

AMENDED AND RESTATED OPERATING AGREEMENT GRAND PRIX ASSOCIATION OF LONG BEACH, LLC

THIS AMENDED AND RESTATED OPERATING AGREEMENT ("Agreement") is made and entered into as of the _______ day of ________, 2017 ("Effective Date"), pursuant to a minute order adopted by the City Council of the City of Long Beach at its meeting of December 5, 2017, by and between the CITY OF LONG BEACH, a municipal corporation ("City") and GRAND PRIX ASSOCIATION OF LONG BEACH, LLC, a Delaware limited liability company ("Association").

- 1. <u>RECITALS</u>: This Agreement is made with reference to the following facts and objectives:
- 1.1 On April 15, 1975, City and Association entered into a written agreement by which City granted to Association permission to conduct championship Grand Prix automobile races in the City of Long Beach. The original agreement was restated (i) pursuant to an Amended and Restated Agreement dated September 15, 1995 between City and the Grand Prix Association of Long Beach, Inc., a California corporation, as predecessor-in-interest to Association, and (ii) again pursuant to an Amended and Restated Agreement dated April 16, 2007 between City and Association (as amended and/or supplemented, the "Existing Agreement"), as amended by that certain First Amendment dated April 23, 2014. The term of the Existing Agreement expires on June 30, 2018.
- 1.2 Association's races have drawn national and international attention to the City of Long Beach, its natural advantages, resources, enterprises, attractions, climate and facilities.
- 1.3 Association has proposed to continue to conduct the championship Grand Prix automobile races and other events in the City of Long Beach for an additional five (5) year period. City, in anticipation of continued national and

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international publicity and other valuable consideration, is willing to further extend the term of the Existing Agreement on the terms and conditions set forth in this Agreement.

- 1.4 This Agreement amends and restates the Existing Agreement in its entirety, and upon the Effective Date the Existing Agreement will be of no further force or effect whatsoever.
- 2. <u>TERM</u>: The term of this Agreement shall commence on the date of execution hereof (which shall be the date inserted above in the preamble of this Agreement) by the City Manager of the City of Long Beach, or designee ("City Manager"), and shall end on June 30, 2023 (the "Term"). The Term may be extended for one (1) additional five-year period at the sole discretion of City upon notice from City to Association on or before June 1, 2021.

3. GRAND PRIX EVENTS:

3.1 During the Term, City authorizes and grants exclusive permission to Association to conduct a Championship Grand Prix race event in the City (the "Race"). The Race shall be held on an annual basis during the month of April, shall involve the Indy Racing League or Formula 1, and shall include a minimum of fourteen (14) race cars. If none of those series can be scheduled. Association may schedule another similar premiere open-wheel racing association approved by the City Manager in his or her sole and absolute discretion and approved by the Automobile Competition Committee for the United States (ACCUS) and certified by the Federation Internationale de l'Automobile (FIA). The Race shall be held on the circuit of City streets (the "Circuit") shown on Exhibit "A" attached hereto and by this reference made a part hereof. In conjunction with the Race, Association is authorized to conduct celebrity and other supporting race car events on the Circuit both before and immediately following the Race. Further, Association is authorized to decorate City streets in accordance with Association's construction and decoration plan schedule for the Race to be submitted and approved in accordance with the provisions of paragraph 5.4. City shall not permit or otherwise grant authority to any entity other than Association to conduct a motor vehicle

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race within the City during the Term, without the prior written consent of Association.

Except as otherwise set forth herein, the Circuit shall not 3.2 include any area leased by City to others or under the management supervision or control of others pursuant to a contract with City. In conjunction with the staging and conduct of the Race, Association may place its construction materials and elements of its safety systems during the course of construction of the Circuit and shall place its viewing stands and amenities only at those locations designated by the City Manager. To the extent that locations on City-owned property are reasonably available, such locations shall extend no more than one hundred (100) feet on either side of the Circuit and shall be made available to Association without charge sixty (60) days prior to the Race Period (as defined in paragraph 3.2) and twenty-one (21) days after the Race Period. City shall provide to Association, at no charge, an area, mutually agreeable to both parties, suitable for use as a staging yard (the "Lay Down Yard"). The Lay Down Yard shall be used only for temporary storage of materials and equipment related to the Race, and shall be located within or immediately adjacent to the Circuit. Association shall have the right to use the Lay Down Yard beginning seventy-five (75) days prior to the Race Period and ending thirty (30) days after the Race. Association shall be responsible for obtaining all necessary permits for the Lay Down Yard and for paying the costs of restoring the Lay Down Yard to the condition it was in immediately prior to its use by Association. In the event the locations designated by the City Manager are unacceptable to Association, Association may terminate this Agreement in accordance with the provisions of paragraph 13. Upon termination, neither party shall be liable to the other for any costs, expenses or damages of any kind whatsoever except as provided in paragraph 13.

3.3 The Race shall be conducted only once each calendar year during the Term. The period during which the Race and other race car events may be conducted shall not exceed an approximately three-and-one-half day period beginning on Thursday at 5:00pm and ending on the subsequent Sunday at 6:00pm ("Race Period"). Association shall notify City, in writing, eighteen (18) months in advance of the proposed

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dates of the Race Period, and shall confirm in writing said schedule and dates at least eleven (11) months in advance of the Race Period. Association shall provide City with a detailed schedule of events for such Race Period at least four (4) months in advance of the Race Period.

