

Closed Caption Log, Council Meeting, 06/30/11

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good morning. I'm austin mayor lee leffingwell, so I want to call this special called meeting of the austin city council to order on wednesday, june 29, 2011. The time is 10:07 a.m. We're meeting in the council chambers, austin city hall, 301 west 2nd street, austin, texas. Without objection, council, we have four items on our agenda. Three are related and will be taken together. Those will be items 1, 2 and 4, and the signum will be for those items together as well, and that's already done. And again, without objection, I would like to 3 first so we can get that out of the way and go ahead and address these other four related items together. 3 is to approve an ordnance waiving certain development fees -- ordinance waiving certain development fees, et cetera. We have discussed this in work session and so we'll not be expecting a staff presentation, but staff is here if council members have any questions on this item, no. 3. So now would be the time. Otherwise we will go directly to receive public comment on this. Hearing no questions for staff, we will go -- council member tovo.

Thank you, mayor. I do have a few questions in follow-up to the questions i gonzales, if he's availabl.

Good morning, mayor and council, rodney gonzales, deputy director, economic growth.

Tovo: thank you. gonzales, you had sent on some responses to questions I had asked. One of the questions was what the city's all costs were associated with the fees being waived, and i understood from your answer that there's a cost -- cost of service review going on right now, but I wonder if you have an answer that might tell us of the fees being waived, which of those involve actual costs to the city.

And actually, if you don't mind, I'm going to defer to george adams from planning and development review. He can answer that question with regard to fees.

Tovo: thank you.

Morning. George adams, assistant director of planning and development review. In response to your question, the -- when you say actual costs, most of the review fees involve staff time for either actual reviews or inspections, so there are costs associated with those. So I would -- I would just leave it at that. and so of those being waived for the permit fees, inspection and review fees, water quality, we can assume that the city has hard costs associated with those fees that are being waived?

Most of those -- there are probably a few exceptions, and I apologize, I don't have the full list of fees that are being waived in front of me, but most of those, yes.

Tovo: okay. Thank you.

Mayor? council member spelman. while george is close to the podium let him ask him a couple of follow-ups. I think council member tovo asked exactly the right set of questions. I just want to be sure i understand you. If this building is built, we are going to have to look over their permits, we're going to

have to inspect the buildings, we're going to have to do some stuff. Are we going to have to hire any people in order to do that stuff?

No. We have -- we have adequate resources to conduct the reviews that are required for the project.

Spelman: okay. So there's no new people. In what way will this development, if it happens, change what those people do as opposed to if it doesn't happen? Will they, for example, get to other permits more slowly, will they inspect other buildings after a delay? How is that going to work?

No, it -- this will be -- essentially it will be handled as if it were moving through the process in a normal way.

Spelman: okay.

We're not anticipating moving it to the head of the line in terms of reviews or inspections. We'll handle it with our existing resources, just like we would any other project.

Spelman: okay. So if this building were not built we have the same number of people on staff, we have the same number of expenses, taxpayers have expended the same amount of money on development services-related business as if the building is built?

That's correct. and the marginal cost to taxpayers of this building is limited to the half a million dollars for the line relocation; is that correct?

I believe that's correct. Yes. so should we think of this at a 3 million from deal or a 5 million dollar deal?

That's probably not a question for me to answer. [Laughter] it's a philosophical question and it's rhetorical. My apologies, but you can call it either way. But from the point of city taxpayers, they have to pony up half a million dollars to change the line but nothing else needs to happen. Is that accurate?

Yes. thank you, george. mayor, I have a question. are you finished, council member spelman? Mayor pro tem coal. I'd like to ask the assistant city manager, rudy garza.

Morning, rudy garza, city manager. garcia I'm trying to get a feel for just the market and what your general assessment of that is.

Council member, I -- i know that our acbd director is here as well as our [inaudible] center director. They could probably speak to that better than I could. I'll ask mark lander and bob tester to stand up.

Why don't you stay up there too, rudy, because I'm getting to a question for you.

Morning, mayor and council, bob lander, president of the austin visitors and convention bureau. The market right now is very strong in austin. We have seen an unprecedented increase in demand just in the last year. Downtown demand increased last year, year over year, 5% across the market, which is incredible. You know, every day we field more calls about people who can't find rooms than we field for people needing rooms, which is unfortunate. But the market is running 5% occupancy year-to-date downtown, and over 70% across the whole market, 30,000 rooms citywide. So there is no question in looking at those numbers as to why we're ripe for new capacity development.

Cole: okay. I don't know if this is rudy landers or mark, or maybe even the applicant, but I'm trying to get a feel for how long the process takes for construction in a general sense or -- if that's an applicant

question, and mayor, if you want me to wait, I can do that. Oh, rodney is going to answer.

Council member cole, the construction period that white lodging proposes was 30 months. so they'll begin construction in 30 minutes --

it would take them 30 30 months. My understanding is they are ready to start construction within a nine-month period.

Cole: thank you, mayor.

Council member, the importance of that number is that -- as you know, with the convention center business, we are currently competing and trying to book business, three, four, five years out, so the timing actually works right in line with what we're working on now. and the reason I'm asking that question, and I'd just like your comments or thoughts on it, is we have been through a period of a downturn and I'm glad to hear your confidence in the market, but I want us to grant fee waivers and have some sense of the time period that they should be in existence to accommodate this applicant and what they have been like for other applicants, simply because we don't -- I mean, we need to know that. Do you have any -- you have no reason to doubt the nine months and 30 months numbers that mr. gonzales gave?

Yeah. In fact, what I would add is that the interest throughout -- throughout the market is very high, and, in fact, when the announcement came forward that white lodging was considering this, acdb as well as our convention center immediately started receiving calls from potential organizations that want to bring their events to austin in the next three to four years.

Cole: right. And what I want to do after we talk to the applicant is to contemplate for my colleagues that we do put a date certain for actual beginning of construction with the fee waivers, in case we have other applicants that fit within that same time period. Thank you. Thank you, mayor.

I just had one point of clarification. Council member tovo, when you asked about the fees, there is one important distinction, and that's the temporary use of right-of-way. So that's the majority of this fee waiver, which is 1 million, and my understanding is there's not very much in terms of inspection related to that temporary use of right-of-way. council member tovo. gonzales, in your response on this point you also mentioned that there's a cost of service study going on right now in the planning and development review. Is the assumption there that currently our fees may be lagging a bit behind the department's actual costs?

Sue edwards, assistant city manager. Council member, cost of service study is going on because there have not been changes in some of the fees for planning and development review for about five or six years, some of them even longer. So there -- we have found in a drought that there are several fees that are much lower than other cities' fees and much lower than what we think the cost of service is. We confiscate that cost -- anticipate that cost of service study to be out within a few months.

Tovo: all right. Thank you.

Mayor, also one final clarification, when we talked about the \$500,000 for the water line relocation, that actually will be coming from our capital budget and the water utility, not our general fund taxpayer dollars. thank you, and I was going to make that clarification myself. All right. That's all the questions that we have. We'll go to our public comment period. The first speaker is leslie asenman.

I'm still getting my -- all right. Gotcha. All right. Next speaker is susan most moffitt. Leslie eisenman is donating time to you. Ben weaner. Is ben weaner in the chamber?

[Inaudible] he has to be in the chamber.

I don't think I'll need it.

She may have my three minutes. roy whaley, are you signed up? So roy whaley and ben weaner are donating time to you -- excuse me, leslie eisenman is donating time to you so you'll have up to 9 minutes.

I don't think I'll need it. I wanted to put this in context. We're facing serious budget shortfalls and we're talking about closing public pools and reducing social services and other cuts that really will affect the quality of life for many austin citizens, particularly our neediest, and though the proposed fee waivers don't represent an out of pocket expense for the city, this is money that we could get otherwise, and we could use in the very near short-term on most of these that would help us fund some of these critical needs. And so for that reason i really want to try to get to a place where we can really understand the gives and gets and how the proposed waivers may align with our past actions and policies and how they may influence policies moving forward. So my first question is on the right-of-way fee waiver, which is the biggest part of this, it's \$3 million to close a lane for the duration of the contract, and I actually don't know if it's more than one lane, it may be, but, you know, other cities, new york in particular, never close lanes for building. So it is totally possible to build a huge skyscraper without closing the lane, and this does, as we all found out coming down here this morning with the w glass issue, really present an ongoing hardship for the city, and to me it just seems insane that we wouldn't charge at least something approaching what is our market value for this lane. So that's one issue I have. The other is, you know, we've all heard that there's another project in the works and I think I can say at the mic it's perry lorenz and he has this wonderful piece of property that's catty corner from the convention center. And I know that, you know, we can't compare apples and oranges on this exactly, but had that project was first proposed perry was quoted as saying that he didn't need subsidies to build it. They would just build it. So I'm a little curious how we got to this place where we're still talking about giving money if we've got something out there that may not need money. Now, once we out about the 8 million asked from this he said, well, of course I would ask the same consideration, which is fair, and that brings me to the point of I understand that we really could use two downtown hotels, and I do not understand why we would put all of our eggs in this particular basket, and i would also say that I live at the convention center for the most stressful ten days of my life every year and have since the day it was built during south by. As a matter of fact, my son was raised there and when we visited other cities when it was built, he would say, this smells like the convention center. That's really where we are. So I have a really gut-level understanding of how far away congress avenue feels when you're at the convention center, and just based purely on location, and I know we can't call this for legal reasons a convention center hotel, but lorenz's site is going to function a whole lot better as a convention center hotel. So, you know, I have a little bit of a problem. I'm kind of, you know, people should pay their own way. We've heard the market is very strong so they shouldn't have a problem renting every single room the second they're up. You know, I think that's a question. If we really can benefit from two hotels, why would we give all of our subsidies to one? And I think that's something that you really need to figure out. And then on the issue of fee waivers, it's not clear to me, and maybe you have had this information from staff, but it's not clear to me that we have any kind of written policies or guidelines about fee waivers, and I know it's hard to compare an event with a building, but "south by southwest" did not get a single fee waiver from the city until its 21st convention year of business. And so I just would like to know if we're going to -- if the default now seems to be that even though the market is really strong, people are still coming with their hand out? I would like to understand if we actually have any policies to guide that. So I think that's all I've got and I just would be interested to hear your conversation on this, and i do, again, think it would be a mistake to put all of our city eggs in this basket, and I also think it would be a mistake to completely waive the \$3 million waiver on the -- fee for the public right-of-way, because that's our property. It inconveniences us. It has a dollar value and it's a choice they make. They can build a building without taking up a lane. So that's all. Thank you very much. [Applause] thank you. Next speaker is michael cunningham. Michael cunningham is signed up neutral. Is michael in the chamber? You have three minutes.

Thank you, mayor leffingwell, council members. It's my pleasure to -- that you-all are taking public comments on this topic. I'm the executive director of the texas building construction trades council, a department within the afcl office here in austin. I'm speaking on behalf of the local building trades council and the president here, core by shelton, also business manager of the pipefitters, future land use plumbers union here. We're looking at the -- i usually don't get involved in the local matters and testifying, or speaking on projects. When I look at this project, I know it's a private project, we're looking at it and looking at the fee waivers here and this could have impact on other cities. That's kind of why I'm here also. What we'd like to see is, in your consideration, is to require the developer to at least require a prevailing wage in this project so the workers will know what they will be getting when they're paid on this job. The intent of hiring local workers first. The -- this project, like i said, it's a high profile project, just like the other one you're talking about right here too on the agenda. But, you know, we just think that a prevailing wage, and as you're waiving fees, there is something for the city to benefit out of this, and we think that the taxpayers should benefit too and the construction workers should be the ones who also benefit. We'd like to see prevailing wages on this one, but if not even with the developer in further discussions, maybe enter into a project labor agreement to build this project, would be -- we'd be willing to talk more on this issue, if you'd like to talk about it a little bit further. We'd ask you that you wouldn't pass this ordinance right now, if you're not going to require prevailing wage in t at least have further discussions on building the project in protection of workers in the community. It also gives the opportunity for the contractors in town, that you have a prevailing wage on this project, to know what they're bidding against. You know, apples to apples, oranges to oranges, not the other way around. So we just ask you-all's consideration in this. You know, the project labor agreements that we look at, you know, basically is a prehire agreement. We don't think they're not -- they're not illegal in texas for public entities. As a matter of fact the attorney general just issued an opinion recently, did not say it was prohibited. And under a project labor agreement we also would be able to -- both union and nonunion contracts would be able to bid those contracts and participate. We ask that for your consideration at this point. We're just neutral on this package right now but it's kind of hard to support it with the building trades if we don't at least have a prevailing wage in the project. Thank you and I'd be glad to answer any questions that you may have. well, I don't have a question but I will just say that this is an ordinance approving the fee waivers and it also authorizes the city manager to negotiate and execute an agreement with white lodging regarding this, and that can be part of the direction to consider those factors as he negotiates and executes that agreement.

And we'd love to be -- it wasn't a question. It wasn't a question. I heard you. Thank you.

Thank you. next speaker is clay defoe, signed up against. You have three minutes.

Ladies and gentlemen, good morning. I rise in opposition to this resolution. Basically what this resolution will do is give over \$4 million in tax breaks to a special interest, white lodging. I'd like to address just for one second the role of the city council and how they're supposed to be executing their duties. There's a lot of talk about how the city should be promoting development and not -- that it's their job to ensure that austin is an economic powerhouse, as fit as they see it. But it's on this point that I disagree. I don't think that it's the city's job to be promoting economic development at all. It's the city's job to protect our individual rights. It's the city's job to be looking out for us individuals, not some vague and hazy definition of the public interest. We shouldn't be doling out funds like this and tax breaks group to group to these different special interests. It's disastrous. It's been proven to be economically unsound, and it's unfair to you and me as individual citizens, taxpayers here in austin. Council member tovo brought up a very good point about the fees and how there's going to be costs behind this. There are associated costs. We've now been told on inspection and review of this contract with white lodging, as well as the project itself, and, you know, I'm going to need more than a verbal assurance from adams there that there won't be any exorbitant costs on this. But I don't see why white lodging gets a pass and no one else does. So please protect our rights and stand up and say no. This is an unfair tax break. It's for special interests, and if you care about our rights you will vote no. Thank you. [Applause] next speaker is patty saragusa. Patty saragusa is signed up neutral. And you have three minutes.

Good morning. thomas moore catholic church and a leader with austin interfaith. Thank you for the

opportunity to speak. We do appreciate that this decision has been postponed in order to more fully review the scope of the potential subsidies to this company. We also want the city to commit to good jobs in considering potential public subsidies of any kind. We consider good jobs ones that pay a living wage or a prevailing wage, that provide benefits and a career track and that every effort is made to hire local folks. We urge you to negotiate for these priorities, both for the construction jobs and the permanent jobs associated with the project. We support investment in companies that will support our vision of lifting our residents into the middle class, and we ask that you require this company to disclose the types of jobs associated with the project and to assure that they pay living wages with benefits, a credit track and the strategy to hire locally. We believe based on multiple studies that the cost of living in Austin for a family of four is somewhere between \$34 and \$38,000 a year, and at the very least the city should extend its \$11 an hour minimum to the jobs associated with this project. At this time we'd also like to acknowledge the mayor and the council for accepting the health & human services subcommittee's recommendation to extend current social service contracts for the year and broadening the number of programs being funded, programs like capital idea and prime time after school are an investment, a good investment, and a skilled and educated workforce, and we commend your commitment to preparing local adults and students for jobs. We feel that these priorities will promote healthy economic development for all Austin families. Thank you. [Applause] thank you. Next speaker is Philip Law Lawhahn.

I apologize to the next speaker but I have a feeling this issue is going to come up several times with all of these speakers we have signed up, and I think it's an important issue so I want to try to hedge this off now. I'd like to ask staff to come up and answer some questions about what we can apply to this project in terms of a living wage and the standards and principles of our MBE ordinance just as we've done in the pending agreement with Formula One. Leno, can you speak to that, or someone?

Council member -- I'm outside MBE issues. I can speak to the MWBE procurement matters. I think the purpose of the third-party agreement resolution as adopted by council several years ago was to condition the give of certain city benefits to private contractors on matters that could be negotiated between the city and the contractor, and I haven't studied the issue of the living wage at all so my comments are limited really to the MWBE procurement ordinance. But it is common for the city to condition an economic benefit that it confers when the conferring of that economic benefit isn't required, that is, when it is a matter of negotiation, it is common for a city as a matter of negotiation to apply the standards and principles of the MWBE ordinance to the counter party in the negotiation, and of course those standards and principles typically relate to do the promise to meet ethnic specific contracting goals with respect to the construction and the design, if that's not been completed yet, or the demonstration of good-faith efforts to meet those goals if the goals haven't actually met. -- Aren't actually met. Does that answer your question?

Yes, it does, thank you, Leno. So obviously if it takes an amendment, that will be what I'll do when we finish with all of our speakers, but I'd like to ask either Yonkas or the Suttle, to come up and see if you would just acknowledge that those are issues that you're willing to work with the council on and comply with the principles and standards of those ordinances as it relates to our third-party agreement and our living wage policy here in Austin.

Dino Yonkas with White Lodging. Yes, the MWBE requirements, the goals are thresholds are something we've done as an organization for years, our recently completed hotel project, thousand room, JW Marriott in Indianapolis, we exceeded all the targets set by the city and that can be confirmed with anyone at the city and that's our culture and expect to do that here.

Thank you, Mr. Yonkas. So Mayor, I will be offering an amendment, if necessary -- yeah, that's basically what I said before. It would be a direction to the city manager and the -- in the negotiation process to include those factors. But that will be when we get to -- after we get a motion on the table. Rodney?

Mayor and council, with regard to the wage issue, when White Lodging provided us their basic

assumptions for which we ran the web loci analysis, they presented us information on job creation and annual average wage. So the ordinance that you have in front of you, the yellow copy, has a requirement of paying an annual average wage of 38,000 after completion of the construction. That's close to \$19 an hour. I wanted to bring that to your attention as well. those are the post-construction jobs.

Well, yes, those are the post-construction jobs, the ones that actually applied to the hotel. What we were told is at completion the hotel jobs would number 715, and that's full-time equivalents, paying an average wage of \$38,000 a year. thank you. Philip lawhahn? Correct me if I'm mispronouncing that, signed up neutral. You have three minutes.

Council, my name is philip lawhahn, I'm with the electricians union here in austin, and I just wanted to speak this morning on behalf of white lodging and the work at the westin hotel that they did at the domain. I believe that there was some city subsidies that were given there. Also, they had brought in some out of town contractors in there on that project, on the electrical, specifically, there was a contractor that came in that was not even licensed in the state of texas to do electrical work. They were doing work without a permit. There was work that was seized -- seized work order on that work order from the city of austin inspection department, and I would ask for you, council, if the city of austin is going to waive the fees on this hotel of -- at the cost of the taxpayers, I would like the council -- I'd like to recommend to you that you look into implementing the city of austin prevailing wages on this project. This would allow our local contractors to be more competitive in bidding on this hotel. It would also allow the construction workers to make a better living wage and allow room for benefits for those workers as well, and would help stimulate the local economy with the workers having a decent living wage. We'd ask of you, council, to consider prevailing wage on this project if you do decide to waive these fees. Thank you. [Applause] next speaker is michael caib. Michael caib. Signed up against, and you have three minutes.

Good morning, I represent unite here, a hospitality workers union with more than 250,000 members in north america, and we've worked collaboratively with the city of houston on the hilton americas convention center project and worked very well, and we are asking that -- today that city council do its full due diligence investigating the party involved. We stand for justice for all hotel workers. We represent workers in san antonio, dallas and houston that work in hotels, and we think that it's important that you do your due diligence before giving away a multi-million-dollar public subsidy for a private business. That's what's before you today. And we urge you to delay any vote until you have more fully investigated qualifications of the parties who stand to benefit from our tax dollars. So I want to point out that white lodgings' own impact fiscal analysis about the jobs that will be created show that they will be of a low standard and that we -- austin will need to spend \$143,369 to provide public health services to workers. Plus an additional \$83,914 in social welfare costs. So are these the jobs that we deserve? We urge the city council to look at previous issues with white lodging regarding an eeoc com louisville, kentucky, where there was a settlement regarding religious discrimination in a hotel they were operating there. We would also like you to investigate the issues in hyde park, in chicago, where the community was forced to put on the ballot a project regarding a liquor license and the community subsequently voted no on that project. On so, I mean, I ask is this the type of company we want to invite to build austin's largest hotel. And there's reportedly another hotel interested in this project named doug manchester. Doug manchester, who was the owner of a hyatt in san diego, he was a major funder of proposition 8 regarding marriage equality, to ban that in california for the lgbt community, and the hotel was subsequently targeted for -- I mean, a boycott foch community and many others t for that community and many others there for that. And I don't think that is a good idea at all for this city. So there's a lot more of these stories. We look forward to working with city council, for to you look at these stories and take them very seriously, and today's agenda asks to you vote whether austin should jump immediately into a long-term relationship with these employers and unite here urges you to vote no. Thank you.

Mayor? council member spelman. [Applause] may I ask you a question, sir?

Sure. first, I want to point out that for better or worse the city of austin is already oh is already engaged in a long-term relationship with white lodging. They have buildings all over the city. You mentioned a few minutes ago that there were going to be very specific social and public health costs associated with these workers, 700 or so, being paid 38,000 or so a year. I wondered if you could tell me where those figures came from and where I could take a closer look at them.

That information comes from the city's web site and from white lodging --

the city's web site says we're going to be spending on these particular workers more money on public health and more money on social service. On these specific workers?

Yes.

I think you may have misunderstood the web site but I understand your point, that if these people are as poorly paid as all that -- they're very poorly paid, then we probably would have to support them. It seems to me that \$38,000 a year as an annual wage would be sufficiently high that people wouldn't have to go into the emergency room as indigents.

Well, this information comes from their own analysis, so I mean, without any -- anything specific to this -

spelman: I understand.

-- With regard the job, those will be costs. There will obviously be costs, and those are the costs that we researched -- well, actually I didn't research it. That's their project. the person who did the research is standing right behind you so let me ask him a question and see if he can parse this for me.

Sure. thank you, mr. caib.

You're very welcome.

Thank you for clarifying that. Now I know where the information came from. Mayor and council, on tuesday -- yeah, tuesday of last week you asked egr to do the web loci analysis, and as you know, the web loci analysis assesses the benefits of a particular project or company as well as the cost. The inputs for that are from the city's annual budget and annual expenditures, so those are the categories to which the speaker is referring when he -- the web loci computes a per capita cost, if you will, for each new resident coming to austin -- or not coming to austin but each new resident. And so there is a line item for health services, a total of 143,000. There is a line item for social welfare of 83,000. But as I mentioned, the web news, the benefits are on the top of that, and the net assessment was a net gain to the city of 25.5 million. well, let me ask you the next step behind that. That 143,000 -- the numbers you just read off for social service, social welfare and public health are based on our per capita spending on a per person basis on public health and social welfare.

Yes. you figured out how many people are going to be moving to town to take these 700 jobs. Some people will be local, some people will be hired from outside. If we have 500 people moving to town to take these jobs, 500 times our average spending on public health, our average spending on social welfare, that's where the numbers came from. Am I right?

That's where it came from. What it does is it computes from each job created what are the likely numbers of households created from that job and that's where the information comes from. But as I mentioned, right above that is the category of revenues, so conceivably you have revenues such as

property tax and sales tax and similar revenues to offset those costs.

Spelman: sure. So I'm not worried about the cash. I'm just worried about whether or not this employer is going to be sufficiently stand-up employer that we're not going to have all their employees running into the emergency room because they haven't got any insurance, and that's not what you were focusing on.

That is not what we analyzed. We used the inputs from the city's budget and actual expenditures to compute these numbers. I see yankees is standing behind you. If I could ask him that question to nail that down. he is the next speaker. One more. Go ahead and ask him.

Spelman: mr. yankees?

Yes. what kind of health benefits and insurance benefits to you pay for your employees?

We have an extensive program. We have over 7,000 associates, and I do want to make sure and get this on the record. Our company supports -- in the last 20 years, we've achieved probably fractions in literally 10 to 20% range of what the industry norm is in the hotel business. Our associates, we have generally on the average somewhere in the neighborhood of 35% to 40% turnover. Average is 50%. Our management average is in the teens, industry average is around 100%. So we tend to think that our employees, you know, speak with their feet, so to speak, and we've got -- pairing up against any hotel operator we check out in the top -- top, top, top percentile on that. Regarding our benefits, because we tend to operate a lot of major brands, i.e. Marriotts, et cetera, we tend to manage and -- and our compensation program parallels generally what they honor. So what you see marriott doing as a leader, they're always one of the top preferred employees in the hotel segment. In fortune magazine, et cetera. Our program, because we tend to recruit a lot of associates, hourly and management from them, to be competitive, we're very close to their program in terms of insurance and other benefits offered. So I would state that it's, again, in the top percentile for our industry. will it will be any full-time people employed by your hotel who do not have health insurance benefits?

No, only if they elect not to take advantage of the program. they can choose for themselves not to take it, the health insurance?

Right, in other words, there may be a house that has a job that they're currently employed, but other than that it's offered to every associate across the board. including the part-time associates?

Yes.

Spelman: good for you. Thank you very much.

And again, we have roughly -- it's changing as we start to hire for the other hotel we're building here, but we've got 700 or so associates on the ground in the market here that are enjoying those programs that I just discussed.

