

Agreement Between City of Austin and Circuit of the Americas (Red Bull Grand Prix of the Americas 2018-2027 Events)

The City of Austin, a home-rule municipal corporation located in Hays, Travis, and Williamson Counties, in the State of Texas, (City) acting through its duly authorized agent the City Manager, and Circuit of the Americas, LLC, a Delaware limited liability company, (COTA) acting through its duly authorized agent or officer, enter into this Agreement (Agreement), upon the terms and conditions set forth below.

RECITALS

1. Tex. Rev. Civ. Stat Art 5190.14 § 5A, the Major Events Reimbursement Program Act (Act) and rules related to the Act, found at 10 Tex. Admin. Code, Part 5, Chapter 184, as amended and supplemented (collectively, the Rules), were passed and enacted for the purpose of attracting and securing eligible events to Texas. The Office of the Governor, Economic Development and Tourism Department (OGEDT) is tasked with administering the Act and the Rules. The Act at 5A(a)(4), defines eligible events. COTA has proposed the "2018-2027 Red Bull Grand Prix of the Americas" as eligible Events under the Act (collectively the "Events"). The site selection organization for Red Bull Grand Prix of the Americas is the Dorna Sports S.L. (Dorna). The 2018 Event will be held April 20-22, 2018. All of the Events will be held at the raceway facilities of Circuit of the Americas (COTA) in Austin, Texas.
2. The Act at 5A(a)(2), provides that a municipality that contains a site selected by a site selection organization for one or more events, such as the Circuit of the Americas Track located in the City, is an eligible "Endorsing Municipality" for purposes of establishing a Major Events Reimbursement Program (MERP) as authorized under the Act at 5A(d) that make local and state funds available to attract, secure and hold an eligible event, such as the 2018-2027 Red Bull Grand Prix of the Americas Events.
3. On March 5, 2018, the City of Austin entered into Agreement (CELOC Agreement) with the Circuit Events Local Organizing Committee (CELOC) regarding establishment and administration of the MERP, setting forth rights and responsibilities relating to the MERP, and referencing this document.
4. COTA is the owner and operator of a race track and related facilities in Travis County, Texas which will host the Events.
5. This Agreement serves the public interest in that it establishes sustainability initiatives and minority and women owned business initiatives for events and operation of the COTA facilities. This Agreement complements the public interest furthered by the CELOC Agreement between the City and CELOC; this Agreement is a condition of the City entering that Agreement between the City and CELOC.

AGREEMENT

6. Agreement Purpose. The purpose of this Agreement is to establish the parties' authority, rights, and responsibilities with respect to compliance with Sustainability and Minority/Women Business Enterprise (M/WBE) Initiatives. This Agreement does not constitute City approval for any permits or licenses that may be needed by COTA or any other entity to hold the Events.

7. Term. If the OGEDT approves creation of a trust fund under the MERP for the Events, this Agreement is effective on the latest date that this Agreement is signed by both parties below (Effective Date) and shall remain in effect until 180 days after the 2027 Event, unless terminated sooner only in accordance with the terms of this Agreement.
8. City Authority. The City has the authority to enter into this Agreement pursuant to its home-rule authority. No City appropriation is necessary for performance of this Agreement.
9. City Responsibilities.
 - A. Receive and review reports and information from COTA and report to the City Council regarding COTA compliance.
 - B. Assist with provision of information from the City's Sustainability Office, the City's Small and Minority Business Resources (SMBR) Department, and any other applicable City departments.
10. COTA Responsibilities.
 - A. Comply with the Sustainability Initiatives described in Section 11.
 - B. Comply with the M/WBE Initiatives described in Section 12.
11. Sustainability Initiatives.
 - A. COTA will enter into an agreement with CELOC, with the City input, that specifies CELOC's and COTA's responsibilities to accomplish the terms specified in Exhibit A.
 - B. COTA will report to the City after each of the Events is held on progress made as it relates to the terms specified in Exhibit A.
12. Minority/Women Business Enterprise Initiatives.
 - A. With respect to construction and remodel of the existing improvements at the facilities from the effective date of the Agreement forward, COTA will conform to the standards and principles of the City's M/WBE Ordinance. COTA will meet the ethnic specific annual contract remodel construction goals as follows:

African American-owned Business Enterprises:	1.7%
Hispanic-owned Business Enterprises:	9.7%
Asian American and Native American-owned Business Enterprises	2.3%
Women-owned Business Enterprises	13.8%
 - B. If COTA cannot meet the goals, COTA will demonstrate good faith efforts to meet the goals with specific and detailed information sufficient to show COTA's good faith efforts to meet the goals as required by SMBR. Upon such demonstration, COTA will not be in default under this Agreement.