- 4. RACE RELATED ACTIVITIES: During the seven (7) day period immediately preceding a Race Period ("Pre-Race Period"), Association shall have the exclusive right to sponsor, co-sponsor, promote, co-promote, or conduct within the Circuit Vicinity such Race related events and activities (but not actual race car events as described in Section 3.2) as are approved in writing by the City Manager. Association shall have the right to conduct a "press day" within the Circuit on any day during the ten (10) day period immediately preceding a Race Period.
- 4.1 Association shall notify the City Manager in writing of the Race related events it proposes to sponsor, co-sponsor, promote, co-promote or conduct during the Pre-Race Period at least twelve (12) months prior to the Race.
- 4.2 Concurrently with the submission of Association's Construction and Decoration Schedule (as defined in paragraph 5.4), Association shall apply for and obtain permits in accordance with the provisions of Chapter 5.60.030E of the Long Beach Municipal Code ("special event permits") for each Race related event to be held during the Pre-Race Period or the Race Period. City shall not issue any permit, including without limitation special event permits and sign permits, to any other person, firm or entity for an activity or event to be conducted during the Race Period which (i) activity or event, in the City Manager's opinion, does not meet the criteria set forth in Long Beach Municipal Code Section 5.60.030C; and (ii) is to be conducted in the Circuit Vicinity. Unless Association gives its prior written consent, City shall not issue any permit, including without limitation special event permits and sign permits, to any other person, firm or entity for an activity or event to be conducted during the Pre-Race Period which (i) activity or event, in the City Manager's opinion, does not meet the criteria set forth in Long Beach Municipal Code Section 5.60.030C; (ii) is to be conducted in the

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Circuit Vicinity; and (iii) is sponsored. It is the intent of the parties that the City not issue any permits to third-parties whose activities or events would impinge upon Association's right to sell exclusive advertising and sponsorship rights in connection with the Race. The City shall not be prohibited from conducting any City-organized and non-sponsored activities or events within the Circuit Vicinity during the Pre-Race or Race Period. The term "Circuit Vicinity" shall include the Circuit and shall otherwise include that area more specifically depicted on Exhibit "C" attached hereto and by this reference made a part hereof. Association acknowledges that this covenant that the City refrain from issuing permits to others shall not apply to City's parks (except as otherwise stated above), golf courses, other facilities under the jurisdiction of the Recreation Commission of the City of Long Beach, or activities that are protected under the First Amendment to the United States Constitution or other applicable law.

In connection with Race related events, Association shall 4.3 have the right to operate or to license others to operate or use concessions, merchandising elements and catering activities and to receive all revenues therefrom both within the Circuit and within such areas described in special event permits issued to Association or its licensee as provided in paragraph 4.2, provided however that Association shall have no such rights in areas leased to others or under the management, supervision or control of third parties under contract with City, including Convention Entertainment Center. limitation the Long Beach and without Notwithstanding anything to the contrary appearing in this paragraph, Association and any of its officers, employees, agents, concessionaires, licensees, or other person, firm, or entity acting under the permission and authority granted by this paragraph shall obtain a City business license and such other permits as may be required by governmental agencies having jurisdiction. City shall not be required to determine whether an applicant for a City business license or other permit shall have first obtained Association's permission and consent prior to issuing a business license or permit.

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- 5. ASSOCIATION'S COVENANTS: During the Term, Association, at its cost, shall:
- 5.1 Apply for and obtain all necessary sanctions and approvals to conduct the Race on City streets and to furnish City with a copy or copies thereof upon demand.
- 5.2 Design and construct such improvements and safety systems for the Circuit as may be required by sanctioning bodies in accordance with plans and specifications approved by the sanctioning bodies and the City Manager.
- 5.3 Notify City in writing at least eleven (11) months in advance of a Race of any proposed change to the Circuit shown on Exhibit "A". Any proposed change of the Circuit shall be first approved by the Long Beach City Council.
- 5.4 Furnish City in writing, at least six (6) months prior to the date of a scheduled Race, Association's Circuit construction and street decoration schedule ("Construction and Decoration Schedule") for approval by the City Manager. Association's Construction and Decoration Schedule shall disclose in reasonable detail (i) the streets and areas of and adjacent to the Circuit on which Association proposes to construct or install its safety systems and related structures, bleachers, grandstands, pedestrian bridges, and other facilities and equipment ("Circuit Improvements"); (ii) the approximate date on which each element of the Circuit Improvements is to be constructed or installed and the date of completion of the construction or installation; (iii) the manner in which the Circuit Improvements will be installed; (iv) the dates on which the street decorations will be installed and removed, and (v) the manner in which the street decorations will be installed and removed. Association's decoration plan shall not include any advertisement of commercial products or sponsors, except the names and logos of the named and presenting sponsors of the Race may appear on the decorations.
- 5.4.1 Notwithstanding the foregoing, no construction or installation of Circuit Improvements or decoration of City streets shall commence more than fifty-three (53) days prior to the date of a scheduled Race and all Circuit

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Improvements and decorations shall be removed within twenty-one (21) days after the date of a scheduled Race, unless weather or other circumstances beyond Association's control prevent removal within that period, but in no event more than thirty (30) days after the date of a scheduled Race.

5.4.2 Association agrees Construction that the and Decoration Schedule shall require that (i) the K-rail and related safety systems be placed in front of the Aquarium of the Pacific (along the south and north sides of Aquarium Way from Turn 2 to Turn 4) no earlier than the second Sunday prior to the Race Period; (ii) the fencing around the perimeter of the Aquarium of the Pacific will be installed no earlier than the Monday prior to the Race Period; (iii) grandstand no. 40 (on the portion of the parking lot in front of the restaurant pad at 90 Aguarium Way) be constructed no earlier than the second Monday prior to the Race Period; (iv) grandstand no. 36 (on the portion of the parking lot in front of the restaurant pad at 340 S. Pine) be constructed no earlier than the second Wednesday prior to the Race Period; (v) all grandstands in the valet parking lot south of Shoreline and all K-rail and related safety systems on the south side of Shoreline and Aquarium Way between Pine Avenue and the beginning of the Aquarium of the Pacific circle shall be removed no later than 11:00am on the Tuesday immediately following the Race Period; and (vi) all remaining K-rail and related safety systems on the south side of Aquarium Way shall be removed no later than 6:00pm on the Wednesday immediately following the Race Period.

