

AN ORDINANCE 2018-01-18-0029

**AUTHORIZING THE EXECUTION OF AN ASSIGNMENT AND ASSUMPTION AGREEMENT BETWEEN MISSION DEL LAGO, LTD., A TEXAS LIMITED PARTNERSHIP AND SOUTHSTAR MISSION DEL LAGO HOLDINGS LP, A DELAWARE LIMITED PARTNERSHIP IN COUNCIL DISTRICT 3 AND WITHIN THE MISSION DEL LAGO TIRZ.**

\* \* \* \* \*

**WHEREAS**, on August 19, 1999, in accordance with the Tax Increment Financing Act, Texas Tax Code Chapter 311, City Council through Ordinance No. 90312 designated the Mission Del Lago Tax Increment Reinvestment Zone located in City Council District 3 in order to foster development which would otherwise not occur; and

**WHEREAS**, the City, the Mission Del Lago TIRZ Board of Directors, and Mission Del Lago, Ltd. ("MDL") entered into the Development Agreement on June 29, 2006 by Ordinance No. 2006-06-29-0801 and later amended the Development Agreement by Ordinance No. 2014-05-01-0286 on May 1, 2014; and

**WHEREAS**, the amended project includes the construction of 2,241 single-family homes, 630 multi-family homes, 280 multi-family homes as a part of the Villa Espada Apartments Chapter 380 Agreement project, and 287,600 square feet of retail, office and commercial space; and

**WHEREAS**, MDL, the current developer of record in the Development Agreement, on May 13, 2014, sold its assets to SouthStar Mission Del Lago Holdings LP ("SouthStar"); and

**WHEREAS**, MDL and SouthStar also entered into an Operating Agreement defining each party's rights and responsibilities related to the Mission Del Lago TIRZ; and

**WHEREAS**, MDL desires to assign its interests, rights, duties, obligations, and responsibilities as Developer under the Amended Development Agreement to SouthStar; and

**WHEREAS**, MDL obtained consent of its assignment from the following participating taxing entities in accordance with applicable Interlocal Agreements: Bexar County, University Health System, and Southside Independent School District; and

**WHEREAS**, on April 25, 2017, the Mission Del Lago TIRZ Board of Directors passed a Resolution approving the Assignment and Assumption Agreement between Mission Del Lago, Ltd. and SouthStar Mission Del Lago Holdings LP and City Council approval is now required;  
**NOW THEREFORE**,

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

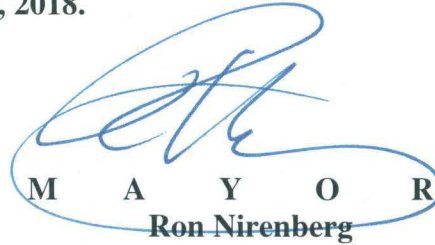
**SECTION 1.** Subject to proof of business registration in the State of Texas by SouthStar Mission Del Lago Holdings LP, City Council hereby authorizes the execution of an Assignment and Assumption Agreement between Mission Del Lago, Ltd., a Texas Limited Partnership, and SouthStar Mission Del Lago Holdings LP, a Delaware Limited Partnership, in City Council

District 3 and within the Mission Del Lago TIRZ as described in substantially final format in Attachment A.

**SECTION 2.** There is no fiscal impact to the Mission Del Lago TIRZ fund or the City's General Fund.

**SECTION 3.** This Ordinance becomes effective immediately upon its passage by eight affirmative votes; otherwise it shall become effective on the tenth day after passage thereof.

