

**THIS IS A DRAFT AND WILL BE REPLACED BY THE FINAL, SIGNED
ORDINANCE OR RESOLUTION ADOPTED BY CITY COUNCIL.**

AN ORDINANCE

AUTHORIZING AMENDMENTS TO THE VERANO TIRZ PROJECT AND FINANCE PLANS, EXTENDING THE TERM OF THE TIRZ BY EIGHT YEARS, APPROVING THE ASSIGNMENT OF THE VERANO TIRZ DEVELOPMENT AGREEMENT FROM VTLM TEXAS, LP TO VERANO LAND GROUP, LP, AUTHORIZING THE NEGOTIATION AND EXECUTION OF AMENDMENTS TO THE DEVELOPMENT AGREEMENT WITH VERANO LAND GROUP, LP, BEXAR COUNTY AND THE TIRZ BOARD (“BOARD”), THE INTERLOCAL AGREEMENTS WITH PARTICIPATING TAXING ENTITIES AND THE BOARD, AND THE CONSENT AGREEMENT WITH SAN ANTONIO WATER SYSTEMS, VERANO LAND GROUP, LP, AND THE BOARD.

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WHEREAS, the City recognizes the importance of its continued role in economic development, community development, planning and urban design; and

WHEREAS, by Ordinance Number 2007-12-06-1257, dated December 12, 2007, pursuant to the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code (as amended, hereinafter called the “Act”), the City created Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas (“TIRZ”), to promote development and redevelopment of property within the TIRZ through the use of tax increment financing, which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and further established a Board of Directors for the TIRZ; and

WHEREAS, the Reinvestment Zone consists of approximately 3,100 acres of largely undeveloped land off IH 410 between Zarzamora and Pleasanton Road which will be utilized to develop a walkable mixed-use community built on the concept of an integrated urban village centered around the Texas A&M University San Antonio (TAMU-SA) main campus; and

WHEREAS, the TIRZ Project and Finance Plans as well as a Development Agreement with VTLM Texas, LP (“Developer”) were approved by City Council on November 20, 2008 through Ordinance 2008-11-20-1016 and subsequently amended on June 24, 2010 through Ordinance 2010-06-24-0621; and

WHEREAS, by Ordinance 2009-08-20-0662 the City Council also approved a Consent Agreement consenting to the Utility Services Agreement (“USA”) which allowed the assignment of TIRZ funds from the Developer to San Antonio Water System (“SAWS”) for water and wastewater services to the development; and

WHEREAS, the City Council further approved and the City has executed an Interlocal Agreement with San Antonio River Authority as a Participating Taxing Entity in the TIRZ in 2009 and subsequently approved an amendment in 2010; an Interlocal Agreement with Bexar County as a Participating Taxing Entity in the TIRZ in 2008 and subsequently approved an amendment in 2009 and 2010; and an Interlocal Agreement with Alamo Colleges as a Participating Taxing Entity in the TIRZ in 2010; and

WHEREAS, little development has occurred within the Verano TIRZ since the original designation with delays attributable in part to market conditions and litigation between the original Developer and the new developer and land owner Verano Land Group, LP (“Verano Land Group”), which litigation was settled in February 2014; and .

WHEREAS, pursuant to the terms of the Settlement Agreement and Mutual Release (“Settlement Agreement”) between the original Developer and Verano Land Group, all rights and obligations related to the Verano development were to be assigned to Verano Land Group as the new developer of the Verano TIRZ through the Assignment of Rights agreement, contingent upon City Council approval; and

WHEREAS, City Council’s approval of the Assignment of Rights is contingent upon approval by the Verano TIRZ Board of Directors, the SAWS Board of Trustees, and the Board of Regents of the Texas A&M University System; and

WHEREAS, Verano Land Group has worked with City staff to restart development in the TIRZ and has requested updates to the TIRZ Project and Finance Plans, changes to the Zoning, extension of the term of the TIRZ by eight years, adjustments to the development schedule amendments to the Development Agreement; and

WHEREAS, approval of the amendments to the Development Agreement is contingent upon approval by the Verano TIRZ Board of Directors and the Bexar County Commissioners Court; and

WHEREAS, as part of its efforts to restart development, Verano Land Group has renegotiated the terms of the USA with SAWS which governs the provision of water and wastewater services to the development and the assignment of a reduced amount of reimbursements of TIRZ funds to SAWS otherwise due to the Developer; and

WHEREAS, the changes to the USA to reduce TIRZ reimbursements to SAWS requires approval by the City and the SAWS Board of Trustees of amendments to the Consent Agreement first approved by City Council in 2009; and

