

April 14, 2010

VIA E-MAIL

City of El Paso
City Manager
2 Civic Center Plaza
El Paso, Texas 79901

City of El Paso
Economic Development Department Director
2 Civic Center Plaza, 2nd Floor
El Paso, Texas 79901
Attn: Kathryn B. Dodson, PhD

Re: Chapter 380 Economic Development Program Agreement dated November 6, 2008 (the "**380 Agreement**"), between the City of El Paso, Texas, a Texas home rule municipal corporation ("**City**"), and Hawkins Center, LP, successor-in-interest to Hawkins Regency, LLC

Capitalized terms not otherwise defined herein shall have the meanings ascribed in the 380 Agreement

Ladies and Gentlemen:

I write to you on behalf of Hawkins Center, LP, the Applicant under the 380 Agreement. Applicant requests that City amend the 380 Agreement to extend all dates and deadlines in the 380 Agreement by an additional five (5) years.

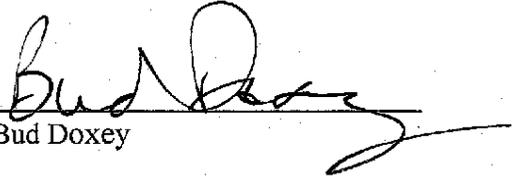
In consideration for this amendment, (1) Applicant (being under no obligation to do so under the existing 380 Agreement) agrees to obligate itself to commence demolition of the buildings and slabs located on the Property no later than August 1, 2010, and complete such demolition no later than July 31, 2011; the commencement and completion of such demolition being subject, however, to force majeure; and (2) Applicant agrees to reduce the maximum amount of the Grant from a Net Present Value of \$8,000,000.00, to a Net Present Value of \$7,800,000.00.

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Except for the modifications described herein, the terms and conditions of the 380 Agreement would remain in full force and effect.

Very truly yours,

ANDREWS KURTH LLP

By: 
Bud Doxey

Hawkins Regency Contract – New Request

Request	Current Contract	Analysis	Recommendation
<p>Extend all dates and deadlines by 5 years.</p>	<p>Contract start date: 11/08 * 12 months to begin site prep - 11/09 * 36 months to complete site prep - 11/11 * 36 months to start construction - 11/11 * 60 months to complete lifestyle Center 11/13 * 60 months to begin grant period - 11/13 * 120 month grant term (10 years)</p>	<p>The City did not anticipate that the property might be vacant for up to five years. The original schedule, created by working closely with the developer, had the construction beginning when the site prep work was done. Under both scenarios the developer receives tax reimbursements for only 10 years.</p>	<p>The City needs to ensure that the revenue currently going to the general fund is not reduced, therefore we recommend using the base year as a floor beneath which the developer cannot contest the value of the property, and if the value is reduced by CAD that any decrease in property tax payments to the City be deducted from future property tax rebates.</p>
<p>Applicant will start demolition of the buildings and slabs no later than August 1, 2010 and will finish demolition of the buildings no later than July 31, 2011.</p>	<p>Site prep work includes the demolition and removal (except for certain materials to be reused at the site) AND improvements that are reasonably determined to be necessary to bring the site to a standard developable site condition such as grading, utilities, retaining walls, etc...</p>	<p>Under the existing contract the applicant is currently in a demolition period that began in November of 2009 and that also includes site prep work. This work is to be completed by November of 2011.</p>	<p>This item should not to be used as “consideration” for opening the contract because the developer is already in a more comprehensive demolition period ending three months after the proposed completion date. Under both scenarios, if the developer does not complete the demolition, they will not receive incentives.</p>
<p>Applicant will reduce the maximum amount of the grant from \$8 million to \$7.8 million</p>	<p>The grant amount is a reimbursement of qualified expenditures (up to \$8 million net present value) which are those costs incurred in the site prep work that the City has determined are necessary to render the property to standard developable site condition.</p>	<p>Under the current contract, any decreases in qualified expenditures, including site prep costs, will result in decreased reimbursables, and a decrease in the total maximum eligible qualified expenditures. However, if qualified expenditures exceed \$7.8 million during the contract term, then the City could realize up to a \$200,000 savings by the proposed grant reduction.</p>	<p>City Council needs to decide if lowering the maximum grant amount cap by \$200,000 potential reduction in the total grant amount is adequate consideration for extending all deadlines by five years.</p>