Spelman: thank you, sir. Appreciate it. thank you. And if we can do this, folks, to try to expedite a little bit, I'm going to call out who's next and you can be ready, come up front and be ready to take the opposite podium. But the next speaker is emily tim signed up neutral. Following emily will be dino yankees. Is emily tim in the chamber? Emily signed up neutral, and you have three minutes.

Good morning, mayor leffingwell and members of the city council. Thank you again for dealing this issue in order to take more public testimony and to think about what the city is really getting out of offering these incentives and subsidies to the white lodging development. I'm a policy analyst of workers defense project. We are a community organization that empowers low wage workersers, primarily construction workers, to maintain safe conditions on construction sites. I wish to talk about the

opportunity here with this development to make sure that the construction jobs, the 600 construction jobs that are created by this hotel are good jobs, are sustainable jobs, jobs that pay a fair wage and jobs that are safe. Unfortunately, at large the construction industry right now is not a sustainable industry. A study from 2009 by the university of texas found that 45% of construction workers earn poverty wages, that one in every five construction workers hasn't been paid for their work, and that one this every five construction workers also is injured on the job. Here in austin, 64% of workers had never received a safety training. We believe that this is an opportunity to make sure that we address these issues in order to make the most out of the city's investment in this development. Workers defense project has recently been working on developing a program called the premiere community builders program. We -- it allows to us work directly with developers to make sure that construction projects are built in a sustainable and equitable fashion. This is something that we've worked with austin energy to include in their green building standards when we talk about sustainability, we also need to be talking about sustainable working conditions, creating sustainable jobs that make it so that working families can meet their basic needs. Developers can currently get a point in the green building by participating in these -- sort of a set of standards, premiere community builders, and we urge the city to work with white and community stakeholders like community defense project, to make sure that these standards are in place. In particular, a living or prevailing wage for construction workers who will build this building. Additionally, the city has required osha ten hours safety training on its own construction sites. If that standard is is good enough for city projects is should be upheld for projects that are getting city investment like this one. I urge the city to work with white lodging and we would love to be able to continue this conversation, to sit down and work out those details, to make sure that this is a project that is not only creating long-term sustainable jobs, that we've heard other people talk about, that these construction jobs are good jobs for austinites, they're safe and dignified and -- dignified and that we're required to have these working conditions that are really what we want to have to build our city here in austin. Thank you again for your time this morning. I appreciate your concern on this issue and I look forward to working with you. next speaker is dino yankees. And following dino will be justin rageal. That's fine, justin, if you're in the chamber you can get ready on this one. Go ahead. You have three minutes.

Okay. Thank you. We're very excited to be here. This is a project that is -- as we discussed, has been in the works for some time. Our history here in the city of austin dates back to 1992 when we purchased our first hotel. Since then we've developed and operate currently 20 additional hotels. We employee o 650 or hundred 700 associates currently in the market. It's been a great place to thrive and grow. Many of our hourly managers that get promoted into management thinks have originated from this city. In fact, our chief operating officer is based here in austin, texas. We're committed to getting this project done. I know one of the questions was the timing. We are at a -- at a point where subject to this getting approved we will go full speed ahead. The dollars to do that in the next seven to nine months are significant. Probably somewhere in the 7 to \$9 million range. Our funding of over \$100 million of internal equity is committed. This is not a project that we're teeing up and then going to find out how we're going to fund it with financing. We have the funding commitment in place, and we're excited. 1 will be to get a director of marketing on board. We think this convention center is very underutilized, not because the cvb is not doing their job but because of the lack of a destination hill country convention telesupplement and work with the hilton. So we're appreciative of the consideration given to our request. We don't take it lightly. We also look forward to the jobs it will create. There's been many discussions about these jobs. These are good-paying, well-rounded jobs that will bring more activity to downtown, not only in the hotel but for the retailer, the cabbies, the airports, et cetera. So I'm glad to answer any questions anyone might have and we're appreciative to be here today and appreciate your consideration given to this request. council member morrison. thank you, mayor. yankees, and I appreciate the comment that you made about the workforce and the associates and the health benefits and all. A couple more questions. The \$38,000 average wage after completion of the construction is important, but do you also have any comment you can make on what the minimum would be for the wages that your associates would make?

You know, I don't know offhand, council member. We do a -- our kind of protocol is to do a wage survey at that time, at -- you know, so we're going to be making hires starting three years out with our director of marketing. His -- his or her job would be to work with bob lander and his team to start selling the city

right away, because as you mentioned, it's a three-year cycle, five-year cycle. Those -- those other jobs come on as we get close to opening. So basically every year we do an annual wage survey. We would survey the market and generally come in in the top third of where the market is for the comparable positions, and that's how that would be set.

Morrison: okay. So you don't have actually any like basement minimum of -- for instance at the city we have \$11 and --

we would do a wage survey of the other comparable hotels in the market and our target would be basically in the top third of what that indicates.

Morrison: okay. And then also the other question that was just raised, do you have any minimums that you set on your construction sites in terms of wages for construction workers?

We -- we don't per se -- when we operate hotels, the hourly, the managers, the 7,000 associates I mentioned are employees of white lodging, as I am -- you know, we don't general contract ourselves. So we would be at the -- at the direction of our general contractor, whoever that group is that we hire. You know, those associates would be subcontractors and/or employees of them. So they generally are the ones who are going to set that. I will say a project of this scale, a million-plus square feet, you know, we're not going to be -- it's going to be a very significant general contractor that has significant experience, and that's why I'm confident that we'll be able to meet the thresholds that we talked about today.

Morrison: okay. Thank you.

Sure. next speaker is justin bragielle, and coming up after justin will be robert lander, sometimes known as bob lander, on this podium. You have three minutes. You are signed up for.

Mayor, council, my name is justin bragel, general counsel with the texas lodging and hoament association. I'm here on behalf of the texas lodging industry and also in support of the austin hotel lodging association. We strongly support this lodging, support this ordinance to waive the fees for the congress avenue hotel project. You know, the austin tourism industry, I know bob will have more specific figures, but per the comptroller, brings in about 5 billion a year in tourism spending. This is no small aspect of the austin economy. But a typical hotel that comes to austin for -- sorry, typical convention in austin, needs about 1500 hotel rooms. Right now, given the makeup of our current hotels in the city, we have to split that business among nine different hotels, and austin is the smallest -- has the smallest number of available hotel rooms for group business for a city of our size among our excess tif cities. White lodge has been -- excess tif -- white lodge has been operating in austin for 30 years, 22 hotels in city of austin, no stranger in our city. We're told this project is ready to proceed pending the waiver fee. Giving a comparison to the rest of texas, dallas spent \$500 million in city revenue bonds for their convention, fort worth, \$39 million in bonds, we compare that out nationally, denver spent \$350 million. This is our competitive stat , 272 million, national 103 million. We pay that with the fee waiver before you today, and put simply, this is a bargain. This is unbelievable. You know, the amount of jobs that will be created, the amount of revenue that will be created for the city of austin, the amount of convention business we'll be able to attract to the city of austin just based on this one fee waiver. You know, we -- again, we're here in support of. I'd than happy to -- I'd be happy to take any questions you have about the austin hotel association, the texas hotel, for the state and the convention center as a whole. [One moment, please, for] .. sat down for what started out to be a 30 minute breakfast about his vision for this industry. After three hours, I kind of -- I was sold. And at that point we're in the midst of investing 5 billion in the travel industry and visitor industry in austin. We built the palm he events center, we moved our airport which of course was a significant investment now one of the best airports of its size anywhere in the world. Palmer events center. The convention center, investing up to \$10 million at that point to the austin hilton which has been extremely successful, not only in austin but as far as hilton goes for our city, extremely successful in what we've been able to accomplish. So I think back to what

his vision was and how he saw this industry being an economic engine. I think that he would be very proud today to know that we're at a crossroads where we can increase our capacity and take this industry to the next level, driving the economy in austin. We've already talked about the underutilization of the convention center. Right now the average size group we're bringing in is only about 960 rooms on peak. Last year we lost 135 groups because of the hotel availability that year and into the future. This year to date we've lost 85 groups because of our hotel package and lack of availability. Justin mentioned we need nine to 12 hotels to fill a 1500 to 2,000 room block. People that plan conventions when they hear that, it's pretty much a turnoff. When you think about the transportation requirements and the movement about the city. When they can do this in other cities, I'll demonstrate that. Some of the competitive cities that we work against every day. Denver two to three hotels, seattle, san diego, indianapolis, san antonio, can do this in a heart beat. Of course we know in las vegas, which is in the picture, they can do it in one fell swoop. So we know that when we built the hilton, there was concerns about this aging [indiscernible] room hotel taking a little bit of the air out of the marketplace. That question is a credible question now. But what we saw with the incredible marketing power of hilton, what we will see with the incredible marketing power joining the marriott, we will see this lift the whole market. 60% Of the business that we brought in when hilton was built, 60% in the first two years was business that would not have come to austin before. That was an incredible lift to this entire market. We talked about what the other cities have spent. We know that other cities, these are -- a lot of cases are their third and fourth hotels, but they are still continuing to invest because of the incredible economic impact that they are experiencing in this business. White lodging already made their case. We worked with them on an ongoing basis. We've been to indianapolis, we've reviewed the product that they developed there. A thousand rooms of jw marriott, 400 other rooms on the same pad. It's doing tremendously well. We're very impressed with what we've heard and seen there from their employees, how they feel about what's going on. We have a better location for white lodging than indianapolis because our market is more diverse, we will not have to fill up that hotel with 85% group business. Our market makes us leisure, business travel and convention. So they have worked with us and our board of directors have been involved with our efforts on an ongoing basis because of their hotels here in austin and they're good partner. Marriott, you know, hilton, marriott and starwood arguably are the top three brands as far as national sales and international sales goes. Putting those two brand side by side in the marketplace to work on our behalf along with our sales staff will be an incredible uplift again for the community and for our lodging community. Marriott marquee is a product that I think we left a couple out. But we will be joining new one under construction by their convention center, san francisco, atlanta, miami and orlando and austin. And those cities should be very proud to be in our set I think. So -- so it's good company to be in for them. I think we've talked about the jobs. When it comes down to a hotel, a development, we talk about fee waivers and the percentage of this project. This is a partnership. This is a partnership with our, you know, city-owned facilities. It's a partnership that will drive revenue to our city-owned facilities, create jobs and will pay for itself in an incredible short length of time. We support it, as you know, I'm here to answer any questions that you might have with regard to the market, how we may market this product.

Councilmember spelman?

Spelman: Thank you, mayor. lander, we had a couple of slides back where you had a list of cities which were spending -- god, enormous amounts of money for convention center hotels. I won't you to read their minds, but I will ask is there any city which is a counter example here. A city where a convention center sized hotel was built without public participation?

Not in my recollection, not in the last 10 years.

Spelman: Is there a city where a hotel of this size has been built largely to serve a convention trade which involves a lower amount of money than this?

No.

Spelman: This is the list, this is everybody?

This is what's going on now and -- and we went through the list and scoured it and we could not find a better deal than the one that we're looking at right now.

Spelman: At least inside the united states.

Right.

Spelman: Okay. If one goes outside of the united states, a friend of mine was telling me vancouver was able to get a convention center sized hotel for free. Where actually the way they put it to me was the motel paid for the privilege of building their hotel inside the city of vancouver. Do you have any knowledge about that?

I do. In fact that's a really good example. I think we're basically in the same place I go with your .5 million analysis. The reason for that is the diversity of the marketplace in vancouver, although i don't think we can put ours in that category yet, the basis for that diversity is the same. In other words, our mix of leisure business, you know, the busiest night of the week for us is not any longer tuesday, which it was 10 years ago when we counted our mix being the individual business travel and so much on tech. Our busiest night of the week is now saturday. And --

Spelman: Wow.

Because of the leisure mix. So our percentage of international travel has increased substantially over the last few years. Another thing that vancouver counts on tremendously. And actually I would put us pretty much on an equal basis size-wise to vancouver in the convention market. It's a wonderful, international hub, great city. But the basis I think for the understanding of why this will work here and there are primarily the same.

Spelman: Okay. So the reason why the next city that has to put a list together is going to have this list of all of this big money, like 354 million and 350 million, so oh, they're going to have to add austin depending on how you score it, half a million or 4.3 million. Sticking out like a sore thumb and the reason why we're sticking out of this list is because our mix of leisure and convention traffic is going to be [indiscernible] for the hotel chain than anyplace else except vancouver?

Well, you look at some of the cities that are on this list. You can deduce from just the number that some cities are -- are building these hotels to create demand. I mean, you look at the occupancy right now and I -- I love our brethren in dallas, our friends in nashville. But their numbers right now as far as occupancy year to date, right now, run 10 points behind austin. So, you know, they're building their big hotels to create a market. Where we already have the demand for market plus, so i think that's where the difference lies. And that's when you have to look at public participation at a very substantial rate.

Spelman: Let me ask you one more thing. Does the city of denver, phoenix, san antonio, do those cities have an equity stake in the hotels that are built?

Yes.

Spelman: Okay, they are actually building hotels that they are actually going to own but will be operated by marriott, hilton, something like that?

Yes.

Spelman: One difference here is that we're not going to own this hotel, we're just going to be supporting construction of it to be sure it gets here?

And be very close partners and share in the benefits of the revenue for s to come.

Spelman: Thank you,.

Cole: Mayor, I have a follow-up.

Mayor Leffingwell: Mayor pro tem cole.

Cole: I think that we have having a common language problem because we talk about subsidies, we talk about waivers, we talk about revenue bonds, we talk about public financing, packaging and all of those things mean different things and sometimes I think our citizens understandably and myself get kind of confused on well the bottom line is are we getting a big return on our investment. And how do we measure that and when do we know. So let me just walk you through a couple of serious of questions because it might help some other comments later. When we talk about issuing revenue bonds, what does that mean? Well, the bonds are issued, the city issues the bonds and the revenue from the project pays the bonds pack.

Cole: So the city is actually going into debt to get the hotels built?

Yes. It's not without risk. That's for sure. You have to be -- I think that you have to be pretty solid with your projections on the success of the project at that point.

Cole: But we're not doing that here?

We are not.

Cole: Okay. When we talk about subsidies, what do you mean by that comment? Because we've had other hotels that I guess actually the one at cesar chavez actually be quoted as not requesting subsidies. And does that mean something different than waivers?

I believe it does. I know that in some cases, i think -- the case where the city is subsidizing costs of the project. We are not doing that, either. What we're doing is just waiving fees. If I could make a comment on that. We talked about that not having been done in downtown for a while, as most of those -- those fee waivers have taken place outside of the downtown core. Well, if you think about really we haven't had a project that produced this amount of jobs, you know, since computer sciences, you know, was built. We have done a lot of condos, they are great. They've made our downtown vital. A lot of infill, it's fantastic. We really haven't done anything that's produced a ton of jobs like this project will. I think it's an exception, plus it will produce more revenue for the city on an ongoing basis.

Cole: When we talk about waivers, we typically think of waivers in the context festivals. Why are we talking about waivers in connection with a hotel?

Like I said, these types of projects are partnerships. I think that for a -- for a corporate citizen as good as this one, that employees 700 people in this marketplace to come in and do a straight updeal like this on the main street of texas, I think it shows goodwill on the part of the city. I think it's a really solid partnership move and I think it also shows that we can have some say going forward in how these things get done. Some of the questions that were asked today about living wages and, you know, some of the city services that are, you know, at risk right now, you know, we should -- we should be at the

table and, you know, having done these fee waivers be able to have these discussions as a partner.

Cole: Okay. Rudy is just chomping at the bit to clear something up. Thank you, bob, that was my last question to you. garza come forward. You understand that I want to make sure that everybody understands what we're doing, the common language why we are doing that, why it's materially different from what we just saw with the other hotels around the country.

You are exactly right. Building bob's list. City of dallas pledged 100% of their hotel tax, [indiscernible] million dollars of that to construct their hotels, the recent one. Denver, in fact is giving -- so that's one example of issuing bonds for the city's backing it. The city of denver, in fact, they have a metropolitan government in denver is providing 35 years of -- of economic development payments. So every year from -- first year they gave them 5 million, the next [indiscernible] years the metropolitan government is going to provide 5 million for the next 25 or so, a total of 25 years worth of economic development payments. That would be a subsidy and -- and nashville, the -- the subsidy was a \$25 million cash contribution in addition to that subsidy they also provided \$103 million of economic development grants, subsidy over the next 20 years. So --

Cole: Let me ask you one last question, rudy.

Mayor Leffingwell: Mayor pro tem, could we get through the rest of the speakers before we start asking staff questions.

Cole: Sure, go ahead.

Mayor Leffingwell: Next speaker is kavon [indiscernible] signed up neutral. In the chamber? Next is denise garcia. Is denise in the chamber, if you are here be ready on this other podium.

Good morning, mayor. My name is kavon [indiscernible] and [indiscernible] opportunity to speak in front of you today. I'm an employment attorney that works for the equal justice center. We're a non-profit law firm that represents low wage men and women in austin and san antonio. I first just want to clear up one thing about the waiver of fees versus the just giving the money to -- to the developer. If -- if the city had given \$4 million to the developer, the developer would be required under state law to pay a prevailing wage rate. They know that. So -- so the fact that you are giving \$4 million in waiver of fees versus just giving them \$4 million in cash, allowed them to not pay the prevailing wage. I think just to echo the comments earlier, the city has the chance, has done before on the power plant project, the ability to require the jobs on this project to be paid the prevailing wage. I understand that -- that the developer -- might have a reputable reputation, but they're going to hire a contractor. Like the gentleman from the marriott said, they don't have any control over who is going to get hired. That's a contractor. That's going to be hundreds of subcontractors on this job that marriott doesn't have any control who is going to get hired. So the only way the city can enforce any kind of quality control on this construction job is by requiring a prevailing wage rate and writing that in their developmental agreement or their ordinance. The second thing that I want to talk about is the use of foreign guest workers in the hotel industry. I represent immigrant workers. In my experience, most exploitable -- the most committable immigrant workers are -- exploitable are foreign guest workers, typically under an htb visa. The marriott hotel chain in the last [indiscernible] years has hired over 2500. In 2008 these people were paid less than \$8 an hour on average. In 2009 less than \$9 on average. I can't -- the department of labor doesn't tell you about health care, but I can speculate they didn't. These were people working in -- in housekeeping, they were working at bars, they were working as waiters, they were working in jobs that people in austin would take. And there's no reason why -- why marriott needs to go to -- to the philippines or to jamaica or to mexico and bring in guest workers to take these jobs and we need to be honest about the fact that -- this project might create 700 jobs, many of those jobs might not go to local citizens. I would implore the city council to recognize that fact and to ensure that marriott is either, a, not allowed to bring in foreign workers or -- [buzzer sounding] prevent their exploitation.

Mayor Leffingwell: Thank you. [Applause] denise garcia. Nobody, you can't speak from the floor. Unless somebody asks you a question, we'll get to that part later on. All right. Why didn't you say so. [Laughter] so -- so those are all of the speakers that we signed up wishing to speak. So russell sheldon signed up neutral if there are questions, richard suttler and ron cunningham if questions. Cindy lowe if questions. Those are all for. The following are for not wishing to speak. [Reading list of names] all signed up for not wishing to speak, those are all of the speakers that we have, mayor pro tem recognized for additional questions.

Cole:.

Thank you, rudy, I just have a couple of different points. It won't take but a second. It's just that I want you to clarify briefly ownership, debt, waivers and subsidies. Can you do that in a manuscript? [Laughter] I'm just kidding.

Maybe the easiest way to do that would be the city of dallas issued the bonds and the city of dallas will own their hotel. In a subsidy situation, in fact the most recent one that white lodging constructed, I believe, is in indianapolis, that's privately owned and -- and they had some partnership, but they own it. Our example here in austin, downtown hilton, a public facility corporation issued the bonds, austin convention enterprises, fully funded by -- by revenues of the hilton. As the know the public facility corporation was formed by the city council. There's just different models depending on the financial structure.

Cole: Would it be fair to say what we're contemplating here is not a long-term entanglement business relationship?

Right, this will be a privately owned, privately operated hotel and the city will not be involved.

Cole: Thank you, mayor.

Mayor Leffingwell: Any other questions for staff? Councilmember tovo?

Mr. garza or mr. Gonzalez, I have a few questions about the issue of the fee waivers. The ordinance talks about the business retention and enhancement program which is funded in part by temporary use of right-of-way fees. Could you give us some sense of say over the last couple of years, what -- how much those right-of-way fees have -- have tended to total?

Sure, since the program was created back in 2007, the total revenues into the bre program have been 1.5 million.

Tovo: On the fee being contemplated here represents more than twice the total amount collected since 2007?

It's pretty substantial, yes. Two other revenue sources, [indiscernible] vacation sales as well as license agreement fees that go into that program.

Tovo: Can you give us some sense of the rationale for collecting fees for a right-of-way? I assume part of the rationale is that it inconveniences the other businesses along the way and they may suffer economically as a result, is that part of the rationale?

Yes, I'm not the department that does the temporary use of right-of-way, but yes that's one factor, I believe, the inconvenience. The other one is the public safety aspect. To block off that lane so that way

oncoming traffic isn't subjected to the construction hazards.

Mayor Leffingwell: I believe the transportation director is here, he might be able to better answer that.

Okay. Good.

Thank you, mayor, council, robert spiller, director of transportation. Yes the right-of-way fees actually cover a range of efforts not only the inspecting fees that go along with making sure that traffic delays or traffic detours are set up appropriately and that traveling public is safely protected. There's also a part of that charge that goes for replacement of revenue in this location for the revenue that would normally be generated by the meters that's replaced on a daily basis through this because we lose access to those meters. Then just purely use of the right-of-way when a private entity, every building that's built in downtown or anywhere often needs access to the first lane or a portion of the sidewalk that's public right-of-way. And so there is basically a rental fee for that use of that right-of-way so that private use is paying for the loss of that public access.

Tovo: Thank you. This question came up a little earlier in the hearing, it sounded like there were not necessarily hard costs associated with the right-of-way, but now you've identified several, the cost of inspecting to make sure that the safety issues are attended to. Also the loss of meters.

Yes, but understand that the staff that does that inspecting is funded through the overall program and so this is -- this -- the fees from the right-of-way for this go to the special fund regardless and so -- so that cost is absorbed in our normal cost of doing business.

Tovo: Okay. Thank you.

Mayor Leffingwell: Mr. Spiller, just to clarify, those are not hard costs in that --

I'm having trouble understanding what a hard cost soft cost is.

Mayor Leffingwell: I will ask the city manager to answer the question.

The question is in light of the fact that it's covered in the normal course of doing business, so we're not talking about any -- any costs or expense that -- that would otherwise need to be covered by additional - additional revenue. So --

Spelman: Mayor?

Mayor Leffingwell: Councilmember spelman?

Spelman: Just to follow up. spiller walked all the way back, get some more exercise, sir. Do we charge the same amount for -- how do we assess the right-of-way fee? Is it based on lanes or square feet or how does it work?

It's based on the square footage in the downtown area for sure. It's based on the square footage of that space and the loss of the revenue on those metered parking spaces. Our charges are based on a time value also and so our fees are structured to encourage developers to use the right-of-way, expeditiously and when they can get out of that right-of-way to do so. That is a new change this year.

Spelman: On a time basis you mean hour to hour or do you mean month to month?

No, sir, there's a flat fee I believe for the first six months, then that fee starts to increase slightly as we

go in. We're following a pod del that we've seen on the west coast to encourage developers that as soon as they can for instance pull dumpsters in under the super structure, to do so, not to use that rented space for their employee parking to find other alternative uses. So it's designed to get people in and out of that right-of-way.

Spelman: If you need it for six months, use it, but if you don't need it --

don't hold on to it for another nine, exactly.

Spelman: Are we charging the same amount for right-of-way on congress avenue as we are for second, third and brazos.

Yes, we are.

Spelman: So a square foot is a square foot doesn't matter --

within the cbd, yes. The difference comes if the spaces are metered or not. There's a slight --

Spelman: We have meters on all four of those streets so would be about the same.

Yes steele does it make sense, again a --

Spelman: It's a philosophical questions. Congress has a lot more traffic on it than second, third, brazos, does it make sense for us to charge more for congress than it does for second, third, brazos.

I do not believe that's our policy right now. The reality is because there's more lanes on congress it's easier to accommodate a single lane loss on congress than second and third. I should also note closure, right-of-way there's also a safety element involved. Construction is a dangerous business, whether we take all of the precautions we can or not. So moving that out and protecting the public is also part of that right-of-way.

Spelman: Of course it is. I have a question, mayor, for mr. yiankes.

I understand that you run hotels for a living, not a construction manager. But for better or worse you are the white lodging guy here. Let me ask you another construction question. There's been a lot of discussion about the extent to which citizens of austin are going to be inconvenienced by this construction. I think that we've discussed this in my office a few weeks ago. I'm very concerned about having to close lanes on northbound congress avenue. I'm much less concerned about having to close lanes on second, third and brazos because they are much less heavily trafficked streets, there are a lot of alternatives for people who want to go east and west or take a back street. Really no alternatives for congress avenue. How long are you going to have to close a lane on congress avenue?

Well, we've had several discussions with various city members on this and the quick answer is we've had discussions with two or three primary general contractors. I think as someone mentioned earlier, anything can be done so to speak, we have taken into account regarding the design of the building, with the guest room tower being the most significant and longest being to the east of the site along brazos, we're going to make it basically a requirement in our bidding process that they will, along congress, no lanes will be closed. We're asking for the sidewalk and the metered parking spaces and that's what I believe is reflected in the \$3.8 million.

