LATE BACKUP

INTERLOCAL COOPERATION ACT AGREEMENT

Between The

CITY OF AUSTIN AND LONE STAR RAIL DISTRICT

This Interlocal Cooperation Agreement is authorized by Chapter 791 of the Texas Government Code and by Chapter 173 of the Texas Transportation Code (Chapter 173) and is by and between the City of Austin, a Texas home-rule municipal corporation (City) and Lone Star Rail District, a Texas Intermunicipal Rail District (LSRD) (Parties) and has an effective date of December 18, 2013.

RECITALS

This agreement (Agreement) is an interlocal agreement authorized and governed by the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. Each party represents and warrants that in the performance of its respective obligations as set forth in this Agreement, it is carrying out a duly authorized governmental function, which it is authorized to perform individually under the applicable statutes of the State of Texas and/or its charter. Each party represents and warrants that the compensation to be made to the performing party contemplated in this Agreement are in amounts that fairly compensate the performing party for the services or functions described in this Agreement, and are made from current revenues available to the paying party.

Chapter 173 authorizes local governments to enter into interlocal cooperation agreements with intermunicipal rail districts for the creation of a Transportation Infrastructure Zone. A transportation infrastructure zone establishes a mechanism for a local government to capture increments of ad valorem taxes from the increased tax revenue attributable to the construction and operation of an intermunicipal rail system within the territory of the participating local government.

LSRD and the City wish to create a transportation infrastructure zone to facilitate the City's contribution of financing for the LSRD rail system. The zone created by LSRD and the City (Zone) will be comprised of the seven LSRD rail stations that are planned to be located within the City's territory. The City will contribute tax increment financing for the design, construction, operation, and maintenance of infrastructure within the Zone, as stated in this Agreement. (Each discrete element of infrastructure for which increment financing will be used in this Agreement is referred to below as "Project").

LSRD wants a transportation infrastructure zone created on or before December 31, 2013 to establish the tax increment base and also wants a method of providing financing for rail purposes within the Zone to be established at this time. The City and LSRD acknowledge that creating the Zone and establishing the date for determining the tax increment base on or before December 31 provides significant value to LSRD and

that establishing a mechanism for financing the Zone at this time is also of significant value to both parties.

In consideration of the premises and the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

DEFINITIONS

1. "**Agreement**" means this Interlocal Agreement approved by the Parties as shown in Exhibit "B".

2. "**Captured Appraised Value**" for any given year is the total appraised value of real property located in the Zone that is taxable by a participating taxing entity less the Tax Increment Base of the real property in the Zone taxable by a participating taxing entity.

3. "**Project Plan**" is the plan by Lone Star Rail District for transportation facilities and related improvements in or related to service in the Territory of the local government and is attached to this Agreement as Exhibit "A".

4. "**Tax Increment**" for any given year means the total amount of ad valorem taxes levied and collected that year by a local government on the Captured Appraised Value of taxable real property in the Zone for that year. The Tax Increment shall not include property as of the date of designation of the Zone that is zoned by the City as single family or duplex residential for the entire year when the Tax Increment is determined. At such time as the property zoned single family or duplex residential is rezoned to some other zoning, the property so rezoned shall be included within the Captured Appraised Value for the entire year during which rezoning occurs. The tax increment base for such rezoned property shall be the value of the property established for the year prior to the year the property was rezoned and added to the Zone.

5. "**Tax Increment Base**" means the total appraised value of all real property taxable by a local government and located in the Zone as of December 31 in the year in which the Zone commenced.

6. "**Tax Increment Payment**" shall be made semi-annually on March 1 and September 1 (or the first business day thereafter).

7. "**Territory**" is the city limits of the City.

8. "**Zone**" means the Transportation Infrastructure Zone and the area within the Zone, as defined on the Exhibit "C" to this Agreement. If there are separate stations in the Zone, the separate areas may be referred to by the station name portion of the Zone.

A. Term

1. The initial term of this Agreement is 36 years and may be extended for an additional 20 years upon approval by the City Council and LSRD.

2. No later than two years before the end of the initial term of this Agreement, the City Council will consider and vote on whether to approve an extension of the term.

3. In the event the Council votes to not exercise an extension, the City shall provide LSRD a written notice no later than 30 days following the Council action stating its intent to not extend the term.

4. Notwithstanding any other term or condition, this Agreement may be terminated by any one of the Parties by giving written notice to the other parties in the month of July preceding an upcoming Renewal Date.

5. It is the intent and understanding of the Parties that the obligations of each party under this Agreement shall remain effective only so long as and provided that there are current revenues available to the paying party for the purposes of this Agreement.

B. General Obligations of Each Party

1. **LSRD's Requirements:**

   a. **Measure of Viability and Timelines**

      i. **Measure for Determining Project Viability:** LSRD has a contractual agreement or agreements with Union Pacific (UP) for transfer of ownership of Union Pacific's existing rail right of way to or for the benefit of LSRD and LSRD has secured all necessary capital funding for the proposed rail bypass and the proposed passenger rail transportation facilities. LSRD also has a financial plan and commitment for funding its operations, capital improvements plan, and repayment for any loans or debt related to its capital funding.

      ii. **Two year Timeline:** If by January 1, 2016, the cities of Austin and San Marcos and the counties of Hays and Travis have not approved an interlocal agreement for participation in funding the operation of the proposed rail transportation facilities, then the City or LSRD, at either's option, may terminate the Agreement and all funds accumulated in the City's Rail Tax Increment Financing Fund will be available for Council to redirect to any lawful municipal purpose.

iii. **Six year Timeline:** If by January 1, 2020, the LSRD has not met the Measure for Determining Project Viability, then the City or LSRD, at either's option, may terminate the Agreement and all funds accumulated in the City's Rail Tax Increment Financing Fund will be available for Council to redirect to any lawful municipal purpose.

b. Construction Requirements

i. LSRD will design and plan the transportation facilities and related improvements that are to be constructed in the Zone in a manner consistent with the Project Plan in effect on the Effective Date of this Agreement. The plans and specifications for the infrastructure shall comply with all federal, state, and local design and construction standards, including the Texas Accessibility Standards, and the applicable provisions of the Americans with Disabilities Act (ADA), and rail and traffic safety standards, in effect at the time of construction.

ii. The plans and specifications for transportation facilities and related improvements shall be subject to the City's review as provided by statute, code, and applicable local laws; provided, however, the plans and specifications for utility infrastructure for utilities that will be supplied by LSRD (including, without limitation, electric and thermal) shall be in accordance with LSRD requirements and not subject to City approval. LSRD agrees to consult with the City with respect to the design aspects of the transportation facilities and related improvements not directly governed by City code that relate to community integration and general aesthetics. To the extent commercially reasonable and within the financial capacity of LSRD, LSRD shall endeavor to implement the City's recommendations with respect those design aspects of the transportation facilities and related improvements.

iii. All sets of plans, as-built drawings, and specifications required to be provided to the City in this Section and elsewhere in this Agreement shall be delivered to the City as complete sets of print and electronic drawings. The electronic drawings shall be in a program format agreed upon by the Parties.

iv. The plans and specifications for transportation facilities and related improvements in the Zone shall include all track improvements and all other improvements as set forth in the Project Plan. . The plans and specifications for the transportation facilities and related improvements shall comply with all federal, state, and local design and construction standards, including the Texas Accessibility Standards, and the applicable provisions of the Americans with Disabilities Act (ADA), and rail and traffic safety standards, in effect at the time of construction.

v. LSRD's obligation to comply with the Project Plan is subject to the City's provision of funding pursuant to Section B.2.b. of this Agreement, and to LSRD's right to terminate this Agreement. LSRD agrees to provide prior written notice of any proposed material or substantial change to the scope of the work, cost estimates, or project schedule for the Project Plan that is not caused by an event of Force Majeure, as defined herein. LSRD shall have the right to amend and modify the Project Plan without providing prior written notice if the proposed change is not a material or substantial change.

The City shall have a period of 45 business days from the date of receipt of such notice of a material change to provide comments and objections to the proposed change. The absence of written objections or comments by the City will constitute approval of the proposed material change by the City. If the City provides written notice to the LSRD that it objects to the proposed material change, and the objection, as set out in the notice, is not resolved within 45 business days from the date of such notice, then the City and LSRD shall meet to resolve the noticed objections.

If the City and LSRD are unable to resolve the objections, no change to the Project Plan shall be made which has the effect of increasing the City's costs of participation, delaying the project schedule for the Project Plan, or reducing rail service levels.

c. Excess Funds and Limitations on Funds.

When the Zone is in operation and Tax Increment Payments are being made, LSRD will annually identify any excess funds not needed for operating reserves, operations and maintenance, or for capital or equipment replacement of the Project and return the excess funds to the City.

Until December 31, 2035, unless otherwise agreed between LSRD and the City, LSRD will not use funds from City Tax Increments to pay any costs incurred by the LSRD exceeding costs necessary to provide Base Service Level (as defined in the Project Plan).