WHEREAS, amendments to the Interlocal Agreements with Bexar County, the San Antonio River Authority, and Alamo Colleges to reflect changes to the overall development, and the Interlocal Agreements with Bexar County and the San Antonio River Authority to reflect an extension of the TIRZ term and a reduction in the maximum contributions of these participating taxing entities also require City Council approval; and

WHEREAS, City Council’s approval of the amended Interlocal Agreements is contingent upon the approval of the Bexar County Commissioners Court, and the boards of the San Antonio River Authority and Alamo Community College District; and

WHEREAS, as a result of proposed changes to the Form Base Zoning requirement for the first single family development, the revised maximum tax increment contribution of the City will be \$118,992,476.00, \$81,393,692.00 for Bexar County, and \$4,397,567.00 for San Antonio River Authority, with Alamo Colleges remaining at a maximum contribution of \$15,000,000.00; and

WHEREAS, a change in the participation levels of the Participating Taxing Entities allows for the City to have eight (8) board appointments of which the City has agreed to waive its eighth appointment until Alamo Colleges is no longer participating; and

WHEREAS, the Act authorizes the expenditure of funds derived within a reinvestment zone, whether from bond proceeds or other funds, for the payment of expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by a municipality establishing a reinvestment zone, for costs of public works or public improvements in the reinvestment zone, plus other costs incidental to those expenditures and obligations, consistent with the Amended Project Plan of the reinvestment zone, which expenditures and monetary obligations constitute project costs, as defined in Section 311.002 (1) of the Act (“Project Costs”); and

WHEREAS, it is now necessary for the City Council to approve the Amended Project and Finance Plans, extension of the TIRZ by eight years, the Assignment of the Development Agreement from the original Developer VTLM Texas, LP to Verano Land Group, and to authorize the City Manager or her designee to negotiate and execute an amendments to the Development Agreement, Interlocal Agreements with all Participating Taxing Entities, and the amended Consent Agreement with SAWS, Verano Land Group, and the TIRZ Board; and

WHEREAS, it is officially found and determined that the meeting at which this Ordinance was passed was open to the public and public notice of the time, place and purpose of said meeting was given all as required by Chapter 551, Texas Government Code, and Chapter 311, Texas Tax Code; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The terms and conditions of the Assignment of Rights assigning all rights and obligations under the Development Agreement from VTLM Texas, LP to Verano Land Group, LP is approved contingent upon the subsequent approvals stated in this Ordinance. A copy of the Assignment of Rights in substantially final form is attached to this Ordinance as **Exhibit A**. A copy of the fully executed agreement will be substituted for **Exhibit A** upon receipt of all signatures.

SECTION 2. The terms and conditions of the Amended Development Agreement, Interlocal Agreements with Bexar County, San Antonio River Authority, and Alamo Colleges, and Consent Agreement, to amend the Developer of the Verano TIRZ project, the priority of payment of

TIRZ funds, the term of participation and maximum participation amounts of all Participating Taxing Entities, and the assignment of Developer reimbursements to San Antonio Water Systems is approved contingent upon the subsequent approvals stated in this Ordinance. A copy of the amended Development Agreement, amended Interlocal Agreements with Bexar County, San Antonio River Authority, and Alamo Colleges, and amended Consent Agreement, in substantially final form is attached to this Ordinance as **Exhibits B, C, D, E and F** respectively. A copy of the fully executed agreements will be substituted for **Exhibits B, C, D, E and F** upon receipt of all signatures.

SECTION 3. The City Manager or her designee in concurrence with the City Attorney shall have the authority to negotiate, and finalize any and all outstanding terms and execute the Amended Agreements referenced above and such other documents as are necessary to carry out the intent of this ordinance.

SECTION 4. Amendments to the Project and Finance Plans, copies of which are attached as **Exhibit G** (Amended Project Plan) and **Exhibit H** (Amended Finance Plan) and incorporated into this Ordinance for all purposes, are hereby approved, contingent upon the approval by the Verano TIRZ Board of Directors.

SECTION 5. The City waives its right to appoint an eighth member to the TIRZ Board of Directors until Alamo Colleges is no longer a Participating Taxing Entity. Upon Alamo College's participation termination, the City will appoint another member to the Board for a total of eight appointees.

SECTION 6. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance, may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 7. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

SECTION 8. This Ordinance shall take effect immediately upon the receipt of eight affirmative votes; otherwise it shall be effective ten days after its passage.

PASSED AND APPROVED this 28th day of January, 2016.

M A Y O R
Ivy R. Taylor

ATTEST:

APPROVED AS TO FORM:

Leticia M. Vacek
City Clerk

Martha G. Sepeda
Acting City Attorney

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