

**Agreement between  
City of Austin and  
Circuit of the Americas**

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, L.L.C. is a Delaware limited liability company, (COTA) acting through its duly authorized agent or officer, enter into this Agreement (Agreement) on June 29, 2011, upon the terms and conditions set forth below.

**RECITALS:**

1. During the 81<sup>st</sup> Legislative Session, the Texas Legislature appropriated the amount of \$25,000,000 for the state fiscal biennium beginning September 1, 2009 for the purpose of attracting and securing eligible events pursuant to the terms of Tex. Rev. Civ. Stat. Art. 5190.14 § 5A, the Major Events Trust Fund (Act) and related rules at 34 Tex. Admin. Code Chapter 2 Subchapter A (Rules).
2. On June 29, 2011, the City of Austin entered into an interlocal agreement (Interlocal) with the State of Texas as an Endorsing Municipality, requesting establishment of the Major Events Trust Fund (METF).
3. On June 29, 2011, the City of Austin entered into Agreement (CELOC Agreement) with the Circuit Events Local Organizing Committee (CELOC) regarding establishment of the METF, setting forth rights and responsibilities relating to the METF, and referencing this document.
4. COTA is the owner and operator of a race track and related facilities currently under construction in Travis County, Texas which will host the Formula One race.
5. This agreement serves the public interest in that it establishes sustainability initiatives and minority and women owned business initiatives for events and for construction and operation of the COTA facilities. This agreement complements the public interest furthered by the Major Event Trust Fund 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 this event.

7. Term.

This Agreement is effective on the date signed by both parties below (Effective Date) and shall remain in effect until 90 days after the 2012 Event, with automatic one-year renewals, terminating 90 days after the Event in the year 2021 (Term), 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, review, and report to 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 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 annually, after any F1 race is held and prior to disbursement of funds by Comptroller for the next year's race, on progress made as it relates to the terms specified in Exhibit A.

12. Minority/Women Business Enterprise Initiatives.

- A. For every year of this Agreement, with respect to the construction of all improvements 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 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.

- C. The City will provide a list of certified firms to COTA from which COTA will

solicit participation for the construction of all improvements at COTA's facility. COTA will use best efforts to work with SMBR to identify potential scopes of work for certified subcontractors, establish the bid packages, schedule and host outreach meetings, and 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.

13. Modifications 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 a 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 thirty (30) days after delivery, unless otherwise specified, or 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 and following the 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 Interlocal Agreement with the State of Texas.
  - (2) Termination of the City's Agreement with CELOC.
  - (3) 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 the 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, e-mail, 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. 2<sup>nd</sup> St.  
Austin, TX 78701

With copy to:  
City Attorney  
Law Department  
301 West 2<sup>nd</sup> St.  
Austin, TX 78701

To COTA:  
Attn: Steve Sexton  
100 Congress Avenue, Suite 1350  
Austin, TX 78701-2744

With copy to:  
Richard T. Suttle, Jr.  
Armbrust & Brown, PLLC  
100 Congress Avenue, Suite 1300  
Austin, TX 78701-2744

19. Assignment.

A party to this Agreement may not assign or transfer its 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, with copy to the State.

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 Days.

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 to be a consent or waiver to or of any other breach or default in the 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 (10) 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 form reasonably approved by the City Manager which certifies whether the City has knowledge of any default under this Agreement or 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 Comptroller under Section 14(B) above and will provide Lender the same 90 day opportunity to cure such default.

25. **Limited Indemnity.**

**COTA AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY REGARDING THE CITY OBLIGATIONS AND RESPONSIBILITIES UNDER THIS AGREEMENT.**

**TO THE EXTENT ALLOWABLE BY LAW, 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 ATTORNEYS' FEES AND 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 COMPTROLLER 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 INTERLOCAL AGREEMENT AND THE CELOC AGREEMENT ARE BOTH TERMINATED.****

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

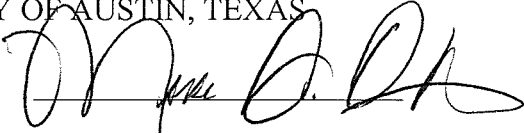
**THIS SECTION IS NOT INTENDED AND SHALL NOT BE CONSTRUED TO REQUIRE COTA TO INDEMNIFY OR HOLD HARMLESS CITY FROM ANY CLAIMS OR LIABILITIES RESULTING FROM THE NEGLIGENT ACTS OR OMISSIONS OF CITY OR ITS EMPLOYEES, OR FROM DAILY OPERATIONAL EXPENSES INCURRED BY THE CITY IN THE NORMAL COURSE OF BUSINESS.**

*(Signature blocks follow on final page)*

EXECUTED on the 31 day of July, 2011, in Austin, Travis County, Texas.

CITY OF AUSTIN, TEXAS

By:



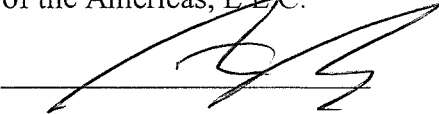
Name: Marc A. Ott

Title: City Manager

Date: 7/31/11

Circuit of the Americas, L.L.C.

By:



Name: Steve Sexton

Title: President

Date: July 22 2011

# 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, to reduce emissions of Particulate Matter NOx (nitrogen oxides) and CO<sub>2</sub> (carbon dioxide) from the event. The plan should include an estimate of emissions associated with the first event, to the extent practical.
- (5) Establish an Event 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).
- (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 events<sup>1</sup> 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 31<sup>st</sup> 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.

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<sup>1</sup> 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 1<sup>st</sup>, 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. Work with local partners such as LBJ Wildflower Center or Center for Maximum Potential Building Systems to achieve compliance.
- (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 NOx (nitrogen oxides) and CO<sub>2</sub> (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 ultra low sulfur fuels, where feasible. Use as many of the suggested measures as feasible from the COA Construction Equipment Emission Reduction Toolkit:  
<http://www.dieselnet.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.<sup>2</sup>

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<sup>2</sup> New 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.<sup>3</sup> 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 passenger 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

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

scooters, pony packs, and electric landscaping equipment, to facilitate charging.

**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 a 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.