2. City's Requirements:

a. Rail Tax Increment Financing Fund

The City of Austin shall establish a Rail Tax Increment Financing Fund as a Special Revenue Fund, to account for the property tax increment revenue that is collected in the Transportation Investment Zone related to the seven proposed rail stations within the territory of the City. The property tax increment revenue will accumulate for potential future use in accordance with the terms of this Agreement as the City's contribution of financing for the LSRD rail system. The City may terminate, suspend participation in, or withdraw from this Agreement as stated in Section A.4., Section

B.1., and Section E.1. In the event the City terminates, withdraws, or suspends its participation in this Agreement, the City Council may redirect accumulated balances in the City's Rail Tax Increment Financing Fund to any lawful municipal purpose.

b. City's Participation Level

The City's percent increment participation level will be evaluated and may be revised following completion of the City's analysis of its total cost for Project Connect expected to occur in 2014. Setting a percent increment participation level higher than the initial value of zero will require an amendment to the Agreement.

c. Limits on the Rail Increment Financing Fund

1) Property tax revenue is the only revenue source (other than appropriated annual membership payments) designated by the City of Austin for its contribution of financing for the LSRD rail system and its operations.

2) The City of Austin's percent property tax increment participation level shall not exceed fifty percent (50%).

3) The City of Austin shall maintain custody and manage any and all funds deposited in the City's Rail Tax Increment Financing Fund. LSRD shall have no access to, control over, nor any right to manage the City's Rail Tax Increment Financing Fund.

d. Uses of City's Rail Tax Increment Financing Fund

1) Until the conditions in the Measure for Determining Project Viability are met, no monies shall be disbursed to LSRD from the City's Rail Tax Increment Financing Fund.

2) Once the conditions in the "Measure for Determining Project Viability" are met, LSRD may request reimbursements for uses of the City's Rail Tax Increment Financing Fund. Requests for reimbursement must be made in a form approved by the City and shall be submitted to the City 45 days or more before the date of a Tax Increment Payment. The City shall reimburse LSRD only for Projects designed and constructed as stated in Section B.1.b, *Construction Requirements,* above. Reimbursements may be used only for the purposes stated in Texas Transportation Code Section 173.256 (e) "Financing of Certain Transportation Infrastructure," which are as follows:

   i. To provide a local match for the acquisition of right-of-way in the territory of the local government; or

ii. For design, construction, operation, or maintenance of transportation facilities in the territory of the local government.

3) During the 24 months before the initiation of passenger rail services, LSRD may request funding for reasonable and necessary start-up costs that are allowable under Texas Transportation Code Section 173.256 (e), excluding rolling stock. These costs may include costs for staff necessary to drive and test rail equipment functionality to meet Federal inspection requirements, security service and insurance on rail facilities. Requests for funding must be made in a form approved by the City and shall be submitted to the City 45 days or more before date of a Tax Increment Payment. Reimbursements may be used only for the purposes stated in Texas Transportation Code Section 173.256 (e) "Financing of Certain Transportation Infrastructure".

4) When LSRD begins providing passenger rail service to Austin residents, the City will begin making Tax Increment Payments of the property tax increment revenue collected and deposited in the City's Rail Tax Increment Financing Fund to Lone Star Rail District semi-annually on March 1 and September 1 (or the first business day thereafter). In addition, the first scheduled payment will include any accumulated balance in the City's Rail Increment Financing Fund.

e. **Other Funding Sources**
The City of Austin will not provide parking revenue for funding its contribution of financing for the LSRD rail system and its operations. The Parties may consider other funding options after the conditions in the Measure for Determining Project Viability are met. Any agreement to provide other funding sources will require an amendment to this Agreement approved by the governing bodies of both Parties.

f. **City's Economic Development Agreements**
Subsequent to the effective date of this Agreement, the City may grant economic development agreements or create other tax or fee agreements for property within the Zone. Such agreements shall not reduce the City's participation level established pursuant to Section B.2.b. of this Agreement. The City will inform LSRD of public meetings and hearings relating to these agreements so that it may inform the City of any impact such an agreement may have on the operations of the Project.

g. **Project Management**

1) The City Manager or his designee (the "City's Director") will act on behalf of the City regarding the City's responsibility under this Agreement with respect to the development, maintenance and operations of projects within the Zone and shall coordinate with LSRD, receive and transmit

information and instructions, and will have complete authority to interpret and define the City's policies and decisions with respect to the Parties' obligations and performance under this Agreement. The City's Director may designate a City Project Manager and may designate other representatives to transmit instructions and act on behalf of the City with respect to the Parties' obligations and performance under this Agreement.

2) The Executive Director of LSRD or his designee (the "LSRD's Director") will act on behalf of LSRD with respect to the development, maintenance and operations of projects within the Zone, and shall coordinate with the City, receive and transmit information and instructions, and will have complete authority to interpret and define LSRD's policies and decisions with respect to the Parties' obligations and performance under this Agreement. LSRD's Director will designate a LSRD Project Manager and may designate other representatives to transmit instructions and act on behalf of LSRD with respect to the Parties' obligations and performance under this Agreement.

3) If a disagreement between the City and LSRD arises regarding any requirement or provision of this Agreement, and the disagreement is not resolved by the City Project Manager and the LSRD Project Manager, it shall be referred as soon as possible to the City's Director and LSRD's Director for resolution. If the Directors do not resolve the issue, it shall be referred as soon as possible to the City's Assistant City Manager responsible for Transportation and LSRD's Director for resolution.

h. City Actions regarding the Zone

1) After a Zone is established, the City will endeavor to support station area planning, zoning and development implementation that may result in multi-use/transit oriented development (TOD) or other rail supportive growth within each Zone.

2) If appropriate, the City will support and work with LSRD, as necessary, for the establishment and use of other funding mechanisms (such as public improvement districts or municipal management districts) that allow private property owners within the Zone to participate in funding the establishment and ongoing provision of rail service in the Zone.

3. Reporting Requirements of Each Party

a. LSRD Reporting Requirements

i. LSRD shall provide the City access to its budget calendar, proposed annual budget (operating and capital), and give written notice of

adoption of Rail District budgets (operating and capital). LSRD shall provide access to both proposed and approved budgets.

ii. Once the Measure for Determining Project Viability has been met, LSRD shall prepare an annual report to be provided to all Parties no later than 180 days following the District's year-end (September 30). Such report shall include, at a minimum, the audited financial statements for LSRD, Report on Internal Controls, Single Audit Report, Report on any and all Transportation Infrastructure Zone Funds, Capital Program Status Report, and trend data covering operational statistics and service level metrics.

iii. Every five years after the effective date of this Agreement, LSRD shall provide no later than 180 days following the District's year-end (September 30) a written, comprehensive 20 year financial forecast covering operations and capital programs accompanied by the underlying forecast assumptions. This forecast shall also include a comprehensive description of rail service levels, anticipated changes in service levels, and the timing of such changes.

b. **City of Austin Reporting Requirements**
The City of Austin shall provide LSRD with annual reports on the City's Rail Tax Increment Financing Fund including, but not limited to, annual tax increment revenue, assessed valuation for properties in the Zone, and accumulated balances in the City's Rail Tax Increment Financing Fund.

c. **Right to Audit**
LSRD agrees that representatives of the City of Austin's Office of the City Auditor, or other authorized representatives of the City, shall have access to, and the right to audit, examine, or reproduce, any and all records of LSRD related to the performance under this Agreement. LSRD shall retain all such records for a period of three years after final payment on this Agreement or until all audit and litigation matters that the City has brought to the attention of LSRD are resolved, whichever is longer. LSRD agrees to refund to the City, in accordance with a schedule reasonably agreed to by the Parties, any overpayments by the City to LSRD disclosed by any such audit. LSRD will pursue reimbursement of overpayments by LSRD to subcontractors discovered by a City audit in a timely manner consistent with passenger rail industry practices. LSRD shall include the preceding language in all subcontractor agreements entered into in connection with this Agreement.

The City agrees that authorized representatives of LSRD shall have access to, and the right to audit, examine, or reproduce, any and all records of the City's Rail Tax Increment Financing Fund related to the performance under this Agreement. The City shall retain all such records for a period of three years after final payment on this Agreement or until all audit and litigation matters

that the LSRD has brought to the attention of the City are resolved, whichever is longer. The City agrees to pay to LSRD any underpayments disclosed by any such audit.

In the event, there is an additional calculation or redetermination of payments by the City or LSRD, the Party providing payments shall have no obligation to make any additional payment if the redetermination or recalculation occurs more than 18 months after the date of a payment.

C. TRANSPORTATION INFRASTRUCTURE ZONE

1. **Property Included Within the Zone.** All property designated on the maps or in the list of properties attached as Exhibit "C" shall be included within the Zone.

   a. Property under common ownership, identified as Undivided Property on Exhibit "C" shall be included within the Zone. Such property shall be included in the Tax Increment on a prorated basis for the acreages designated for the property on Exhibit "C" or for the subdivided portions of the property at least 50% within one-half (1/2) mile radius of the corresponding station property or 50% within one-quarter (1/4) mile radius for the proposed Seaholm station.

   b. Property designated as tax exempt shall be included in the Zone but shall not be a part of the Tax Increment until the beginning of the year during which it is no longer designated as tax exempt.

2. **Station Locations.** Final Station location decisions are subject to compliance with National Environmental Policy Act (NEPA) requirements. In the event a final determination is made under NEPA to adjust, extend or alter the station location in relation to a Zone designated on the maps as Exhibit "C", the Parties agree that they shall amend the description of the Zone and the maps and listing of properties in Exhibit "C" to reflect property within the one-half (1/2) mile radius of the corresponding station platform (except the proposed City of Austin Seaholm station will be a one-quarter (1/4) mile radius), subject to the terms and conditions of this Agreement.

D. PERIODIC REVIEW OF AGREEMENT

1. The proposed rail system is currently in the planning phase. Beginning with five years following the Effective Date of this Agreement, and every five years thereafter, the City and LSRD shall re-evaluate the provisions of this Agreement to determine if any revisions are needed to address changes in operations, capital programs, service levels, or other factors that were not anticipated during the planning phase or prior five year period. As a result, amendments to the Agreement may be needed.