**PASSED and APPROVED** this 18th day of January, 2018.



M A Y O R  
Ron Nirenberg

**ATTEST:**



Leticia M. Vacek, City Clerk

**APPROVED AS TO FORM:**



Andrew Segovia, City Attorney

<b>Agenda Item:</b>	22						
<b>Date:</b>	01/18/2018						
<b>Time:</b>	09:42:42 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance authorizing an Assignment and Assumption Agreement between the current Mission Del Lago TIRZ developer of record, Mission Del Lago, Ltd., and the new developer of record, SouthStar Mission Del Lago Holdings L.P. for matters associated with the 2014 Development Agreement for housing and retail construction within the TIRZ. [Peter Zanoni, Deputy City Manager; Verónica R. Soto, Director, Neighborhood & Housing Services]						
<b>Result:</b>	Passed						
<b>Voter</b>	<b>Group</b>	<b>Not Present</b>	<b>Yea</b>	<b>Nay</b>	<b>Abstain</b>	<b>Motion</b>	<b>Second</b>
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x				
William Cruz Shaw	District 2		x				x
Rebecca Viagran	District 3		x			x	
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				

# ATTACHMENT A

## ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT is entered into by and between Mission Del Lago, Ltd., a Texas limited partnership, ("MDL" or "Assignor") and SouthStar Mission Del Lago Holdings L.P., a Delaware limited partnership, ("SouthStar" or "Assignee") for certain rights and responsibilities under that certain Development Agreement with the City of San Antonio, Texas (the "City"), MDL, and the Board of Directors of Reinvestment Zone Number Six, City of San Antonio (the "TIRZ Board"), as amended (the "Development Agreement"). Capitalized terms not defined herein shall have the meanings ascribed to them in the Development Agreement.

### RECITALS

- A. The City, the TIRZ Board, and MDL entered into the Development Agreement on June 29, 2006 authorized by Ordinance No. 2006-06-29-0801 and later amended the agreement by Ordinance No. 2014-05-01-0286 on May 1, 2014. MDL is the "Developer" in the Development Agreement.
- B. On May 13, 2014, MDL sold its assets to SouthStar and MDL assigned a portion of the revenues it receives from Reinvestment Zone Number Six (the "TIRZ") to SouthStar.
- C. On May 13, 2014, MDL and SouthStar entered into an Operating Agreement defining each party's rights and responsibilities related to the TIRZ and the same was Amended and Restated on February 23, 2017.
- D. MDL desires to assign its interests, rights, duties, obligations, and responsibilities as Developer under the Development Agreement to Southstar.
- E. Section 16.3 of the Development Agreement provides for such assignment, stating:

*The Developer may sell or transfer its rights and obligations under this Agreement only with the written consent of the City, as evidenced by an ordinance passed and approved by the City Council, and the Board when a qualified purchaser or assignee specifically agrees to assume all of the obligations of the Developer under this Agreement.*

### AGREEMENTS

For and in consideration of the premises and mutual covenants and agreements of the parties hereinafter set forth, together with other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment to and Assumption by Assignee. Assignor hereby ASSIGNS, TRANSFERS, CONVEYS AND DELIVERS unto Assignee all of Assignor's right, title and interest in, to and under the Development Agreement. Assignee hereby ACCEPTS the assignment as provided above, and hereby covenants and agrees to ASSUME as "Developer" all duties, obligations, and responsibilities to be performed and/or discharged by Developer under the Development Agreement.

2. Notice. This Assignment shall serve to amend the Notice provision in Article XVII, Section 17.1 of the Development Agreement as follows:

If intended for DEVELOPER to:

SouthStar Mission Del Lago Holdings L.P.  
225 Alhambra Circle, Ste. 1160  
Coral Gables, FL 33134  
Attn: Kimball Woodbury

3. Agreement. This Assignment constitutes the entire agreement and understanding between the parties and supersedes all prior agreements and understandings, if any, concerning the subject matter hereof. The Operating Agreement previously entered into by the parties is hereby terminated.

4. Binding Effect. All of the terms, provisions, covenants and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

5. Effective Date. This Assignment, according to the terms, provisions, covenants and conditions set forth herein shall only become effective after consent to the assignment is approved by the City and the TIRZ Board pursuant to Section 16.3 of the Development Agreement.

\* \* \*

IN WITNESS THEREOF, the parties hereto have made and executed this Assignment and Assumption Agreement, to be effective on the effective date described in Section 5 above.