Okay. So the whole fee waiver as we see it in front of us is contingent, you may have to close some

lanes on second, third and brazos.

Correct.

Spelman: But you will not need to close any traffic lane on congress. You will however need to close the sidewalk and close down those parking lanes.

That's correct.

Spelman: That makes it a lot easier to go down, sir, I think having to lose a lane on northbound congress would be very inconvenient, but losing lanes on second, third, brazos is a lot less of a concern.

That was the collective thought and why we ended where we did.

Spelman: Thank you, sir.

Thank you.

Mayor Leffingwell: I will entertain a motion on item no. 3.

Councilmember riley?

Riley: Mayor, actually, first I would like to ask one last question of george adams. George, I'm glad to have you here. You were around back when we had a tool in place for -- that provided a system for waivers of fees like this. The smart growth matrix that we had in place for some time.

That's correct.

You were deeply involved in that, I remember. That matrix was intended to condition waivers like this on things like great streets treatment surrounding a project, green building. Can you help us understand what sort of requirements will apply to this project in terms of great streets and green building.

Yes. The -- the specific answer is that all projects that have cbd or dmu zoning have a minimum green building requirement. This site is zoned cbd cure so that would apply the green building requirement would apply to this site. In addition, as part of the cure zoning case processed a little more than a year ago, there was a requirement for the developer to provide great streets, street scape improvements on all of their frontages. Their street frontages, that is a requirement as well.

Riley: Okay, thanks.

Mayor Leffingwell: Councilmember tovo?

Tovo: I have another garza or mr. gonzalez. In the information that you provided, you reviewed some of the recent fee waivers and I think they were not terribly recent, they were dating back to 2003. But they were in the range of 181,000 on up to \$1.2 million.

Yes.

Tovo: On the fee waiver that we're contemplating today really exceeds those by a long shot. Can you explain a little bit about why this has traveled through the fee waiver process rather than the economic

development incentives package process.

Sure. You are right, it does vary substantially and our understanding is that the majority of the costs of this fee waiver is from the temporary use of right-of-way. And that right-of-way fee has increased over the years. We understand since 2003. So that accounts for a large portion of why this fee waiver is larger than the ones before you that were presented before council. As far as the economic development policy is concerned, that is not the vehicle for this fee waiver. Back in 2007-2008 council removed the project based incentive that's we do through the economic development policy. So that vehicle is not allowed for this fee waiver.

Tovo: Okay. Thanks. Fief.

Mayor Leffingwell: MAYOR PRO TEM?

Cole: I have a couple of questions for rodney. I know that the important part is to make sure that we are getting more than we give and that we get hotel occupancy tax, we will get property tax, we will get sales tax. If overall we have more conventions we will even get car rental tax. I believe that you gave us some estimates on those numbers. Can you briefly rattle those off in terms of --

yes, I certainly can. Looking at the webloci analysis for this particular project, over a 10 year period the sales taxes would be 6.1 million. Over a 10 year period the property taxes would be 10.6 million. The franchise taxes would be right about 1 million. And the hotel occupancy tax -- this is only based on a two and a half percent 5% rate is encumbered for debt. 5% rate, that hotel tax would be 9.9 million.

Cole: Okay. Mayor, so think it's important to recognize that this is just not a -- not a granting a way of fees, but that it is an investment that over the long term will yield significant result and that is what we see happening on a much larger scale throughout the country. And so based on that, I will go ahead and move approval.

Mayor Leffingwell: Mayor pro tem moves to 3 and i will second.

Cole: I know there are other amendments, but I'm going to go ahead and put mine on the table if I can do that now, mayor.

Mayor Leffingwell: Yes, go ahead. Then you'll -- you'll have to agree to your amendment. If you make one.

Cole: I just wanted to make sure that I had a second down there. I think that it's also important because we have had such ups and downs in our economy and specifically downs and there is significant concern in the public that the hotel won't actually be built. And so we don't want to have waivers sitting out there that aren't going to actually be utilized, especially when we are getting requests from others to build hotels. So I want to add a section 4, that will say construction must begin no later than nine months from the day that this ordinance is passed. And if it does not begin then, then the remaining fees terminate if construction does not begin. And I think the clerk has that draft language and all of you have it in front of you now.

Mayor Leffingwell: Well -- well nine months is a very -- seems to me a very tight guideline with no -- i would just like to ask if that's something that -- something that would prevent --

Cole: I'm taking that from the testimony of staff and the applicant.

Mayor Leffingwell: Well, that was the planned -- the planned. So let me just ask mr. Yiankes, does that

present an obstacle for you.

Nine months is our base case. It's going to take eight months to finish the drawings, we're at 30% drawings. If you ask an architect, he would say I need 10 to 12 months to finish the drawings. We're tightening everything to get to a point where we know how important it is to the city to get this going. I would respectfully ask if we were going to put a time bound in there, that we would probably like to add 12 to 14 months would be safe. I don't think we're holding up the city if we go much further than 14 months. So I would respectfully ask if that is included to have it be 14 months.

Cole: Mayor, I think that's fine and reasonable. I would change the language to 14 months because we certainly want to see you get it done. But at the same time we don't want them laying out there forever.

Mayor Leffingwell: That's acceptable to me at the seconder.

14 Months.

Thank you.

Mayor Leffingwell: Motion and second on the table. Councilmember martinez.

Thank you, mayor. Just I have an amendment that I would like to offer. I have it printed out, everyone should have a copy as well as the clerk, deborah thomas helped draft this. Basically it adds a finding that acknowledges our long-time -- long-term values as a city as it relates to minority participation in our project and our prevailing wage standards. So that would be in part 1 of the findings, we would add the finding, and then in part 2 under waivers, section a, it adds a provision that simply says if -- if these two requests are not met, that the fee waivers, the fees that are waived would either be returned or not waived. It applies during the construction phase of the hotel. And basically the two components are that the principles and standards of -- says are, but supposed to be regulations apply to this project as well as the city's prevailing wage policy. That will be the amendment that I would make. I hope that it would be friendly.

Mayor Leffingwell: Is that acceptable to the maker.

Cole: It's acceptable.

Mayor Leffingwell: Likewise acceptable to me. So we have an amended motion on the table. I think the law department you have a good grasp of obviously this one is already in written form. And mayor pro tem's amendment that seems simple enough.

I would just like to ask if I could have the flexibility to -- given the mayor pro tem -- the city council member martinez added something and mayor pro tem added something that we not necessarily have to use the numbers that the mayor pro tem -- she was very specifically set out numbers and how it should be, I would like to have the flexibility to work it into the ordinance.

Mayor Leffingwell: I am not sure that I understand what you just said.

The mayor pro tem said a new section x. And it just might not work --

Mayor Leffingwell: Okay, I got ya.

But still 14 months.

Mayor Leffingwell: All right. Any further discussion?

Spelman: Mayor? I wonder if there's something associated with this project who could explain to me the effect of adopting the city's prevailing wage policy as a requirement, what effect that would have on the project?

I'm sorry, councilmember, can you repeat that.

Spelman: Sure. Earlier this morning you allowed as how adopting the regulations would be not a problem for you, that was a sort of thing which you were intending to do anyway. I don't believe that I have heard you say that adopting the city's prevailing wage policy would be. It's my understanding in the hotel business, you pay a prevailing wage, the top third of wages after doing a wage study. We're also talking here about the construction part of this project. However, I understand that you are not really in the construction business in the same way that you're in the hotel business. Could you talk to us about what the effect of prevailing wage policy would be on construction of the hotel?

Sure. Like you said, our experience in indianapolis and other large hotels that we've built is just that, that the w.b.e./m.b.e. Requirements are something that we can openly with contractors explain to them that that is something that needs to be achieved as a condition. And that's generally accepted. It's part of our culture as well. So I don't anticipate that being an issue. The prevailing wage, my concern on that would be that that will somewhat limit the competitiveness of the contractor's ability to bid with subcontractors. So I would respectfully ask that we agree to the but the prevailing wage I would respectfully ask that that's not a condition.

Spelman: Do you have a sense for how much this is going to limit your choice of contractors and subcontractors?

I don't. It's not so much the numbers as opposed to I think their competitiveness on a scale of this size. I mean, in part -- part of the deal here is that -- is the economics on this project, we're in a fortunate situation where we're funding it internally and the thresholds for this project are much more tight than maybe a public project where it was being funded with -- with, you know, industrial revenue bonds as we heard, et cetera. So --

Spelman: Right.

That's the basis I think for our position on that.

Spelman: Okay. But do you have a -- is -- let me see how to phrase this. I was -- how you feel about -- how much do you know about the prevailing wage policy and how clear is it to you that the prevailing wage policy is necessarily going to limit the number of contractors who will bid on the project and their ability to be able to meet your targets?

I -- that's probably the extent. I mean I'm not an expert on it by any means. From building we consider ourselves well versed in building, we've built over 100 hotels. But I don't consider myself an expert on it. I would say 30,000 [indiscernible] that's my understanding of what I've been told by our project management team.

You have built 100 hotels. Have you built any of them on a prevailing wage basis?

Yes.

Spelman: Did they cost you more, less, cost you about the same as the ones that you built otherwise?

I think our project management team would tell us that -- that at the -- on a larger scale project it was probably a slight uptick based on the number of workers on the site, et cetera. And the competitive issue that I referred to. And in each case when we did agree to do that, it was what Rudy was talking about whether there was infor example we did that, where there was a \$50 million investment from the city. Et cetera.

Spelman: Sure. Okay, but we're talking about a slight uptick. We're not talking about a 20, 30, 40% increase in the costs either?

No. Not 20. I believe the range is probably in the -- on a total basis guessing here, based on experience, probably five to 10%. On a -- on a --

Spelman: That's a guess, averaged over 100 projects.

Right, I think it's market dependent, what's going on in the dynamics of the market at that point in time. One of the reason we don't have an issue with the nine to 12 month base case starting is that we do believe the dynamics are competitive. We do think that it's in our advantage before prices start going up to get this project going which is what we're anxious to do.

Spelman: Gotcha. Thanks, sir.

Thank you.

Mayor Leffingwell: So I would like -- the prevailing wages -- go ahead.

I just wanted to ask if it would be okay to also in -- on councilmember Martinez's amendment to say that if White Lodging failed to provide the information needed to determine that they have actually complied with the -- requirement, that -- that then that would also be a condition for loss of the waiver.

Martinez: Absolutely. Thank you, Mayor, I don't know how we would ensure compliance without them turning over that information, so yes, that is absolutely what I intended. Mayor, on the prevailing wage issue, I realize that it could create an obstacle or two. But I just can't disagree with the comments that if we were going to be handing them cash, prevailing wage would have to apply, fee waivers is cash money, I'm supportive of this project, as long as we can agree to these two amendments. I'm going to remain supportive of my amendment and hope that it stays there.

Any further comments? Councilmember Morrison?

Morrison: Thank you. Yeah, I did want to comment. You know, first I recognize the great work and the great part the hotel industry plays in the great work in our city and the great work of ACVB that they are really terrific partners with us. I also want to commend my colleagues for bringing up the issues and the folks that have made comments today to add additional constraints and the timing constraints, so that it's not just an open ended offer. On the table. 3 million is a lot of money, especially having just been through a rather -- rather difficult process in looking at how to allocate our very limited social service dollars. You know, if we had been 3 million to that budget that would have made a huge difference. So we do have to take this very seriously. I appreciate everybody's forbearance in having another week and being able to answer and ask nor questions and have more review by the community. But we do -- I am left with several questions. One of them of course is what is the return, what kind of benefits this brings to the city? We've looked at -- we know and have a good sense that there is going to be a good financial return. But we do also have to ask is this the kind of action that we need to take to make and I know that -- that the -- that the White Lodging folks have said yes, it really is going to be -- it is something

that we need to have make it happen. But I do have to step back and think about the fact that I believe that this is a case -- this is a property that we've already given approval and I supported that approval of the amount of allowable square footage and we asked about what happens in other cities. But we're not necessarily just like other cities. This is a different situation. And I -- what really raises questions for me is that we weren't -- we don't need to create demand. We already have the demand here. We don't need to revitalize downtown, get a revitalization of downtown started based on a lot of great work by folks in the community and on the council, we have already done that, so we're really not in the same situation and when we look at the answers, councilmember tovo asked the question of what are the other incentives that we have been given or waivers that we have been given to keep the projects downtown as -- as was mentioned. 3 and the other thing is that it hasn't been done since 2003 because we have actually had such a great environment downtown for development. And as I -- the quick count that I did is that we've had 17 high rise projects go through without this. I'm also very concerned about the ad hoc nature of the -- of sort of developing the community benefits and building in the community values and I appreciate the ones that have been raised here today. But the bottom line is that this -- I appreciate the -- that the staff has -- have been working as I understand it for quite a long time with the applicant. But it seems to me that -- now it comes to council, it's good that we were able to delay it for a week. But it seems to me that we really should have a process for this and should have had staff have some policy direction to follow as they were developing the project in the first place. And we might want to look at that. Although I would like to mention that as was mentioned, we have to do it as a waiver not as an economic incentive through egrso because we've already decided we're not doing project based incentives. But this is essentially what this is. We are picking a winner here. So with that, you could probably guess I'm not going to support this motion. And I do think that there are really more appropriate ways to go about this. [Applause]

Mayor Leffingwell: I did guess that. Councilmember tovo?

Tovo: I also will not be supporting the motion. I want to say since this is my first meeting I have reviewed the earlier council discussions as well as the economic analyses, I see the value of certainly having a thousand room hotel added to the mix and the way in which that will affect convention business. So that's all a net good. And I am -- grateful to my colleagues who brought forth the amendment to make sure there will be living wages associated with this job. Regardless of whether our costs as a city equate to the value of a fee waiver this is income that we're foregoing, that's a very important consideration right now as we look at budget gaps that will result in potentially closing neighborhood pools and other important quality of life issues. So for that reason I agree that this is -- it does sound like it's a good project. I'm glad that it's going forward it sounds like, you know, the financing is in place and I haven't heard a reason why this particular -- why that 4 point -- 4 million plus dollars is really critical to the success of the project. So I don't -- I don't agree that this is the right priority right now in terms of our fee waivers. [Applause]

Mayor Leffingwell: All in favor of the motion sass amended -- councilmember spelman?

Spelman: I'm going to vote in favor of the motion minute but I need to explain why. There are three things we get out of this, financial returns, hotel taxes sales taxes, mixed beverages taxes associated with the hotel that we wouldn't get if there wasn't a hotel there. We're going to get a financial return. The value of that is more -- some of the money goes into the convention and visitors funds and has to be used for those purposes, some of which now include butter park I'm happy to say. More important an increase in property taxes and sales taxes which can be used for pools, which can be used for parks, more generally for libraries, all of the other things that we need done in this city. If we have more money coming in, we can spend more money. If we have less coming in, we don't. I think we need to look real carefully about that testimony return. There's nothing dirty, it's more goods and services that the city can make available to all of us. In addition to the direct financial returns, I'm getting old and can't even read any notes anymore. In addition to the direct financial return associated with this project we also have an indirect financial return associated with having more and better conventions becoming available. If we are limited and i lander is right in the kind of conventions we can bring in, we're going to have, with the addition of another thousand rooms within our convention city catchment area, the ability to bring in

more, bigger conventions, more bigger tourists, more money, it's going to increase the ability of the hotels to rent their rooms, our sales taxes are going to go up, again there's going to be even more money available for us to spend on parks, libraries, development, public safety, whatever we choose is the right thing for us to spend that money on. Finally, one other thing which matters to me a lot, perhaps more to me than it should. But that gap on congress avenue has been driving me nuts. I broke a tooth, I have a space here between my molars and bicuspid. One of the first thing that I did was deal with that, chew back the way I usually do. I have the same feeling about that space in congress avenue. We have a gap in our teeth and it's healthy for a city to fix the gap in your teeth as quickly as possible. I would like to have something productive there other than the parking lot, other than the constant reminder that we tried to put a hotel there a few years ago and didn't quite figure it out. I think it's good for the city to figure that sort of a thing out. What we're getting out of this is not -- I want to issue a slight correction on gonzalez' otherwise fine work. The value of this is not something versus nothing. Sooner or later somebody is going to fill that gap, somebody is going to put up that big building, a residential tower or a hotel. What we're getting is speed, what we're getting is the ability to get that gap in our teeth filled within the next three years rather than within the next five or the next 10. I think that it's worth the trouble for us to have that property in production, improving our economy, improving our city's fiscal health, including the money to -- our ability to get money for parks, libraries, everything that we want to spend money on now rather than in two to five years. I think an out of pocket cost of half a million or funny money cost of another 8 million, money we wouldn't get if this hotel wasn't going to be built anyway, I think that it's a reasonable price to pay to have that gap filled now. So I'll be supporting the motion, I am not at all against parks, libraries or anything like that, in fact I'm supporting this because I think it will provide us with the revenue to do all of those things that we want so much. Thank you. [Applause]

and I'll just say that I will also be supporting the motion. Some months ago I was a sponsor and I forget now who the co-sponsors were of a resolution directing the city manager to look at ways that we could enhance our ability to recruit a new large hotel, a thousand room hotel here. And that's what we've done in this case. That motion, by the way, to approve that resolution was passed unanimously about this council. And so now we've found this way that we could do it, given our present circumstance with the existing convention hotel that we have here. So obviously we have been successful in this effort and I'm -- I'm pleased that we've gotten to this point so I'll be very happy to support it. Further comments? All in favor say aye.

Aye.

Opposed say no.

Passes on a vote of 5-two with councilmembers tovo and morrison voting no. So -- so council we have one more group of items to consider, items 1, 2, 4 together. And there are quite a few folks signed up to speak. I think that we need a -- need a short recess, so without objection, we're in recess and we'll convene at approximately 12:30.

Frowm forum yu lake richard suttle surgeio amony amony lied en lieden deno yankees we're out of recess, and we will begin with items 1, 2 and 4. We've had at least two briefings on this, three -- this will be the third public comment period. We have had hours of testimony on this already, but we're going to start with all those folks who have signed up to speak, and don't be embarrassed to say you don't need the whole three minutes or whatever it is. And I would also remind you at the conclusion of the last comment period, that council member morrison made the suggestion, which we all concurred with, that coming back today after having heard all of that previous testimony, we would only be interested -- and the reason this was postponed is because of changes to the agreements -- we would only be interested in hearing a discussion of the agreements themselves. In other words, we are not interested in hearing a discussion on the merits of the f1 proposal or the circuit of the americas venues per se, but only comments on the three agreements that we're talking about. So we'll begin. Of course I'm going to ask you that as a courtesy, and we'll just see how it goes. The first speaker is tim wood, who is signed up for. Is tim in the chamber? Tim wood, and donating time to you is vans fecundo, declining to speak,

thank you, currying favor with the council. Teresa gutierrez? Teresa? Apparently not in the chamber. Scott johnson? Scott johnson is not here. James jolly clark speak. Donating time is patrick o'day. Here. Brandy burton. Brandy is here. So you have up to nine minutes and you're signed --

there's a third person here, I believe -- there's a third person donated their time.

Let me refresh here and --

yep.

Mayor leffingwell: sorry. Only have two persons signed up donating to you. Is there anyone else who meant to donate time to mr. clark? Computer glitch. We understand. Peter sorensen --

john sorensen.

So you have up to -- up to 12 minutes.

Thank you. My name is james jolly clark, and although I am marked as being against this, I don't want to say I'm totally against it. I'm against the process of which it's been going on, and again, I don't know your protocol here. I'd like to ask a question. How many of you are familiar with the doctrine of non-delegation? Any of you? Normal normal ly we don't answer questions.

Well, I understand that. Well, when jefferson helped write the constitution, they have the doctrine of non-delegation which ascribes to the theory that one branch of government must not authorize another entity to exercise a power or function which is constitutionally authorized to exercise itself. I bring this up because because in 1997 there was a case, supreme court case, with phillips, the chief justice called the texas boll weevil eradication versus lou ellen. And I want to explain to you what this is and why I'm here in this respect. Subchapter 70 of the texas agricultural code provides for the operation of an official cotton boll weevil eradication program. Subject to referendum, approval from the cotton growers they were authorized to eradicate bowl weestles and assess the owners for the cost. There was a group of farmers that said, hey, I don't want to do that and they brought suit and they won, and it was appealed in the supreme court. And the supreme court said, we conclude, however, that the legislature has an unconstitutionally broad delegation of authority to the foundation, a private entity, kind of like celoc is, it will be violating article 2, section 1 of the texas constitution. For this reason, without reaching any other constitutional statutory arguments raised by appealees we affirm the judgments of the trial court, meaning it was unconstitutional. Well, I'd like to read two other opinions. Upon the court's concern -- -- let me get my glasses on. In joining the court's opinion concerning delegation, because even under its construction, the act, I agree that the delegation of power to the foundation is unconstitutional. If the act follows foundation to operate with a nonelected board, the delegation of power to the foundation is even less defensible than what the court believes. Here's the main part. Still private dell gaigs raise more troubling issues than their counterparts. On a practical basis the private delegate may have a personal or pecuniary interest, like celoc, which is inconsistent with or repugnant to the public interests to be served. I feel I'm repugged, quite frankly. More fundamentally the basic concept of democratic rule under the public form of government is prescribed when public [inaudible] is abandoned to those, c lock, appointed by a public official or entity, celoc, nor employed by the government. We find this totally unconstitutional. Now, I bring this up because as best I can understand, celoc has control of this contract. You're negotiating with them, but they're in control of this contract going down the road. And if I understand rightly, and I'm not an attorney, this is unconstitutional. Now, I'd like to leave that with you and then go on to some other issues, and I'm going to try, mayor leffingwell, to stay within your parameters, because each of the questions or things I'm going to explain have a legal question at the end, and I hope that meets with your approval. For example, on march 29, 2007, it was announced by the fssa the race promoter that the 2008 french grand prix was put on indefinite pause. The suspension was due to poor financial situation. Many proposed a new venue suggested but passed overdue to poor financial prospects. It is no longer in england due to financial -- poor financial success. And several

[inaudible] struggling financially. Now, robert murdoch is probably going to buy the f1 program, and he could care less if ten people show up at a venue, because he's going to make his hundreds of millions of dollars through tv advertising. He doesn't care. He's not going to promote austin. So my question is this. If murdoch buys into it, no one shows up, can we get out of the contract? I don't know whether i get -- I mean, jump in here if you have an answer for me. This is the part of the problem with most of the people here. We have no answers to these kinds of questions and nobody is giving them to us. We'd like to know. Or will austin be locked in for ten years with this unconstitutional contract with celoc? We may miss an nfl season because of battle between players and owners. We may miss an nba season because of battle between players and owners. The f1 racers contract comes up in 2012 and they want to go from 50% to 80% earnings. Could we be shut out at the 2012 race? Are there any protections in the contract for that? Again, I can't get answers. I'm going to bypass the groping that the republicans or radical fanatical right wing republicans do, but it comes to my attention that a 12 story tower is in the flight path at bergstrom. Now, if they have to move this and change the whole layout of the racetrack will that keep the race going to 2012? Are we covered from that? Are we protected from that? I'd like to know those answers. The floodplain, building the floodplain. I understand they haven't got approval from fema. If they don't get it, [inaudible] the contract, they get their money and can they leave town? Do we have any protection? That's kind of what I'm asking through all of this. I'd like to offer a suggestion. If this race program is supposed to be better than sex and sliced bread, as the celoc group says, why couldn't we have it a year to year contract? And if it's successful, i mean, the first two years are successful, hey, I'll lead the parade for the third year to get another year, but as it is in the rest of the -- rest of the world, they seem to tail down after four, five, six years, we could be not locked into a contract for those five or six or seven years where we may get no money. And remember, this is an unconstitutional delegation of powers to celoc. That's all I have, ladies and gentlemen. Some of the rest the mayor doesn't want know talk about. Do you have any questions? Can anybody answer some of those questions that i asked? I'll answer one. You don't have to worry about the tower at the airport. That will be controlled by the faa.

I understand it. My question is, if they say they got to move it, my question to you is that they have to move it -- do they have to redo the whole track and will that put it beyond the scope to do a race next year in 2012? And if that's the case, are we protected? Bill, can you answer that is this. I have a question for you.

Yes, sir. -- council member spelman. thank you, mayor. I'll keep it short. I realize we have many, many speakers who want a chance to talk but you've raised the question several times and I want to make sure i understand what you're worried about. Are we protected against what?

Excuse me, there's one other -- I don't know where my time is. Let me maybe throw that in there. Some of the folks were out at the venue the other day and they were talking to people building the grand stands, and the quote of the day from one of the guys building the grandstand was, I'll never sit in those. Why? Apparently they didn't put pilings down, and we all know that southeast austin is 20 feet of sand and clay, like bill alshire told me, when I was a judge, we had to do double roads out there because everything sinks. If they build that and it tips over and somebody gets killed, are we legally responsible? Who's responsible? Is del valle, that hasn't had a thing to say about this whole thing? Can they be sued if somebody gets hurt? Those are the questions i wanted asked. when we've heard from the rest of the speakers and we get to a point where it makes sense for us to talk to our legal staff I'll make sure to ask that question. Mostly what I was getting at, -- I think I know what the answer is going to be but I'll ask it, but mostly what I was getting at, if you're really worried the city is going to be protected, is there a particular exigency you want to be protected against?