2. **Equity of Funding Effort.** LSRD agrees that interlocal agreements for funding of the Project involving other cities and counties in Central Texas will contain funding agreements based on singular funding concepts or providing equivalent funding from other sources. As other Central Texas cities and counties sign interlocal agreements, the City will be provided copies of such interlocal agreements by LSRD and for a period of 60 calendar days after the agreements are provided, the City may object in writing that the funding efforts do not provide equity of effort between the corresponding local government entities.

   If the City's objections are not resolved within 60 calendar days after notice to LSRD, the City, until the objection is resolved, shall have the right to suspend payment of that portion of their Tax Increment Payment that the City deems to be unequal in effort to the corresponding local government entities.

E. GENERAL TERMS AND CONDITIONS

1. Termination

Notice of any claims of material breach shall be given in writing to the other Parties, identifying the breach claimed with particularity, and stating the time permitted for cure, such time to be commercially and legally reasonable. Such a notice of claim of breach is sufficient to constitute termination of this Agreement. Without waiving any legal rights, the Parties agree to voluntary mediation of any disputes.

In the event the City does not agree to an amendment to the Agreement that would provide funding at a level higher than the initial zero percent increment participation level established pursuant to Section B.2.b. of this Agreement, LSRD shall have the right to give the City notice of termination of this Agreement, and 90 days after such notice, shall have the right to terminate this Agreement if such funding amendment is not agreed upon before the 90th day after notice is given.

2. Force Majeure

a. Each party to this Agreement agrees to excuse the failure of another party to perform its obligations under this Agreement to the extent that failure is caused by an event of Force Majeure. Force Majeure means acts and events not within the control of the party, and which the party could not use due diligence to avoid or prevent. Events of Force Majeure include acts of God, strikes, riots, sabotage, civil disturbances, epidemics, acts of domestic or foreign terrorism, lightning, earthquakes, fires, storms, floods, and landslides. Force Majeure does not include economic or market conditions, which affect a party's cost, but not its ability to perform.

b. The party invoking Force Majeure shall give timely and adequate notice to the other party, by facsimile transmission, or telephone confirmed promptly in

writing, or electronic mail, of the event. The party shall use due diligence to remedy the effects of Force Majeure as soon as possible. If a party's performance is delayed by the event of Force Majeure, the Parties will mutually agree to extend the time for completion of obligations by a period of time necessary to overcome the effect of the Force Majeure event.

3. **Severability**

If a term or provision of this Agreement is determined to be void or unenforceable by a court of competent jurisdiction, the remainder of this Agreement remains effective to the extent permitted by law.

4. **Notices**

Any notices to be given under this Agreement shall be considered delivered (i) upon personal service upon the person designated in this Agreement for such notice; (ii) within three days of deposit if mailed by first-class United States mail, postage prepaid, registered or certified, and addressed to the person designated for receipt of notice; or (iii) one business day after being sent for overnight delivery by a reputable commercial courier having the ability to track shipping and delivery of the notices. In cases where there is an emergency or other need for immediate notice to be given, written notice may be faxed to the person designated for service, provided a written copy of such notice is also delivered promptly to such designated person by one of the three means identified above.

The Parties designate the following persons for receipt of notice:

If to LSRD:

Executive Director
Lone Star Rail District
P.O. Box 1618
San Marcos, Texas 78667
Attention: Ross Milloy
Phone Number: (512) 558-7360

With copies to:

William H. Bingham
McGinnis Lochridge
600 Congress Avenue, Suite 2100
Austin, Texas 78701
Attorneys for LSRD

If to City of Austin:

City of Austin
301 W. 2nd Street
P.O. Box 1088
Austin, Texas 78701
Attention: City Manager **and** Assistant City Manager for Transportation
Phone Number: 512-974-2000

With copies to:

City Attorney
City of Austin
301 W. 2nd Street
P.O. Box 1088
Austin, Texas 78701

The Parties may change the person designated for receipt of notice from time to time by giving notice in writing to the other Parties, identifying the new person designated for receipt of service and identifying his/her name, title, address for notice and phone number.

5. Complete Agreement

This is the complete Agreement by and between the Parties on the subject matter of the Agreement. It supersedes any other agreement or understanding between the Parties, written or oral, and any other commitments, promises, undertakings, understandings, proposals or representations of the Parties to each other, written or oral, concerning the subject matter of this Agreement.

6. Amendment in Writing

This Agreement may be modified only in writing duly executed by each of the Parties. Neither any representation or promise made after the execution of this Agreement, nor any modification or amendment of this Agreement, shall be binding on the Parties unless made in writing and duly executed by each of the Parties.

7. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same Agreement.

AGREED AND APPROVED:

LONE STAR RAIL DISTRICT

By: _____ **Date:** Dec. 20, 2013
Ross Milloy, Executive Director

CITY OF AUSTIN

By: _____ **Date:** 12/20/13
Robert D. Goode, Assistant City Manager

APPROVED AS TO FORM

By: _____ **Date:** 12/20/2013
Leela Fireside, Assistant City Attorney

EXHIBITS

Exhibit A - - Project Plan
Exhibit B - - Minutes and Resolution
Exhibit C - - Map of Zone

EXHIBIT A: PROJECT PLAN

Lone Star Rail District Project Plan - LSTAR Passenger Rail Service

Lone Star Rail District (LSRD) will develop and operate a passenger rail service, LSTAR, with proposed stations as shown in the map on Exhibit A-1 plus any added alternate or skip stop stations, running primarily in the right of way of the current Union Pacific Railroad (UPRR) corridor between the Austin and San Antonio metropolitan regions. The development of this service will be accomplished through the construction and/or purchase of:

- **Track improvements** to bring initial maximum passenger train speed to 79 mph (with provisions to increase that speed incrementally to 110 mph), including but not necessarily limited to track geometry and/or condition improvements, train control system improvements, and grade crossing adjustments,
- **Curve remediation** to increase or eliminate current speed limits imposed by track curvature,
- **Additional track and related infrastructure** (bridges, turnout, switch, and train control apparatus, communications apparatus, and so forth) as guided by LSRD's joint service planning effort with UPRR, the goal of which is to identify the improvements needed to support reliable, on-time regular passenger train service while maintaining UPRR's ability to serve its customers in the corridor,
- **Stations**, including at a minimum platforms, canopies, lighting, seating, passenger information systems, ticket vending equipment (if necessary), and pedestrian bridges, an
- **Operations and Maintenance Facilities** will include the following:
    - **Maintenance shops and yards** where LSTAR locomotives and passenger coaches will be stored, inspected, maintained, cleaned, and repaired
    - **Operations Control Center** where rail system control and communication operations will be centered
    - **Maintenance of Way base** to function as headquarters and storage for engineering/infrastructure maintenance functions
    - **LSRD administrative headquarters** to provide space for management and administrative functions of the LSRD and the rail system
- **Layover facilities** at one or other or both the ends of the line, or mid-line may be needed to provide minor inspection and maintenance of rail rolling stock stored at passenger terminals, and
- **Rail Rolling Stock**, taking into account the conceptual initial service plan goal's peak equipment requirement plus a margin to account for "shopped" equipment (for inspection, maintenance, or repair). Current plans include a sufficient number of locomotives, bi-level passenger cars, and bi-level passenger/cab cars to run each of the conceptual service plans. In addition to passenger rail rolling stock, LSRD will also acquire in the same fashion **specialized track maintenance vehicles**, plus a sufficient fleet of **highway vehicles** to support operations supervision, maintenance, and transit security functions.

Under current project development plans, seven (7) stations will serve the City of Austin – **McNeil Junction, Parmer Lane (alternate/skip stop station), Braker Lane/Domain, Anderson Lane (alternate/skip stop station), 35th Street, Downtown Austin, and Slaughter Lane.** The projected station locations are planning locations only at this time, and final station locations will be determined through the National Environmental Policy Act (NEPA) process. The location of the Operations and Maintenance Facilities has not yet been finalized, but current planning does not envision these facilities being located in

Austin or Travis County. However, final location of the facilities is subject to the results of the NEPA process and LSTAR operational needs. Track improvements, curve remediation, and additional track and related infrastructure will be built on the proposed LSTAR route through Austin; the number and magnitude of those improvements will be determined through the NEPA and final design processes. LSTAR rail rolling stock will serve Austin rail stations. Facilities, line improvements and rolling stock are also subject to available capital budget resources and contracting or purchasing requirements.

The LSTAR capital program and service levels will be commensurate respectively with the available capital and operations funding levels. The LSTAR service is planned to be built in stages – LSRD will not delay LSTAR passenger rail service initiation until the completion of the entire passenger rail project, but rather commission and operate a minimum logical service (to be analyzed during the NEPA process), while continuing to bring new segments online as they are completed. Project development may also include the phasing of improvements within a segment in order to allow the initiation of service in a timely fashion with available resources and allowing for ongoing or future development of subsequent phases within a segment toward full completion of planned improvements. It is provisionally believed by LSRD planners that the system will generally be built and put in operation from north to south, due to the likely capital investment cash flows, the higher projected ridership in the Central Texas region, and fewer construction challenges (based on conceptual engineering analyses). The schedule for initiation of project development and service provision is to be determined by the completion of the NEPA process and availability of capital funding.

