prix of St. Petersburg has accomplished the City's goal of providing a new and diverse community event with national and international exposure that generates direct economic benefit and entertainment value for our community. The City has solidified our permanent place as one of the few national and international cities which will be part of the IRL schedule for years to come in the future. Maintaining our race on the schedule is even more important because of the 2008 reunification of the IRL and Champ Car which resulted in a surplus of locations that will be competing for a limited number of spots on future IRL race calendars.

The City's approval of the one year contract extension enhances the ability of Andretti Green, the IRL and major sponsors to finalize their long term agreements for our race. Additionally, the Fifth Amendment will delete a provision in the Agreement which is considered no longer necessary. Attached for Council consideration is a resolution approving The Fifth Amendment to the Agreement between the City and Andretti Green Promotions which provides for a one year extension of the Agreement through April 30, 2014 and deletes Paragraph 2.4(A) related to financial guarantees for City services.

Attachments: Resolution, Fifth Amendment to Agreement, Andretti Green Correspondence

RESOLUTION NO. _____

APPROVING LENGTHENING THE TIME PERIOD FOR ANDRETTI GREEN PROMOTIONS, LLC TO SUBMIT A WRITTEN REQUEST FOR AN EXTENSION OF THE TERM OF THE AGREEMENT BETWEEN THE CITY OF ST. PETERSBURG, FLORIDA AND ANDRETTI GREEN PROMOTIONS, LLC FOR THE CONDUCT OF PROFESSIONAL AUTOMOBILE RACING IN DOWNTOWN ST. PETERSBURG, TO JULY 31, 2009; APPROVING THE FIFTH AMENDMENT TO THE AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of St. Petersburg, Florida (“City”) and Andretti Green Promotions, LLC (“Andretti Green”) entered into an agreement for the conduct of professional automobile racing in downtown St. Petersburg, dated September 16, 2004 (“Agreement”); and

WHEREAS, on May 1, 2008, City Council approved the Fourth Amendment to the Agreement extending the term of the Agreement to April 30, 2013; and

WHEREAS, the Fourth Amendment also added a new Paragraph 5.2 providing for future extensions to the term of the Agreement of one or more years subject to the length of lease term limitations of the City Charter; and

WHEREAS, Paragraph 5.2 (1) states that if Andretti Green desires an extension to the term of the Agreement it shall submit a written request for an extension, along with any proposed amendments to the Agreement that Andretti Green believes are necessary, within twenty days after April 30 of each year subsequent to the year 2008 (“Extension Request Due Date”); and

WHEREAS, Paragraph 5.2(5) provides that any of the time periods contained in Paragraph 5.2 (e.g., the Extension Request Due Date) can be lengthened upon the mutual written agreement of the parties; and

WHEREAS, prior to the 2009 Extension Request Due Date, Andretti Green submitted a written request for an extension of such due date to July 31, 2009; and

WHEREAS, on July 30, 2009, Andretti Green submitted its written request to extend the term of the Agreement for one (1) additional year to April 30, 2014; and

WHEREAS, Andretti Green also has requested deletion of Paragraph 2.4 A. from the Agreement; and

WHEREAS, Paragraph 2.4 A. requires a letter of credit (or other form of financial security acceptable to the City) in the amount of \$120,000 to insure Andretti Green's payment for City Services; and

WHEREAS, due to the reduction in the amount of charges for City services required to be paid by Andretti Green pursuant to the Second Amendment to the Agreement, the disparity between actual costs to be paid by Andretti Green versus the financial guarantee amount required in Paragraph 2.4 A., Andretti Green's history of payment for City services, and Andretti Green's long term commitment and investment in the race, it is reasonable to no longer require the financial guarantee set forth in Paragraph 2.4 A. of the Agreement; and

WHEREAS, the Fifth Amendment to the Agreement provides for the term of the Agreement to be extended for one (1) additional year to April 30, 2014, per Andretti Green's request; and