MISSION DEL LAGO, LTD.,  
A Texas Limited Partnership,  
By and through its General Partner,  
MDL, Inc., a Texas Corporation

By: Virginia Rogers  
Virginia Rogers, President

Date: 4/25/17

SOUTHSTAR MISSION DEL LAGO HOLDINGS L.P.,  
A Delaware Limited Partnership

By: LR MISSION, LLC, a Delaware limited liability  
company, its General Partner

By: J. Larry Rutherford  
J. Larry Rutherford, Member

Date: March 7<sup>th</sup> 2017

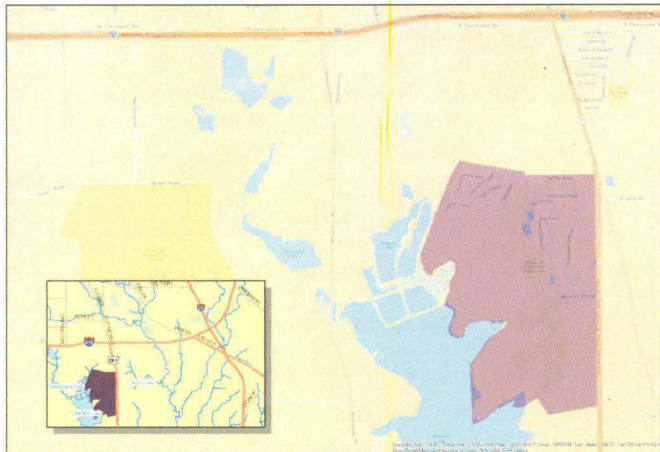
 CITY OF SAN ANTONIO  
**NEIGHBORHOOD & HOUSING  
SERVICES DEPARTMENT**

**City Council A Session**  
**January 18, 2018**  
**Agenda Item #22**  
**Mission Del Lago TIRZ**  
**Assignment and Assumption Agreement**

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## Requested Council Action

- Consideration of an Ordinance authorizing an Assignment and Assumption Agreement between Mission Del Lago, Ltd., a Texas limited partnership and SouthStar Mission Del Lago Holdings L.P., a Delaware limited partnership
- Located in Council District 3



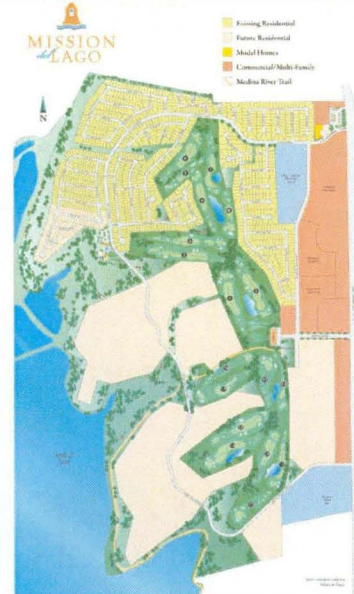
TIRZ #06 - Mission Del Lago Tax Increment Reinvestment Zone

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## Background

- August 19, 1999, the City designated the Mission Del Lago Tax Increment Reinvestment Zone (TIRZ)
  - Terminates September 30, 2027
- June 29, 2006, the City, the Mission Del Lago TIRZ Board and MDL (the Developer) entered into a Development Agreement approved by Ordinance
- May 1, 2014, the Development Agreement was amended by Ordinance
- Current Project Scope:
  - 2,241 Single Family Homes
  - 630 Multi Family Homes
  - 280 Multi Family Homes (Villa Espada project)
  - 287,600 sq. ft. of Retail, Office and Commercial Space
- MDL is the Current Developer of Record



## Issue

- May 13, 2014, MDL sold its assets to SouthStar
- April 24, 2017 MDL and SouthStar agreed to the Assignment and Assumption of the Developer Role
- Assignment and Assumption Agreement subsequently approved by:
  - Mission Del Lago TIRZ Board
  - Participating Taxing Entities:
    - Bexar County
    - University Health System
    - Southside Independent School District



## Fiscal Impact

- There is no fiscal impact to the Mission Del Lago TIRZ fund or the City's General Fund due to this action.



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## Recommendation

- Staff recommends approval of an Ordinance authorizing an Assignment and Assumption Agreement between Mission Del Lago, Ltd., a Texas limited partnership and SouthStar Mission Del Lago Holdings L.P., a Delaware limited partnership in Council District 3 and within the Mission Del Lago TIRZ



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