Capital cost estimates are preliminary, and are based on the conceptual service development plan (discussed below). Those costs are:

	Initial Service	Base Service	Full Service
Entire Line	$700 *	$840 *	$1,400 *
Austin Portion of Line	$268 *	$301 *	$426 *

** All figures are in millions of dollars and are estimates of not to exceed amounts.*

It should be noted that the costs above are not additive, but cumulative totals – i.e. to go from Initial to Base Service, the incremental cost for the entire line is $140 million ($840 million - $700 million). Capital cost estimates will be further refined during the NEPA process.

LSTAR service levels will be commensurate with the available funding from participating local jurisdictions (cities, counties, college districts, etc.). For planning purposes LSTAR has prepared its operations and maintenance (O&M) projections based on the following conceptual service level goals:

Initial Service Goal –	60 minute headway on peak
	120 minute headway off peak
	12 total round trips per weekday
	Weekend and holiday service
Base Service Goal –	30 minute headway on peak
	60 minute headway off peak
	20 total round trips per weekday
	Weekend and holiday service

Full Service Goal – 15 minute headway on peak
60 minute headway off peak
28-32 total round trips per weekday (including express trips)
Weekend and holiday service

For estimating purposes here, operations and maintenance costs have been determined for each conceptual level of service goal. The annual net O&M cost (after fares and miscellaneous revenue is accounted for) is planned to be split into thirds, with one third paid by the taxing jurisdictions in the smaller cities in the corridor, another third by the Austin/Travis County metropolitan region taxing jurisdictions, and the final third by the San Antonio/Bexar County metropolitan region taxing jurisdictions. The following table details the net O&M cost projections:

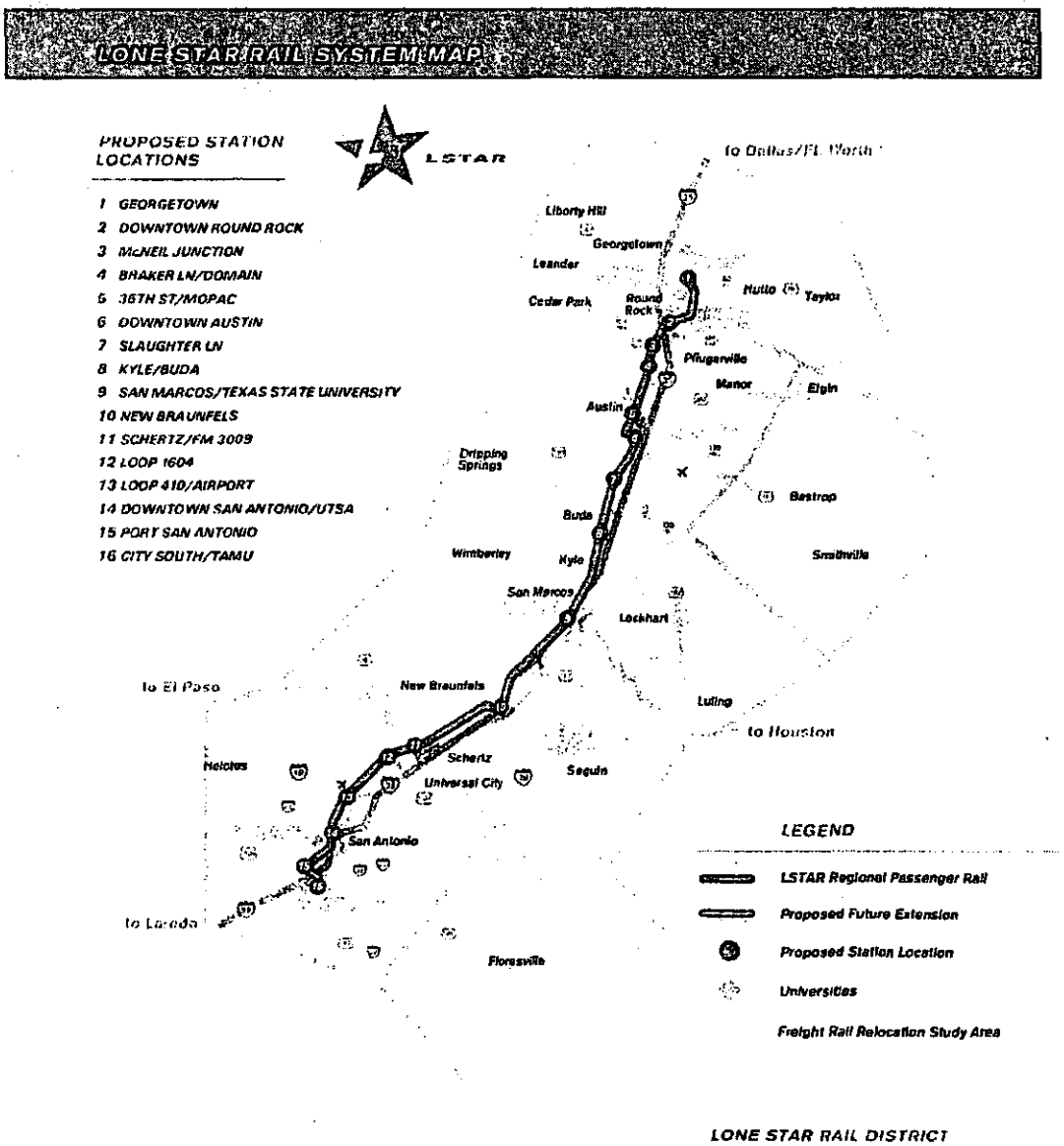
Service Level Goal:	Initial Service**	Base Service**	Full Service**
Smaller Cities	$ 9.32 mil	$ 12.60 mil	$ 20.14 mil
Austin/Travis County Metro	$ 9.32 mil	$ 12.60 mil	$ 20.14 mil
San Antonio/Bexar County Metro	$ 9.32 mil	$ 12.60 mil	$ 20.14 mil
Total	$ 27.96 mil	$ 37.80 mil	$ 60.42 mil

*** All numbers are current year/present value estimated amounts and are not escalated to year of expenditure.*

Further allocation of the smaller cities portion of costs to each of the smaller cities is estimated by allotting 20% of the total smaller cities costs by the number of stations (full service and split service stations) within each city and allotting the remaining 80% of total smaller cities costs by estimated city ridership activity (departures and arrivals) for the planning horizon year of the LSTAR service (2035). The following percentages (rounded to the nearest half of a percent) are the result of the smaller cities allocation and would be applied to the total smaller cities portion of total O&M costs (1/3 of the estimated total O&M costs): 1) Georgetown 16%; 2) Round Rock 28.5%; 3) Buda 4.5%; 4) Kyle 13%; 5) San Marcos 15.5%; 6) New Braunfels 13%; and 7) Schertz 9.5%.

The service levels are planning goals only. Should the actual funding support provided by the participating local jurisdictions be unable to support the planned levels of LSTAR service, the service levels actually provided will be reduced to a level commensurate with the provided local funding. All allocations are for cost estimating purposes only and may be updated over time. Actual allocations may be based upon the availability of funding from individual local government entities supporting the LSTAR service.

EXHIBIT A-1: PROJECT MAP



LONE STAR RAIL DISTRICT

EXHIBIT B

LONE STAR RAIL DISTRICT

RESOLUTION BY THE BOARD OF DIRECTORS AUTHORIZING INTERLOCAL AGREEMENTS WITH LOCAL GOVERNMENT MEMBERS FOR THE CREATION OF TRANSPORTATION INFRASTRUCTURE ZONES

WHEREAS, the Texas Transportation Code, Section 173.256 authorizes the Lone Star Rail District (Rail District) to enter into interlocal agreements with local governmental entities for the financing of transportation infrastructure; and

WHEREAS, the Rail District has been engaged in negotiations with local governmental entities to create interlocal agreements; and

WHEREAS, the City of San Marcos, Texas, a local government member of the Rail District, will submit during December for Council approval an interlocal agreement providing for tax increment funding for certain transportation infrastructure to be a part of the passenger rail plan for the Rail District to be effective commencing in 2013 and has also agreed to consider certain future amendments to the interlocal agreement; and

WHEREAS, other local government members are negotiating with the Rail District to enter into similar interlocal agreements for the financing of transportation infrastructure;

NOW, BE IT THEREFORE RESOLVED, that the Chairman of the Board of Directors or the Executive Director of the Rail District are authorized to execute and enter into an interlocal agreement with the City of San Marcos, Texas, and are also authorized to enter into similar interlocal agreements with other local government members.

Sid Covington, Chairman
Board of Directors

December 6, 2013

AUSTIN CITY COUNCIL MINUTES

REGULAR MEETING THURSDAY, DECEMBER 12, 2013

Invocation: Elder Jack D. Gause, St. Peter's United Methodist Church

The following represents the actions taken by the Austin City Council in the order they occurred during the meeting. While the minutes are not in sequential order, all agenda items were discussed. The City Council of Austin, Texas, convened in a regular meeting on Thursday, December 12, 2013 in the Council Chambers of City Hall, 301 West Second Street, Austin, Texas.

Mayor Leffingwell called the Council Meeting to order at 10:07 a.m.

[Note – items considered before Item 19 deleted from these minutes for ease of reading].

DISCUSSION ITEMS

19. Authorize the negotiation and execution of an interlocal agreement with LONE STAR RAIL DISTRICT (LSRD) to create a transportation infrastructure zone comprised of several proposed rail stations and adjacent areas within the territory of the City of Austin to facilitate the City's contribution of financing to the LSRD rail.
There was a motion made by Mayor Pro Tem Cole and seconded by Council Member Spelman to authorize the negotiation and execution of an interlocal agreement with Lone Star Rail District (LSRD).