5.4.3 City reserves the right to designate certain barriers and fencing which shall remain in place, at no cost to City, to be used to secure City construction sites. Association, at City's expense, shall remove the designated barriers and fencing within thirty (30) days after written notice from the City Manager if the date of removal is other than a date on which the Circuit Improvements are being removed after a Race. If the removal date coincides with the removal of the Circuit Improvements, Association shall bear all costs attributable thereto. During such times as the barriers and fencing remain in place at the request and convenience of City, City shall indemnify

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Association, its officers, directors, and employees from all damages to persons and property arising from City's use and the placement thereof.

5.4.4 No construction of Circuit Improvements or street decoration activities shall commence prior to 7:30 a.m. nor continue after 6:00 p.m. in areas adjacent to residential buildings. The restrictions in the immediately preceding sentence shall not be applicable during (i) the period commencing forty-eight (48) hours immediately preceding the Race and ending twenty-four (24) hours following the Race, or (ii) during any period which City and Association mutually agree to waive such restrictions.

5.4.5 The City Manager shall have the right within thirty (30) days from the date of submittal of the Construction and Decoration Schedule to approve. approve in part, or disapprove the schedule. If the Construction and Decoration Schedule or any part thereof is disapproved, Association shall submit a revised schedule or schedules or revised portions thereof within ten (10) days from the date of City's notice disapproving the schedule or any part thereof. Any proposed change to an approved Construction and Decoration Schedule shall also be approved by the City Manager.

5.4.6 All costs and expenses related to the construction of the Circuit Improvements and of decorating City streets shall be paid by Association.

- 5.5 Association display advertising materials on may Association's barriers, bridges, viewing stands, tents and other structures used in the conduct of the Race during the Race Period.
- Concurrently with the submittal of Association's Construction 5.6 and Decoration Schedule, develop, make arrangements for, and submit to the City Manager for approval (i) a daytime traffic management plan ("Daytime Traffic and Parking Plan") which shall contain parking facilities during the Race Period, and (ii) a nighttime traffic management plan ("Nighttime Traffic and Parking Plan", and together with the Daytime Traffic and Parking Plan, the "Traffic and Parking Plans") which shall provide for the overnight re-opening of certain public streets within the Circuit during the Race

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Period. The Daytime Traffic and Parking Plan shall include, without limitation, (i) the location of the decentralized parking areas for use by Race patrons and slip permittees of City's downtown marinas; (ii) the form and frequency of transportation to and from the parking areas to the downtown area and marinas; and (iii) the manner in which Association proposes to publicize the availability of decentralized parking facilities and transportation services to the public and to marina slip permittees. The Nighttime Traffic and Parking Plan shall include, without limitation, (i) the location of the decentralized parking areas for use by residents and patrons of businesses located within the Circuit and immediately adjacent thereto, (ii) the form and frequency of transportation to and from the parking areas to the downtown area and marinas; (iii) the manner in which Association proposes to publicize the availability of decentralized parking facilities and transportation services to the public; (iv) the manner in which pedestrian traffic will be managed with vehicular traffic, and (v) the manner in which directional signage and equipment and traffic management staff will be provided. The City Manager shall have the right within thirty (30) days from the date of submittal of the Traffic and Parking Plans to approve, approve in part, or disapprove either or both plans. If either or both Traffic and Parking Plans, or any parts thereof, are disapproved, Association shall submit a revised plan or revised portion thereof, as applicable, within then (10) days from the date of City's notice disapproving either plan or any part thereof. Any proposed change to the approved Traffic and Parking Plans shall also be approved by the City Manager.

Offer to and provide out-of-town tours or other suitable 5.7 activities on either of the final two (2) days of the Race to (i) persons residing in apartments or other residences which were occupied as of December 15, 1982 on the north side of Seaside Way and southerly of Ocean Boulevard (including residents of the Villa Riviera, Sovereign and Blackstone Apartments) between Pine Avenue and Alamitos Avenue and (ii) to persons residing in the greater downtown area who submit documented proof of health conditions which may be aggravated by the noise of a Race.

5.8 Concurrently with the submittal of Association's Construction and Decoration Schedule, develop and submit to the City Manager for approval Association's marketing plan for the upcoming Race stating in reasonable detail the manner in which Association's marketing plan and the conduct of the Race will publicize City. Any such marketing plan shall provide that the Race shall be referred to as the "Long Beach Grand Prix" or the "Grand Prix of Long Beach" and may include the name of a sponsor. In developing its marketing plan, Association shall consult with City's advertising representatives and others under contract to City providing similar services as designated by the City Manager. Association shall coordinate its planning and marketing activities with such persons or entities.

5.9 Apply for and obtain a coastal development permit for any construction activities contemplated by Association with respect to the conduct of a Race as may be required by law or regulation. If City shall incur any expense or be required to perform any services in connection therewith, Association shall reimburse City therefor within thirty (30) days from the date of City's invoice stating the amount to be reimbursed, provided, however, Association's liability for such costs shall not exceed Ten Thousand Dollars (\$10,000.00). The provisions of this paragraph 5.9 are intended to and shall include those costs and services incurred or to be incurred by City in preparing any Environmental Impact Report or supplement thereto regarding a Race and are in addition to the permit fee and reimbursable costs and expenses referred to in paragraphs 5.12, 6.2.4 and 7, respectively.

5.10 Keep and maintain the Circuit, the area within the Circuit, any other area under the control of Association and used in connection with a Race or a Race related event and those areas within two hundred (200) feet of the Circuit in a neat, clean condition and in good order and repair, free and clear of litter and rubbish. Within five (5) days after the completion of a Race, Association, at its cost, shall remove or cause to be removed all litter and rubbish from the areas mentioned in this paragraph 5.10. In the event Association shall fail or refuse to perform the covenants contained in this

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paragraph 5.10, City may, but shall not be obligated to do so, remove and dispose of all litter and rubbish at Association's cost.