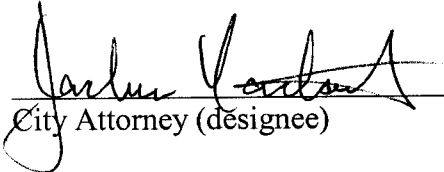
WHEREAS, the Fifth Amendment also provides for deletion of Paragraph 2.4 A.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida that lengthening the time period for Andretti Green Promotions, LLC to submit a written request for an extension of the term of the Agreement Between the City of St. Petersburg, Florida and Andretti Green Promotions, LLC for the Conduct of Professional Automobile Racing in Downtown St. Petersburg to July 31, 2009 is hereby approved.

BE IT FURTHER RESOLVED that the Fifth Amendment to the Agreement Between the City of St. Petersburg, Florida and Andretti Green Promotions, LLC for the Conduct of Professional Automobile Racing in Downtown St. Petersburg is hereby approved.

This resolution shall become effective immediately upon its adoption.

APPROVED AS TO FORM AND SUBSTANCE:



City Attorney (designee)

FIFTH AMENDMENT TO AGREEMENT
Between
THE CITY OF ST. PETERSBURG, FLORIDA
And
ANDRETTI GREEN PROMOTIONS, LLC
For
THE CONDUCT OF PROFESSIONAL AUTOMOBILE RACING
IN DOWNTOWN ST. PETERSBURG

THIS FIFTH AMENDMENT ("Fifth Amendment") is made and entered into as of the _____ day of _____, 2009, by and between the City of St. Petersburg, Florida, a municipal corporation ("City"), and Andretti Green Promotions, LLC, an Indiana limited liability company ("Andretti Green"), (collectively "Parties").

WHEREAS, the City and Andretti Green entered into an agreement for the conduct of professional automobile racing in downtown St. Petersburg, dated September 16, 2004 ("Agreement"); and

WHEREAS, on May 1, 2008, City Council approved the Fourth Amendment to the Agreement extending the term of the Agreement to April 30, 2013; and

WHEREAS, the Fourth Amendment also added a new Paragraph 5.2 providing for future extensions to the term of the Agreement of one or more years subject to the length of lease term limitations of the City Charter; and

WHEREAS, within a time period mutually agreed upon by the parties, Andretti Green submitted its written request to extend the term of the Agreement for one (1) additional year to April 30, 2014; and

WHEREAS, Andretti Green also has requested deletion of Paragraph 2.4 A. from the Agreement; and

WHEREAS, Paragraph 2.4 A. requires a letter of credit (or other form of financial security acceptable to the City) in the amount of \$120,000 to insure Andretti Green's payment for City Services; and

WHEREAS, due to the reduction in the amount of charges for City services required to be paid by Andretti Green pursuant to the Second Amendment to the Agreement, the disparity between actual costs to be paid by Andretti Green versus the financial guarantee amount required in Paragraph 2.4 A., Andretti Green's history of payment for City services, and Andretti Green's long term commitment and investment in the race, it is reasonable to no longer require the financial guarantee set forth in Paragraph 2.4 A. of the Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the City and Andretti Green hereby agree as follows:

1. The Agreement is hereby amended as follows:

Paragraph 2.4 A. of the Agreement is hereby deleted.

Paragraph 5.1 of the Agreement is deleted and replaced with the following:

5.1 Term and Extension. This Agreement was for an initial term of three (3) years with an option to extend the term for two (2) additional years. Andretti Green exercised that option so that the original Agreement would have had an expiration date of September 15, 2009. Pursuant to Paragraph 5.2 of this Agreement, the parties previously extended the term of this Agreement to April 30, 2013 and are now further extending the term of this Agreement so that the expiration date is April 30, 2014. This Agreement may be further extended pursuant to Paragraph 5.2 of this Agreement. References in this Agreement to "Term" shall include the initial term and all extensions thereof.