There was a substitute motion made by Council Member Morrison and seconded by Council Member Tovo to postpone this item to April 30, 2014. The motion failed on a vote of 2-5. Those voting aye were: Council Members Morrison and Tovo. Those voting nay were: Mayor Leffingwell, Mayor Pro Tem Cole and Council Memers Martinez, Riley and Spelman.

The motion authorizing the negotiation and execution of an interlocal agreement with Lone Star Rail District (LSRD) was approved on Mayor Pro Tem Cole's motion, Council Member Spelman's second on a 6-1 vote. Council Member Morrison voted nay.

[Note – items considered after Item 19 deleted from these minutes for ease of reading]

Exhibit C

EXHIBIT C - MAP OF ZONE

Lone Star Rail District Transportation Infrastructure Zone

McNeil Junction Station

JACOBS

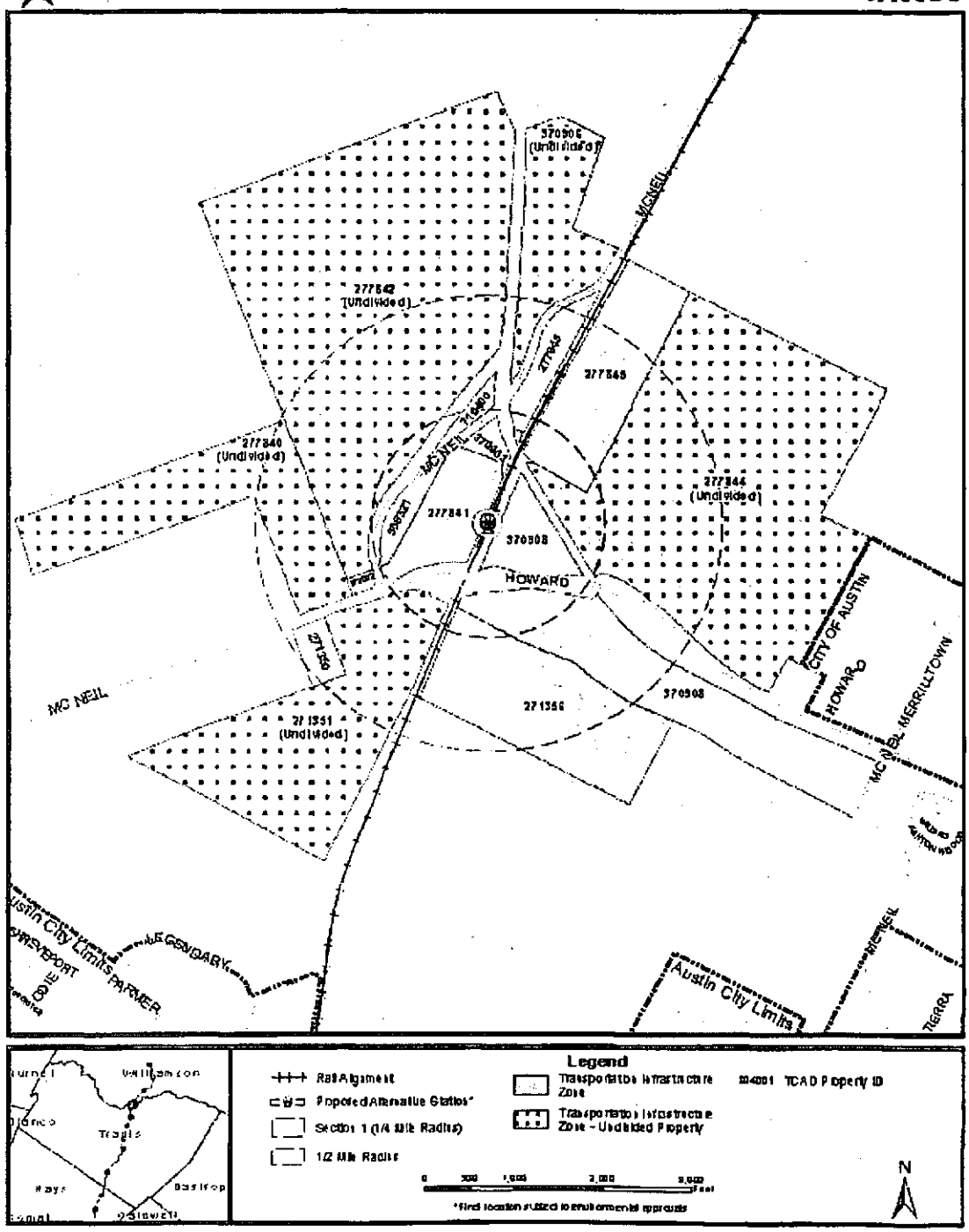


Exhibit C (cont.)

McNeil Junctions Station
(Travis County Appraisal District Parcel Identification Numbers)

TCAD Parcel Identification Number	Total Property Area (Acres)
Transportation Infrastructure Zone	
271350	6.40
271356	68.78
277841	24.33
277845	60.99
370902	1.39
370903	3.78
370907	0.26
370908	87.69
506321	6.63
716400	3.61

Transportation Infrastructure Zone - Undivided Property			
271351	102.52	33.72	33%
277840	73.46	27.97	38%
277842	255.03	89.89	35%
277844	226.55	78.36	35%
370906	41.14	4.19	10%

Note: TCAD Data October 2013

Exhibit C (cont.)

Lone Star Rail District Transportation Infrastructure Zone

Parmer Ln. Station

JACOBS

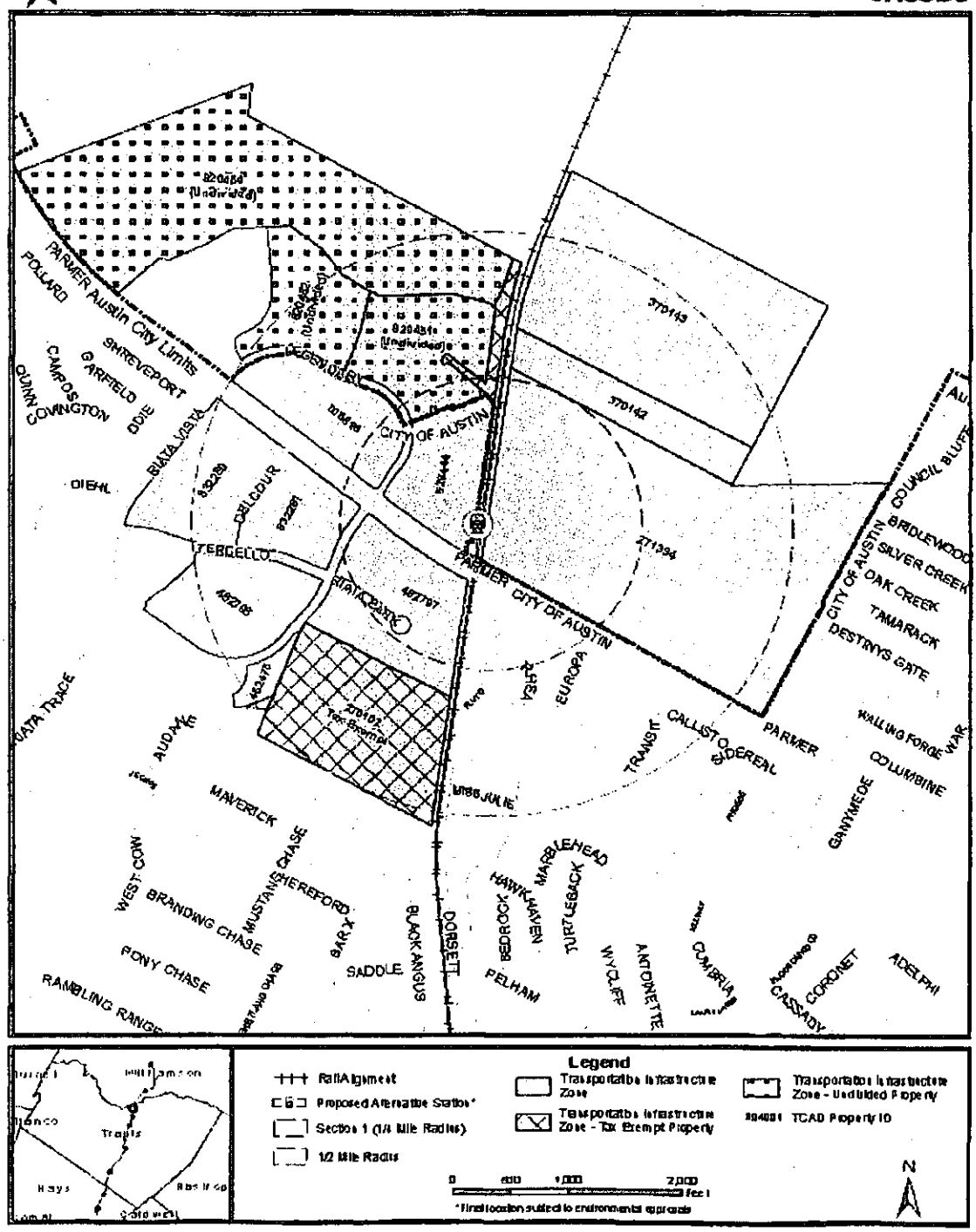


Exhibit C (cont.)