5.11 Furnish annually to City two hundred seventy-five (275) tickets to the Race. The tickets to be provided under the provisions of this paragraph 5.11 shall be those offered to the public at the highest price or at such other price as may be mutually agreed upon to be used by City for promotional purposes. In addition, City shall have the right to purchase an additional two hundred (200) tickets of the same face value at fifty percent (50%) of the offered price. None of the tickets provided by Association under this subparagraph shall be offered for resale or be resold. City may elect to combine these tickets with a hospitality area at City's cost. City shall notify Association of its intent to do so at least nine (9) months prior to a Race Period and may cancel any such election upon ninety (90) days' written notice to Association.

5.12 Pay to City, within (30) days after the Race, a permit fee for permission to conduct the Race on City streets in the sum of Ninety-One Thousand Seven Hundred Fifty-Seven Dollars (\$91,757) (the "Permit Fee"). The Permit Fee shall be adjusted every year as of July 1st during the Term (each, an "adjustment date"), commencing on July 1, 2018. The amount of the adjusted Permit Fee shall be determined by comparing the (x) Consumer Price Index for All Urban Consumers for Los Angeles-Long Beach-Anaheim, California published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is published in July of the thencurrent year ("Adjustment Index"), to (y) the Index published in July of the immediately preceding year ("Beginning Index"). If the Adjustment Index has increased from the Beginning Index, the Permit Fee payable for the next Race shall be determined by multiplying the sum of \$91,757 by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index. If the Index is changed, the Index shall be converted in accordance with the appropriate conversion factor published by the United States Department of Labor. If the Index is discontinued or revised during the Term, such other governmental index or computation with which it is replaced shall

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be used in order to obtain substantially the same result as would have been obtained had the Index not been discontinued or revised. In no event shall the amount of the Permit Fee be less than \$91,757. In the event City imposes an admission tax on the sale of Race tickets, Association's obligations under this paragraph 5.12 shall be suspended during such period as the admission tax is in effect.

- 5.13 Pay to City a commission fee equal to fifteen (15%) of the full price of any sponsorship package actually purchased from the Association by a thirdparty which the City can reasonably document was referred to the Association by City.
- 5.14 Ensure that the Race receives at least one (1) hour of national television exposure.
- 5.15 Cooperate with City in jointly organizing a recycling policy for all Race events.
- Conduct an annual Motor Sports Walk of Fame event which shall be open to the public and held during the Pre-Race Period at a location south of Seaside Way and otherwise in approximately the same manner as such event was conducted in 2013. City, at its cost, shall acquire and place honorary plaques in the public right-of-way. The City Manager, in his or her discretion, may waive Association's obligation under this subsection 5.16 if Association requests such a waiver at least six (6) months in advance of the upcoming Race Period.
- Develop and submit to the City Manager for approval Association's disadvantaged youth outreach plan for the upcoming Race stating in reasonable detail the manner in which Association's plan will effectively reach disadvantaged youth and encourage their participation in the Race events.
- 5.18 On or before the 2018 race, provide an Economic Impact Study ("Study") to City for its review, comment and approval. City shall have the right to reasonably approve of the vendor preparing the Study and the Study scope of work in advance of the Study's preparation. The Study shall be updated at City's request, but in no event more frequently than once every three (3) years. Association shall be solely

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responsible for the costs associated with the Study and all updates.

- 6. <u>CIRCUIT MODIFICATIONS</u>: If during the Term, either City or Association shall request or require that the Circuit be relocated and the new configuration is approved by the City Council as provided in paragraph 5.3, the approved modification shall be constructed and the cost thereof shall be paid in accordance with the provisions of this paragraph.
- If Association requests a modification to the Circuit or other 6.1 improvement of City streets or City-owned property which are a part of the Circuit, Association shall deposit with City, prior to the commencement of any work, cash in an amount equal to City's Cost incurred in designing, constructing and inspecting that part of the approved modification to the Circuit. "City's Cost" as used herein shall include all engineering costs for the design, inspection and the contract price attributable to the enhancement required to accommodate the Race. City may make disbursements from the sum deposited periodically to City's contractor for the work and to reimburse itself for engineering costs for design and inspection. In the event the sum deposited is insufficient to pay City's Cost in full, Association shall pay to City, upon, demand, such additional sum or sums as may be required. If the sum deposited exceeds City's Cost, City shall promptly refund any sum in excess of City's Cost. City shall not be required to pay Association any interest on the deposit during the period the deposit is retained by City. Notwithstanding the foregoing, the deposit made by Association may be invested by City and all interest earnings thereon shall accrue to and be retained by the City. Association shall bear no responsibility for modifications requested to be made to the Circuit by parties other than the Association. Association shall have a reasonable right to comment on any modifications that impact the physical layout of the Circuit.
- 6.2 Alternatively, Association may elect to arrange for a private contractor to perform the approved modifications to the Circuit subject to the following conditions:

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6.2.1 City's Director of Development Services or designee (the "Director of Development"), shall have final approval over the scope of work to be performed and the materials to be used.

6.2.2 The Director of Development shall supervise all excavation and work to be performed by Association or Association's contractor and shall ensure that all appropriate safety and traffic restriction measures are enforced.

6.2.3 The Director of Development shall inspect all work performed by Association or Association's contractor to ensure compliance with applicable laws and standards. No work shall be accepted as completed until such time that such inspection has been made and work is found to be satisfactory.

6.2.4 Association shall reimburse City for all costs incurred by City in performing the services described in paragraph 6.1, 6.2 and 6.3 within thirty (30) days from the date of City's invoice stating the amount to be reimbursed.

6.2.5 No work performed in the public right-of-way shall permanently alter the existing traffic flow pattern.

6.3 The parties acknowledge that they are both signatory to a contract with DDR, dated April 13, 2004 (the "DDR Contract") the term of which is partially concurrent with this Agreement.