A year to year contract covers it. If they screw up, they don't get a contract the next year. That means they work twice as hard every year to get it the next year, to get their 25 million. I'm a businessman. You hang out 25 million, I'm going to bust my butt to do what I can to get that next 25 million. But if it's guaranteed for ten years I don't have to do anything for you. I'll definitely get on the record under what

circumstances we can cancel the contract.

That would be one of them, yes. Thank you. [Applause] next speaker is bobby jenkins. Bobby jenkins. Mike rawlins is speaking for bobby jenkins with time donated from daniel alan. Is daniel alan here? And dewitt gail? Dewitt gail? Not here. You have up to six minutes.

Good afternoon mayor, members of city council. Thank you, mike rawlins, president of the greater austin chamber of commerce. And first and foremost i wanted to say that the greater austin chamber of commerce is 100% supportive of the formula one race and construction of the track here in austin, and in trying to follow the instructions of the mayor, i may make my comments around the agreements, as you mentioned, and we're supportive of those agreements as they have been negotiated since the last council meeting and I would add to that this is a precedent in the sports world, the most green sporting event that will take place around the world. So I would conclude my remarks by saying and urging you to support the formation of the organizing committee for austin. Thank you and I'm happy to accept any questions. thank you. [Applause] charles herring? Sometimes known as chuck, donating time, jenny aknew.

None of the donors are here. you have three minutes.

Three minutes. My name is chuck hair on and I'm a -- herrin and I'm a lawyer here in austin and have represented a series of environmental organizes over the years, including environmental defense fund and public citizen and public employees for environmental responsibility and the civil rights project, but I'm here today speaking individually only with one exception. Jim marston, has transmitted from san francisco a letter this morning that I believe has been handed out. Riley received it, I want to make sure -- that's going to cut my time really short. I want to emphasize his first point and that is that edf and -- because I worked on that portion of the sustainability initiative. That is, what are we going to do to raise money. We have the commitment within 18 months to raise \$5 million, and I think that can put austin as a beginning point on the global scale, certainly a national scale, as an engine of green tech enon vacation, and I think it's a -- innovation, and I think it's a wonderful thing for the city if you decide you're going to adopt the proposal generally. I think that's a great thing. And I have to give credit certainly to council member riley who has spent many hours on this. I have spent several hours but he has worked so hard on it. The other point in that same provision is we have been talking with the department of energy, and I've had a number of conversations with, for example, matt winters, who was my partner battling to the -- through the obama credentials battle, who I know council member martinez had met, who is a special deputy in doe for loans. We've also talked to his boss, jonathan winters, who is the executive director of the department of energy loans program, and also with david reiter, who is the immediate past secretary in charge of renewable energy. And if we focus and target, they've given out \$35 billion in loans, and last week, another several hundred million dollars in loans, and they will be very supportive. So if you approve it, this is not the end. This is really where we need to get busy to realize that extraordinary potential to profile austin globally, and I think that part of this is very exciting, and I hope this is not the end. We have more work to do on both of those points if this goes forward. Thank you. thank you, chuck, and I also want to -- [applause]

-- commend you for your work on this environmental term sheet. I know you spent a lot of hours on it. Appreciate it. George coper? Is george coper in the chamber? cope er -- signed up neutral and you have three minutes.

Mayor, -- mayor pro tem -- there, I had to look up and down the dais, city ott, I'm george cover.

I appreciate the opportunity to speak today. I signed up neutral because I signed up for hill country nonprofit conservancy and we don't take positions on specific projects. I am here to offer hill country conservancy as a resource as we work through carbon credits and carbon sequestration and other aspects of the environmental agreement. I commend council member at athens who have worked so diligently on this agreement and simply want to offer our expertise. We are hill country conservancy,

travis county, and other partners. Native prairie association of texas, texas land conservancy, are working in the will bag barringer watershed to preserve farms and ranches. Many of those farms and ranch lands have very high -- lands have very high grassland value. That's determined by the department of agriculture who have done soil assessments and other assessments in that area. So I appreciate all you've done. Just wanted to get that in the public record. If we can help, we'd love to help. Thank you all for your hard work on this complex topic. thank you, george. Wattinger? Ron wattinger is signed up for. And you have three minutes and after ron will be fred summers, if you want to get ready on this next -- on this side, also for.

Hello and thank you for hearing me today. I'm a member of the former -- former member of the del valle school board, and there's been a lot of controversy on whether del valle supports this or not. I can tell you that the one thing that I'm excited about is the educational aspect that this project can bring to the school district. We've already started a race to learn program and have partnerships with formula one to bring the educational benefits, the environmental -- the proper use of land into the classroom and create labs. The environmental study that you-all did and you-all approved is excellent. As an adjoining property owner, working with formula one I've received so much more information than I ever did from the people in the housing development that was slated catalog in place of it. -- Slated to go there in place of it. They're bringing water and infrastructure into the area which helps foster other growth and other tax base to the del valle school district and to the different areas. Currently we don't have a grocery store within 15 miles of that individual area. The more infrastructure we bring. So this isn't just about f1, just about racing. It's about growth to a community. We have the educational process working on. They'll start the environmental. Let's just keep the process growing so that area can grow and it's not a gel, a sewage plant, a dump or some other undesirable, but something that can actually bring growth and something positive to the del valle area instead of something that we just get laughed at about. Thank you. [Applause] thank you, ron, and I want to remind everyone again that we're only talking about the contracts, not about the merits of actually having the venue here and the event here.

Thank you, mayor. Council, I would like to ask, is tceq involved in the air quality studies and are they ready for -- that's one of our resources that we have available that's already paid for, and are they going to be doing tests, ongoing tests while the track is in process? again, we're talking about the --

okay -- merits of the contract.

Grateful for the go green that you guys accomplished and the hard work on that, and I'm fred sommers, I'm a business owner. Thank you very much. thanks, fred. Wendy bond is next, signed up for. Following wendy -- is wendy here? Passing. Thank you. Gus pena? Gus pena is signed up neutral, and following gus will be pam thompson on the other side, if you would, please. Is pam here? Yeah, I see her. And pam is signed up against. Welcome. You have three minutes.

Thank you, mayor, council members, mayor pro tem, congratulations -- congratulations, kathie. Love you. City manager marc ott. I'm not here to curry your favor so I'm going to speak my peace. Number one, first and foremost, I signed up neutral because I didn't have the opportunity to educate myself on these issues. I have family in elroy and del valle and surrounding areas. I ran for city council in 96 and 97. One of my opponents was bill spelman, who is still razzle dasle with all the logic. And that's on the contract, mayor, and you can laugh, mayor. that was funny. Funny.

Anyway, let me finish, mayor. What is it going to bring austin? Will it hire local black and hispanic contractors, minority contractors? We need to speak about the specifics and the merits of this, not just the contract. Let's get it straight, mayor and council members. What is it going to bring? What financial incentives is it going to bring to austin? us and I'm also talking about economic development. How is it going to -- i don't care if people tell me we're 9% unemployment. That's bull. A lot of people have quit looking for work because they can't find jobs, [inaudible] wages. Mark, I love you and I think I'm preaching to the choir, you're all about hiring youth and -- we're preaching to the gangs. Gangs offer more money than McDONALD'S WILL. You can't even go to McDONALD'S BECAUSE PEOPLE Are

not hiring. What benefits are we going for the city of austin and surrounding areas. I think ron said a good point, h.e.b. You need to -- economic development, concerns about local residents' opportunity to be on the organizing committee. I don't see anybody from east austin nor southeast or west or from elroy or even from bastrop. Let's do a better job of including -- of inclusion, being inclusive and bringing members, productive members that will -- this issue will affect. I see workers out there. I hope the owners are paying these workers a good wage. Let's talk about hiring people from austin. A lot of companies come in to build highrises, the fly-overs, the hotels and bring outside labor here to austin. Let's employ a lot of our people who aren't employed here in austin, pay them a livable wage with benefits, and that's all I'm going to say, is that sometimes i feel disenfranchised for our people because we don't educate them. You-all don't help us educate them and I think it's a disgrace. I'm bad -- it's my fault too. I should do a better job but I can only do what I can do with limited knowledge. I had pull this from the economic development office and that's not good. Anyway, educate the people, you make it a better community. And the reason I signed up neutral is because I was not aware, not educated on this issue. I see the good, see the badz. Anyway, make an educated decision on what it will bring to the city of austin. Thank you. [Applause] after pam thompson will be david hernandez. , If you're here, if you want to get ready on the podium. Pam is signed up against. You have three minutes.

Thank you, mayor and council. I would like to address the contract. The approved expenditures appear not to extend past the austin city limits to help pay for traffic, ems and all the problems the community will face. Del valle does not appear anywhere in the contract. Austin profits on e.t.j. Boondoggle. No infrastructure, contract seems to say, if you build it they will come, magically without incident. That's sort of ivory tower thinking. The folks in del valle are working class and therefore excluded from this hearing, held at our convenience during the workday. I have comments to read from monajay, dureka of the del valle coalition. She states, the del valle community coalition would like to make clear that formula one has gone out of their way to ignore the needs of the community members while befriending the landowners who stand to gain financially from this deal. Upon several requests from the community groups to maintain a partnership with the community as responsible development should be done, f1 has slammed the door in the community's face. We deserve to have answers and we ask city council to demand answers. What is the impact of f1 on our community, the del valle community? And the contract was negotiated without an environmental hearing, which was promised when the community -- the city council hearing on the water line to wandering creek subdivision project then turned into the f1 racetrack project. So now we are getting an unsustainable use, carbon-burning industry, green-washed with no environmental impact statement on f1 use, only on the subdivision. The increased bad air from the event will lead to non-attainment under the clean air act and cause a loss of conventions and vacations and businesses to come to austin, or build businesses and homes in del valle. Del valle will bear the burden of the negative impact of city of austin's decision concerning f1 imposed on an underserved community, sort of like bahrain. Maybe the f1 drivers will save us by refusing to race in 100-degree heat in unair-conditioned race cars that don't have green engines. So I'd like for you to consider what you're doing. Del valle has had zero input on this, and the \$300,000 that they're going to get from this land development won't even cover the cost of the air -- the air-conditioning to filter out the bad air when it spikes, and the roads, who is going to pay -- and this contract that says the city of austin will receive, what does travis county get? How are the roads going to be improved? Who has site plan -- who gets to oversee the site plan? Are they safe -- time has expired. [Applause] david fernandez on this side for, and steve and ray over here -- stefan ray against, and once again, I would ask that you restrict your comments to items 1, 2 and 4, 1 and 2 being resolutions for contracts or agreements, and resolution 4 being basically environmental term sheet. We have already heard a lot of discussion on the merits or demerits, whichever you choose to talk about, of the f1 project and the circuit of americas project. The focus today on the interlocal agreements. I appreciate your cooperation and so would everyone else here on the dais.

My name is david j. Hernandez and actually my speech [inaudible] formula one, so I will step away from the podium. thank you, david, for your courtesy. Stefan ray? Stefan ray in the chamber? He was signed up against. Daniel grosse. For, donating time is wyman gillian. I don't see wiem and. David ericson. Jay galvin, here. Mike boon, here. You have up to 12 minutes, grosser, and following you will be april rose.

Mayor and city council members, I'm only going to use about a minute, and what I want to do just thank Chris Riley and his team for the environmental agreement that we read about last night. It kind of threw me off because I had this big speech written, and I can tell that you I've been to Laguna Seco Raceway. I've been to Sears Point, which is now called Infineon, and they've implemented a really significant sustainability program, and I think from what I've seen we're going to be the leader in sustainability as far as racetracks go. So what I want to do -- can you show up one picture -- my picture, please? I wanted to show this. These are electric race bikes. This is the future of racing. This is why we need this track. This is why we need to do R&D here. This is the future. They already have a racing class that uses electric bikes. One day I'm going to be driving one of those on the Circuit of the Americas track. With my budget and skill it will probably be the funny looking one in the upper right. But I want to thank you for your hard work. Thank all the supporters and opponents who actually got off the couch and came here to participate in this discussion. Thank you. Thank you. [Applause] April Rose is signed up neutral. Carley Blankenship. So you have up to six minutes, and following April will be Leslie Azenmine.

[Inaudible]

Mayor Jeffingwell: Gotcha. And Susan will be next on this side over here. Go ahead.

Good afternoon, Mayor and city council members. My name is April Rose, executive director of Tree Folks, an Austin-based urban forestry nonprofit that greases the urban forest of Central Texas through diverse partnerships. Council member Riley invited us to meet recently and help visualize what would carbon offsets locally look like. I am not an expert on the carbon exchange marketer but as a forester and certified arborists, I can predict how we would respond if asked to offset a portion of Formula One's carbon footprint. Neighbor [inaudible] is an example of a successful tree planting program ripe for growth. This program annually delivers 3600 free street trees to homes in Austin Energy service area. It's a tool used -- used to mitigate the urban heat island effect as identified in the city's climate protection plan. The trees we deliver directly reduce ambient air temperature through transportation cooling and by surfaces. They store carbon as they grow, contribute to reduce electric demand from homes, have water quality and wildlife benefits. These trees are offered all over town. Homeowners simply commit to plant and water the trees. It's part of an offset program. We track survival and find a 75% survival rate. If local tree planting is explored as a carbon offset option, we believe it could be scaled up to deliver an additional 7200 trees annually, which would sequester about 1400 metric tons of carbon dioxide a year. Ten years later those same 7200 trees would sequester about 1400 tons of carbon dioxide a year. Expanding Neighbor Woods to reach additional homes and to include schools would be a highly visible way to support a carbon neutral goal that would directly benefit a wide spectrum of the Austin area and support an environmental need and a wide range of additional services. The urban orchard project is another existing successful and long-running program that could provide additional tree grants and education to a wide range of the population. This program plants, grows fruit and nut trees, teaches the values about healthy local food and provides a neighborhood food source and builds community relationships. Many areas east of town have Fort Worth-like soils that could support fruit growth. Carbon offsets through the orchard could provide significant benefit for schools, parks and historically underserved areas that lack access to fresh food. Exhibit A proposes many ways to achieve a noble carbon neutral goal. I personally believe independent third-party verification is the most important part of ensuring that Circuit of the Americas implements a landmark environmental partnership that's envisioned. Regardless of whether Tree Folks is a partner to implement local carbon offsets, I just want to leave with you a reminder that we all need to do more to maintain trees within healthy, functioning, natural spaces, many that are wide open and many more that are we've had within -- weaved in urban spaces to keep our environment livable and connected to nature. It will take all of us, Del Valle, the Austin area, working together to make that and the landmark environmental partnership that's envisioned happen. Thanks for your time. [Applause] Follow follow I Moffitt will be Paul Saldano who is also against. Donating time to Susan is Leslie Azanman, Sara anticipates, Sara -- Spait, Sara Spait. Ben Weaner, here. Steve Koch, here. Bridget Shay, here. That's 18 minutes, which you only get 15.

I hope I won't need all of it but I have a lot for you. My name is Susan Moffitt, a former legislative research and I want to be clear up front that I am not the kind of ruthless laser focused pitbull contract

attorney that you need to review these documents, and I say that in the most loving possible way about pitbulls. But I am an experienced legal researcher and a policy analyst and I can tell you that there are enough dangerous clauses and ambiguous language in these contracts still today that I believe it is your duty to the Austin taxpayers to ensure that all of these documents are thoroughly vetted by highly skilled, specialized outside counsel with experience in both contracts and the constitutional issues of delegation that were discussed earlier. I truly appreciate the work City Law has done on this, and I in no way mean to demean them. But this is a full-time job. This is a big scary animal with a lot of moving parts and we're in it for the long haul so I implore you to pick up the phone and get the legal counsel you need on this. As you know, the contracts were only posted to the city web site late Monday, less than 48 hours before this meeting, so this is a very hazy overview. I'll hit the three biggest issues first and then I'm going to plow on the details until I run out of time. Again, this is not about whether you love F1 or you don't. It's really about making sure the city and the taxpayers are fully protected under the legal agreements you're considering. So first, none of the contracts currently contain any enforceable financial assurances for the city to ensure that F1, which for these purposes is Celoc, the log organizing committee, to ensure their commitment to cover the city's tax increment for the entire length of the contract. All the clauses that are in these contracts requiring financial assurances only apply to the state. They do not apply to the city. There is no requirement for a performance bond or a -- or collateral or any other kind of financial instrument to protect the city should Celoc fail to pay the local tax increment in any of the next ten years. Celoc is a nonprofit that was formed three weeks ago by the applicant's attorney. It has no assets, so the city does not have viable recourse if Celoc defaults on the payments unless you get a clause in there. The language is already in the contract that provides financial protection for the state, and you can find it on page 4 in the Celoc agreement, section 19 f, which says, quote, provide and fund a performance bond or other financial performance assurance in a form and with an institution acceptable to the state ensuring the state's increment funding. So these contracts have to have that same language that provides and funds performance bond or some other viable financial instrument that ensure our local increment in the event that Celoc fails to make a payment at any point during the run of the contract. So that's big. And that's actually something that's pretty easy to understand and should be pretty easy to fix. Second, is the state -- and this was touched on, is granting in these documents a sweeping legal authority to Celoc, which is an entity created by F1 promoters and agents without any voting representation at all for the city on that body. And under the contracts that are currently drafted you are giving Celoc full authority to negotiate with the site selection organization, which is F1, without any review or prior approval by you, the city council. Celoc will be authorized to act in the city's behalf in our name, yet as a creation of the F1 promoters, its interests are not necessarily aligned with the city's interests, and the only city representation on Celoc right now in the draft you have is the consensus of one nonvoting member. Whether that's that create a legal delegation is open to debate, like a lot of things, but even if it's found to be legal, it's really just not very smart. If this were your own money you would not hand all the authority over to a bunch of people you don't even know that you have no control over. This doesn't make sense, and it doesn't protect the interests of Austin taxpayers. [Applause] so that's two. The third big issue is that I do not believe that these contracts can negate the comptroller's statutory duty to protect the beneficiary major events trust fund, which is F1, not the city. You can't contract to ignore state law. In fact, if you could, he have tax paying aid paircht would be contract parent would be contracting directly with aid and we could keep the money here. But we can't do that and there's a reason we can't do that. Anyway, under the relevant act, the comptroller is plainly established as the trustee of the fund, in F1, which is known as the site selection organization, is the beneficiary of that fund. It is the comptroller's statutory duty, as the trustee of that fund to protect F1 as the beneficiary. The city cannot by contract take away either the statutory rights of the beneficiary or the statutory duties of the comptroller, and, in fact, the notorious section 15 is still in the major events trust fund contract, which says that even if the contracts are terminated for cause, the funds still exist as does its purpose. So that is not wiped out and that doesn't wipe out the comptroller's statutory obligations under that law. So I want to just walk you through what this would look like on the ground. Let's say at some point down the road Celoc decides it wants to stop paying the state its \$4 million a year that they said they would, and this is totally understandable because I can't figure out why anybody would want to give \$4 million to the same people who took away our congressional district. But let's say -- let's say Celoc gets on board with that and they don't want to see it go either, so they stop paying, for whatever reason. Maybe they run out of money, maybe they just don't care anymore. We, the city, can't

get any money from celoc because under the current contract celoc is a nonprofit with no assets and the contracts don't include a performance bond to protect us. So when celoc doesn't pay, that automatically terminates our contract with them, and in theory there is some language in one of these contracts, maybe more, that says it can terminate the contract with the state, but the problem is the fund has already been established, and it's governed under state law, not by a contract. So this is where the comptroller has the statutory duty to the beneficiary, which is f1, and she's already promised them \$25 million a year, in fact, she promised them that in a letter she sent back in 2008 without talking to any of us about it, and she could possibly do it in later contracts because we're about to give all our negotiating and contractual authority over to celoc, so I don't know what they're going to come up with. But anyway being under the law she still has to protect their interests. They are the beneficiary. She is the trustee. So to give f1 that 25 million a year she promised them as the beneficiary, the comptroller has to still come up with our \$4 million local increment, and under the statute she still has the right, than and, in fact, she has the statutory duty, to continue scraping the 4 million or whatever number it's up to by then, out of austin's tax revenues, even if the contract is terminated. And because the comptroller also under the law has the sole authority to determine the amount of our increment, and I want to make sure we all understand, there is no way that the comptroller tracks this. This is all based on the economic impact study that celoc, the creation of f1, will be giving to the comptroller to bless. So she can come up with any number that she feels like blessing based on the economic study that was done by the creation of the people who stand to benefit from it. I just think that is scary and irresponsible, and remember, we have no financial assurances under the current contract. So in view of the significance of these big potential legal problems, and these are just the biggest three, I do really believe that your responsibilities to the taxpayers of austin obligates you to have these contracts thoroughly reviewed by an independent, highly specialized outside counsel before you vote to approve them, and I strongly encourage you to do so again. [Applause] I -- I got a lot more. I would -- I also want to remind you that under state law you have until march, next march, to take action on these contracts, and the comptroller's authority to write a check pursuant to these contracts is now the subject of a lawsuit, so it's quite possible that the manufactured july 31 deadline won't stand up in court. I also want to point out that as of yesterday neither of the named site selection organizations identified in the governing statute that you'd be writing the check to under these contracts -- neither of those bodies were authorized to do business in the state of texas according to the secretary of state's office. The [inaudible] hasn't been certified by f1 governing body. The county either has or is about to issue a stop-work order on the project because fema hasn't issued the blessing in the time period to let them build on a floodplain, and then f1's own future, if you read the new york times sports section this week is somewhat of a question mark. They may defect. We don't really know what f1 will look like at this time next year. It's not like every other element in this deal is solid and this is the last these that we just need to click into place. In fact, nothing in this deal is solid at the moment, and I think it would be behoove you to take the time you need to get all this vetted by my imaginary pitbull, ruthless attorney, and somebody who has vast experience dealing with the statutory obligations in the context of these complex legal instruments. And finally I think it's also important to understand that circuit of the americas, which owns the track and is building the facility out there in elroy, they're not actually eligible at this time to receive any of the money we're talking about today. Celoc could change that later on once we give them the authority to do what they want, but right now this money, our money, the state's money, that's for the going to circuit of the americas. SO red McCombs and his other facility investors don't actually have a dog in today's fight and they'll either keep building a proposed facility, which the supporters have said will be busy year-round even without f1, and I assume that will be a going venture, and if not they will have a fine piece of property that's just going to flk in val as time goes by, by either way it's not our business as a city to shore up a gamble that was made by skilled businessmen and consenting adults with their eyes wide open. [One moment, please, for] ... and even if the clause were enforceable once again it can't negate state law. So next item nine doesn't require the expenditure of city funds, but this is very ambiguous language. That is not the same as saying withholding tax revenues, expenditures of city funds implies funds you already have that you will be taking out of your general fund and giving to the general fund, the ambiguity of that language scares me, even if it got cleared up it's still in the recital section, so it's no, you know, real way to know if it's enforceable. Next celoc has the sole authority to produce the economic impact studies for the comptroller and these contracts right now do not provide for an audit or a legal review by the city. And again, I think it's just dangerous to give power to the body that was

created by the ultimate beneficiary to decide what the economic impact statements are going to say. Okay. Next, in the celoc agreement section 19d provides quote the city may ratify any noncompliant or untimely performance by celoc this is basically a get out of jail free card, celoc can do whatever it wants and somebody gets to bless it and say even though they broke it, we're going to say it's okay. City is not defined. We need to know whether that is the city council that has the power to do that, whether it's the city manager or whether it's the assistant city manager or whether it's a staff member. We've got to know that. In the cloc agreement sections 22 and 23 list the entities eligible for disbursements. If this contract is really going to run ten years automatically renewing, which I don't think it should, we don't know what the city's future expense is and I think we need to at least be on these lists with a city as a place holder to be eligible for future reimbursements. Okay. Next, I really want to thank everybody else, councilmember riley, for all of the work he's done on the sustainability measures and councilmember martinez for the mwbe measures, but they are -- really don't have the teeth they need to have right now. They need to be enforceable if coda fails to meet any of the condition, all we get to do is terminate our contract with celoc which doesn't get us anywhere because the statute is still in effect. I very much appreciate the work that went into them. None of the performance measures are tied to actual event performance, so f1, the drivers all go away and make their own event and f1 doesn't get anything. We are still on the hook even if it doesn't generate any additional taxes. Is that me? Am I done?

Fifteen minutes, yes.

I got -- I got --

thank you.

-- Many more pages. [Applause]

mayor, I have a question.

Councilwoman cole? Mayor pro tem cole is recognized.

Your fan club. You're lucky to have one. You made several comments about the lack of financial assurances. And specifically you talk about if they do not pay, then we don't have those financial assurances, and then later you talked about the contract terminating.

Uh-huh.

Now, reconcile that, because I thought that if we -- if celoc did not pay, the contract terminated.

Right. Well, that's when you get to the problem with the statute because the fund is already set up and the comptroller has a duty as the trustee of the fund. This is why -- this is why these contracts are so scary, because there's a lot of circular logic and there are sections that are contradictory, and there are sections that are ambiguous, and this is why you really need to get very specialized, very highly qualified outside counsel to look at this stuff before you say yes.

Even though you don't look like that person.

I'm not that person. I'm really not that person. And you really, really, really need that person.

Okay. Do you know -- okay, so when you say you revert back to the statute, if we don't have a contract, then how are we obligated under the statute?