Parmer Lane Station
(Travis County Appraisal District Parcel Identification Numbers)

TCAD Parcel Identification Number	Total Property Area (Acres)
Transportation Infrastructure Zone	
271354	128.62
370142	18.82
370143	81.80
462476	3.46
462796	22.59
462797	28.53
505896	21.42
528444	18.71
549098	0.32
832280	23.22
832281	15.60
Transportation Infrastructure Zone - Tax Exempt	
270102	40.51
723840	3.77

Transportation Infrastructure Zone - Undivided Property			
820451	24.45	24.45	100%
820452	19.60	11.12	57%
820454	91.62	14.51	16%

Note: TCAD Data October 2013

Exhibit C (cont.)

Lone Star Rail District Transportation Infrastructure Zone

Braker Ln. / Domain Station

JACOBS

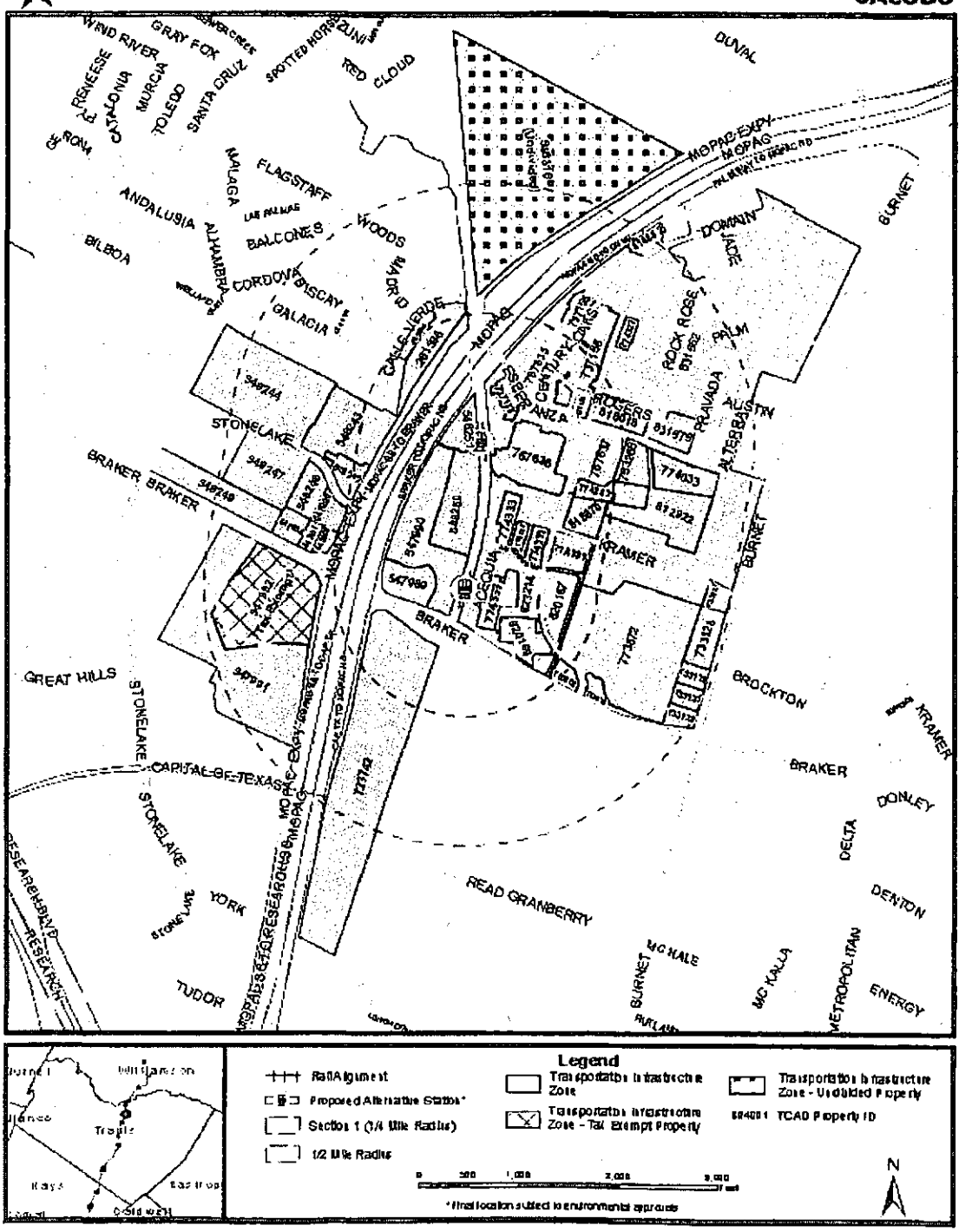


Exhibit C (cont.)

Braker Lane / Domain Station
(Travis County Appraisal District Parcel Identification Numbers)

TCAD Parcel Identification Number	Total Property Area (Acres)
Transportation Infrastructure Zone	
261595	1.51
261596	5.50
547985	2.03
547986	1.00
547987	1.07
547988	2.10
547989	4.33
547990	13.96
547991	30.77
548242	2.58
548243	10.72
548244	22.34
548247	10.01
548248	3.24
548249	8.22
548250	8.40
548251	3.21
723742	45.78
733125	1.50
733126	1.50
733127	1.51
733128	3.73
733129	1.50
737155	11.38
753265	2.89
767635	27.64
767636	8.55
767637	5.61
773872	31.35
773873	1.34
773874	1.79

774033	4.68
774263	1.47
774327	1.05
774333	10.73
812922	9.06
818018	3.41
818862	1.61
818870	4.87
820167	4.43
820169	3.81
823214	19.31
823414	1.50
831562	118.66
831575	3.39
Transportation Infrastructure Zone - Tax Exempt	
547992	19.34

Transportation Infrastructure Zone - Undivided Property			
548316	65.37	17.63	27%

Note: TCAD Data October 2013

Exhibit C (cont.)

Lone Star Rail District Transportation Infrastructure Zone

Anderson Ln. Station

JACOBS

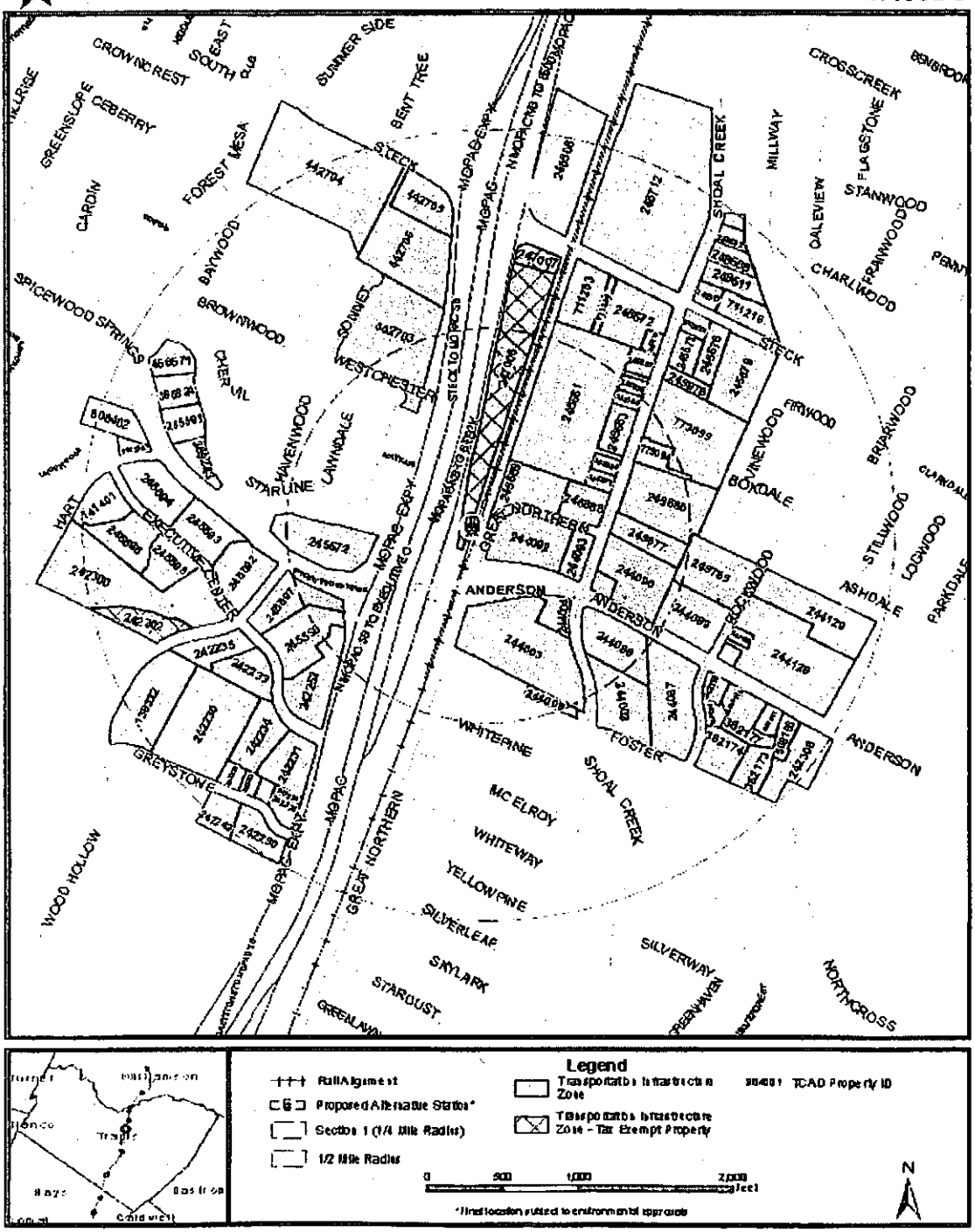


Exhibit C (cont.)