6.4 If City sells, leases, builds on, develops, contracts in any manner with a third party for the development of, or otherwise removes from availability property that Association now uses in conjunction with the Race, either located within or adjacent to the Circuit, City shall use its best efforts to replace it with substantially similar property of the same square footage suitable for use in the same manner as the property which is being replaced within or immediately adjacent to the Circuit and otherwise reasonably satisfactory to Association. City acknowledges that suitability may include factors such as distance from the start/finish line, height restrictions, pavement, availability of utilities, and grade. If City and Association are unable to locate reasonably satisfactory replacement property, Association's sole remedy shall be the termination of

this Agreement. Association acknowledges and agrees that City is in the initial stages of a long-term redevelopment process involving the Long Beach Convention and Entertainment Center and other public property immediately adjacent thereto, which may result in significant development impacting the Circuit and related Race operations. Association agrees to work in good faith with both City and any third-party developers in order to accommodate such potential development, and Association shall not be entitled to (i) reduce fees payable to City under this Agreement or (ii) any damages to Association resulting from such development.

7. REIMBURSEMENT OF EXPENSES: In addition to the fees and

- 7. <u>REIMBURSEMENT OF EXPENSES</u>: In addition to the fees and costs which are subject to reimbursement as provided in paragraphs 5.9, 5.12 and 6.2.4, Association agrees to reimburse City for the following costs and expenses:
- 7.1 Association shall pay to City, within thirty (30) days after the Race, the sum of Forty-Seven Thousand Five Hundred Twenty-Four Dollars (\$47,524) ("Administrative Cost Reimbursement"), in order to reimburse City for costs incurred in the administration of this Agreement. The Administrative Cost Reimbursement shall be adjusted annually in the same manner as the Permit Fee is adjusted pursuant to paragraph 5.12, but in no event shall the Administrative Cost Reimbursement be less than \$47,524.
- 7.2 Association shall pay to City the amount of all Extraordinary Expenses incurred by City in connection with the conduct of race-related activities during the Race Period. "Extraordinary Expenses" as used in this Agreement shall include:
- 7.2.1 those incremental costs and expenses actually incurred by City in providing those City services, including without limitation police, security, fire, refuse, traffic, sweeping, sewer, and inspections, as more particularly described in Exhibit "B" attached hereto and by this reference made a part hereof ("City Services"); provided that the maximum amount Association shall be obligated to reimburse under this paragraph 7.2.1 for City Services shall be Five Hundred Forty-Five Thousand Eight Hundred Twenty-One Dollars (\$545,821) ("City Services Reimbursement Amount"),

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adjusted annually using the adjustment method described in paragraph 5.12, plus any incremental increases in City Services due to a material change to the Circuit. Upon mutual consent of the parties, Association may provide certain City Services on its own or pursuant to contracts with third parties, in which case the costs associated with such City Services shall not be reimbursed to City and the City Manager and Association shall amend Exhibit "B" accordingly to reflect any changes to the scope of City Services. The amount to be billed under this subsection includes services for Friday, Saturday and Sunday only, and the parties acknowledge and agree that those incremental costs and expenses incurred by City during Thursday events (if any) shall be billed to Association separately:

7.2.2 costs and expenses incurred by City in providing other services and the rental value of City materials, supplies, or equipment requested and used by Association including the actual cost of providing and installing materials and devices for traffic control and safety as a direct consequence of the staging of the Race;

7.2.3 lost parking revenues to City from public parking structures and lots located within the Circuit as a direct consequence of the staging of the Race, the amount of which may be negotiated or waived by City, but shall not exceed an amount equal to the daily rate for a parking space multiplied by the number of days such parking structures will be closed to the public in accordance with the Construction and Decoration Schedule, multiplied by the number of parking spaces which are unavailable to the general public;;

7.2.4 reasonable cost of repair (which shall include the annual removal of tire marks resulting from the Race in turns 1, 5 and 11 as shown on the Circuit map) or damages to City-owned, operated, leased or controlled property, improvements, and facilities, including without limitation landscaping, which during the conduct of a Race are under the control of Association or for which Association is obligated to provide or pay for security thereof;

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7.2.5 claims, demands, and liabilities asserted by third persons against City, its officers and employees (whether insured against or not and whether such claims, demands, and liabilities may be subject to the indemnification provisions of this Agreement) relating to or arising out of the conduct of a Race.

No later than ninety (90) days prior to the date on which a 7.3 Race is scheduled, City shall give Association an estimate of the Extraordinary Expenses to be incurred in subparagraphs 7.2.1, 7.2.2, 7.2.3, 7.2.4, and 7.2.5 set forth above. Notwithstanding anything to the contrary appearing herein, City reserves the right to determine the level of services to be provided by it in connection with the conduct of a Race. Within thirty (30) days after the date of a Race, whether the Race is conducted or not, City shall submit its invoice for Extraordinary Expenses to Association. In the event an Extraordinary Expense in subparagraphs 7.2.4 and 7.2.5 is not discovered or asserted or the amount thereof cannot be ascertained with reasonable certainty within said thirty (30) day period, City shall promptly invoice Association for any such Extraordinary Expense upon ascertainment of the existence and/or the amount thereof. Association shall pay the amount of any Extraordinary Expense invoiced within thirty (30) days after the date of City's invoice. If Association shall dispute the amount of Extraordinary Expenses, Association shall pay to City the amount invoiced under protest pending resolution of the dispute which amount shall be deposited to the City Treasury and may be invested. All interest earnings thereon shall be retained by City.

8. <u>CITY'S COVENANTS</u>:

8.1 Subject to Association's performance of each of its obligations under this Agreement, and further subject to the limitation of the power of the City Council to bind subsequent City Councils, City shall adopt annually a resolution closing the public streets for those dates during which the Circuit is being constructed and withdrawing the use thereof as a public street on those dates on which the time trials and the Race are to be conducted.

