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FIRST AMENDMENT AND ADDENDUM TO
REIMBURSEMENT AGREEMENT

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STATE OF TEXAS §

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COUNTY OF BEXAR §

This First Amendment and Addendum to Reimbursement Agreement (hereinafter referred to as "Agreement") is made and entered into by and between the City of San Antonio, ("City"), a Texas Municipal Corporation acting by and through its City Manager pursuant to Ordinance No. 101823 dated December 15, 2005, the Board of Directors for the Tax Increment Reinvestment Zone Number Eleven, City of San Antonio, Texas (the "Board") and Park Centre Towers, Ltd., ("Park Centre"), a Texas Limited Partnership, collectively the "Parties", for the reimbursement of a portion of the total costs paid by Park Centre to the City for the implementation of a Quiet Zone, approximately from Sherman to Commerce Streets, in San Antonio, Texas, known as the "Quiet Zone Project"; or if a Quiet Zone is not possible, the installation of Wayside Horns located along a similar route;

WITNESSETH:

WHEREAS, on February 26, 2006, the Board and Park Centre entered into a Reimbursement Agreement, whereby Park Centre agreed to reimburse the City the costs, up to \$1.4 million, for the installation of Wayside Horns along the Union Pacific Railroad Company corridor encompassing approximately two miles of Union Pacific Rail Road (UPRR) rail line roughly from Essex Street on the south to Sherman Street on the north, and the Board agreed to reimburse Park Centre up to 40% of those costs, not to exceed \$800,000.00; and

WHEREAS, the Union Pacific Railroad Company has stated that a Quiet Zone is its preferred means for reducing noise and increasing safety and that the Railroad will continue to work with the City to implement the Quiet Zone, and will continue to negotiate a Wayside Horn Agreement if the Quiet Zone is not achieved; and

WHEREAS, the Reimbursement Agreement executed by the Parties contained the mutual understanding that the Parties intended to enter into the Agreement, but that the effective date of the Agreement was upon completion of the Wayside Horn System, and that reimbursement by Park Centre to the City and the reimbursement by the Board to Park Centre was also conditioned upon the execution of an agreement between the City and the Union Pacific Railroad Company for the Wayside Horn project; and

WHEREAS, because the parties are now pursuing the implementation of a Quiet Zone, no Wayside Horn Agreement between the City and the Railroad is necessary; and

WHEREAS, in order to expedite the implementation of the Quiet Zone, the City has engaged the services of an engineering firm to conduct a traffic study in order to ascertain the changes needed to accommodate traffic circulation and other measures necessary to implement the Quiet Zone along the corridor; and

WHEREAS, Park Centre has agreed to pay the costs for the traffic study out of the approved TIF fund amount for the project, which is an amount of 40% of the project costs, not to exceed \$800,000.00, and to pay the costs of the traffic study upon presentation of an invoice for the study by the City, rather than upon the completion of the implementation of the Quiet Zone; and

WHEREAS, because the Wayside Horn System, while not the method of choice to reduce the noise along the corridor, still remains a solution of last resort on the issue, the parties agree that the Reimbursement Agreement executed on February 26, 2006 is still a necessary agreement for this project, and this Amendment and Addendum is necessary in order to facilitate the construction of the Quiet Zone while maintaining the reimbursement plan for the Wayside Horn System, if installed, as well as establishing the reimbursement for the Quiet Zone costs;

NOW, THEREFORE, the City, Board and Park Centre agree as follows:

The Reimbursement Agreement, executed by the parties on February 26, 2006, is amended as follows:

1. Article I, "Definitions", Section 1.1 is amended to read in its entirety as follows:

1.10 "Project" means the installation of the Wayside Horns as described in more detail in Exhibit 1, or the implementation of a Quiet Zone, along a similar corridor as the Wayside Horn system. The description of the Quiet Zone, including street closures and other measures necessary for the implementation of the Quiet Zone, will be added as Exhibit 2, upon completion of the traffic study and approval of the Quiet Zone implementation plan.

2. Article III, "Construction of the Project and Payment of Project Costs", Sections 3.1, 3.2, 3.6, 3.9 and 3.10 are amended to read in their entirety as follows

3.1 The parties agree that the implementation of a Quiet Zone, or in the alternative, the installation of Wayside Horns, is important and that it is in their mutual best interests to complete the Project by September 30, 2008, and shall endeavor to achieve that goal and timeline. The parties understand that a construction agreement, as opposed to a Wayside Horn Agreement, with the Union Pacific Railroad Company is necessary for the implementation of a Quiet Zone. With regard to the Wayside Horn system, the parties further agree that until the Union Pacific Railroad Company enters into an agreement with the City for the system, no further obligations exist for either party under this Agreement.