- C. The City will provide a list of certified firms to COTA from which COTA will solicit participation for the construction and remodel of existing improvements at COTA's facility as described in Section 12.A above. COTA will work with SMBR to identify potential scopes of work for certified subcontractors, establish the bid packages, schedule and host outreach meetings, and SMBR will assist COTA in soliciting certified firms.
 - D. COTA will report the percentage of ethnic-specific participation on an annual basis using forms provided by SMBR. COTA will report aggregate M/WBE participation for all certified firms, and will report the percentage of participation by each certified firm. Percentages will be calculated based on a percentage of total construction work completed on the improvements at the site. COTA will report participation on the basis of both dollars awarded to certified firms and dollars paid to certified firms.
 - E. The City acknowledges that this Agreement does not require COTA to modify, nullify, or abrogate any contracts that COTA has entered into prior to the effective date of this Agreement.
 - F. The above provisions complement the requirements set forth in the Agreement between COTA and the City regarding the Formula 1 Grand Prix or any other event. These provisions, and the corresponding provisions in the COTA/City agreement for the Events or any other agreement, do not replace, and are not intended to expand, increase or diminish the requirements in the Formula 1 Grand Prix agreement or any other agreement. For example, required expenditures, required investments and required number of trees to be planted under the Formula Grand Prix agreement are not increased by this Agreement, or the agreement for any similar event.
13. Modification of Obligations and Responsibilities. COTA's obligations and responsibilities may be modified or amended with written City approval; this approval will not be unreasonably withheld. Further, the City may ratify any non-compliant or untimely performance by COTA and upon such ratification, the compliance or performance will be considered and deemed compliant, performed, cured and timely. Such ratification is only effective if it is in writing.
14. Termination with Cause.
- A. In the event of default by a party to this Agreement, the other party shall have the right to terminate the Agreement for cause, but only after written notice of the default is delivered to the party in default via certified mail. The notice shall be effective 30 days after delivery, unless otherwise specified, or unless the default is cured, as provided below. During this time period, the party alleged to be in default shall have the right to and may cure the event of default, or may provide evidence sufficient to prove to the other party's reasonable satisfaction that the default does not exist or that it will be cured in a time satisfactory to the party alleging the default. Each party's rights and remedies under the Agreement are cumulative and are not exclusive of any other right or remedy provided by law.
 - B. Subject to the following 30-day notice and opportunity to cure, there must also be 90 days' written notice of intent to terminate delivered to the State and CELOC pursuant to this Section (for a total 120-day notice period).

- C. This Agreement may be terminated upon occurrence of any of the following events:
- (1) Termination of the City's Agreement with CELOC; or
 - (2) COTA fails to meet the Performance Measures set out below, provided, however, that both parties will first attempt non-binding arbitration to resolve any dispute between the parties with regard to the alleged failure of COTA to meet the Performance Standards. If non-binding arbitration is not successful, the City and COTA agree to resolve the dispute in the jurisdiction and venue set forth in Section 16 below prior to the City exercising any termination remedy due to such dispute.

15. Performance Measures.

- A. Annual reporting and compliance with the Sustainability Initiatives as set forth above and in Exhibit A.
- B. Annual reporting and compliance with M/WBE Initiatives as set forth above.

16. Jurisdiction and Venue. The parties agree that this Agreement is governed by the laws of the State of Texas and that venue for a dispute arising from this Agreement shall be in Austin, Travis County, Texas.

17. Severability. If a term or provision of this Agreement is determined to be void or unenforceable by a court of competent jurisdiction, the remainder of this Agreement remains effective to extent permitted by law.