8.2 City shall construct or cause to be constructed, at Association's cost, such changes to or improvements of City streets or other City-owned property as may be requested by Association as provided in paragraph 6. Any such work shall be accomplished in accordance with City's competitive bidding procedures and in accordance with Association's requirements.

- 8.3 City shall close the pedestrian overpass to public access (except for guests and patrons of the Hyatt Regency) over the Hyatt Regency Parking Structure between Seaside Way and Shoreline Aquatic Park during the three (3) days that a Race is being conducted. Association may display one (1) advertising banner on either side of such pedestrian overpass in a manner approved by the City Manager.
- Association is required to submit to City the Construction and Decoration Schedule, City shall notify Association of planned developments within, on, or adjacent to the Circuit which may affect that schedule. City shall use its best efforts to obtain from contractors and/or developers of areas within or adjacent to the Circuit contractual commitments permitting Association to construct and place viewing stands within or adjacent to the Circuit without cost to Association for such permission. Association shall be responsible for all costs of construction of required infrastructures for and erection of viewing stands on the designated locations. If City is unable to obtain contractual commitments from developers acceptable to Association, City shall use its best efforts to locate suitable alternate locations which are mutually agreeable to the parties. If City is unable to obtain contractual commitments from developers or locate suitable alternate locations, Association sole remedy shall be the termination of this Agreement in accordance with the provisions of paragraph 13.3.
- 8.5 During the construction of Circuit Improvements, City, at its cost, shall continue to provide its usual and customary services to the areas on which the Circuit Improvements are being installed and constructed, unless prevented by the nature of the installation or construction.

8.6 Association acknowledges that City has entered into a private services contract for the operation and management of the Long Beach Convention & Entertainment Center and that Association's right to use the facilities under the management, supervision and control of City's contractor is subject to and subordinate to the rights, privileges and powers granted to said contractor. City, in negotiations to extend, modify or renew said private services contract, shall use its best efforts to secure for Association the exclusive right to operate and/or license others to operate during the Race Period concessions in areas under City's contractor's management, supervision and control outside of the structure comprising the Long Beach Convention & Entertainment Center and within the Circuit. If City is unable to secure such exclusive concession rights, Association's sole remedy shall be the termination of this Agreement. Association shall exercise its right to terminate this Agreement and notify City of its election within ninety (90) days after the City Council approves an amendment to or an extension or renewal of the private services contract.

- 8.7 In consideration of the reimbursement payment made by Association to City under Section 7.2.1, City shall provide City Services within the Circuit Vicinity commensurate with the level of services described in Exhibit "B". Should City be unable to provide the required level of City Services then the payment required under Section 7.2.1 shall be reduced to reasonably reflect the actual level of City Services provided.
- 9. <u>INDEMNIFICATION</u>: Association shall defend and indemnify City and any and all of its officers and employees harmless from and against any and all actions, suits, proceedings, claims and demands, loss, liens, cost, expense and liability, of any kind or nature whatsoever ("claims"), for injury to or death of persons (including participants in a race) or damage to property (including property owned by City) and from all other claims whether in equity or in law asserted by others, which may be brought, made, filed against, imposed upon or sustained by City, its officers or employees, and that may, in whole or in part, arise from or be attributable to or be caused, directly or

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indirectly, by (i) any act or omission of Association, its officers, agents, employees, contractors, patrons, licensees, or invitees; (ii) an violation of law, ordinance, or governmental order of any kind; or (iii) the performance by Association, its officers, agents, employees, or licensees or contractors of any authorized or permitted act contemplated by this Agreement except for claims attributable to the sole negligence of City. With respect to any such claim, City shall notify Association thereof, shall tender Association the defense thereof, and shall assist Association as may reasonably be requested in the defense thereof. Association shall resist and defend any such claim and shall conduct or have conducted the necessary investigation and adjusting related thereto. Payment by City of any claim shall not be a condition precedent to recovery under this indemnification.

- 10. INSURANCE: As a condition precedent to Association's right to exercise the permission granted by this Agreement, and in partial performance of Association's obligations under paragraph 9, Association, at its cost, shall procure and maintain in full force and effect, during events or the performance of any activities authorized under this Agreement:
- Workers' compensation insurance as required by the Labor Code of the State of California and Employer's Liability with limits not less than One Million Dollars (\$1,000,000.00) per accident.
- 10.2 Commercial general and automobile liability insurance with a combined single limit of not less than Twenty Million Dollars (\$20,000,000.00) per occurrence for the Race and events and activities prior to and after the Race, including the installation and removal of Circuit Improvements. Said insurance shall include fire legal liability coverage in an amount not less than Fifty Thousand Dollars (\$50,000.00), and shall also extend to provide broad form contractual liability, participants' liability and liquor liability protection. The policy or policies shall contain, or be endorsed to contain, the following provisions:

10.2.1 City, its officers, employees and volunteers shall be covered as insureds with respect to liability arising out of (i) activities performed by or on behalf of Association; (ii) products and completed operations of Association; (iii) premises owned, leased or used by Association; (iv) the activities of concessions licensed by Association; (v) events sponsored by Association.

10.2.2 The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, employees or volunteers.

10.2.3 Association's insurance coverage shall be primary insurance as respects City, its officers, employees and volunteers. Any insurance or self-insurance maintained by City or its officers, employees or volunteers shall be excess of Association's insurance and shall not contribute with it.

10.2.4 Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its officers, employees or volunteers.

10.2.5 Coverage shall state that Association's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limit of the insurer's liability.

endorsed to state that coverage shall not be suspended, voided, cancelled by either party, reduced in coverage of in limits except after thirty (30) days prior written notice has been given to City. Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California, or carriers with a rating of or equivalent to A:VIII by A. M. Best & Company. Any deviation from this requirement shall require specific approval in writing from the City Manager.

10.4 Insurance shall be required for contractors employed by Association or concessions licensed by Association subject to all the requirements stated herein except that the commercial general and automobile liability insurance may be in an amount not less than One Million Dollars (\$1,000,000.00) for each occurrence or Two Million Dollars (\$2,000,000.00) general aggregate. Upon request by City, Association

shall provide separate certificates and endorsements showing evidence of compliance by each contractor or concession.