Anderson Lane Station
(Travis County Appraisal District Parcel Identification Numbers)

TCAD Parcel Identification Number	Total Property Area (Acres)
Transportation Infrastructure Zone	
138322	4.79
141254	0.38
141401	1.90
242226	0.70
242227	0.33
242228	0.20
242229	0.51
242230	6.92
242231	2.34
242232	0.38
242233	1.96
242234	2.27
242235	1.73
242249	1.30
242250	1.79
242252	3.18
242300	8.68
242308	2.72
242310	0.59
242311	0.58
244002	3.49
244003	8.30
244004	1.02
244005	0.61
244086	3.22
244087	4.74
244089	3.13
244090	3.98
244091	0.45
244092	3.64
244093	1.12

244127	0.35
244128	7.84
244129	4.40
244130	0.32
245572	3.85
245591	1.34
245592	2.72
245593	2.43
245594	2.80
245595	2.40
245596	1.81
245597	2.54
245598	3.17
245661	12.10
245663	1.27
245664	0.42
245665	0.41
245666	0.40
245667	0.67
245668	1.55
245669	2.59
245670	0.40
245671	0.48
245672	3.10
245673	1.00
245674	0.60
245675	1.29
245677	1.90
245678	0.73
245679	3.64
245680	4.82
245785	3.55
246993	0.28
248506	6.66
248598	0.30
248602	0.54
248608	0.87
248610	0.60
248611	1.36
248712	18.28
362173	1.33

362174	1.84
362175	0.50
362176	0.36
362177	1.59
366824	1.28
369243	1.09
442703	7.35
442704	11.53
442705	2.38
442706	5.80
456571	1.26
568198	0.73
711216	1.51
711283	2.36
711284	0.46
773054	0.98
773055	6.38
808402	1.72
Transportation Infrastructure Zone - Tax Exempt	
242302	1.67
247006	7.60
247007	0.89

Note: TCAD Data October 2013

Exhibit C (cont.)

Lone Star Rail District Transportation Infrastructure Zone

35th Street / MoPac Station

JACOBS

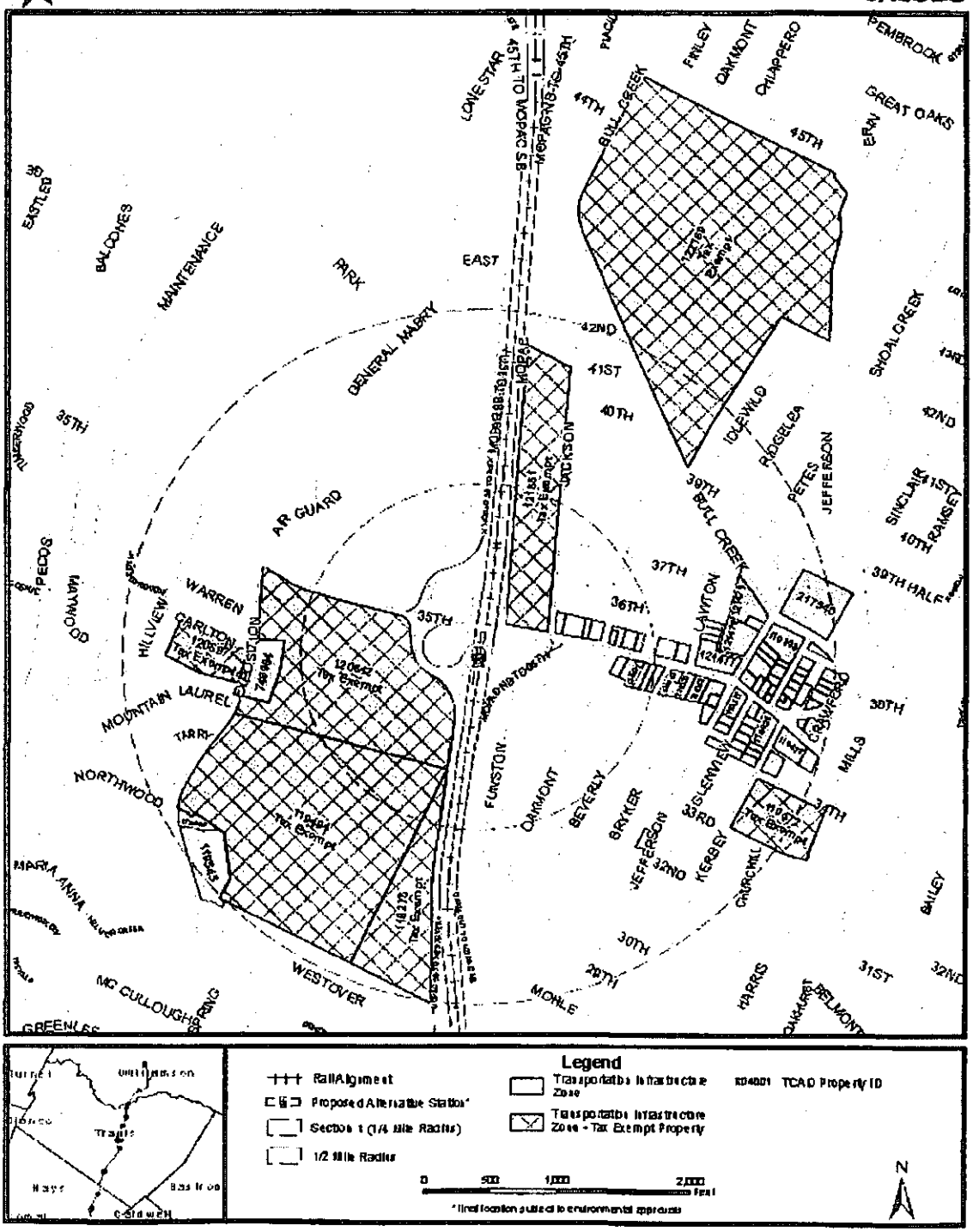


Exhibit C (cont.)

35th Street / MoPac Station
(Travis County Appraisal District Parcel Identification Numbers)

TCAD Parcel Identification Number	Total Property Area (Acres)
Transportation Infrastructure Zone	
119373	0.18
119375	0.17
119376	0.16
119377	0.54
119378	0.26
119379	0.48
119381	0.20
119382	0.22
119383	0.09
119384	0.15
119385	0.09
119386	0.07
119387	0.18
119388	0.15
119389	0.21
119390	1.18
119419	0.17
119420	0.18
119421	0.17
119422	0.18
119423	0.18
119424	0.11
119425	0.66
119427	0.13
119428	0.14
119430	0.18
119432	0.18
119433	0.06
119434	0.16
119435	0.14

119436	0.15
119437	0.12
119438	0.20
119440	0.26
119441	0.16
119442	0.15
119443	0.23
119444	0.14
119445	0.28
119446	0.16
119477	0.87
119484	0.47
119485	0.36
119491	0.17
119492	0.10
119545	3.39
119546	0.59
120327	0.28
120328	0.25
120329	0.25
120330	0.27
120332	0.35
120333	0.56
120334	0.40
120335	0.17
120336	0.26
120350	0.27
120351	0.25
120352	0.49
120393	0.20
121360	0.29
121361	0.48
121363	0.32
121364	0.19
121365	0.13
121370	0.17
121464	0.16
121465	0.16
121466	0.16
121474	0.20
121475	1.46

121476	1.24
121477	1.20
121560	0.33
121561	0.17
121562	0.55
121563	0.25
217487	0.20
217540	3.59
749984	2.18
Transportation Infrastructure Zone - Tax Exempt	
118275	11.46
119472	5.64
119494	50.30
120642	31.56
120697	3.73
121551	15.61
122169	75.79