18. Notices. Any notice, request, or other communication required or appropriate to be given under this Agreement shall be in writing and shall be addressed to the person designated for receipt below. Legal notices shall be sent postage prepaid and Return Receipt Requested. Other notices and routine communications may be delivered by any other means (fax, email, courier). These notices and communications shall be deemed delivered upon receipt of a successful fax, e-mail, or courier confirmation report by the addressee; provided, that the notice is specifically directed to the attention of the person designated for receipt of notices to City or COTA. Notice shall be addressed as follows:

To City:
Attn: City Manager
301 W. 2nd Street
Austin, Texas 78701

With copy to:
City Attorney
Law Department
301 West 2nd Street
Austin, Texas 78701

To COTA:
Attn: Chief Operating Officer
9201 Circuit of The Americas Blvd.
Austin, Texas 78617

With copy to:
Craig Cavalier
9201 Circuit of the Americas Blvd.
Austin, Texas 78617

19. Assignment. A party to this Agreement may not assign or transfer interests under this Agreement except with the written consent of the other party to this Agreement. This consent will not be unreasonably withheld.
20. Amendment. This Agreement may not be amended in whole or in part except in a written amendment executed by all parties to this Agreement.
21. Survival of Obligations. All provisions of this Agreement that impose continuing obligations on the parties shall survive the expiration or termination of this Agreement.
22. Business Day. Whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time or by a particular date that ends or occurs on a non-business day (i.e., Saturday, Sunday, or a holiday recognized by the U.S. federal government or the State of Texas), then such period or date will be extended until the immediately following business day.
23. No Implied Waiver. No waiver or consent, express or implied, by any party to or of any breach or default by any party in the performance by such party of its obligations under this Agreement, will be deemed or construed or waiver to or of any other breach or default in their performance by such party of the same or any other obligations of such party under this Agreement. Failure on the part of a party to complain of any act of any party or to declare any party in default, irrespective of how long such failure continues, will not constitute a waiver by such party of its rights under this Agreement until the applicable statute of limitations period has run.
24. Estoppel Certificate/Lender Protection. Upon a written request from COTA or its lender, the City shall, within ten business days after receipt of such request, execute and deliver to COTA and its lender and to any other party designated by COTA, an estoppel certificate in a form reasonably approved by the City Manager which certifies whether the City has knowledge of any default under this Agreement of COTA's Performance Measures. COTA may, from time to time, deliver a written notice of lender ("Notice of Lender") executed by COTA and notifying the City of a lender for all or part of COTA's race track facilities and related development. The Notice of Lender must include the name and address of COTA's lender (the "Lender"). Until the City receives a written release of the Notice of Lender from the Lender, the City agrees to provide the Lender a notice of default provided to CELOC and the OGEDT under Section 14(B) above and will provide Lender the same 90-day opportunity to cure such default.
25. Limited Liability. COTA AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY REGARDING THE CITY OBLIGATIONS AND RESPONSIBILITIES UNDER THIS AGREEMENT.

TO THE EXTENT ALLOWABLE, COTA SHALL ALSO DEFEND, INDEMNIFY, AND HOLD HARMLESS CITY, ITS OFFICERS, AND EMPLOYEES, FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, SUITS, DEMANDS, PROCEEDINGS, COSTS, DAMAGES, AND LIABILITIES, INCLUDING, WITHOUT LIMITATION, COURT COSTS ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM:

- A. ANY ACTS OR OMISSIONS OF THE CITY, OR ANY AGENT OR EMPLOYEE OF THE CITY OR COTA IN THE EXECUTION OR PERFORMANCE OF THIS AGREEMENT; OR
- B. ANY ACTION BY THE OGEDT TO REQUIRE FUNDING OF THE LOCAL CONTRIBUTION BY THE CITY, WHETHER AS A DIRECT PAYMENT OR A REDUCTION IN COLLECTED TAX REVENUES, THAT WOULD OTHERWISE BE DISTRIBUTED TO THE CITY BY THE STATE, IF:
- (1) CELOC FAILS TO MAKE THE LOCAL CONTRIBUTION; AND
 - (2) THE CELOC AGREEMENT IS TERMINATED.