Because the -- once the contract goes into effect, the fund is established. The contract that point

becomes meaningless because the fund is established under state law.

I got you.

And the comptroller has the statutory duty as the trustee under state law to the beneficiary, so really doesn't matter if our contracts go away, that thing is already in place and it has a life of its own that supersedes the contract, because of state law.

And that's why you say, because we have no authority over the comptroller or the statute, we need the language in the contract to have a guarantor of the funds.

That's what I'm saying. Just like the language is in there to guaranty the state on its first year. Because the state in theory puts 25 million in in the beginning, but we need it for all ten years because we don't have any power otherwise. We have no protection, no power.

We need either a performance bond or a guarantor, is that --

that's what I'm saying.

Okay. Let me get legal to comment on that.

Okay.

And that's the main --

thank you. I appreciate the time. [Applause]

sabina romero. The question is whether a bond is necessary to protect the city of celoc default. The question is based on a misunderstanding of how the fund works. If no local increment is deposited, there's no state much, nothing goes in, nothing comes out there, there's no demand for the comptroller for anyone, that is the reason because there's no financial obligation, there's nothing to assure, further the city is not putting any money into the metf so the city in particular does not need any coverage.

What, sabina, when we talk about there's no financial obligation, I'm specifically talking about the four million dollars. So the question is is -- and my understanding that celoc is putting up the \$4 million, and if celoc as a nonprofit recently formed nonprofit who we have not seen any of its assets does not put that money up, what happens?

The contracts terminate and the metf terminates because the interlocal terminates.

And what about the argument that the statute comes into play and then we are therefore obligated under the statute?

The answer is the same. If the contract between the city and celoc terminates, then the city's contract with the state terminates, and even if you were to imagine that the metf remains in existence, it's a completely voluntary fund, so if no money comes in, no state fund money comes in, nothing goes in, nothing goes out. There's no penalty for that the comptroller staff, and the city staff, are all on the same page about our understanding of how it's written and how it will work.

So my understanding that what you just said, if the celoc does not pay, we have no obligation to pay.

Correct.

Okay.

Councilmember morrison?

There seems to be confusion. Is there a requirement to put funds in? Is there not a requirement? And we received a memo from you all yesterday, answering another set of questions, and part of the questions revolved around that, and i can tell you I'm confused because in response to the questions regarding funding guaranties, b says celoc is obligated under the agreement to contribute the local increment as calculated, and then d says contribution of the local increment is voluntary. So I'm hearing obligated and voluntary. And so do you see why I'm confused because you just said it's voluntary.

That is a very good question. Under the statute a local increment is voluntary. If no local increment is made, there's no state match and no money comes in and out. So if anyone is going to make a local increment contribution, our contracts say that that person, who will voluntarily make the contradiction, is celoc and only celoc. So the statute says it's voluntary, and those who are participating, okay, if we're all going participate, the person who will make that voluntary contribution if any is celoc.

Okay. So this sentence here celoc is obligated under the agreement to contribute the local increment as calculated by the comptroller, it really means celoc can decide. They're not really obligated. But they may decide at fully their discretion to make the increment payment that is -- that the comptroller calculated.

You are correct. The contracts terminate.

Okay. And I know that there's -- that there's another perspective on that and I'm going to just -- when all the testimony is over, I am going to ask somebody, susan, I think you might be able to point for us, specifically to the statutes too why you think it is not voluntary.

And councilmember morrison, we also have both legal and technical folks here from the comptroller who would be happy to address questions regarding the statute as well.

Okay. Great. Thank you.

Mayor, I have a follow-up to councilman morrison's questions.

Mayor pro tem cole.

If we wanted to give you the direction to not make that representation that they will put up the 4 million for the city, a matter of choice, and to also make fall back provisions, and we put that in the resolution so that we said that -- gave you direction to set up a process and procedure so that celoc will make the financial commitment that we've talked about, and in the alternative then there would be a guarantor that would be formula one, i don't see how that would hurt what has already been written, it's simply an enhancement.

So you're --

or a bond. Thank you.

You're suggesting a second provider, a backup provider for the local increment?

Well, if we're going to have a situation where a nonprofit has a choice to put in the 4 million, i think we need to have a backup, or we need to have both. Actually, we need to have the nonprofit truly be committed as councilmember morrison pointed out, suggests in some parts in the agreement, well, the best of all worlds is to have the nonprofit celoc be committed and then h guarantor for that commitment and then have a performance bond if necessary, or the contract terminates.

Mayor pro tem cole, i think one of the challenges is if we required them to do that, then the -- the contract -- then we take that -- the termination provision doesn't have any sense to it, and some of the concerns that have been raised is if the money doesn't come in, then how does the city get out of it? And right now we have a clear -- your direction, we're not providing it. The city is not providing --

I've got to slow you down because you know it better than I do. When you say something like "if the money doesn't come in", do you mean the 4 million.

Celoc is the sole entity responsible for getting that over to the comptroller to have them fund the plach --
did you they that is optional for celoc or not.

Only if they want to absolutely get out of all of the contracts and everyone's obligations would be off. It's our understanding i guess that's how you wanted it. You wanted a mechanism for us to get out and have this be a performance measure, so as one of the speakers said, there's that money, the -- the state money is sort of hanging as the incentive for them to keep contributing and keep getting that match.

Well, what I think we wanted, and I see sue edwards running up here, is to make sure that the city was not obligate ford the 4 million to get the 25 million state match and that celoc was going to pay that. Are we on the same page on that part.

Absolutely. ..

That's how we've crafted it.

So the concern that I'm raising is, one, is that contribution voluntary or not?

Well, it's voluntary in the sense that if it doesn't get made, if it -- they have the -- if they don't make it, then they don't get the state match.

I mean is it voluntary in the sense that they might not have any money, but they aren't saying is our choice year-to-year whether we pay this, right?

Right. If they want to continue on with the contracts, they're obligated to make that contribution.

Okay. So --

whether it's them or an entity that they get the money from.

Okay. So, in your understanding of the contract, celoc, if they want to stay under the provisions, have to make the four million and the city is not obligated to make it.

Absolutely, yes.

Okay. So we just want to make sure we're in the situation where if celoc doesn't make it, we don't have

to make it.

And we have done that for you.

Okay. And that's the way -- so then, I'm asking about another layer, which is saying -- it almost cuts the other way in favor of keeping the contract which says if celoc doesn't make it, because they're recently formed nonprofit, and we know that those can be, you know, on the -- on the bubble type of entities, then formula one is guarantying it. Now, what does that do to the agreement? I can't understand why that would be problematic.

Well, I think the formula one folks would need to speak to that as to whether or not they would want to do that.

I guess I didn't even -- I keep -- I don't see richard or formula one -- who's here? Oh, I knew richard was here. But do you have --

I'm richard suttler, I'm here on behalf of coda and I'm having a hard time following your thought process.

Well, I guess I'm trying to follow-up on what --

well let me -- let me just say --

that's not the first time. That's not the first time.

Well, let me tell you what I heard. What we heard since this has been going on is that you and others have said you want absolutely no liability to the city. Is that true?

That is true.

So we've now taken that liability away from the city, there's no liability to the city in this contract. Celoc.

And you say there's no liability in the city to the contract because if celoc doesn't pay, then the city is not obligated.

That's correct. Now. What you're telling me is that if celoc decides not to pay, you want somebody to guaranty that they're going to pay.

Well, that's only if you had not said definitely that celoc didn't pay before, because we were -- we were having that confusion between councilmember morrison and myself, is it a maybe or is it not?

Celoc would fund this increment, this four million through eligible revenues under the statute. And that would come from the event. The city is -- what you would be doing, and this is where I don't understand, mayor pro tem. We've taken the liability from you completely.

Okay. I'm not one of those bull dog lawyers, I'm thinking of this off the top of my head so work with me.

I'm working with you. You've had probably six or eight bull dog lawyers combing this to make sure the one event that you were concerned about is the city's liability and that's what other councilmembers, there have been six lawyers, and I'm -- you can get the comptrollers.

Who are they.

The comptrollers' lawyers are here, coda's lawyers are here, the city's lawyers are here, and the question --

excuse me, next outburst from the chamber --

there's no liability --

-- will have to leave the chamber.

And I can't make believe why you would want to get somebody else to guaranty celoc, what interest you have in that --

it's making me nervous they're a new nonprofit and I know the deep pockets is formula one. That's all it is.

Let's go the next step.

They're ultimately the ones giving the money and i can't figure out why it would make a difference.

Let's take it one more what is your concern if they don't make the payment?

Well, all those revenues, we don't get them, that you've been promising. I understand your argument.

No, I need an answer --

no, seriously, I just was thinking that we want -- we're going through all of this and we want it to work and it seems like we've got a lot hedging on a newly-formed nonprofit.

No.

And that if it fails, then in the real money for the deal was coming from formula one, through -- or the event, which is formula one, and it seems like that was a second step and i couldn't figure out the hesitancy, and I still don't know, but maybe I don't need to know if we don't have any liability --

you have no liability but let me tell you this, if celoc decided not to fund --

I know the mayor is going to get sick of our conversation, but you answered my question.

Okay. Let me just tell you this. Should celoc not make the contribution, all the contracts go away, everything goes away, if it's still a great deal, there's nothing to keep the city, then from, stepping up and saying we would like to enter into a whole new set of documents for the metf. But you don't have to do it.

But we don't have to.

And we won't be here asking you to.

That's the question to your question that I was looking for, if celoc goes away won't formula one step up

so the city does not have to to keep going.

There's no, zero, no obligation on the city to do this.

I understand there's no downside. I'm still trying to protect the upside.

Mayor?

Councilmember spellman, i only ask now because I think it may save us some time later on. Sabina, lela, I have another question for you, susan moffett made the statement she believes there's a -- she has a legal theory, that the comptroller has a statutory duty to protect the beneficiary of the major events trust fund which is f1 or circuit or somebody, and not the city, and i wondered if you could comment on that theory.

Well, and I think you may want to ask that question directly of the --

I shall --

the attorney for the comptroller. I would say that the act does not designate a specific beneficiary. Instead what it does is it sets these funds up as a trust to be handed out in compliance with the comptroller's rules and with the statute so that it takes it out of the state treasury.

Right.

So it's a special account in that way, and it can't necessarily be swept into their general rev. So I think that's the function of setting it up and calling it a trust, but it's not a trust with a particularly entity like formula one as a beneficiary, be the comptroller's attorney esparza can spoo speak to that.

Perhaps I should talk to mr. esparza, is he here? Thanks, lela.

Michael esparza, deputy general counsel, comptroller's office. Thank you for coming, mr. esparza. Did you hear the commentary on the comptroller's at least hypothetical obligations toward f1?

Yes, I did, the state, the comptroller's office has no trust relationship or contractual relationship with f1, so they are not the beneficiary in this case. If there is a beneficiary, it would be the city of austin.

Okay. So -- let me read you a particular set of facts which parallels very closely moffett's fact and see what your reaction is. Celoc, for whatever reason, does not pay the city's local increment on time. The city applies to celoc says you got to pay this thing, otherwise you're not they don't get around to it. The city initiates the procedure which I'm given to understand about 120 days completion through conclus through the contract. The comptroller, have to get hypothetical on you, the comptroller really wants this event to be held and really wants to make sure that circuit of the americas gets the 25 million, or whatever it is, to pay to bernie ecclestone so this event gets held. Is there any way, the comptroller under the statute can bypass the committee given the contractual obligations we have with celoc and we have with you, is there any way the comptroller can come after us using any other legal argument to do that?

No, sir. The deposit of local funds would either have to be made by celoc or the city or some other entity that the city designates.

Okay.

The local component, the local funds have to be deposited into the trust fund first and that would trigger the match of state funds.

Okay.

There's no way to trigger the match of state funds without the local contribution.

I understand that for sure, and what you're adding to this is if the comptroller -- the comptroller cannot compel the local increment, there's nothing the comptroller can do to compel celoc, circuit, city, or anybody else to put money into that fund just so he or she can put money into that fund for a match. this a (s) a totally voluntary program. There is nothing of the statute that would allow the comptroller to compel the city or any other party to make a deposit of local funds.

There's nothing in the statute and there's nothing in state law which would require anywhere near a trustee beneficiary relationship between the city and f1?

That whole argument the comptroller has a statutory duty to protect f1 because her the beneficiary does not apply.

We have no -- we have no -- there's nothing in the statute that establishes a relationship between the comptroller's office and f1, and we have no trust duty to them, and we have no contractual duty to them.

Got ya'.

Thank you, mr. esparza. I appreciate it. [Applause]

councilmember tovo.

The gentleman who just spoke from the comptroller's esparza, thank you, I just wanted to verify something I think I heard you say. So are you saying that the beneficiary of this is the city of austin? Is that how the comptroller regards the beneficiary?

The statute doesn't set out who the trustee is or specify who the beneficiary is. I think under -- although probably under common law principles, I think the beneficiary would be the -- would be the city. I think in a lot of these economic development statutes, they're set up as trust funds, mainly as a funding mechanism. Mainly to hold the funds outside the treasury so that they can be expended without an appropriation. Traditional trust principles usually do not apply to these funds, so -- I hope that answers your question.

It does. Thank you.

Councilmember morrison?

I apologize for drawing this out, but I know that susan has worked with attorneys and all, even though she isn't one, and susan, you're suggesting that there is a responsibility that could cause problems for us.

Thank you, and I would like to point the purpose of the act is, quote, the purpose of the act is to provide assurances required by a site selection organization and to provide financing for the cost of blah, blah, the site selection organization is named in the statute, it's one of two f1 entities. There is nowhere in here that says the city is the beneficiary. In fact the statute explicitly says the state makes no promises and no guaranties to the endorsing municipality for any of this and I did have the opportunity to meet

last week with the deputy counsel briefly from the comptroller's office and when I was going through this, he said very nicely, because I think he's a genuinely nice human being, oh, we would never do that to you, that's nice that you would never do that to us, these are legal contracts, we need to make it clear. If this is risk free, I do not understand why we can't just simplify this whole conversation by having celoc put up a performance bond to protect our side of it, as they have already done in the contract language for the state.

Okay. So it's your reading of the purpose of the act that leads you to suggest that someone could interpret that to mean --

someone could definitely interpret it.

Right.

I mean that's the problem. I mean a lot of legal language is ambiguous and you really have to look at it is how could this be used against us by somebody who didn't necessarily have our best interests at heart or who wanted to get out of some obligation of their own.

Thank you, susan.

Mayor, I have a question of legal. I'm going to ask the city attorney a couple of questions. First, what lawyers are representing us? Meaning us, the city of austin and the city council?

City attorney.

I think we have most of our entire office. We have a team that we put together on this issue last august, august of 2010, and I don't want to go through -- there were lawyers from austin energy, lawyers who represented our water utility. Lawyers from this group and this cooperations division, myself, two division chiefs and a new division chiefs so we've had several -- we've had a team that we put together on this major issue.

Here today opening questions is sabina and lela,.

And we also had, lelo mendiola who wrote the language, because he's our outside counsel on those issues.

And that was rather recent.

That issue came up earlier this westbound.

Okay.

We've had several different lawyers working on this.

But what I'm trying to get at is there was suggestion made that we had six attorneys bull dogs that had looked at this, and it's my understanding that besides the legal staff that reports to you and to the city manager, those are the lawyers for the city as a body, and us as a governing body?

Yeah, we have been protecting the city's interest based upon the input that we got from counsel.

I only see two lawyers answers questions about this today, so the representation that we have had six lawyers, the lawyers that represent the comptroller's lawyers are representing the city of austin would

not be correct?

Well, these two lawyers are speaking, but we have had more than two lawyers working on this agreement.

I don't care if we had the whole legal staff at the city of austin, I just want to be clear to the public that there are other lawyers here that do not represent our interests and are answering questions for us that we have not hired that we do not -- [applause] -- and I don't want to be fuzzy about that, and i don't want to --

no, those are the negotiating partners. That's who we've been negotiating with. But we've had more than two representing the interest of the city on this agreement.

And normally, when we have legal questions, we go into executive session, is that correct?

Sometimes, but we haven't really -- there's some parameters when you're dealing with a contract, because caselaw and the attorney general have said that you just can't discuss general contract principles and most of the questions that we've been getting have been talking about specific parameters of the contract and I don't believe that is an appropriate executive session topic based upon the caselaw and the ag.

Okay, because normally we always have a push/pull between transparency and some limitation under the law versus the ability to actually consult with our own lawyers to figure out whether or not you're getting a good deal for the city, because -- and that's why the attorney/client privilege exists. Now, I guess I'm trying to ask so is it your best legal advice that we continue down the road of asking questions that may be sensitive or may be formula 1 or the opposing council is giving us answers about that would differ from your answers? I don't --

councilmember, I haven't heard a legal question that I thought put the city's interests at risk. I think what we've been talking about, like I said the general provisions of the contract, and the -- like I said, the caselaw and the attorney general has said that the attorney/client privilege exception on the open meetings act is not appropriate for just discussing general contract terms and principles. If you have a specific legal --

let me ask you a legal question. One thing that this council wanted to do for sure and that we have represented and also formula one has represented is that we're not libel for the \$4 million -- liable for the \$4 million to construct this contract. We got out of our confusion and we've had the comptroller comment on that and we've had opposing counsel comment on that. And we have not discussed that in executive session as to whether we as a body are comfortable with that. We have actually discussed that in front of counsel that is not necessarily in our best interest.

No, I think what we've discussed -- I think the questions have been where in the contract is that provision, and I think we've said this is where it is and this is what it does. I don't think we've necessarily given our legal opinion as to anything that I think like I said compromises the city's interest in pointing out where in the contract that provision is.

Well, would it be your best legal advice that if that is a particular concern that we discuss that in executive session or open session?

I guess I don't know -- i don't understand your question.

If we are concerned, any of us are concerned that the \$4 million that has been guaranteed and that we wish to make sure that the city is not liable for, and i think both sides are clear about that, if we need to

discuss that, is -- do you think that that is a legal question, I guess is the first step.

As to whether or not that provision is in the contract?

Well, we know there's language in the contract.

Okay.

That suggests that. But if we're uncomfortable with whether that language is sufficient, are you suggesting that we continue to discuss that in open session.

I'm comfortable with that.

Okay, that's the question.

I don't think that's the problem because I think we've been doing that since the first day you gave us --

we were all kind of getting out there and i didn't know if there is any conflict about that or any confusion about that, I want us to go into executive session to discuss that if that is your recommendation.

I have not heard anything that I think jeopardizes the city's interest in this discussion.

Okay.

Councilmember morrison.

Thank you. I think this question is a follow-up to the city attorney, and the -- so the specific question I have is it's been suggested that based on the purpose of the act, that the purpose of the act is to give assurances to the site selection organization, could that subject us, the city, to potential liability for \$4 million if celoc chooses to not submit the local increments.

I don't believe so. I think that if someone were to challenge the city, the challenge is not going to i don't think be based -- i mean it may be based on the act, but it's going to probably be based upon our contract, and I think we will point to the provisions that say we're not liable, and I think we'll also point to the provisions in the statute, not the purpose, but the actual provision in the statute that make this a voluntary contribution. So I think that there's several things that we could point to that would protect the city's interest. That does not mean that somebody won't challenge this or anything else, because as you know, people can sue for anything or nothing, but I do believe that --

and do.

There are protections, both, I think in the statute, the way the statute is written and not just the purpose section, that gives the city sufficient guaranties and in our contract that gives us sufficient guaranties. [Applause]

okay. Folks, I know that you feel strongly about one way or the other, but if we could hold the applause to just a brief demonstration, that would help too. So the next speaker paul saldana is not here, so we'll go to -- I knew he was there.

Thank you, mayor.

Next is carol hadnott on this side. hadnott is going to give her time to me.

Carol hadnott in the changer.

Karen hadden, are you signed up and you're donated --

no, carol hadnott?

Mayor and council members, I'm speaking on hispanic contractors and the austin area black contractors association, I want to pick up on the discussion that we had at last council meeting discussion with regard to language related to mbe, wbe participation. We did have an opportunity to review the language that's listed in sections g under community sustainability, and unfortunately the language that's included in the term sheet is not absolute. So our preference would be, and I passed out copies and I e-mailed our proposed language amendments to you yesterday afternoon, and I would like to officially go into the record and reading why we're proposing or recommending these amendments and explain why. Under gq sustainability number one, we would like for the language to read comply with the standards and prints approximatelies of the city's mbe, wbe ordinance, that is consistent with what you have in the ordinance, that's consistent with what you have in the third party policy agreement. Number two, include the establishment of ethnic specific utilization and requirement that contractors or consultants either meet the ethnic specific goals or they demonstrate good efforts to meet the goals. Number 3 shall provide the require. Of outreach program to solicit implementation. We want that to continue on a consistent basis. For example, for a time we were meeting directly with hispanic contractors association but unfortunately those meetings have not been consistent and it's been a few months since we've had the last meeting so we do encourage that part of the requirement would be they adhere to regular meetings, open communication, transparent communication with all of the minority trade associations. Number 4, speaks to periodic reporting requirements, when I say periodic reporting requirements, we mean specifically eater monthly or quarterly, we need to maybe add that language in there, and this would allow ds and br to track compliance with principles of the ordinance, also when we talk about the reports, we would like for the reports to be transparent. Right now we don't get the names of the companies that are receiving contracts. We don't get the ethnic gender information or codes, we don't get the amount that has been awarded. And we don't get the specific scopes of work on a consistent basis. So again, we want that to be transparent, and absolute. We don't think it's fair for them to say it's proprietary information when they're asking the city to be the host of the event. Number 5, bring compliant determinations to the mbe wbe small advisory committee and to the council committee for review, and the reason that is important is we had a very unique experience as relates to f1, we have a advisory group that has been appointed by the council, but any time the issue of f1 would come up, we were not able to sustain quorum, because of the majority of the advisory committees would recuse themself because they obviously want to have an opportunity to participate and we're not holding that against the committee members. They certainly have an opportunity, but I think that serves as a red flag. If the councilmembers are appointing representatives to the mbe advisory committee, who are there to represent the people of austin, but also when the f1 issue comes up, we lose quorum, because everyone is recusing themselves, they want to get a contract with f1, I think there's something wrong with that picture, we need to change that, I believe. One suggestion would be to follow the model set up in there is the specific citizens committee that is set up. Any time the city considers incentive agreements there's an advisory committee of the people of the citizens who provide input and recommendations to the council again, that helps to address the issue of transparency, inclusion and more pointly communication. I think that is it. I'll be happy to answer specific questions about our proposed language, but again, we feel that this language spes -- the specificity that we've laid out here needs to be included in the term sheet because by simply having one sentence that says complying with the standards and concepts of the ordinance, that is extremely vague, we want to make sure we hold them accountable to this. hadnott, carol hadnott, you gave him your time. Clay defoy and after clay we have victor -- I mean richard victorian.

I rise in opposition to these motions, been bundled together, you guys wanted to talk contracts, let's go

through them, I hope you did your home work, for now I'm going to pass the metf agreement, let's go celoc. If you look at section 19, a2, celoc of will have one representative, the representative will be a nonvoting ex officio member. Not only are we giving celoc a monopoly status to decide events and basically be involved with the approval of all events at this new racetrack, but we're excluding other groups that could also organize, why should we give celoc a monopoly on this very powerful decision making. Also section 6 gives celoc automatic one year renewals. This is a no bid give away to celoc, I would like to see other groups get involved and possibly have a I don't know why we have to delegate all of this authority to them. Basically what we're doing by making celoc the designee of the city is you're saying that they represent me as a citizen of the city council, so if that's the case, I should be able to walk into richard suttles office and instruct him as to how I would like him to proceed, since I'm his -- I would then become his client, so, you know, I hope it's -- this does get past and that is the case that he will make himself available and so will celoc as well. I tried to look online for some information on celoc. Who are these people. Where do they office, what do they do? They don't have a website. I couldn't get a name of who is on this committee, I would like to know city council, could you please name one member of celoc please? Nobody? Nobody knows. You won't because you can't. Is celoc a transparent private nonprofit group. No. This is especially pertinent if austin taxpayers are going to end up footing the bill and acting as a funneling conduit to plunder money from themselves and reward the robber barons who seek to undermine the very core of our democratic republic. The granting of extensive privileges, special conditions and exclusive agreements with exclusive groups who care little for the austin and texan taxpayer is more politically associated with authoritarian forms of governance, in considerate personal and economic freedom and is of a character that is foreign to democracy, I would like the city to do more due diligence when it comes to investigating this group, celoc, I don't understand why we're granting this much authority to them. If you look at their addresses --

your time has expired.

