

MOTION

AD HOC 2028 Olympics

Many of the most successful city marathons are operated by non-profits, including: New York, Boston, Honolulu, London and Tokyo. These have become civic events celebrating health, fitness, giving and civic pride. Non-profit status would bring benefits to the LA Marathon, including: lower expenses, increased revenues, higher media profile and greater charity and community impact. A change in ownership from a private party to a non-profit would bring a more significant and impactful social, community and charitable association with the LA Marathon.

The City of Los Angeles and Conqur Endurance Group LLC (Conqur) have successfully organized, financed, promoted and conducted an annual world class City of Los Angeles Marathon (LA Marathon) since 2008. Conqur is an entity wholly owned by Frank McCourt and has operating rights to the LA Marathon through 2025 as set forth in the First Amended and Restated Agreement (Agreement) between the City and Conqur (Contract 93753).

The City has received a request to change the ownership of Conqur from Frank McCourt to The McCourt Foundation (TMF) and to extend the Agreement through 2029. TMF is a 501(c)(3) tax-exempt nonprofit corporation classified as a public charity as provided by the Internal Revenue Code. Section 15 of the Agreement requires approval of the City Council for any transfer of a majority interest in Conqur. A four year extension would allow the LA Marathon to better participate in the activities prior to and during the 2028 Los Angeles Olympics. The proposed transfer is generally structured, as follows:

1. Frank McCourt will gift Conqur to TMF and the foundation will operate the LA Marathon as a non-profit.
2. Conqur will continue to manage and operate the LA Marathon in accordance with its contract with the City and will continue to be structured as a limited liability corporation (LLC).
3. Conqur, as a wholly owned subsidiary of a 501(c)(3) tax-exempt non-profit, will have its assets and activities attributed to its tax exempt owner, TMF.
4. The transfer of ownership will create no changes in the existing operating team or operations of the LA Marathon.
5. TMF bylaws will be modified to give Frank McCourt continued final decision-making authority of LA Marathon activities and operating team, and approval of changes to the TMF Board.

I THEREFORE MOVE that the City Council, in keeping with requirements of Section 15 of the First Amended and Restated Agreement (Agreement) between the City of Los Angeles and the Conqur Endurance Group LLC (Conqur) (Contract 93753) relative to the operation of the City of Los Angeles Marathon (LA Marathon), **APPROVE** the requested transfer of Conqur from Frank McCourt to The McCourt Foundation (TMF), a 501(c)(3) nonprofit corporation, and to extend the Agreement through 2029, in consideration of the following:

- a. Any subsequent transfer or assignment, whole or in part, of Conqur requires prior approval of the City Council (Section 15 of the Agreement);
- b. Conqur and TMF will provide annual reports and audited financial statements to the City, including but not limited to activities undertaken in support of the LA Marathon, including funds raised and donations, participating charitable and community organizations, sponsor and sponsorships, other charitable activity, the scope of the annual program including participants served, staff, revenues and expenditures by expense categories, and assets; and,
- c. TMF will provide the City Administrative Officer (CAO) hard copies and electronic links to annual IRS 990 submissions.

I FURTHER MOVE that the City Attorney, with assistance and cooperation of the CAO, be requested to prepare modifications to the First Amended and Restated Agreement Between the City and Conqur (approved by the City Council July 1, 2016) as may be necessary to reflect the provisions set forth above and Authorize the CAO to execute such contract modifications, subject to the approval of the City Attorney.

PRESENTED BY: _____

HERB J. WESSON, JR.
Councilmember, 10th District

SECONDED BY: _____

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[Handwritten initials]

MAR 19 2019.

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