CITY SHALL COORDINATE ITS DEFENSE WITH CELOC AS REQUESTED BY COTA.

THIS SECTION IS NOT INTENDED AND SHALL NOT BE CONSTRUED TO REQUIRE COTA TO INDEMNIFY OR HOLD HARMLESS CITY FROM ANY CLAIMS OR LIABILITIES RESULTING FROM THE NEGLIGENT ACTS OR OMISSIONS OF CITY OR ITS EMPLOYEES, OR FROM DAILY OPERATIONAL EXPENSES INCURRED BY THE CITY IN THE NORMAL COURSE OF BUSINESS

EXECUTED by the undersigned on the dates set out below, in Austin, Travis County Texas.

CITY OF AUSTIN:

By: 

Name: Spencer Cronk

Title: City Manager

Date: 3/5/18

Circuit of the Americas, LLC:

By: 

Name: Katie Lawrence

Title: COO

Date: 3-1-2018

Exhibit A

1. The following items are CELOC responsibilities under the Agreement between the City and CELOC:

A. *Air quality and environmental initiatives*

- (1) Purchase carbon offsets to achieve carbon neutrality for the net carbon emissions associated with all fuel use and energy demands associated with the Formula One race, to include race operations during the event and temporary generation. Cost of offsets are not to exceed \$15,000 annually. Carbon Impacts and neutrality methodology shall be approved by the City of Austin Office of Sustainability. Possible tools include GreenSports.org OR the Green Sports Alliance.
- (2) A minimum of 50% of carbon offsets will be local, if feasible, and may include options for local tree planting, including on-site trees, and land conservation grants, as carbon offset options.
- (3) Investigate holding the F1 race outside of the Central Texas ozone season (April 1 – October 31).
- (4) If the event is held between April 1 and October 31, develop and submit a plan prior to the first US Grand Prix event that is held between these dates, to reduce emissions of Particulate Matter NO_x (nitrogen oxides) and CO₂ (carbon dioxide) from the event. The plan should include an estimate of emissions associated with the event, to the extent practical. During subsequent years, submit a plan update only if the US Grand Prix is held between these dates.
- (5) Establish an Event recycling and composting program for any major event held at the site, to the extent practical. At minimum, include Paper, Plastic grades 1 (PETE) and 2 (HDPE), aluminum, glass, and compostables. (Same as Universal Recycling Ordinance, plus organics).
- (6) Require Event food and drink vendors to use recycled and/or compostable materials to the extent available.

B. *Transportation initiatives*

- (1) Coordinate Event-specific parking and transportation efforts for major events¹ with City of Austin Special Events Offices located in the Austin Transportation Department and Aviation, TXDOT, and Travis County.
- (2) Develop an Event-specific Transportation Management Plan for major events. Submit plan by July 31st 2011 to City of Austin Transportation Department Director for review and comment. Plan should be updated annually.
- (3) Obtain a Special Event Permit from City of Austin for any special off-site events, such as event-associated parades or festivals, located within the City limits.

¹ For the purpose of this agreement, a major event is defined as any event with more than 40,000 attendees, exclusive of employees.

- (4) Provide Event-specific satellite parking locations and sufficient mass transportation options for major events.
- (5) Limit Event-specific parking on-site to 25,000 parking spots and monitor on-site parking; work toward establishing plans for increasing transit share annually for major events.
- (6) Manage the majority of Event-specific parking sales with coordination through a designated single organization for major events.
- (7) Where possible, pre-sell and manage all Event-specific parking through the ticket sales process, in order to ease traffic flow tied to major events. Sell assigned parking for major events that are aligned with trip origination locations. Provide parking purchasers for major events with maps guiding them to their parking location.
- (8) Commit to seeking a transportation partner for the Formula One Event that provides low emission mass transit vehicles for the shuttle operation, and give contracting preference to the lowest available emissions rapid transit vehicles available that reasonably satisfy the needs of the Event, such as those powered by hybrid electric propulsion equipment, natural gas or propane, or low emission diesel engines that meet tier 3 or 4 standards, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards. Analysis of this item shall be included in the Transportation Management Plan referenced in item B(2).