-- They're at the same address as mr. suttles. I don't see much transparency here, thank you. [Applause] (one moment, please, for ..) .. curious thing, though, in the section governing audits. The comptroller delegates her audit authority to the site selection organization. She delegates her audit authority to bernie ecclestone and his management company. The person that is receiving a quarter of a billion dollars from the state of texas. That's a custom-made loophole to shield formula one from audit and be thability. One would expect for receiving a quarter of a billion dollars of texas pair funds she would want to know more. But it gets curiouser and curiouser. When a law is enacted the agency is given rule making authority. Here the comptroller says in her rules she defines her requester, of the -- of the attendance information that we're talking about, and she says the requester, if you -- if you execute this contract today, will be the host committee. The host committee will decide whether the attendance figures, the out of state attendance figures are public information. The comptroller even cuts herself out of the category of being a requester and the right to know out of state attendance. Even barred herself from knowing this matter. It is my understanding that the same language has been cut and pasted into the agreement that you have before you. I have never in my life, 30 years as a cpa, as a person who set up the revenue compliance function at tceq seen a compliance regime more cooked and in the tank for the benefit of the private sector. Entity receiving our tax dollars. [Applause] I have never witnessed such a thing in my life in the [indiscernible] for mr. ecclestone and mr. Hellmund. [Indiscernible] deny and the state access to its attendance information, from their point of sale information, recall richard suttles has already spoken of sending survey teams, people with clip boards into the if his crowds to collect this information. suttles be talking about people with clip boards if celoc had not already decided it would not disclose the hometown of its ticket purchasers collected during ticket sales and registration over its e commerce portal. Your manner of delegation of your authority under these contracts matters. We will never know with any accuracy the critical information necessary to determine out of state attendance. The key metric which will determine if the benefit is 25 million a year or possibly as low as one million a year. If the out of state attendance matches england silverstone race, one million would be the -- the benefit that formula one and bernie ecclestone would be allowed to receive. [Indiscernible] barely passes the test of a quaint saying. It is more apt to describe it as a may berry sheriff's office in the andy griffith show. Recall those two sales. With the key hanging on the wall between them within reach of either occupant, ecclestone to hellmund, look what sheriff combs does, I'm a site selection

organization. She gave me the keys to who gets audited, whether we have audits at all. I am the person receiving .. hellmund to ecclestone, I know, I know, I can reach the keys, too. She is letting me the local host hide the ball from the public about our out of state attendance. Out of state attendance is the very reason she is giving us these funds in the first place. From day one in april of 2008 when tavo hellmund used his relationship access to gain audience with comptroller combs, going around the normal event application process of ask austin first, ask the city first, today present as richard subtle coerces us to a premature decision out of view, this process I believe to be corrupt. To be clear, I do not like comptroller combs, that she has interloped on our city and economy with her bags of unaccountable public funds. One last point. Corruption of public process and democratic decision making. Bernard ecclestone, the chairman of formula one championship limited to whom the taxpayers of texas will soon be sending one quarter of a billion dollars is notorious for having said he admires hitler. In a story reported july 4th, 2009 BY THE TIMES OF ecclestone is quoted as saying he .. ecclestone certainly was successful in getting totalian action out of mr. Combs, the political tea leaves he may be accomplishing that today off the city council dais. Austin and the state of texas are not his wymar republic. Don't become a part to this. The race date has not been set. It has not been officially set. The major events trust law requires an official date and no action earlier than one year before. Do not [indiscernible] unless you -- do not sign a contract unless formula one agrees to allow a special audit and a special report on this one element of - - alone, out of state attendance, formula one world championship and formula one management and circuit of americas and .. must all agree that the attendees and registration information from ticket sales is public information or at least available to auditors. Furthermore because the comptrollers abetted the concealment through the rule marry we think she should agree as well. I agree with the larger complaint by susan moffett, do we really have any idea what austin is exposing herself to and why is austin allowing its newest commercial citizen to coerce a premature decision out of you. One last thing -- [buzzer sounding]

thank you very much.

Mayor Leffingwell: Time has expired. Thank you. Todd [indiscernible] after todd will be phil [indiscernible] donating time to todd is laura montello, so you have up to six minutes.

Mayor, mayor pro tem, councilmembers, I'm here to 10 on the city agreement with celoc. Item 10 contains declarations that the city will agree to represent as a fact these declarations are included to satisfy the requirements of the major event trust fund statute. on june 1st, 2011, THE CITY Received a letter from the event site selection organization confirming that after an international highly competitive selection process, the site selection organization has chosen austin as the sole location for the event. The highly competitive process is not some trivial issue of the statutory process, it is one of the three requirements that allow a trust fund to be set up. Item 10 accepts a letter as confirmation that the requirement for an event to receive funding under the act has been satisfied. Image 2. These are -- a highly competitive selection process too place. These are that. Texas is the sole site for the event and the event is not held more than one time in any year. In the agreement, notice the event is in capital letters. I spoke to sabina rivera at the city to ask, she defined it was definedly by the language in the statute, a formula one automobile race that is to conform to the language in the statute. Item 10 is essentially saying we competed internationally for a formula one automobile race. There are currently 21 formula one automobile races in a calendar year. The requirement in the statute is that the event not be held more than one time in any year. With 21 national locations, the requirement that texas is the sole site for the event cannot be met if this was an international competition. One might argue that this was the united states grand prix, an event unto its own. How can one make the case that there was an international competition for a united states grand prix? How is it that greece or france or any other nation would bid on a united states grand prix? If that were the case, they would be bidding for a formula one automobile race, as defined in the statute, not a united states grand prix. Again, the definition of event is a formula one automobile race. But let's say for the sake of argument that we are talking about a united states grand prix. Shouldn't we strike from the language international as it makes no sense that another country would bid to hold a united states grand prix? Shouldn't we replace events with united states grand prix? Shouldn't any foreign bids for a united states grand prix be discounted? You can't have it both ways. The fact of the matter with regard to the site selection is that we don't know

what occurred. Yet, item 10 asks you to agree that this part of the statute was satisfied. I want to say this again because councilmember tovo wasn't here last week. The only evidence of competing bids was in an email from tavo hellmund to the comptroller's office. The comptroller's office tried to withhold the email from -- from an open records request. The attorney general ruled that she had to turn it over. She sent the email but not the attachment with the list of bids and this I forgot to say last week. She lost it. The list of bids. Lost. It was never delivered. If you talk to a city council member in arlington right now, and ask them who is arlington competing with, right now, using the major events trust fund to attract the country music awards to texas, I'm sure every one of them would know the answer. It's las vegas. Mayor pro tem, you made a very compelling argument last week that you don't believe the state would take on our values and send 25 million to teachers in health care if we don't take this money. While I agree on that point, I can think of one instance where it would not be right to access the funds for this event. That would be in the case that the funds were accessed unlawfully. Do we access the state funds if we don't know that the law has been followed to access the funds. It would be highly irresponsible to accept this letter from bernie ecclestone as proof that the requirement took place for a competitive site selection process from an individual whose company stands to gain public funds. Please remember that the competitive requirement is not a minor technicality of the law. But the very premise of it. Each one of you should have a full understanding of the competition process and be able to explain it to your constituents before you agree this a competitive process took place. Thank you. Any questions?

Thank you, mayor, I have no questions for you todd, thanks very much. [Applause]

Spelman: Thank you, issues that's come up is the issue of who would guarantee the city in the event that the local organizing committee failed to come up with a local match. The comptroller against what appears to be state law and order contract law decided to come after the city for that local increment anyway. I think that we have an answer to that question. My staff has been talking with our legal staff about that. Apparently they need some direction from the dais and so I'm about to provide it, if there's no objection. That is we could go through the contract -- circuit of the americas contract, being drafted while we speak, should be available for all of us to look at before the end of the meeting. It's memorializing the environmental activities that councilmember riley and others on this dais has been frantically negotiating the last couple of days. We could put a clause in the circuit contract by which circuit of the americas would be the guarantor in the I think extremely unlikely event that a local organizing committee did not make the local increment and at the same time the comptroller decided to come after the city in trying to get the local [indiscernible] from us. Apparently circuit is willing to be the guarantee in that six. It would require a couple of lines in the circuit contract. But if we could get that done. I think that would solve our problem.

Mayor Leffingwell: Okay. Legal staff, can you accomplish that? Short order. Seems like a fairly simple adjustment. [Indiscernible] is neutral, following phil is clem.

Hi, my name is phil [indiscernible] from the [indiscernible] council. I want to make some specific comments regarding the interlocal agreement. Austin clearly wants if his, my suggestion is to think like f 1 and maximize our bargaining position. I'm a student and we have to although at the total economic pavement there's between a half billion to a billion dollars of economic benefit to go around from this track. Where are we giving a quarter billion of that away a year before the race has even started. We totally understate the leverage that we have in this negotiation in addition to pit bull attorneys, we need pit bull negotiators defending the position of the city. Why complaint we reduce the quarter billion to 100 million or 50 million. Why can't we make the subsidy contingent on actual receipts not projected. That's the way the business world works. You get paid only after results, not before. Why not do as someone else suggested, making a year by year contract. Not a 10-year deal. And why can't f 1 pay the city directly for police overtime. Why not get money to help our electric cars initiative, resurface roads in poor neighborhoods or do the simplest thing, to keep all of that extra tax revenue generated from the race. That's what these events are for to improve our economy, not someone else's. Sheryl said last thursday that this major events trust fund is essentially locked money, not going to go to teachers or pools anyway. So we might as well just take it because it's going to be given to us and will bring f 1 here, why can't it be funneled to the city of austin. F 1 had enough pull with the comptroller to funnel that

money to pay for licensing fees. That's not really what the major events trust fund is toed to be for anyway. Don't we have a similar pull with the comptroller.

Mayor Leffingwell: Again, we're discussing the agreements. Tell me how that bears on the agreement. What changes you would suggest.

> Okay, I'm nearly done. Let's make this race happen. If you vote today to approve this deal, you're saying that's it we got the best deal possible. Thank you. Clem vetters. Apparently not here. John [indiscernible] ed deed levy. Eddie levy. All signed up for. Blake olson. Donating time is ron cunningham. You have up to six minutes.

I'll be very short in the spirit of brevity and to heed to your comments about only having comments in the agreement, I just emphasize that these agreements have been worked on for a considerable amount of time, with in-house council, with city hall, with out of council commissioned by the city with our attorneys, expansively and exhaustively. I would just encourage everyone on the council to heed to the facts only as we go forward and we ask for your support. Thank you.

Mayor Leffingwell: Thank you. [Applause]

richard suttler. Donating time is jed bowie. Jed here? Don't see jed. Felix, rocky williams, rocky here? No? Rich parsons. Rich parsons is here. You have up to nine minutes.

Thank you. Mayor, mayor pro tem, members of the council, my name is richard suttler. I'm here on behalf of the project. Mayor pro tem, I first wanted to apologize if I got a little forceful here on that. I wasn't following the liability issue, but I think councilmember spelman has come up with a way that handles this. As this closes out today, i hope and I hope that you will vote to approve it, i want to -- on the agreements, I want to thank various people that have a -- that have a role in getting us to where we are today. On behalf of bobby epstein AND red McCombs and tavo hellmund, I want to express thanks to all of the people that have worked on this to get to the point that we are today, but specifically i want to thank some specific folks. Reasonable minds can differ about our legislature, how they fund our education, I'm one of those folks that can -- sometimes I have a reasonable mind, sometimes not. But we can all differ on that. I do thank the texas legislature for setting up the major events trust fund. This is a fund that most all of the major cities in our state use and have used to attract and secure events such as the superbowl, the democratic and republican national conventions, the academy of country music awards which probably won't get, the mba all-stars, ncaa final four, major league baseball, all star games, those are all event that have used this trust fund. It's a tool that all of the other cities seem to be able to use and I'm glad thousand that we're able to do -- glad thousand that we're able to do that. Now. I want to thank susan combs for administering this, i know there are differences of opinion there, I want to thank the comptroller and her staff for guiding us through this, for the continued support. She's always seen this as more than a race, it a facility that will generate green technology beyond the race, in fact these types of investments generate more money for our schools, more money for our kids. That's the whole point behind investing hyped these things -- behind these things, I also want to thank senator watson. A year ago he provided the road map for success for this. On his web page he made a very elaborate list of what we should do, that included partnerships with area schools, colleges and universities. You have letters in your email or that have been delivered to you about the universities and colleges in the school districts that have said that we've engaged and are looking forward to the potential partnerships. He said that we need to have facilities that allow for research and commercialization opportunities. You see this in the agreement that -- that the councilmember riley and others helped negotiate that is part of your exhibit a and most of those opportunities are green and sustainably opportunities. He said employment opportunities for the community, particularly historically underutilized businesses, people that are in the vicinity. Thank you for providing that, because we from the start starting out with the principles for the m.b.e. ordinance and part of that. He said there need to be environmental efforts [indiscernible] create recycling programs and meet environmental regulations and work with regional partners to achieve environmental goals. Exhibit a that you have in your contract

addresses all of those points. He asked that there be music venues and other resources that deepen the facility's connection with austin and central texas. The plan calls for large outdoor music venue and has been applauded, you have letters of support from various musician organizations. Then finally, the transportation program that improve mobility in the area, that is also addressed in this agreement. So we hit every point in senator watson's request a year ago. I thank representative eddie rodriguez for the guidance that he's provided and the help that he's provided in community and our community meetings and all -- in el roy that we have gotten a lot of good response. We thank the citizens of elroy, some of them are here today, for the time they have taken to meet with us facility and the support that we have received on this project. We thank the thousands of supporters that have taken the time to write you letter, sent emails and made calls in support of the facility and the events. We thank all of the chamber of commerce and associations supported this and have also taken the effort to write, call, show up at hearings. We thank the schools and universities that engaged us on the opportunity this facility brings for education. Provides for education. We thank the city development review staff for their time and effort expended on reviewing and approving the various permits that were required for this city. Very permits that in these agreements that were addressed that we're meeting the environmental regulations. We thank the county staff and county commissioners for their time and efforts spend on this, for approving the permits required for this facility to move forward. We thank the boards and commissions, the city boards and commissions, that heard and approved the various things we needed approved to move this project forward. We thank the numerous private citizens that took time out of their personal life to work with us on the environmental agreement and to make this a first-time initiative that will hopefully set the bar for future event in austin as it relates to the environment and air quality. We thank the city manager, the assistant city managers, the department heads, their staff and especially the law department for their careful consideration of this project and the time and effort expended by them to make sure that this is a good deal for our community and that the city is well protected. We thank the mayor and councilmembers that engaged us on this discussion and kept us on course, so that this process can be weighed in a meaningful and transparent discussion. We thank all of the folks in the room for taking the time to show up and voice their support. There's a lot of work yet to be done to hold a global event. Believe me formula one is a global events. The items before you represent a great opportunity for our expense, for the citizens of our community in so many ways with the ultimate protections for the city of austin. They were laid down for us early on, that is no liability, no exposure to the city, and we get a global event. That's what's in those documents before you. I thank you for your time. I reurge you to approve this and I hope that you will. Thank you. [Applause]

Mayor Leffingwell: Thank you.

Gary farmer. Gary farmer.

Mayor? Mayor?

Councilmember riley?

Riley: I just have one question for mr. suttler.

Mayor Leffingwell: Sorry.

Riley: Richard, I want to thank you and the other representatives of the event for your efforts and -- in working with us on a number of issues. We have made a lot of progress in the issues and a lot is reflected in the agreement that we're considering today. There is one issue that we talked about a lot. For some -- for some -- we were never able to achieve a complete resolution on that and some are still unhappy about it. That relates to the timing of the event. For a lot of people, who have concerns about the idea that this events would be held in june, in fact I've heard even from -- from enthuse whereas stick, formula one supporters -- enthusiastic form supporters outside of austin that say love the event, are you guys crazy? What are you thinking trying to have this event in austin from june. From an environmental standpoint as you know having the event in june raises some serious questions because

that is in -- in a difficult time of our ozone year. The way we resolved that in the agreement is simply to require that -- that celoc investigate holding the f1 race outside of the central texas ozone season. As you know a lot of people aren't satisfied with that and would still -- are still suggesting that we should just make this a deal breaker. To say either you move it outside of that time frame, move it outside of june, outside of the ozone season or we're not going to do that. I want you to explain to me and everyone else why can't we move this event outside of june. If we were to just say either you move it out of june or we're not doing this deal, explain what the effect of that would be.

I'll let steve take that. Because he's president of the circuit of the americas, if needed I will jump in as well.

Richard gives great speeches. I get to answer the tough questions. Councilmember riley I want to thank you, too, for the efforts over the last several weeks in reaching what I think is I know we called it a landmark in the term sheet relative to the sustainability agreement and issues that we have. After operating seven, eight different venues across north america, it will make us a leader in the sustainability area. That will be fantastic awareness for the city of austin and for circuit of the americas, assuming that we go forward. Relative to the day of the race, the fia controls when the race is placed annually. If you asked me on a personal preference, we would rather have it in the fall. For a variety of reasons. We didn't hesitate to communicate the fact that it was 102 degrees in june this year shortly after we were notified that our date for 2012 WAS JUNE 17th. I can assure that the fia is not unlike a content.

Riley: Tell us what the fia is.

Federation international automobile to -- sorry, i don't have that european accent. But they are the -- organizing entity, not unlike in the -- in the music industry where an artist may tour around the country around the world. They look to position dates which makes logistical sense and ideally marketing sense in order to place the dates in the various venues, same thing holds true in the formula one world. While venues would like -- however montreal may not be happy with the june date, they can give them to the best of their ability, but at the end of the day it is still not their decision as to where those content providers go. I will assure you that we will do everything in our power to try to get that date to an area outside of that ozone window that we have in our sustainability agreement. At the end of the day it's not exclusive decision, but we will do everything in our power to make that happen.

Riley: Wouldn't it help you in your argument on that if you were to just say look this needs to move outside of the ozone season or we're not going to do the race. Wouldn't that strengthen, increase the odds that the -- that the timing of the race would be moved?

I would like to say that it would, but I don't know that it would. Because there's so many logistics relative to the establishment of that formula one schedule that -- that I fear that that would be a no raise in north america, no race in austin, texas provision. So I can assure you that we will do everything that we can to make that happen, but I would ask that the council not put that mandate on us because at the end of the day we don't control that content or when the race is.

Okay.

I thought we built incentives in exhibit a to help us go to f1 because in ecclestone has a most -- the most of the say on when these races are, that's why we built incentives in so we could go to him and say we need to move this or it's going to be -- so we're going to do everything that we can to move it.

Jerry farmer. Donating time is laura collins, is here, so you have up to six minutes.

Thank you very much, mayor, council, city manager. Truly appreciate you all going through this process

and allowing the citizens of austin to speak to you. I arrived this morning prepared to speak in support of the project and in support of the jobs, in support of the tax base, et cetera. I heard your admonishment, mayor, I will honor that. Very quickly just to make a couple of global comments about the agreements. Based on the testimony that I've heard from city legal, suttle, the comptroller's office, it seems to me that these agreements require no financial contribution from the city of austin. And places no financial risk on the city of austin. And I think that's a great thing. Additionally, with compliments to councilmember riley, I understand that all of the parties have reached a sustainability agreement which is really a model agreement. If we approve these, it will allow austin to showcase its sustainable efforts, its green programs. I understand there's 50 different programs articulated in the agreement. I think that's a great thing as well. So I would encourage you, urge you, to approve these agreements and allow the benefits to flow to central texas. Thank you very much.

Thank you. [Applause] mary baird wilcox. Mary not in the chamber. For, not here. Kathryn friend is -- is in favor. After kathryn is peter pitaway. Here? He's already spoken.

Thank you, my name is kathryn friend, I'm an owner of zinger hardware here in austin. I will not take up your time as I was also planning to address the merits of formula one. I would like to express as a female business owner my support of the agreement.

Mayor Leffingwell: Thank you very much. [Applause] following michael ebber is warren peculiar. You will be down here.

I, too, am -- am in support of -- of bringing the race here, but [indiscernible]

Mayor Leffingwell: Thank you, appreciate that. [Applause] donating time to warren is sondra [indiscernible]

she had to step out.

Again, I was going to go into some of the comments that you requested we not. So should cut me pretty short here. Actually, I would like to address ms. moffett. Is she still here?

Yes.

Seems like she has a great deal of influence with the council here. She's been one of the most vocal and influential opponents of the project. I think it's important to acknowledge many of the positive things she's done for the city. In her objections to the contract she did bring up a lot of valid points. I applaud her due diligence and tenacity. Last week she stated that south-by-southwest has become the well known festival that it is without any incentives from the state. She's correct. However is it really fair to compare with a multi-venue music festival to one large multi-purpose venue, while south-by-southwest does employ people, many if not most of the south-by-southwest staff are volunteers. And the staff at the venues and music festival that are held are employed not directly by south by, but by the hotels, bars and restaurants would be open even without south-by-southwest. But today this vote is not a referendum on south by. We're talking about formula one. We're talking about a contract that has been gone over as the city attorney said she's had it for i guess close to 11 months now, 10 months now. This contract has been poured over by attorneys from the city, I believe the quote was, almost the entire legal staff of the city. That's been poured over by the comptroller's office, it's been poured over b -- by the formula one people, it's even been poured over by citizens like ms. moffett. moffett had requested, she said that the city should get a -- a person really familiar with these contracts to go over it and look at it and she said she's not that person. Well, that's right, she's not that person. However, I believe that represents the city's interests, you have mr. romero, esparza, the city attorney, the entire legal staff which has really looked over this contract ad infinitum. Much has been said about putting money into the out of town billionaires. Little said about them putting money into austin. If this fails they are putting their personal fortune at risk not the city. To focus negative attention on bernie ecclestone or others and

formula one is to fail to see the larger picture. Circuit of the americas is much larger than one race, for f1 to bear the entire burden of the facility which it will be creating an entire benefit for the entire state is unfair. Austin and the state of texas should be rallying for this new development and i honestly feel that austin is getting preferential treatment by not bearing a part of the risk as well. [Buzzer sounding]

Mayor Leffingwell: Thank you. [Applause]

chris leeman.

He just stepped out.

Mayor Leffingwell: Chris lehmann. Next speaker. Please, don't speak from the chamber. Kind of the rules are you need to be here when your name is called. But I'll go to the next speaker and I'll come back to chris. Scooter womack, for, adopting time is alex wong. Alex wong. Okay. So you have up to six minutes.

I don't need it, but thank you. I also came for the merits, so I'll cut it really short. For the better part of three hours today and the weeks before, we've had some people pose as legal experts when they're not really. So I would just implore the city council members to trust the legal team that you have at your disposal. And what they've gone through with the contracts and -- and not -- not be drawn in to -- to uncertainty and spaces by those posing otherwise.

Mayor Leffingwell: Thank you.

Chris lehmann? One last time. Not in the chamber. Karen hadden. After karen we'll -- karen is against. After karen is roger chris over here, please.

Thank you, I see chris coming back in. My name is karen hadden, i have a number of concerns with the agreement. I think that austin is at risk both fiscally and environmentally from the proposed f1 project. I think we need to do a complete study of air quality impacts, there have been some initial informal analyses done and -- and some of the data coming in says that it could cost 36 to 48 million to offset annually the impacts of the race, far exceeding the income. I think this is very serious and we need to be looking at it. Austin battles with being able to attain air quality goals and this could change things immensely. When you look at other race sites, they -- they have evolved like watkins glen into having 14 different races at the site. And I believe that that is the goal of f1 from comments that I've heard is to have additional races. This needs to be looked at fully and to determine what in fact are the goals and the plans and what the variation would be if there were 14 different races as opposed to one in a given year. I'm concerned that there's not a commitment available to move the race to a better season. Also, in the world of fiscal concerns, what is going to happen? Austin could have to pay for infrastructure involved. In phoenix, infrastructure was put in place and then the race left. Green choice, they are willing to do 50% right now. I believe if you take a month and there's been good work by many councilmembers and good questions asked, that you can get a better deal. I believe that the f1 folks would be willing to do more. Green choice should be 100%, there's no reason why they complaint do that and should not. Austin is proud of our green reputation. We need to live up to it and require that. Five percent on site renewables, right now huge projects are underway in texas. And being planned and being developed for solar projects in pflugerville, 60 megawatts. San antonio has a huge solar project in the works. This site should be 100% on site renewable. If you take your time, even one month longer, I believe that you can secure these commitments. I think that we should take time to look at what has happened in indianapolis, phoenix, watkins glen, long beach and detroit and take what we learn from what happened there and strengthen the agreements. When I look at the agreements, I know a lot of progress has been made, but there's still a huge number of loop holes. In fact -- I'll wrap up.

Mayor Leffingwell: Thank you.

The contract has more wiggle room to allow pants to fall off. Thank you. [One moment please for change in captioners]

following chris will be tom submity smith over here. Go ahead.

Thank you, mayor leffingwell and council members for your contributions to this community. I do -- I do not always speak just to object. I've written many times, over 40 articles, and many of them in support of your initiatives to improve the quality of life in austin. I really appreciate your efforts. I do, unfortunately, have some concerns about formula one. Nothing is -- relieves my concerns about formula one from the beginning. I'm going to focus on the environmental issues because you do have that attachment concerning environmental issues. I don't think we're anywhere near close to the environment impacts of formula one, and I think you're in a poor position to actually change what happens with formula one because they are who they are. Nothing personal, but some of them only make or only want to sell v8 and v12 engines. We are at the moment when we had the most leverage with formula one and they are backpedaling on their new green engine. They were going to go to four cylinder with a 50% efficiency improvement, and because -- the rest don't want that, they're backing off to a v6 and postponing the engine change another year. So less change further off in the future and that is the nature of who formula one is. The manufacturers have a big say in what racing is selling and that's what they are. Our environmental issues stem from, here's an epa study showing the ground level ozone impact. This is showing the difference between what would happen between the current level of 75 parts per billion and 60 parts per billion and 70 parts per billion. I'm going to do a little -- we are losing up to 12,000 lives a year in premature death due solely to owe season. We are losing -- ozone, 5 million days of school or work. 111,000 Upper and lower respiratory systems, hospital and emergency room visits 120,000 a year. Locally the american lung association has singled out austin, round rock and marble falls, texas. I have no idea that was the geographic region they shown with a total population of 1.2 million. They identify groups at risk to ground level ozone because of the way it inflames your lung linings and so forth. Pediatric asthma, 22,000 people, adult a0 people. Chronic bronchitis, cardiovascular disease with 57,000 citizens here in austin will be affected by this. Then of course there's children under 18 and adults over 65. People in poverty are more severely impacted. We've been distributing fans, but they don't necessarily cool area down or combat ozone. The economic impact of this on austin is \$200 million a year, and in the u.s. 36 Billion a year. I don't think we're getting enough incentives. Thank you. thank you. [Applause] next speaker is tom smith and donating time is robert singleteri. Carol geiger. Okay. Deedee mukargi. She's left? Okay. So you have up to nine minutes.