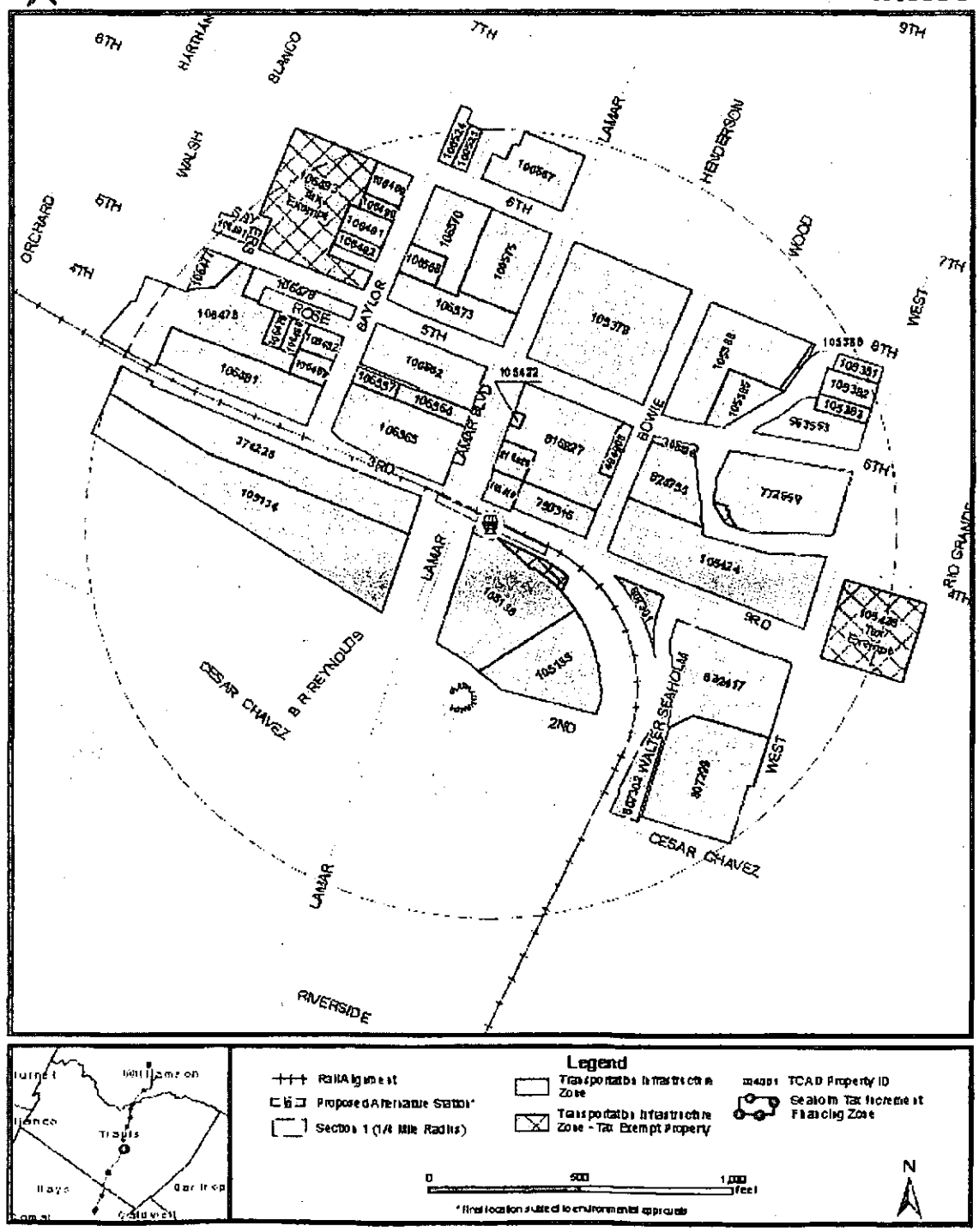
Note: TCAD Data October 2013

Exhibit C (cont.)

Lone Star Rail District Transportation Infrastructure Zone

Downtown Austin Station

JACOBS



Legend

- Rail Alignment
- Proposed Alternative Station*
- Section 1 (1/8 Mile Radius)
- Transportation Infrastructure Zone
- Transportation Infrastructure Zone - Tax Exempt Property
- TCAD Property ID
- Seaholm Tax Increment Financing Zone

0 500 1,000 feet

* Final location subject to environmental approvals

N

Exhibit C (cont.)

Downtown Austin Station
(Travis County Appraisal District Parcel Identification Numbers)

TCAD Parcel Identification Number	Total Property Area (Acres)
Transportation Infrastructure Zone	
105134	4.79
105135	1.81
105136	2.71
105379	3.99
105381	0.21
105382	0.36
105383	0.21
105385	0.55
105388	2.14
105389	0.06
105419	0.26
105422	0.04
105424	3.10
105428	0.11
106475	2.50
106477	0.30
106478	0.48
106479	0.16
106480	0.16
106481	1.71
106482	0.25
106483	0.24
106489	0.32
106490	0.15
106491	0.33
106492	0.18
106497	0.17
106523	0.17
106524	0.23
106557	0.20
106562	1.39

106564	0.33
106565	1.89
106568	0.30
106570	1.17
106573	1.07
106575	1.42
106587	1.15
374228	3.08
494908	0.18
563553	0.78
750316	0.58
772659	2.14
807299	2.62
807301	0.27
807302	0.54
816926	0.27
816927	2.18
824754	0.97
832417	2.37
Transportation Infrastructure Zone - Tax Exempt	
105430	0.06
105438	1.74
106493	2.73
563552	0.23

Note: TCAD Data October 2013

Exhibit C (cont.)

Lone Star Rail District Transportation Infrastructure Zone

Slaughter Ln. Station (South A & B)

JACOBS

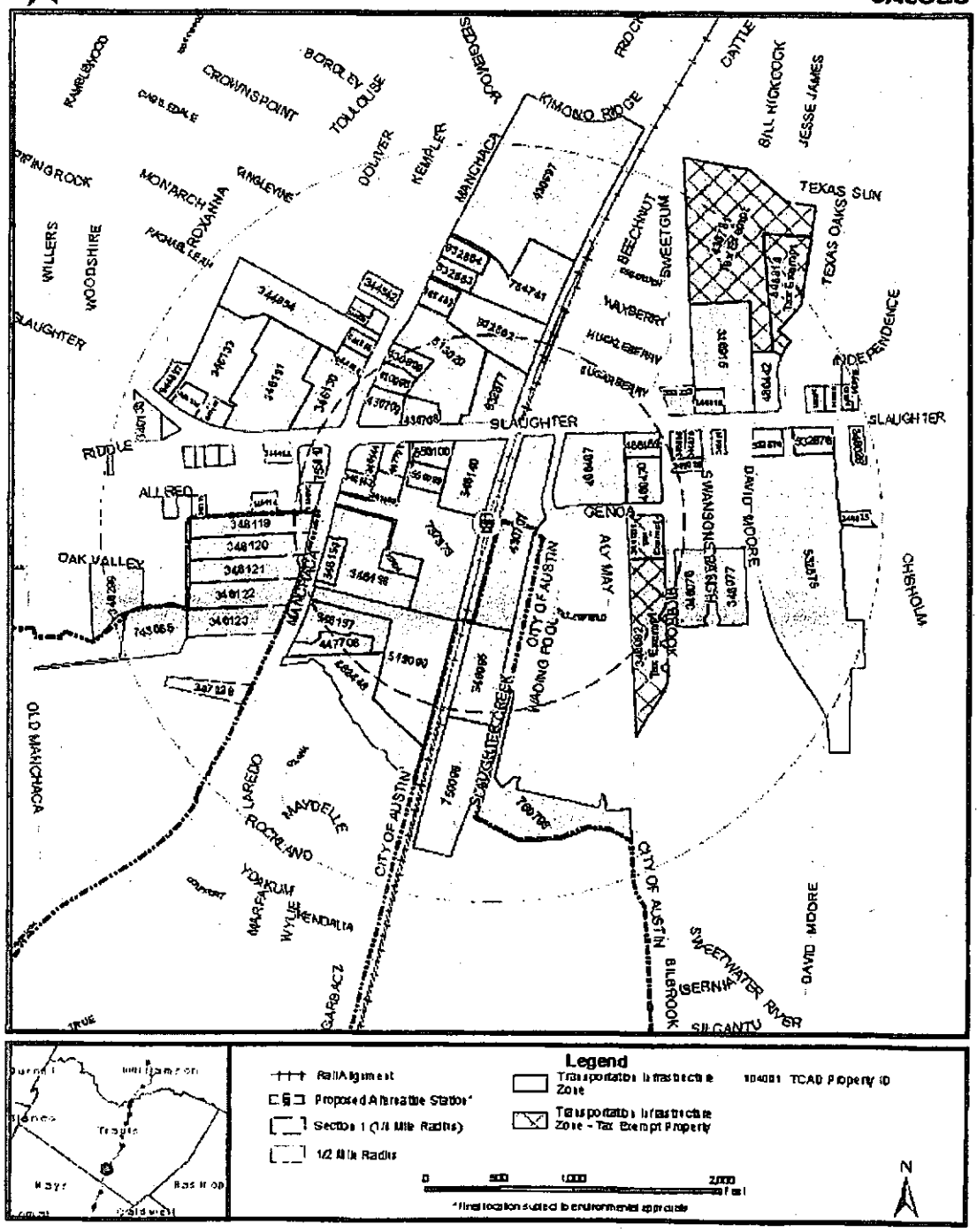


Exhibit C (cont.)

Slaughter Lane Station
(Travis County Appraisal District Parcel Identification Numbers)

TCAD Parcel Identification Number	Total Property Area (Acres)
Transportation Infrastructure Zone	
344542	0.91
344628	0.43
344652	0.28
344653	0.24
344654	6.17
344655	0.62
344656	0.67
344657	0.71
346026	0.63
346035	0.52
346051	0.59
346052	0.25
346076	2.53
346077	2.53
346078	0.45
346079	0.48
346080	0.46
346081	0.41
346085	4.50
346086	0.47
346087	0.55
346097	0.28
346098	0.20
346099	0.33
346100	0.34
346102	0.65
346109	0.33
346111	0.35
346114	0.61
346116	0.59
346119	2.84

346120	2.90
346121	2.83
346122	2.99
346123	2.93
346130	3.62
346131	7.21
346132	0.63
346133	5.37
346134	0.79
346135	0.28
346136	1.15
346137	2.87
346138	5.79
346139	1.02
346140	4.03
346143	0.77
346144	0.98
346257	0.13
346299	3.11
346915	6.38
346918	0.80
347036	1.39
430697	20.02
430698	1.01
430699	0.99
430707	8.05
430708	0.99
430709	1.63
447708	1.62
447709	1.00
466452	1.05
466467	5.23
466469	1.00
466470	1.79
486442	1.67
486448	5.85
513020	6.56
513090	9.06
532862	4.65
532863	1.02
532864	1.08

532874	0.91
532875	22.99
532876	1.15
532877	3.11
533235	0.92
556098	1.02
556099	1.04
556100	1.06
737978	1.08
737979	9.23
743965	3.63
750098	6.43
755910	1.16
769798	6.81
784741	5.21
Transportation Infrastructure Zone - Tax Exempt	
346091	1.69
346092	5.80
346914	3.90
430781	14.45

Note: TCAD Data October 2013