2. All other terms and conditions of the Agreement (as previously amended) shall remain in full force and effect.

IN WITNESS WHEREOF the Parties have caused this Fifth Amendment to be executed by their duly authorized representatives on the date first above written.

CITY OF ST. PETERSBURG, FLORIDA:

ATTEST:

By: _____
Rick Baker
As Its: Mayor

Eva Andujar, City Clerk

(Seal)

Witnesses:

Sign: _____
Print: _____

Sign: _____
Print: _____

ANDRETTI GREEN PROMOTIONS, LLC

Sign: _____

Print: _____

Title: _____

Witnesses:

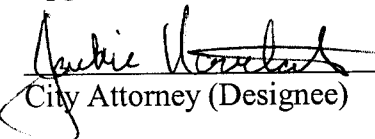
Sign: _____

Print: _____

Sign: _____

Print: _____

Approved as to Content:



City Attorney (Designee)

By: **JACQUELINE KOVILARITCH**

Assistant City Attorney

Approved as to Form:

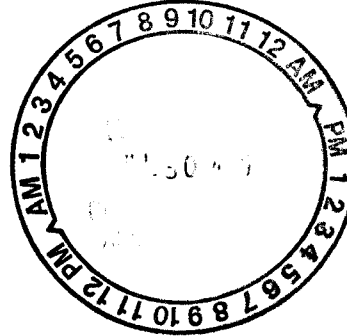
City Attorney (Designee)

By: _____
Assistant City Attorney



25 2nd Street North, Suite 160
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(t) 727.898.INDY (f) 727.896.8031
www.gpstpete.com

July 30, 2009



HAND DELIVERED
Honorable Mayor Rick Baker
City of St. Petersburg
City Hall
175 Fifth Street, North
St. Petersburg, Florida 33701

Re: Honda Grand Prix of St. Petersburg

Dear Mayor Baker:

Pursuant to paragraph 5.2 of the Agreement between The City of St. Petersburg, Florida ("City") and Andretti Green Promotions, LLC ("AGP") for the Conduct of Professional Automobile Racing in Downtown St. Petersburg, dated September 16, 2004 ("Agreement"), which was added by the Fourth Amendment thereto, and the May 20, 2009 letter agreement between the City and AGP, AGP hereby requests an extension of the term of the Agreement for one (1) additional year, beginning May 1, 2013 through April 30, 2014. AGP also requests an amendment to the Agreement deleting paragraph 2.4A of Article II from the Agreement.

AGP requests confirmation that the Al Lang Field facility (Progress Energy Park complex and practice field) will be available to be used for the Event.

Thank you for your consideration.

Very truly yours,

D. Kevin Savoree

cc: St. Petersburg City Council
Mr. Kevin M. Dunn, Managing Director
City of St. Petersburg





25 2nd Street North, Suite 160
St. Petersburg, Florida 33701
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gpstpete.com

May 20, 2009

Honorable Mayor Rick Baker
City of St. Petersburg
City Hall
175 Fifth Street, North
St. Petersburg, Florida 33701

Re: Honda Grand Prix of St. Petersburg

Dear Mayor Baker:

Pursuant to paragraph 5.2 of the Agreement between The City of St. Petersburg, Florida ("City") and Andretti Green Promotions, LLC ("AGP") for the Conduct of Professional Automobile Racing in Downtown St. Petersburg, dated September 16, 2004 ("Agreement"), which was added by the Fourth Amendment thereto, AGP hereby respectfully requests that the twenty days time period for delivering to the City Council and Mayor a request for an extension of the contract term and amendment be extended to July 31, 2009.

If the City is in agreement with the additional time requested above, please sign and date below.

Thank you for your consideration.

Very truly yours,

ANDRETTI GREEN PROMOTIONS, LLC

D. Kevin Savoree
Manager

CITY OF ST. PETERSBURG, FLORIDA

ATTEST:

By: _____ Date _____ City Clerk

cc: City Attorney of St. Petersburg
Mr. Kevin M. Dunn

