



Thursday, November 02, 2006

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**Austin Energy
RECOMMENDATION FOR COUNCIL ACTION**

ITEM No 2

Subject Approve negotiation and execution of Amendment No 1 to the existing cost reimbursement agreement with SPGIL DOMAIN, L P , previously known as The DOMAIN SHOPPING CENTER L P (Simon Properties), to increase the cost reimbursement in an amount not to exceed \$700,000 for underground utility piping and related equipment at the DOMAIN site, for a revised agreement total of \$4,900,000

Amount and Source of Funding Funding is available in the amount of \$700,000 in the Fiscal Year 2006-2007 Capital Budget of Austin Energy

Fiscal Note A fiscal note is attached

Additional Backup Material
(click to open)
D Board and Commission Action

For More Information Roger Duncan, Deputy General Manager / 322-6157, Cliff Braddock, Director, Energy Business Development / 322-6302

Boards and Commission Action Recommended by the Electric Utility Commission

Prior Council Action 7-28-2005 Initial Cost Reimbursement Agreement for \$4,200,000 approved

Austin Energy provides, through a separate contract, chilled water cooling services for the new commercial, retail and residential project being constructed next to the DOMAIN site by SPGIL DOMAIN, L P (i e , Simon Properties) Simon will be supplying the underground utility piping and related equipment necessary for Austin Energy to provide district cooling services to the new development from Austin Energy's existing utility plant at the DOMAIN

Simon is installing the necessary underground piping and related equipment (pumps, valves, heat exchangers) in conjunction with its construction of the new development. This contracting arrangement enables lower installed costs and avoids construction delays, and avoids the need to excavate new areas in the future for extensions of the chilled water distribution system

Austin Energy has reviewed and approved the design and construction of this chilled water piping project, and has agreed that \$700,000 in additional costs incurred by Simon for piping and appurtenances are qualified and acceptable for reimbursements under the existing agreement, thereby increasing the not to exceed amount to \$4.9 Million

Of note is that Simon assures repayment of this expenditure to Austin Energy in the form of fixed monthly payments calculated such that the entire amount of funding that Austin Energy reimburses Simon for piping, is paid back to Austin Energy over 20 years at a cost of 6% interest. Simon reserves the right to pre-pay the outstanding balance to Austin Energy at any time

Such reimbursement may include appropriate costs incurred by Simon prior to the execution of the Agreement. Upon completion and acceptance of the project, Austin Energy will own and maintain the piping and related equipment



Electric Utility Commission
October 16, 2006
Meeting

Approve negotiation and execution of Amendment No. 1 to the existing cost reimbursement agreement with SPGIL DOMAIN, L P a Delaware limited partnership, previously known as The DOMAIN SHOPPING CENTER L P (Simon Properties), to increase the cost reimbursement in an amount not to exceed \$700,000 for underground utility piping and related equipment at the DOMAIN site, for a revised agreement total of \$4,900,000

Motion by Fath

Seconded by Wolfe

Ayes Alvarez, Fath, Sessa, Schmandt, Shaw, Weston, and Wolfe

Nays NONE

Abstaining NONE

Off the dais NONE

Absent Knaupe and Skeith

The Commission approved this item, 7-0