2. The following items are Circuit of the Americas responsibilities under the Agreement between the City and Circuit of the Americas:

A. *Air quality and environmental initiatives*

- (1) Work with CAPCOG and other relevant governmental entities to establish, by May 1st, 2012, an Air Quality analysis and inventory, modeling, and a mitigation strategy to resolve air quality issues related to major events held between April 1 – October 31. Commit to securing data that allows assessment of emissions specific to the COTA site, subject to an annual cost cap of \$50,000.
- (2) Utilize a combination of subscription to Austin Energy's GreenChoice program (or its successor) and on-site renewable energy generation to reach at least 50% of all non-event energy demands. At least 5% of the demands can be met by on-site renewable energy generation.
- (3) Land preservation and restoration of all disturbed areas, including implementing a combination of xeriscaping, integrated pest management, and water quality controls.
- (4) The majority of new plantings will use naturally drought-tolerant native and adaptive landscaping to promote water conservation.
- (5) Make a minimum of 5 acres in the floodplain available for a community garden or farm. Make reasonable efforts to locate the site as close to an available water source as possible.

- (6) Follow Environmental Board recommendations:
 - a) Comply with new commercial landscape standards.
 - b) Comply with parking lot shading areas.
 - c) Investigate the restoration of riparian of Dry Creek.
 - d) Demonstrate a black land prairie land restoration.
 - e) Perform restoration of Dry Creek Riparian Corridor and Blackland Prairie Corridor; by working with partners such as Texas A&M.
 - f) Establish a monitoring program of any pervious pavement used on site.
- (8) Achieve a minimum of 2 Stars in the Sustainable Sites Initiative by the end of 2013, or develop and submit a sustainable site operations and maintenance plan by the end of 2013 that is consistent with the principles of the SITES initiative. Plan shall be mutually approved by the City of Austin Office of Sustainability and COTA.
- (9) Plant at least 800 trees on-site and establish a maintenance program.
- (10) Establish a Facility recycling and composting program for any major event held at the site. At minimum, include Paper, Plastic grades 1 (PETE) and 2 (HDPE), aluminum, glass, and compostables. (Same as Universal Recycling Ordinance, plus organics).
- (11) Require Facility year-round food and beverage vendors to use recycled and/or compostable materials to the extent available.
- (12) Protect existing wetlands and Critical Environmental Features.
- (13) Strive to reduce emissions of Particulate Matter NO_x (nitrogen oxides) and CO₂ (carbon dioxide) from construction, transit and maintenance vehicles for all construction activities and major events to occur after the first US Grand Prix Event.
 - a) Give preference to contractors using lowest emission transit, construction, maintenance and generation equipment in future or renewed contracts, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards.
 - b) Give preference to contractors using the lowest emissions diesel engines available, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards. Specify use of Tier 3 or Tier 4 emission equipment and ultralow sulfur fuels, where feasible. Use as many of the suggested measures as feasible from the COA Construction Equipment Emission Reduction Toolkit:
<http://www.dieselnets.com/standards/us/nonroad.php#tier4>
 Do an inventory and report to the City of Austin annually.
 - c) Use reasonable efforts to use cleanest equipment available, such as electric, four cycle or propane-fueled lawnmowers, line trimmers and electric hand-held equipment for landscape maintenance.²

²New EPA standards include hydrocarbon and nitrogen oxides exhaust emission standards of 10 g/kW-hr for Class I engines starting in the 2012 model year and 8 g/kW-hr for Class II engines starting in the 2011 model year.