10.5 Such insurance provided by Association may provide for such deductibles or self-insured retention as approved in writing by the City Manager. In the event such insurance provides for deductibles or self-insured retention, Association agrees that it will fully protect City, its officers and employees in the same manner as those interests would have been protected had the policy not contained the deductible or retention provisions.

10.6 Not more frequently than once each calendar year, if in the opinion of the City Manager the coverages or the limits of insurances described in this paragraph are not adequate, Association shall increase the limit and/or provide such additional coverages as required by the City Manager. If the insurances required by this paragraph 10 cannot be obtained by Association, Association may request that the requirements be modified. Any change of insurance requirements shall be approved by the City Council upon such terms and conditions the City Council determines to be necessary. The parties shall promptly execute a memorandum agreement setting forth the changed insurance requirements and such other matters as the City Council may approve.

10.7 Association shall deliver the required policy or policies of insurance, or certified or photostatic copies thereof, or certificates thereof, to City as follows: (i) the installation and removal policy shall be delivered at least ninety (90) days prior to the date of a scheduled race; and (ii) the Race event policy shall be delivered at least thirty (30) days prior to the date of a Race. Both of the required policies shall be delivered for approval by the City Manager as to sufficiency and to the City Attorney for approval as to form. At least fifteen (15) days prior to the expiration of any such policy, a certificate showing that such insurance coverage has been renewed or extended shall be filed with City. If such coverage is cancelled or reduced, Association shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with

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City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Association agrees to suspend and cease all operations contemplated by this Agreement during such periods of time as the required insurance coverage is either not in effect or proof thereof has not been submitted to City. Notwithstanding any other provisions to the contrary, upon failure to so file the required certificates, City may, without further notice, cancel and terminate this Agreement and exercise such other rights as it may have in the event of Association's default.

- The procuring of such policy or policies of insurance shall not 10.8 be construed to be a limitation in any respect upon Association's obligations under paragraph 9.
- With respect to damage to property, City and Association do hereby waive all rights of subrogation, one against the other, but only to the extent that collectable commercial insurance may be available for said damage. With respect to Workers' Compensation and Employer's Liability, Association agrees to waive all rights of subrogation against City, its officers, employees and volunteers for losses arising from activities performed or events occurring under this Agreement.
- TAXES: Association shall pay, prior to delinquency, all lawful taxes, 11. assessments, and other governmental or district charges that may be levied upon its property and the interest created by this Agreement.
- Association shall not assign or transfer this 12. ASSIGNMENT: Agreement or any interest therein, or permit the transfer thereof by operation of law or otherwise except to a wholly-owned subsidiary or parent of Association or an entity with the same management as Association which is capable of fulfilling Association's covenants and obligations under this Agreement. Except as otherwise provided herein, any attempted assignment or transfer shall not create any right whatsoever in the transferee or assignee. Except as otherwise provided herein, in the event Association shall be sold or acquired by any other person, firm or entity, adjudicated a bankrupt or

become insolvent or subjected to a receivership, City may, at its discretion, terminate this Agreement without further notice.

13. <u>TERMINATION</u>:

Association shall fail or refuse to perform any term, covenant, or condition of this Agreement and shall fail to commence to cure such default within fifteen (15) days after written notice from City and thereafter diligently pursue such cure (but in no event shall such cure period exceed ninety (90) days), then City may terminate this Agreement by giving Association written notice of its election to terminate at least fifteen (15) days prior to the date of termination. If Association fails to conduct a Race in any given year or proposes to conduct a Race which is not consistent with Section 3.1, then City shall have the right to terminate this Agreement upon fifteen (15) days advance written notice.

13.2 If during the Term (i) the City Manager's designation of locations for the placement of construction materials and elements of the safety systems during construction of the Circuit and for the installation of viewing stands and amenities for the conduct of the Race is unacceptable to Association; or (ii) the Circuit is modified, without Association's consent, as a result of planned developments within, on or adjacent to the modified Circuit and such modifications render the Circuit unacceptable to Association, Association may terminate this Agreement upon giving City sixty (60) days written notice.

13.3 If any act or omission of City gives Association the right to terminate this Agreement pursuant to this Section 13, Association shall have the right to require that City make a good faith attempt to resolve the issue giving rise to Association's right to terminate by including a demand for negotiation in its notice of termination. In the event Association elects to negotiate, City shall make its officials, including representatives from the City's Manager's Office, the City Attorney's Office and the Special Events Bureau Manager, available for that purpose and both City and Association shall negotiate in good faith for a thirty (30) day period following Association's

notice of termination in order to amend the terms of this Agreement and/or otherwise agree upon a reasonable solution to any outstanding issues which gave rise to Association's right to terminate hereunder.

14. MISCELLANEOUS PROVISIONS:

14.1 <u>Notice</u>: Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be in writing addressed to the other party as follows:

TO CITY:

c/o City Manager 13th Floor, City Hall 333 West Ocean Boulevard Long Beach, California 90802 FAX No. (310) 570-6583

TO ASSOCIATION:

Grand Prix Association of Long Beach, LLC 3000 Pacific Avenue Long Beach, California 90806 FAX No. (562) 981-2632

or such other address as may have been specified by notifying the other party of the change of address. Notice shall be deemed served upon receipt if personally served or sent by facsimile transmission or on the fourth business day following the day of mailing if mailed with the United States Postal Service, by certified mail, return receipt requested. All payments required under this Agreement shall be deemed sufficiently paid if made by check collected on first presentation.

- 14.2 <u>Time of Essence</u>: Time is of the essence of each provision of this Agreement.
- 14.3 <u>Municipal Powers</u>: Nothing contained in this Agreement shall be construed as a limitation upon powers of City as a chartered city of the State of California.