3.2 Park Centre agrees to pay the Project Costs in accordance with this Agreement.

3.2.1 Quiet Zone costs. Within twenty (20) business days after receiving notification from the City that the City has paid the costs for the engineering traffic study to accommodate the implementation of the Quiet Zone, and an invoice for those costs, the TIRZ Board shall reimburse the City the costs of the study, and charge those costs to the approved amount for the total Project costs.

3.2.2 Wayside Horn costs. Within twenty (20) business days after receiving both notification from the City that an agreement has been entered into between the City and Union Pacific Railroad Company, and a copy of that agreement, Park Centre agrees to wire \$130,000.00 (one hundred thirty thousand dollars) as an initial deposit for the Project Costs to a dedicated Construction Fund the City shall establish for the purpose of paying the Project Costs.

3.6 In the event Park Centre does not consent to the higher Project Cost, the City is not obligated to incur any additional costs over the agreed \$1,400,000.00 for the Project.

3.6.1 Quiet Zone costs. The City may reduce the scope and size of the Quiet Zone, ensuring that the Park Centre project remains approximately in the center of the corridor. The City agrees that it shall not reduce the Quiet Zone, the effect of which would require trains to sound their horns, at the Park Centre property.

3.6.2 Wayside Horn costs. The City may reduce the number of Wayside Horns installed along the corridor, ensuring that the Park Centre project remains approximately in the center of the corridor. The City agrees that it shall not omit a Wayside Horn, the effect of which would require trains to sound their horns, at the Park Centre property.

3.9 In the event Park Centre does not submit payment to City within the agreed-upon time contained in Section 3.8 above, the City shall not be required to continue the installation of the Wayside Horns or the implementation of the Quiet Zone until said late payment is received by the City.

3.10 The balance of the construction fund will be invested in compliance with the City's investment policy. All interest earned will accrue to the benefit of the fund. Upon Completion of the Project, Park Centre will be reimbursed the balance of the fund. This balance may include interest earned, in accordance with the reimbursement limits provided in this Agreement.

3. Article IV, "Reimbursement to Park Centre", Sections 4.1, 4.2 and 4.4 are amended to read in their entirety as follows:

4.1 The parties agree that a reimbursement schedule for this Agreement shall be attached to the Agreement as Exhibit 3 if a Quiet Zone is to be implemented, and the

timing of the attachment shall occur within ten (10) days upon execution of an agreement between the City and the Union Pacific Railroad Company for (a) the construction of the Wayside Horn system, or (b) the construction of the Quiet Zone.

4.2 The reimbursement schedule shall reflect the payment to the City for the costs of the traffic study and the quarterly dates of reimbursement to Park Centre from the available Tax Increment Funds of up to forty percent (40%) of the Project Costs, not to exceed eight hundred thousand dollars (\$800,000.00), as required under the TIRZ Project Plan, Financing Plan and this Agreement. The payment to the City for the costs of the traffic study shall be included as a cost of Park Centre in calculating the maximum reimbursement to Park Centre.

4.4 With the exception of the payment to the City for the costs of the traffic study, within twenty (20) business days following the Board's approval and direction, the City shall issue the first reimbursement check payable to Park Centre for the approved, available reimbursable amount from the Available Tax Increment Funds. Subsequent reimbursement checks shall be issued in accordance with the reimbursement schedule.

The remainder of the Reimbursement Agreement remains unchanged and in full force and effect.

(signatures on following page)

IN WITNESS WHEREOF, the parties, through their authorized representatives, have duly executed this Amendment and Addendum to Reimbursement Agreement the day and year first above written.

City:

City of San Antonio

By: *[Signature]*
Sheryl Sculley
CITY MANAGER

11/2/07

Park Centre:

Park Centre Towers, Ltd.
through its general partner
Park Centre Towers Management, LLC

By: *[Signature]*
Jeffrey A. Rochelle 10/25/07
Manager

Board:

Board of Directors for Tax Increment Reinvestment
Zone Number Eleven, City of San Antonio

By: *[Signature]*
Sheila McNeil
Chair

10/25/07

Approved as to form: *[Signature]*
for City Attorney 10/25/07

EXHIBIT 2
Details of the Quiet Zone

Upon approval of the final plan for the Quiet Zone, the City shall attach to this Agreement the plan, costs and a map depicting the location of the Quiet Zone.

Exhibit 3
Reimbursement Schedule for Quiet Zone

To be attached in accordance with terms in Amendment of Agreement