B. Transportation

- (1) Develop a Transportation Management Plan for all major events.³ Submit plan to City of Austin Transportation Department Director for review and comment. Plan should be updated annually.**
- (2) Coordinate parking and transportation efforts for major events with City of Austin Special Events Offices located in the Austin Transportation Department and Aviation, TXDOT, and Travis County.**
- (3) For any special off-site events such as event-associated parades or festivals located within the City of Austin, require the event-sponsor to obtain a Special Event Permit from City of Austin.**
- (4) Require all major events held at the COTA to provide satellite parking locations and sufficient mass transportation options.**
- (5) Limit parking on-site to 25,000 parking spots and monitor on-site parking; work toward increasing transit share annually for major events.**
- (6) Manage the majority of all parking sales and coordination through a designated single organization for major events.**
- (7) Where possible, pre-sell and manage all parking through the ticket sales process, in order to ease traffic flow tied to major events. Sell assigned parking for major events that are aligned with trip origination locations. Provide parking purchasers for major events with maps guiding them to their parking location.**
- (8) Commit to seeking a transportation partner that provides low emission mass transit vehicles for the shuttle operation, and give contracting preference to the lowest available emissions rapid transit vehicles available that reasonably satisfy the needs of the event, such as those powered by hybrid electric propulsion equipment, natural gas or propane, or low emission diesel engines that meet tier 3 or 4 standards, so long as such provider is at a reasonable incremental cost compared to other providers that do not meet these standards.**
- (9) Post a policy and undertake reasonable enforcement to limit unnecessary idling of vehicles being used to supply heat or air conditioning necessary for passenger comfort and safety, in vehicles intended for commercial or public transportation, or passenger transit operations, to a maximum of 30 minutes.**
- (10) Commit to working with relevant governmental entities to dedicate traffic lanes on all appropriate roads entering the site to mass transit for major events.**
- (11) Work with relevant governmental entities to establish a dedicated bike facility by the first major event, that would provide direct access to the site; provide public showers for major events.**
- (12) Explore partnerships with Austin Energy to provide on-site charging stations (110/240 volt) for electric, hybrid/electric vehicles, electric scooters, pony packs, and electric landscaping equipment, to facilitate charging.**

³ For the purpose of this agreement, a major event is defined as any event with more than 40,000 attendees exclusive of employees.

C. *Future On-site Development*

- (1) Any future buildings (i.e. buildings not currently under construction or in review) of over 2000 Square Feet will achieve minimum 2 Star rating in Austin Energy's Green Building program OR achieve Silver LEED certification. Work with Office of Sustainability and Austin Energy Green Building with the goal of achieving higher levels of green building certification, including leveraging all available incentives.
- (2) Building design and window placement to maximize natural light and passive solar design.
- (3) All new toilets and urinals meet or exceed low flow requirements, as defined by the Austin Uniform Plumbing Code, to achieve water reduction.

D. *Ongoing Collaboration on Sustainability Efforts*

- (1) Establish an ongoing partnership with the City's Sustainability Office to implement best practices on site-specific sustainability efforts and collaborate on educational tours and demonstrations at the site.
- (2) Designate a single point-of-contact for the facility's sustainability efforts.

E. *Green Technology R&D*

- (1) Coordinate with partners including UT, Texas State, Huston-Tillotson, Texas A&M, and Austin Technology Incubator to support the establishment of a Green Racing and Transportation Research, Education, and Testing Center or similar low carbon transportation technology incubator at the site.
- (2) Allow reasonable access to the track facilities for electric vehicle research and testing.
- (3) COTA shall make good faith efforts in partnership with other interested parties to raise, within 18 months from the date on which the contract is signed between the City and COTA, \$5 million to fund on-site green technology and research & development projects, in one or more of the following categories: solar power, automotive fuel efficiency, electric vehicles, biofuels, geothermal, or wind power. COTA shall cooperate with the City to seek US Department of Energy funds to support any resulting green technology R&D projects.

F. *Alternative Energy Events*

- (1) Commit to hosting alternative energy, energy-efficient car races such as:
 - a) F-zero Race
 - b) Go Green Auto Rally
 - c) SAE Solar Races
- (2) Commit to hosting bicycle and foot races at the track.
- (3) Publicly advocate for electric vehicle research and testing, including the pursuit of business partnerships.
- (4) Agree to host public awareness event to advance community knowledge of the available options for green energy or transportation.

G. Community Sustainability

- (1) Make good faith efforts to comply with the standards and principles of the City's MBE/WBE ordinance per Section 12 of the Agreement between the City and Circuit of the Americas.**
- (2) Reporting as required by Agreement between CELOC and City and Agreement between COTA and City, respectively. Commit to recruiting local hires through job fairs and local media outreach.**
- (3) Continue educational partnerships with area schools and universities on sustainability and technology issues.**