Thank you, mayor, my name is tom smith, better known as smitty and I participated environmental agreement that you have before you. And I'm going to ask you-all today to vote no on this contract because I don't think the environmental agreement is good enough for the city of austin and what we want to become and what we are today does not follow with this particular race. I do wayne to thank chris and the other people who participated in negotiations. This is far better than where we were a week ago, and we've made a lot of progress. I think the most important reason that I can give you for being against this agreement is the incredible risk to our environment and to our attainment for various federal standards for ozone. I have a lot of concerns about climate and the enforceability of this and our efforts to really make this a sustainable facility that we've heard described. But if I could have the next slide, please. Let's go to the next slide and we'll come back to this one. Austin and central texas have made dramatic reduction in the mount of ozone we produce because of the enormous efforts made by our businesses, citizens and so forth. We started up nearly 90 parts per billion. We're down to 74, today the federal ozone standard is 75, and because of heroic efforts we're very close to obtainment next slide. But we're very close to violating the ozone standard. In 2009 the red bar up there shows is that we had a high ozone reading of about 76 parts per billion and what's most important here is that yellow bar. The air pollution blowing into austin was at 68 parts per billion. That's what's coming today from corpus christi, houston, san antonio, goliad and the power plants and other industrial facilities in between here and the coast. Now, the problem I want to bring to your attention is there is a very high likelihood in august that the epa is going to drop the ozone levels down to 70 parts per billion and putting -- and this

facility is likely to put us at risk of violating those ozone standards, and if it is at 70 parts per billion, we've got four parts per billion to go to attain, and depending on how fast we have to do that it's going to be extraordinarily costly to us. Next slide, please. What you see here is something that's been discussed by Chris and others. This is the ozone season and the peaks, and what you see is our peak violations of ozone season are generally from March through July and then again from July through November. One of the worst times for us to be holding this race is in June because it's likely to increase significantly the number of violations we have in the regular period of time. Now, what is going on at this race? There are several components to the race. You have high emissions of pollutants from the cars that run around this track. Lots of unburned gasoline -- or fuels, they're not gasoline, are more highly reactive than gas and it combines to form the ozone that causes these violations. That's a very small portion of the total net emissions that result from operating this facility. The bigger chunk of the emissions are the 25,000 cars or more that are going to be going in and out of the facility and all of the trucks and buses carrying people in and out of the facility, and all of the vehicles that are used to help produce an event of this size. All of the diesel engines that are sitting there idling and help to provide excess power at peak times, all the trucks doing load in and load out, all create a large cloud of ozone, and that's just for the F1 race. But there will be many other events during the course of the year if this place is to be successful, all of which will also contribute to threaten the ozone. Now, the question is, will they push us beyond the 2 part per billion threshold, either to push us beyond 75 at the current level or push us from 68 parts per billion up to over 70 and cause us to be in attainment. We simply don't know. Your city staff hasn't analyzed it. I asked the race sponsors, do they know, they haven't come up with a study. I sent my interns out to see what we could find. Next slide, please. We hear a lot about Montreal being a comparable race to the city of Austin. Unfortunately in Canada, in Montreal, they do their air pollution analysis slightly different than we do. They do it in French, I don't speak French, and in addition they do have an air quality index that is a combination of NOCs, VOCs and particle standards. Their metrics are different for what becomes a violation. What's of interest to you, city council members making a decision whether we're doing good enough with this agreement and the risks -- whether the risks might outweigh the benefits, are the big red numbers. There are -- there was one day where, on the race day pollution went up 75 parts per billion more than the day before. Discard that. That must have been some industrial problem they were having there. But the rest of them, up 26 points, up 2 points. These are the kinds of data that would indicate up 7 points another day, up one point another day. If we got these kinds of readings off of running the F1 race in Austin, Texas, we would be in violation of four of the five race days that they have had races there, with the exception of the 75 one, and it would be in violation of that one too. This is enough to push us over the line into non-attainment. And so I asked my intern, so what does non-attainment mean? How much would that cost us? Next slide, please. And what we found is a national study that said how much is it going to cost us to get down to 70 parts per billion? And we did a math analysis to figure out what that would mean to Texas, and what that would mean to Austin, and it's about between \$36 and \$48 million per year, per year. That costs are far exceeding the economic value that the city will get of 4 million if this race is run. Can we afford it? I think not. And is the risk high? Yes. Now, do we have definitive proof? No. I certainly can't say here today that the F1 race is going to push us two parts per billion above. But nobody else can say no because we haven't done that study. What kind of policy-making are we engaged in if we haven't done the study before threatening our air quality and getting ourselves into a non-attainment journey that will take a decade or more to get ourselves out of. I'm urging you to pause and take a good hard look at whether or not this is a deal we should be doing, whether we can afford this deal. Now, let me go to the deal that we did do, because there's some good things and some bad things in this deal that I want to point out. So if you go back about five slides to the one that looks kind of like a bar chart or comparison chart up in front. And this is in front and I'm sorry for those of you in audience who aren't going to be able to read it more clearly. It's also in your powerpoint. We did a number of things good and innovative here. We had we were going to offset global warming emissions. That's good. However, we capped the emissions in two very significant ways. One, we said we're only going to look at the emissions that are resulting from the fuel use and the generation on-site, and not looking at the full range -- and we only put a \$15,000 cap on it. We did say that the race sponsors are going to monitor and offset the emissions that result from the and other major events out there -- the race and other major events out there, but we didn't get the people who are going to enforce this adequate money to set up the monitoring, baseline and that stuff. That's \$100,000 bill that somebody has got to pay

that the council of governments does not victim money for. We did say in addition that we're going to put parking caps on the system, but one of the things I find most disturbing is we want to be known nationally as a beacon of sustainability. We want to be the people winning the race, for the most sustainable city in the united states, and this agreement puts us squarely in the middle of the pack. We have the world's -- and perhaps -- I'm sorry, the nation's and perhaps the world's best green building program. All we're asking for is a 2 on the green building rating. We have a tremendous site selection sustainability program. All we're asking for is 2. As karen has mentioned, we have one of the best renewable programs in the nation, winning award year after year. Our costs are cheap on that. We're asking for 50% renewable purchase by these guys. This particular agreement is basically a halfway step. It is not what we want to be and see ourselves becoming. We have lost significant opportunities in this, and with a couple of months' worth of additional work we could find how much it's going to cost if we go into non-attainment, we could do the analysis that we don't have the staff time to do and we could really develop a good agreement instead of one that doesn't have enforcement or penalties in it. thank you.

Thank you very much for your time. Please vote no. [Applause] next speaker is andy martinez. He is not here but he asked me to say on behalf of the hispanic chamber of commerce that he is for these items. Nathan weaver. Is nathan weaver here? Nathan is not here. He's signed up against. Debbie russell is signed up against. I don't see debbie. Donating time to her is stephanie colin. I don't see stephanie. They're both signed up against. Ted siff. Ted siff is apparently not here. He's signed up for. Austin adams? Not here, signed up for. Kenneth flipin? Kenneth flipin? Signed up for. You have three minutes. The next speaker will be kathy olive. Kathy olive. fred McGee. No free. Fred -- okay, fred, you'll be next over here.

Thanks, council. I would like to speak for. Essentially I think that a lot of what we've heard today is a really good argument of how the city has done a good job of making a landmark environmental agreement out of having f1 come, and I do realize that -- and smitty makes a lot of great arguments. I have a lot of great friends in the environmental community who continue to oppose and say we should delay. And I definitely understand that argument, and I would say the things from a policy point of view that I find most valuable and the reason I think this is a valuable measure to approve is because this is exactly what the policy makers should be doing, is instead of having businesses come in and push to say, well, you know, we want you to give us something, for us to be able to push back and say, we want you to conform to the values and to the standards that this community holds, that for the city to be able to effectively do that and put that in the contract is what I really admire and think it's not only a good example for us going forward, because other businesses that come here will look at this and see, but also working with a lot of different environmental groups across the country, i think it's a really good model for other cities and environmental groups that work closely with those cities to look at, to say, how can we do that? Now, can it be done better? Absolutely. Would more time produce a better contract? Maybe, but would that be something that would keep it from happening overall? Well, that might happen. And my concern is, is that if we can get the f1 facility to do all of these different things that are in the contract, just by the city contract, it means that instead of going somewhere else where they don't have as much, you know, control, as much incentive to push something like f1 to do all these different things, that it will probably go somewhere else and it will probably be the environmental impact that we don't want. But even broader than that, I think for the city itself it says that we know how to hold businesses that come here to a standard, but it's also our larger, not just the city council, but our larger obligation as citizens, as members of environmental groups here in austin, to continue to push f1 and the race organizers to not only come up to the standards that are in the city contract, but go beyond that. And to push them and to challenge them to be transparent and to continue to work. And so for those reasons i support it, and I think that chris especially deserves recognition for all of his hard work, and I encourage the other council members to vote for t thank you.

Thank you -- for it.

Thank you, ken. [Applause] kathy olive? Are you kathy olive is this.

Yes.

Mayor leffingwell: okay. NEXT WILL BE fred McGee over here. And you are signed up for and you have three minutes.

I'm kathy olive, president of the elroy preservation association. All of our members are the contiguous property owners to the formula one track. There's a newer group here who apparently doesn't know where the track is located, plus a few other speakers. The track is not in del valle. It's in elroy, texas. Formula one has kept our property owners. They've talked to us from the very beginning and they've worked with us, so for that reason and a few others, which you're not wanting to hear about, we're asking you to vote for this green agreement. thank you, kathy. [Applause] fred McGEE IS SIGNED UP FOR AND After fred is j.r. craft. You'll be over here. Go ahead, fred.

Good afternoon. MY NAME IS fred McGee. I'm not here representing anybody but myself and my family. I'm here because I would like to place my support for you approving these agreements on the record. I do have some comments and I also would like to express my respect to you, riley, for the environmental agreement that you've been feverishly negotiating. I have the perspective of having grown up with formula one. I'm from germany, and then badenvutenbag, which is my home state in germany. We have a formula one racetrack, which I think has some wonderful things about it that could also go into the environmental agreement, and that's why I would like to make my comments. They're in the spirit of trying to make this agreement better. Firstly, I think that the agreement could have been a little bit more ambitious. I think it could have been built -- or it could be in the agreement that it could be built to german-plus energy standards, which basically would not just make it carbon neutral but actually make it a net producer of energy. I think that there are ways that you could drastically accelerate the rate of solar and wind in a place like that. Of course germany has a freedom tariff but that's something austin could negotiate. It's an out of the box idea that I think could be placed on the table. It would sweeten the deal for the developer and allow the developer to sell energy back to the utility. But in terms of my baseline for green building for this facility would be a leed gold standard. I'm going to advocate in this instance for leed, because it's an international green building standard, versus austin's energy program, which is not. This is an international facility that has global reach and the certification for it should be a global certification. So those are really the two main things that I would do. I can talk specifics with you if you'd like. The hook and easy hiem link is in a forest. It's a big part of our facility, to allow people to reserve spots with their RVs FOR THE HE WANT AND It's a multi-purpose facility open most of the year. But I hope you will support these agreements, and i thank you very much for your time. thank you. [Applause]

mayor leffingwell: j.r. Craft. Is j.r. here? I don't see j.r. Amelia lopez also is not here but asked me to state that she is in favor. Trevor lovell? ovell is not here. Trevor is signed up against. nauman is signed up for and you have three minutes. will be steven bier signed up against over on this podium.

Thank you all. I'm h.e.nauman. Austin is my home. My wife owns thunder hill raceway at kyle, texas and we're actually from del valle. To stay with the items, i had to change because I was talking about the merits of f1, but I'll go straight to the items here. F1 has agreed to the green demands that no other sporting facilities of any kind on this planet have ever remotely had to consider. Austin finally has an event hand-delivered to them to be able to participate. F1 has put all the risk for the city of austin -- has taken all the risk. The other thing as far as the opposing items have been brought to my attention today has just excited me more that there will be more events out there than just f1. Thank you all. [Applause] steven beers? Steven biers in the chamber? Steven not in the chamber. And those are all the speakers we have signed up wishing to speak. There's about 150 others who are signed up on this item not wishing to speak. And let me just say -- all but about 6 of those are signed up in favor. [Applause] I will spare you and myself the chore of reading all those into the record, if we -- if the ti clerk will just -- the city clerk will just those names into the record. So council, entertain motion or discussion on items 1, 2

and 4. Council member riley? mayor, I'd like to ask a few questions to our sustainability officer. As she's making her way up to the podium I'd like to point out where any viewers could find the information that we're going to be going over. If you -- if you -- if you do want to look at materials on-line you can go to city.org/redevelopment, and you'll see a box there that says formula one information, and if you click that and go down to the very bottom, you'll see a couple links at the very bottom, contract changes, exhibit a to the agreement for sustainability, and mwbe initiatives. Pick the red line or the clean version, in case you want to follow along as we're talking about this. Luchia, I'm not going to ask you to go over the entire agreement we've got in detail but I would like you to just hit the highlights and also if you could -- if you could provide a general context in terms of the way you would see your role in regard to this agreement, if this agreement is approved, how it would affect your work in regard to this facility going forward.

Thank you. Luchia athens, chief sustainability officer. Thank you, council member riley. Well, my role, I'll speak to that first, I think would be an extremely active role with working with circuit of the americas and the organizing committee to pursue the implementation of all of the items that are in the green term sheet. I expect it would be a very collaborative, hands-on. We do have reporting requirements built into the agreement, but I would expect we would be communicating on a very regular basis because some of the things in the term sheet I think are going to be more challenging than others to accomplish, and it's going to require some partnership -- a spirit of partnership to get there. I did just want to, if i may, by way of introduction before I get into running through the term sheet as quickly as I'm able, one of the reasons I got into the line of work that I'm in, i think of myself as a practical idealist, and working on sustainability from a government arena really enables you to move some of those idealistic concepts forward in a practical way. And I'm doing some of that work in austin, I think for some of the same reasons the companies are attracted to austin, because of our strong economy and our quality of life here. Those are both grounded in environmental quality. We have to have that in order to maintain our competitiveness. But I really do think that by working collaboratively, the city has tentatively reached a landmark sustainability agreement that would put us on the map for having greenest formula one event in the world, and I do want to say that i think there's been a spirit of partnership during the negotiations, which I think is very positive. So in terms of what we have in front of us, on the term sheet in exhibit a, first of all let me say it's a rather long document and there are two distinct secs to the document, so in order -- sections to the document to so to make it easier for people to understand, the first section really deals with the local organizing committee responsibilities. The second section really deals with circuit of the americas itself. There is some overlap between the language in those two sections, and that's partly because there is overlapping responsibility between those two entities for some of the things that we are talking about. So a little bit of the language repeats. I I just wanted to make that clear. And then also I would say there are five major areas, thematic areas that the terms relate to. One would be air quality and transportation. A second would be environmental protection and construction and design standards for sustainability. The third would be facility operations. The fourth would be green technology and green transportation, r&v, and the fifth would be what I refer to, more social sustainability that has to do with the contracting. So just to sinned of set -- kind of set that oust p out as the broad -- out as the broad overarching themes, try to walk through this and I will try to summarize some of the items so we don't have to read it word-for-word. The first section that relates to the local organizing committee, the first item deals with purchasing 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. So that beskly encompasses race -- basically encompasses race operations and would also include temporary generation because my understanding is temporary generators must be at the race site. The cost of the offsets are determined not to exceed \$15,000 annually, and the office of sustainability, which I head up, would be in the role of approving the methodology for determining the carbon neutrality, and I've already had several conversations with the natural resources defense council, who has launched a very exciting initiative related to greening major sporting events, and I think we have a good opportunity to work collaboratively with them in that process. Related item, the next item, is that a minimum of 50% of the cash offset would be feasible and could include local tree planting and land conservation grants. The third item that's come up already does say that the local organizing committee would investigate holding the race outside of the ozone season. If the race is not held outside of the ozone season then the requirement says that there would be a plan submitted prior to the first race to reduce emissions of

particulates, nitrogen oxides and co2 and the plan would include an estimate of the emissions associated with the first event, so in advance of the first event. The next item deals with recycling and composting. Basically we're asking the event to meet the statement requirements set out in our proposed universal recycling ordinance. In addition to that would be composting and organics. The next one deals with food and drink vendors on the site being asked to use recycled and/or compostable materials in their sales. Are there any questions on that section? It's kind of long, so -- okay. The next section deals with transportation, and I'd like to thank rob spiller for some great input into this section. The first item is basically coming up with an event specific parking and transportation effort or endeavoring to have an effort with the city of austin's special events office, which is located in our transportation department aviation, with txdot, with travis county and to create an event specific transportation management plan for major events, and in this agreement we are defining major events as any event with over 40,000 participants. We're also asking them for special event permits for any associated events that might be held within our city limits. There are a lot of providings here related to satellite parking locations and providing mass transit operations or options. One thing that I think is of note here is they have agreed to limit on-site event parking to 25,000 parking spots, which if you think about the fact that we're going to have well over 40,000 people for many events, that is going to necessitate a lot of these alternative transit options to be put into place. We're also asking for managing the majority of event-specific parking sales through a single entity, and where possible I'm doing parking sales in conjunction with ticket sales which affords the opportunity to try to guide people specifically to where their parking area is so they're not wandering around trying to find parking the day of, which could exacerbate traffic problems. We also have -- committing to seeking a transportation partner for the event that would utilize low emission transit vehicles such as shuttles, and that item would become part of the transportation management plan and analysis of that item. That's everything in the first section. Shall I move on to the next one?

Riley: please.

Okay. The next section, which is specific to circuit of the americas, the first item is working with capcog and other relevant government entities, because there are a lot of relevant governmental entities that deal with air quality in central texas, to establish by may the 1st, 2012, an air quality analysis and inventory, air quality modeling and a mitigation strategy to resolve air quality issues that would arise related to major events, held during the ozone season. So this is specific to the ozone season. And there's a commitment here to securing data that allows assessment of the emissions that are specific to the site versus off-site, and there's an annual cost cap related to those activities of \$50,000. The next item has been talked about a little bit previously, utilizing a combination of austin energy green choice and renewables to achieve at least 50% of the nonevent energy demand. And there have been, i think, some exciting conversations in play about the possibilities of having a more aggressive solar program at the site, but i think that's still -- not entirely developed yet, so we don't have details at this time. The next item deals with performing land preservation and restoration of all disturbed areas on the site, including zero scaipg, integrated pest management and water quality controls. The next item has to do with tolerant and native or well adapted plants. The next item has to do with providing a minimum of 5 acres in the floodplain for a community garden or an urban farm and to make reasonable efforts to locate that near a water source and available -- an available water source. The next item, item 6, there's a whole set of bullet points which I won't go through here, but they are all environmental board recommendations that were made. They primarily relate to landscaping requirements and restoration of riparian and prairie areas and also the idea of doing monitoring for coarse pavement performance. The next item deals with the green building standards that would be applied to the site itself, and the sustainability sites initiative, I think it's come up in some other agenda items previously here, but it is similar to a leed rating system or a green building rating system, such as austin energy, but it's specifically targeted to large sites or campuses, so the focus is not on the billions. The focus is on the overall -- buildings. The focus is on the overall site. And it's a point-based system like these other tools such as leed and austin energy green building. It would pick up issues rela to water, which we haven't talked a whole a lot about. It would address material used in the site development and also landscape management. So this is asking for two stars. There's four stars in this tool, and it was actually conceived out at the lady bird johnson wildflower center so it's a homegrown program which has some national

partners as well. The next item deals with planting at least 800 degrees on-site and establishing a maintenance program for those. The next two items are the same as in the previous section, so I won't go through them again. They overlap. The next item deals with p existing wetlands and critical environmental features. The next item deals with air quality impacts related to construction activities and transportation activities. Basically it says that the organization would strive to reduce emissions of particulate matter, nitrogen oxide from construction, transit and maintenance vehicles. So the three sections that follow relate to transit, construction and landscape maintenance. The next section, moving right along, in the b, transportation section, the points 1 through 8 are basically the same as in item 1, so I won't go through them. Item 9 deals with, and i heard someone mention idling. Requires the posting of a policy and undertaking reasonable enforcement limits to limit unnecessary idling of vehicles which here is defined as a maximum of 30 minutes. Next item deals with dedicating traffic lanes on all appropriate roads entering the site to mass transit. The next, working to establish a dedicated bike facility by the first major event which would provide public showers. The next item asks to explore partnerships with austin energy to provide on-site charging stations for electric vehicles and equipment. I think we have some opportunities there since that's already a program under way at austin energy with federal funding. Moving on to c, that deals with standards for future on-site development, so the qualifier here is any future buildings which are defined as buildings that are not currently under construction or in review. So those would be buildings that have not entered the permit review process as of this time, or as of the time this was signed, and there's a minimum threshold of 2,000 square feet, which I believe to be a reasonable threshold, which would probably count out small restroom buildings and so forth. So the standard here is a minimum of a two-star austin energy green building rating or a silver leed certification, in addition to which the organizers commit to working with my office and austin energy green building to strive to achieve higher levels and to leverage all available incentive programs that would potentially be able to shift those projects to higher levels of either leed or austin energy green building performance. The next item has to do with solar design and daylighting. The next item with high efficiency plumbing fixtures, requiring the project to meet our city of austin water conservation code requirements as a part of the austin uniform plumbing code. The next item really deals with the collaboration which you asked about, council member riley, and basically says that we would have a very close collaboration between myself and a designee that would be appointed to be the single point of contact for the sustainability efforts contained in this agreement. Item e, I would think of as perhaps some of the most far-reaching and visionary components of this agreement. The first item says, coordinating with partners, including ut, state of texas, houston-tillotson, texas a&m and the 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, which I think is very exciting. The next item commits to allowing reasonable access to the track facilities for electric vehicle research and testing. The third item here says that circuit of the americas shall make good-faith efforts in partnership with other interested parties to within 18 months from the time this is signed, if it is signed, to raise \$5 million to fund on-site green technology and research and development projects, and there's a series of -- list of categories such as solar power, automotive fuel efficiency, electric vehicles, biofuels, geothermal or wind power or perhaps technologies nobody has even thought of yet, and that circuit of the americas will coops with the city to department of energy funds to support any resulting r&d projects that may come out of that process. Item f deals with -- and one of our speakers referred to it -- alternative energy events in addition to the other races that we've mostly been talking about here, for formula zero races, a go green auto rally and solar races, and a -- also bicycle and foot races. Circuit of the americas commits to publicly advocating for electric vehicle research and testing and to host a public awareness event to advance community knowledge on the available options for green energy or transportation. The last section I would actually like to call some other staff or outside counsel up, I don't know if lee is still here, but that would be something I would prefer some other folks to speak to more authoritatively than i could, but before that are there questions? I'm sorry that I had to go through so much detail here but I wanted to make sure people did understand what is in the green term sheet. and I thank you for that. I appreciate everybody's patient. I hated to drag everybody through that whole thing but I think it is important and if we approve this agreement today this will be an ongoing issue for all of us, but I expect to get periodic reports on progress on all these things. So it is something that we will be staying familiar with going forward, if we approve it today. So I really appreciate your work on this and your presentation. And if anybody else has questions I'd be happy to

answer. council member morrison? I don't know if this is a question for you, council member riley, or ms. athens. I know that the county is mentioned here, this is obviously in the county and not in the city, and it's mentioned in one place, which is actually repeated, in terms of under transportation initiatives to coordinate event-specific parking and transportation efforts for major events with several parties, including the county, and i know that -- you know, the county probably has other interests in this regard. Also I know that they have a mass gathering permit that has to be let. And so I wanted to know if you had had a chance to think in those terms, but it seems that there's a lot of opportunity that a lot of these things the county really might need to be at the table for the discussions also. go ahead.

I myself have not spoken directly with the county about that. I think that the expectation is, is that they would have the actual approval authority over the transportation management plan, but that there would be a collaborative effort with our transportation department as well as some of those other parties to come to agreement on what would be the terms of the transportation management plan.

Morrison: okay. Well, and I just might ask that we reach out -- that staff reach out to the county and, you know, share this whole -- this whole document with them because i think that they might have some input as the implementation goes forward. council member martinez.

Martinez: thanks, mayor. I wanted to ask lena to come up and specifically let's talk about the community sustainability aspect of this green.

Leno, outside counsel for the city on mwbe and procurement issues. My purpose is to walk you through the terms under community sustainability that have been negotiated and placed in exhibit a, and more specifically to describe how those terms have been actually drafted in the contract between the city of austin and circuit of the americas. [One moment, please, for]

specifically, circuit of the americas is -- is promising to meet the ethnic specific contracting goals, these are the annual goals that are found in the city's procurement ordinance. If those goals cannot be met, then circuit of the americas will be required to demonstrate through specific and detailed paperwork and inform their good faith effort to meet the goal. That's -- that will be --

[multiple voices]

Martinez: Mayor, do you mind if I ask some questions. Sorry, that specific reference that you just made is -- it's not specifically enumerated in the language. But it is a request from -- from some of the minority contractor associations. So how do you assure that that -- that the establishment of ethnic specific goals and then the demonstration of good faith efforts, how do you ensure that's actually just going to happen out of one, two, three?