- 14.4 <u>Covenants and Conditions</u>: All provisions hereof expressed as either covenants or conditions on the part of City or Association to be performed or observed shall be deemed to be both covenants and conditions.
- 14.5 <u>California Law</u>: This Agreement shall be construed and interpreted in accordance with the laws of the State of California. Association covenants and agrees to submit to the personal jurisdiction of any state court in the State of California for any dispute, claim or matter arising out of or related hereto.
- 14.6 <u>Integrated Agreement</u>: This Agreement contains all of the agreements of the parties and cannot be amended or modified except by written agreement.
- 14.7 <u>Interpretation</u>: The captions shall have no effect on the interpretation of this Agreement. When required by the context of this Agreement, the singular shall include the plural.
- 14.8 <u>Severability</u>: The unenforceability, invalidity or illegality of any provision shall not render the other provisions unenforceable, invalid or illegal.
- 14.9 <u>Attorney Fees</u>: If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to request the court for an award of reasonable attorneys' fees and costs of suit from the losing party.
- 14.10 Nondiscrimination: In the performance of this Agreement, Association shall not discriminate against any employee or applicant for employment or any person using or desiring to use the premises because of age, sex, religion, race, color, ancestry, national origin, handicapped condition, sexual preference or AIDS or an AIDS' related disease. Association will take affirmative action to ensure that applicants are employed, that employees are treated during employment and that persons desiring to use the premises are treated without regard to their age, sex, religion, race, color, ancestry, national origin, handicapped condition, sexual preference or a diagnosis of or allegation of AIDS or AIDS related disease. Such action shall include, without limitation,

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OF

RICHARD ANTHONY DEPUTY CITY ATTORNEY

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OFFICE OF THE CITY ATTORNEY ROBERT E. SHANNON, City Attorney 333 West Ocean Boulevard, 11th Floor Long Beach, CA 90802-4664	9
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This Amended and Restated Agreement is hereby approved as to form this 28 day of 2017.
CHARLES PARKIN, City Attorney

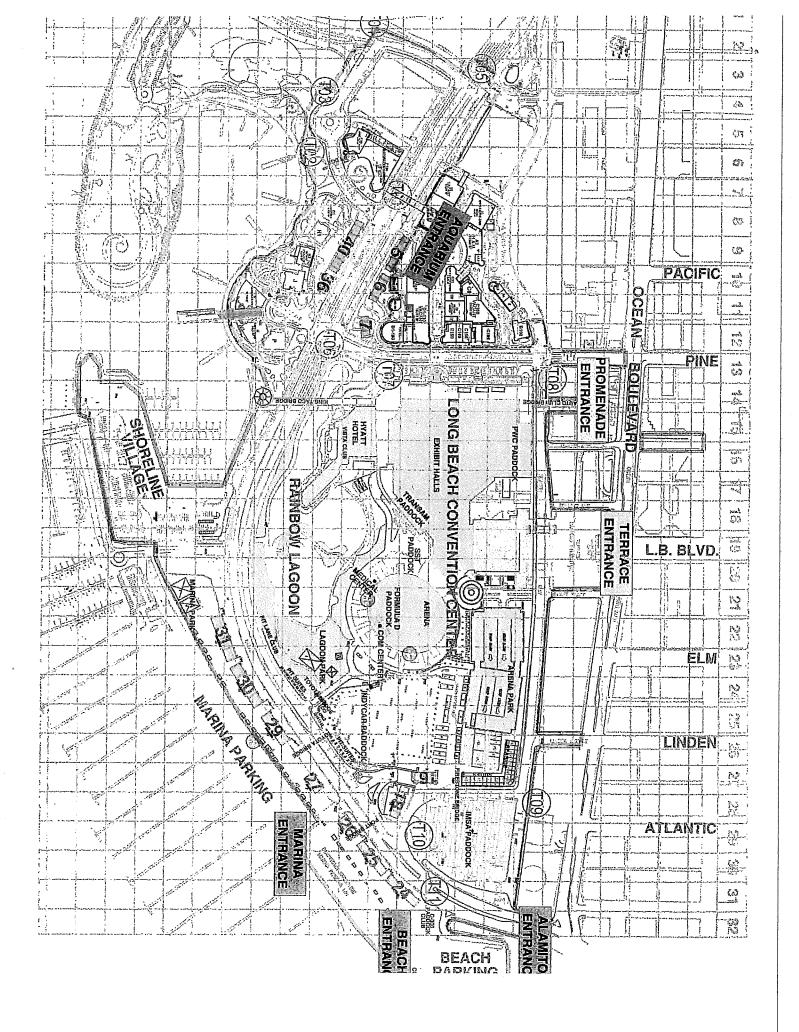
By Deputy

EXHIBIT "A" CIRCUIT

OFFICE OF THE CITY ATTORNEY ROBERT E. SHANNON, City Attorney 333 West Ocean Boulevard, 11th Floor Long Beach, CA 90802-4664

RFA:bag A17-02379 00831016

EXHIBIT "B" 1 CITY SERVICES AND COSTS 2 3 **Contract Cost** Section 5.12 Permit Fee Section 7.1 Administrative Fee \$91,757 4 \$47,524 5 City Services Reimbursement Marine Bureau Beach Parking Alamitos Lot Parking Access Road Parking 6 7 8 **Boat Owner Parking** Staff 9 General Parking 10 Aquarium Structure Lincoln Structure 11 OFFICE OF THE CITY ATTORNEY ROBERT E. SHANNON, City Attorney 333 West Ocean Boulevard, 11th Floor Long Beach, CA 90802-4664 Police Department 12 **Operations** 13 Fire Department Operations 14 **Public Works** 15 Public Service Street Sweeping Traffic Paint & Signs 16 17 Water Department Operations 18 \$545,821 19 \$685,102 TOTAL 20 21 22 23 24 25 26 27 28





GRAND PRIX CIRCUIT VICINITY

Long Beach, California