It's actually a -- a concern that we heard from the community. When we were negotiating this last week, and so with the help of the city's legal department, it's been drafted and actually inserted in the contract with circuit of the americas. So the terms from exhibit 00, nobody 1 and 2, very general, have been operationized, in the contract with circuit of the americas which is obviously one of the documents that we've been talking about. So in there, this is in paragraph 12, subparagraph a, the actual ethnic specific contracting goals are identified. By group, the same goals found in the city's ordinance. Paragraph b refers to if the circuit of the americas is unable to meet the goals, then the good faith efforts will be demonstrated.

Martinez: Thank you.

Mayor Leffingwell: Councilmember tovo?

Tovo: On that same point, I'm struggling to understand why the specific language of point 12 isn't

reflected in this other sheet. It says make good faith effort but doesn't include the ethnic specific construction goals.

Well, first of all, I'll admit a little bit of ignorance in that I wasn't involved in the actual drafting of this. I drafted the paragraphs, but I didn't draft the overall agreement. So as I understand it, if you look at paragraph 11 on sustainability initiatives, that references back exhibit a. But then what paragraph 12 does is that it takes subg of exhibit a and makes it much more specific. Which I think is what the community was actually requesting occur. So under the term sheet of g 1, make good faith efforts to comply with standards and concepts of the m/w.b.e. Ordinance, we tried to make that much more specific knowing that was general. We said what we mean by that is meet the ethnic specific contracting goals and relayed them out or demonstrate good faith efforts in the actual contract. So -- so term sheet, general term sheet was made specific in the actual contract.

Tovo: It does seem like there's a pretty big difference, though, in 12 a you say it will conform to the standards and principles. On g 1. It says make good faith efforts. I understand that there's a provision on 12 b if it complaint meet the goals demonstrate good faith efforts, but, you know, the language is still pretty different from 12 a to g 1. Would it be advisable to put this specific language over in the term sheet?

That's certainly a consideration that we could consider. You know, and if -- if legal and everyone else wants to do that, that's fine. I actually think that from my legal perspective, that -- that the make a good faith effort to comply is -- is less specific than shall meet the goal or demonstrate a good faith effort to meet the goal. Which is really how the ordinance reads. So I think it's something that we definitely have flexibility on. We would be glad to take it back and -- and massage it if necessary. But I think our goal was to try to actually make it more -- more specific so that the responsibilities weren't -- weren't guessed at.

Tovo: That's in the agreement, that language is in the agreement.

That is in the agreement.

Tovo: I guess what I'm asking is should that specific language carry over into the term sheet?

Oh, I understand. Yes. I'm sorry if I was slow to understand.

Tovo: I may be muddling my question.

Yes, there's no reason why we couldn't take the more specific language and replace it into the term sheet. That -- that was certainly reducing ambiguity, yes.

Tovo: There were a few points suggested by the u.s. Hispanic contractors association, the austin area black contractors association that aren't reflected in the agreement. And those are -- at least i don't see them. The periodic reporting requirements.

Yes. Actually the -- [multiple voices] reporting requirements is in --

Tovo: Oh, d.

The it's paragraph d. I do want to make a point about that in that that's drafted so that the -- so that the reporting requirement will be on an annual basis and my understanding is that's an annual report back to council, that's smbr's practice, the department's practice, is to require monthly reports so that they can keep track of everything on a forly basis and then report -- on a monthly basis and then report a that back to the citizens advisory committee. My understand knowledge is what the contract says an annual

report, the data will actually be collected on a monthly basis. Summarizing to an annual report when it comes back to council. I will just continue and then the -- then in the contract again, in -- in paragraph 12 d, actually in paragraph 12 c there's a requirement that circuit of the americas work closely with smbr, that's something that we're trying to develop with all of our counter parties to really take advantage of the great team that smbr has and their knowledge and expertise in identifying potential subcontractors and organizing and hosting outreach meetings. Paragraph 12 d, I think addresses another concern by the community and specifically by the u.s. Hispanic contractors association. That is the -- the way that the percentage will be addressed. Or reported. And what it requires is that -- the circuit of the americas will report an aggregate amount of participation for all certified forms but then will also report the percentage of participation for each certified firm. So that we'll know not just what the aggregate participation levels are, but also what -- what each certified firm's percentage is. Then we also tried to be specific in -- in what the percentage would be of, that is what the denominator is and the percentage is of the total construction work completed on the improvements at the site. So that we know that a certain firm is getting x amount of dollars as the numerator divided by the total construction dollars at the site as the denominator, so that's what the percentage is designed to address. Then I'm almost finished here, councilmember, and then finally, we do make it clear as we have in other agreements, that the circuit of the americas is not required to -- to modify or abrogate or nullify any previous existing contracts that we have. That is we recognize their right to enter into contracts that they have already entered into and we're not going to change those. The one -- the one suggestion that we did not include, in case there's a question about that, is the suggestion to bring compliant determinations back to the advisory committee. That is compliance with good faith efforts, something that's done by smbr and the advisory committees, getting a little bit of inside baseball here, but the advisory committees responsibilities are outlined in the m/w.b.e. Ordinance and we want to make sure that we stick to what those responsibilities are, not expand them in the contract. So those are all of the comments that I have, I'm happy to take questions on them.

Mayor?

Mayor Leffingwell: Well, I just have one real quick question. That is we all know that the city is operating very close to the edge. With our m/w.b.e. policies. And we want to do that. But we don't want to go over the edge. So my understanding is that in this agreement, of -- we have gone as close as we can to the edge with respect to an agreement that does not directly involve the city as a contractor. And so, you know, I would like to hear your comment on that. It's my understanding --

sure. Yes, mayor, I guess that i would phrase it perhaps slightly differently. I wouldn't say that the city is going right up to the edge. I think the city has acted responsibly in collecting the data necessary to have a race and gender based procurement program and also acting responsibly in its tailoring of the administration of that program. This is a little bit different than what the city typically does in that as the mayor suggested this is not a -- a contract where the city is actually procuring something. And it's also not covered specifically by the third party agreement resolution where the city is contracting with someone to private developer to develop city lapped like seaholm or -- city land like seaholm or green. But what we have done here is simply entered into an agreement with a counterparty without any undue influence or duress and simply said to that counterparty, this is a request that we're making of you, it's a policy request and we receive really very amenable responses and cooperation from circuit of the americas and they were more than happy to comply and because they are more than happy to comply, then that really reduces the, you know, any legal concern that I have about it.

Mayor Leffingwell: I guess I understand what you said. But basically, this agreement is about as strong as we can make it.

Yes, sir.

Mayor Leffingwell: That's the bottom line.

Mayor?

Mayor Leffingwell: Councilmember martinez.

Martinez: Leno, i understand staff's position on the compliant determination due to the scope of the advisory committee and the council subcommittee being clearly outlined and this not being within that scope. But can you -- can you explain to me how someone can't on their own, through these public documents that are going to be available to the public make compliant determinations? If we're going to require ethnic specific participation reporting based on our annual goals, couldn't we determine compliance?

Yes. That's a -- that's an excellent question. Councilmember. We certainly could -- if the goals are met, then -- then there will be compliance with this provision of the contract. And the goals -- that's an objective criteria, you know, we can just see the number of dollars that go to the -- to the certified firms and see if the goals are met. If the goals aren't met, then we're in the good faith efforts analysis and that's where -- where the smbr has developed a rubric and also exercised its judgment to make the determination about good faith efforts. There's a place where reasonable minds can differ on whether someone has made a good faith effort or someone hasn't. But smbr has developed the expertise to do that. My hope is that the goals will simply be met. That will make things much easier, we also provide the -- always provide the flexibility so that a counter party like this can demonstrate a good faith effort. We do that by saying a certain number of outreach efforts, we solicited a certain number of certified firms, we made plans available, worked with them, that type of a thing, smbr really has a pretty good yardstick for doing that. How do we determine that demarcation line what's already signed in field and what is to be signed in field moving forward.

It is the effective date of the contract. I think that's a defined term in the contract which i think is -- as ir, I read it earlier, it's the date that all of the parties sign the contract.

Martinez: I think i understand that's when it starts. How do we determine, how do we know what's been signed and sealed so that -- so that we don't muddy the waters.

I understand. That's a good question again. And -- one way that we have addressed that is by asking the -- the counterparty to create a schedule of all contracts that they have existed into -- excuse me, entered into as of the effective date. So we know what contracts exist, if there's someone, the contract that isn't on that schedule. This is a discussion that i haven't had with -- with circuit of the americas, but that was certainly -- that would certainly be the way to do it. Identify the contracts that are existing prior to the effective date, then know.

Martinez: Thank you, mayor.

Mayor Leffingwell: Further comments? I will entertain a motion on these three items together. Councilmember martinez moves to approve items 1, 2 and 4. Seconded by councilmember cole.

Cole: Mayor, I had --

Mayor Leffingwell: Excuse me, mayor pro tem cole. Go ahead.

Cole: I had a couple of issues that still needed to be addressed in the resolution. I would like to call sabina forward. I noticed we've had a lot of conversation about the guarantee that celoc is making that the city should not be liable. But I didn't see any specific language in the be it resolved clause of the resolution to deal with that. So -- so I drafted some. Do you have a copy of it yet? Well, legal just tell you what it says if you need to come back. All of the council -- i believe the clerk has a copy. The first paragraph says to -- to give constructions for the city manager. To set forth the procedures for celoc to

assume the financial obligations, including the depositing the calculated annual contribution to the major events trust fund established for the purpose of hosting the formula one u.s. grand prix. I'm giving that direction so that we make it clear as a council that you are definitely directed from all of us to make sure that we have procedures in place to deal with that issue. Then the second addition that I want to make it to the be it resolved clause, says that the city manager is directed to set forth language that it's celoc's financial obligation of depositing the local calculated annual contribution and the contract terminates, then in the alternative that circuit of the americas will, that should be serve, as guarantors of celoc's obligation in the event that the city becomes liable for any amount. That is simply having the be it resolved clause reflect the two things that we discussed in open session. Too you have any concerns or questions?

No, you're talking about the resolution that's back up to agenda item 2, correct?

Yes.

Mayor Leffingwell: So is that acceptable to the maker as a friendly amendment?

Yes.

Mayor Leffingwell: Go ahead.

Cole: I'm supporting the motion. I know that in every vote that comes before the city we ask a lot questions and then we have asked a lot of questions of our staff and the comptroller's office and the opposing council and we always get to the point of saying there is but one question. The one question is on balance is this agreement in the best interests of the city? And I hope that all of the discussions that we've had and the contract language and the language that is proposed for the be it resolved clause and other language that is coming from councilmember spelman in particular, makes clear that we intend for the city to have no liability under this contract and put up no public funds for the contract. No one has suggested here today that the city will not receive additional tax revenues from a number of sources whether it's property tax, hotel occupancy tax, car rental tax, sales taxes from this event. And as has been pointed out in our previous item with the downtown hotel, is that we need that money. And we need it for all types of things that are consistent with our values from affordable housing to open space to social service programs. And so I think that we would be remiss to not take a -- a step to move the needle in the direction of obtaining these funds. And so -- so that is the reason that I am in support of this item. [Applause]

Mayor Leffingwell: Thank you. And -- and I would just say that I agree with that statement. That I think that it potentially is a huge benefit to the city and will provide funds for a lot of services that will benefit the people in this city. And we're getting all of that, plus we're getting environmental standards that basically are the gold standard, have become the gold standard. I would say thanks again to councilmember riley, but he's already had enough love for today. .. [laughter] but seriously, he and a lot of others have put a lot of time into this effort. And produced a product that I think will be recognized by a lot of people around the world as a gold standard for what events should look like right here in austin, texas. So the economic benefit, the environmental benefit, and by the way, we would not be able to get these environmental standards unless we become the sponsor of this event. The venue, the venue is already under construction. Goes on and it's used for other events that don't require city sponsorship. We get none, none of this control. This control is all given to us in return for our sponsorship and taking absolutely no financial risk. I guess there's also the possibility that somebody else could sponsor the event could be held in the same venue that it is right now since it's not in the city. Maybe elroy would want to sponsor it. And again, we would have no environmental control. We would derive far less benefit. I think what we have now is a purely upside potential. For down side potential. So I'm wholeheartedly in support of this. Councilmember riley? [Applause]

thanks, may. First, I want to thank everyone who has provided input on this issue over the past few

weeks. In addition to all of those who are here and have pass -- the past few meetings that we've had, the council meetings and other meetings here at city hall, we've gotten literally thousands of emails from folks from here in austin and around the world. In case anyone is wondering, those from elsewhere are overwhelmingly in favor of this event. Those here in austin are more evenly divided. Many of those who spoke up in favor couldn't understand why there would be any issue about that. We're told that many, many cities around the world would love to host an event like this. Formula one is up there with world cup soccer or the olympics. As a native austinite, i understand where so many of us locals have been having a hard time with the idea of formula one. We would like to think that austin is as green as we are weird. We placed a high priority on sustainability for a long time. A lot of us have never been big fans of racing and many of us have concerns about the environmental implications involving cars racing around a track, especially in the context of the air quality issues we face here. I get those concerns, personally I don't own a car, I get around mostly by bicycle. But as councilmembers we have to consider the implications of a decision like this for the whole county a couple of things are pretty apparent. First, there are way more needs out there than we can deal with public safety, social services, parks, swimming pools, libraries, sidewalks, public transit. Secondly, taxes are a serious burden for many austinites, that burden has been putting more and more pressure on the affordability of living in austin. So we face growing needs, concerns about the tax burdens that our citizens face and given that context, when thousands of citizens, thousands of people from around the world speak up and say we want to come spend money in your city, well, that's something that we got to think about. The sales taxes alone from visitors drawn by this venue would be significant. We've been hearing from small local businesses, many of whom have been struggling to get through the recession, many of whom wouldn't mind seeing new visitors. Also hearing support from representatives of the school district near the site, the del valle i.s.d. Who overwhelmingly support this project based on the economic boost it will bring to their area and their school district. Of course there is a catch. For me and many others, the biggest catch relates to the environment. The environmental concerns related to this event are based partly on a general concern about global climate change and the greenhouse gas -- climate change and greenhouse gas emissions and also local concerns about air quality. As many explained for several years now we've been dangerously close to violating federal air quality standards based on is expected to come out with new lower standards very soon. If austin is found to be in non-attainment, our region will face very significant costs associated with improving our air quality. So we need to be very careful about any new sources of emissions that will make us in non-attainment and make it more difficult for us to climb out of non-attainment once they are there. There are things that can be done to address the problem. We can put measures into place that would reduce the amount of emissions due to this events, therefore remain in compliance with the federal air quality standards and that's what we've been working on. For some time now, the past couple of weeks, a number of us have been meeting with representatives of the circuit of the americas and working towards an agreement that would put measures in place to address air quality and other environmental concerns related to this venue. I especially want to thank my colleagues, councilmember mike martinez and mayor lee leffingwell for their support in getting this conversation started. We've also had help from many others and environmental advocates from groups like public citizens, the environmental defense fund, environment texas, city staff from the office of sustainability, the law department, austin energy, the transportation department and other departments who have all been working tirelessly on this. Air quality staff from the capital area council of governments. I see phil gill here today from capcog and a number of austin citizens who care passionately about our environment and want to make sure that we get this right. [Indiscernible] our sustainability officer went through all of those provisions in detail. The bottom line is that they are meant to ensure that the circuit of the americas will be as green as it can be. We'll stay on top of the air quality issues, from around the site. A sound transportation management plan will be in place before the first major event. And we'll have the strong working relationship in place between the circuit of the americas, the city of austin staff, and staff from other governmental entities so that we can all work together efficiently and respond appropriately as circumstances change. Last but definitely not least, this agreement will establish the basis for ongoing research, development, and testing at the circuit of the americas in support of green technology. This really is a critical and very exciting piece of the puzzle. Many scientists believe that we are at or near the peak of worldwide oil production. Domestic oil production peaked in 1970, there's .. meanwhile worldwide oil demand is expected to grow significantly, driven in large part demand from transportation. If we're going to avoid major issues

associated with the demand for oh, outpacing supply, we've got to see significant advances in technology that will allow cars to run more efficiently or to use alternative energy sources. Improvements like that would yield benefits even if peak oil doesn't occur for many years. With he can reduce our dependence on foreign oil, driving can be both cheaper and cleaner than it is today. As scientists around the world step up their work on these issues, we have an opportunity here in austin to help establish our city as a center for green transportation research and development. Picture a young person in some other country who has this dream of -- of growing up and developing a carbon free car that can actually outperform a conventional car. With this agreement, we're rolling out a welcome mat. Students, scientists, innovators and entrepreneurs who aspire to make transportation and energy greener than ever. We're not just talking about people in other countries. We have letters of support from a number of our local, educational institutions including the school district right there around the site. The president of the del writes that -- that the school district is confident that the arrival of formula one in central texas will provide a valuable way to encourage, inspire and challenge our students with proven academic programs and hands on real world experience. has already adopted the race to learn program, which is a cross curriculum teaching research developed at cambridge university. They will start the program during summer sessions this summer and plan to expand this application next fall. They are also enthusiastic about the green racing research facility that willy classrooms, labs, opportunities for practical applications of textbook knowledge that they hope will stimulate their student's success for learning. We have similar letters of support from the university of texas,, texas a&m texas a&m, houston tillotson, texas state. It's largely because of these and other local educational institutions that austin has developed and supported a strong tech sector that's been an important part of our local economy for many years. We'll now have an opportunity to build on that strength through looking at this site as a basis for developing relationships between our educational institutions, the austin technology incubator, and other organizations and all of those drawn by events .. sae solar races. The environmental defense fund has spoken up about this. Some reference to their participation earlier. They write that the circuit of the americas commitment to work to raise \$5 million to fund on site green technology projects and cooperate with the city to seek additional u.s. Department of energy funds to support green technology research and develop projects is an exciting prospect. With the worldwide attention that formula one receives those efforts can help make austin a magnet for future clean energy developments. They also note that edf has been in touch with teo concerning such possible initiatives and a recent month doe awarded billions in clean energy projects. A well funded green tech incubator on this site can attract worldwide attention. Many of us may never become big auto racing fans. But all of us ought to be able to recognize that the benefits that could be achieved through significant advances in sustainability and green technology. The agreement we have before us is not perfect. It relies on an ongoing collaboration to address issues over time. We'll need the continued help and involvement of our environmental community, our sustainability office, and many others, folks who spoke up today like the hill country conservancy and tree folks, all kinds of folks in this community. I'm confident that we can count on that support going forward. So if we approve this item today, I'll look forward to welcoming new visitors to our city. And I know they'll enjoy our music, our food, our local businesses. I expect our own residents to see benefits from the taxes and economic activity associated with this site. And I hope -- I'm hopeful that we'll all come to see benefits from the research, development and testing we expect to see at this site. So with that, mayor, I'll be supporting the motion. [Applause]

councilmember spelman.

Spelman: Thank you, march, I have very little to add to councilmember riley's extremely eloquent statement. Almost every word of which i subscribe to fully. One small thing that I would like to add, in add to the amendment to the resolution in item 2 which is to work with the circuit of the americas to move this event forward, we also have very specific contract language and I want to check and be sure that this is what i expect it is. Have you seen the contract language I just circulated to the rest of the council? Titled 25 limited indemnity, the last page of our contract with circuit of the americas. And the underlying sections have recently been added. Recently typed up by my aid barksdale english, I think the typo, circuit of the americas shall also defend. Is this -- is this language going to be amenable to both circuit and to the city? Sabina is nodding her head. Richard is nodding his head.

On behalf of city legal, this is fine.

Spelman: Okay. With -- if you have no objection, mayor, I think some people have been talking about this language off and on all afternoon, if I could read it. I will read the short version of it. To extent allowable bylaw circuit of the americas shall also defend, indem nice and hold harmless the city and a bunch of other legal language in the event that 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, okay, they are going to indem nice for all of us meaning if the loc doesn't make the payments, then the loc didn't make the payments and state comes after us, then circuit will step in and pay off the city. Pay off the state. So now we've got the language in both circuit can live with and the city can live with. That's all that I have to add, mayor.

Mayor Leffingwell: Acceptable to the maker and the second. And I would just say it sounds like double belt and suspenders to me, it's a good thing. Councilmember tovo?

Tovo: I would like to also thank the public who have weighed in on this issue. I haven't been a councilmember yet 24 hours, but I've also gotten several hundred emails already offering feedback one way or another. And I want to also say that I'm very glad that the local organizing committee stepped forward to cover the local match. I think that's a very good change. I'm glad that the decision today isn't about putting city money towards this. I appreciate the amendments that have come forward to make sure that doesn't happen through any other means as well. I also think the additional week was a good idea. It's cleared up some of the contract issues. I think there are still some remaining concerns out there in the public. And -- but I think some of the main issues have been attended to and I appreciate councilmember riley's work on the environmental piece of this. And I would encourage the circuit of the americas to continue to move forward and -- in increasing the standards for green building and I think we heard some good testimony today that it would be nice to see higher levels of green building or leed standards out there on the site as well as more renewable energy out there. Having said that, I will say that I won't be supporting the motion today. Because I still don't believe that it's the right priority for our public money. And I understand that we're making a city decision here, but there is definitely a connection between the decision we make -- that we make here today and the use of our state funding. Like many of you who have spoken in past discussions. I, too, have attended the rallies at the capitol, i have heard the testimony from the teachers around the state being laid off because of the huge budget gaps at the state level in terms of education funding. I have heard from parents who have spoken very compellingly about how their special needs children are going to have program cuts that will affect and impact their day to day educational experience and having served on an aisd committee last fall, I saw just what that's going to do. We got a glimpse of what they may do at our local level. We know there are at least a thousand teachers and staff out of work for next year and the possibility of our neighborhood schools closing. So after really careful review and thought and much soul searching, I just cannot get comfortable with casting a vote at this time that would unlock more than \$250 million in state funding and move for next year \$25 million of state money that is currently in our general fund into the major events fund to fund a recreational activity. So I will not be supporting the motion. [Applause]

Mayor Leffingwell: Councilmember morrison?

Morrison: Thank you, mayor, I don't have too much to add. I just want to reflect for a moment that this has been an arduous process and i appreciate being and the to be part of the conversation. There are obviously -- they are obviously working through some of the issues on are the contract and ensuring as much as possible that the city is protected. But I do agree with councilmember tovo that a vote in this -- for this motion would effectively be an endorsement of the state use of \$25 million and eventually a quarter of a billion dollars for a private for profit enterprise. And I want to especially note that senator watson, who was the one that worked this statute in the first place, so that f1 could be included, when it came to the appropriation for the \$25 million, at the state level, his statement was the state's ongoing budget crisis poses an immediate threat to our school children, our teach children, our teach -- Our teachers, our hospitals a lot of others. I'm really concerned that, dot, dot, dot, prioritizing funding on an

annual supporting events, no matter how exciting it might be, how much it might do when we're not funding basic necessities. Austin independent school districts, he continued, under sb 22 stands in lose in the first year more than \$25 million. So when we have our senator standing up and saying that the money is going to the wrong priority, I really can't vote to ask the state to spend these funds on a sporting event as we're slashing health and human services and public education. So I won't be supporting the motion [applause]

Mayor Leffingwell: Motion on the table is to approve items 1, 2 and 4 as amended. Councilmember martinez? I was almost there.

Martinez: Yeah. Almost. I'm not going to make any long elaborate comments. But whether you agree with the sentiment that we're obliging \$25 million that could go elsewhere. The only way that's going to go elsewhere is if you run for state office and make that change or you convince the current state office holders and that ain't going to happen. That hasn't happened. I'm arguably one of the strongest supporters on this dais of things like ending our homeless problem in austin and dealing with social service issues and the least in our community. There is no way we're ever going to be able to tackle those items without creating the economic engine and revenue to do that. It's just not going to happen. When I look around this room and I look at the construction workers, we talk about the millionaires and the people who colorado from all over the world -- who will come from all over the world and spend money here. Look at the people who are being employed by this prison. They're you and me. They're workers. They live in this town and they're trying to feed their families and they're trying to raise their kids. And the jobs that are going to be created for those folks who need those jobs, whether you think they are temporary or permanent, some will be temporary, some will be permanent, but these are the people that we have to represent here in austin, texas as well. We represent all of austin. Not just certain parts of it. And for a socio-economically depressed area like elroy, and del valle, and with their school districts struggling, this is only going to be a windfall for their school district. There are no roof tops and kids that come with this. It's onl generation. So we have to take all of that into context. There has to be some balance to this conversation. That's what impacts me the most. Is the people that I see every day directly impacted by this. And that is why I'm going to tip supporting this item and look forward to making this not only something that's good for elroy and del valle, but something that's good for all of us here in austin. Thanks, mayor. [Applause]

Mayor Leffingwell: Thank you, councilmember, well said. All in favor say aye.

Aye.

Opposed say no.

No.

Mayor Leffingwell: Passes on a vote of five to two, with councilmember tovo and morrison voting no. [Applause] without objection, we stand adjourned at 4:27:00 p.m.