

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

AN ORDINANCE

**REVISING A CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM
LOAN AGREEMENT TO PROVIDE FOR AN ADDITIONAL \$250,000.00
FOR A TOTAL LOAN UP TO \$950,000.00 WITH HERMAN & KITTLE
PROPERTIES, INC., AND THE BOARD OF DIRECTORS OF TAX
INCREMENT REINVESTMENT ZONE NUMBER ELEVEN, CITY OF
SAN ANTONIO, TEXAS AND AUTHORIZING AMENDMENTS TO THE
INNER CITY PROJECT AND FINANCE PLANS.**

* * * * *

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, the City of San Antonio (the “City”) is authorized to establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and stimulate business and commercial activity in the municipality; and

WHEREAS, pursuant to Ordinance No. 100684, the City of San Antonio created an Economic Development Program (the “Program”) for the purpose of making grants and loans available for economic development projects that the City finds will accomplish the purpose and goals of Chapter 380; and

WHEREAS, the City and the Inner City TIRZ Board (“Board”) desire to provide financial incentives to HERMAN & KITTLE PROPERTIES, INC., an Indiana corporation engaged in economic development (the “Developer”), for the Merchant’s Ice House Lofts Project at 1305 East Houston Street, described below; and

WHEREAS, the Project is a \$39.4 million housing development to be located at the vacant and underutilized Merchant’s Ice House building at 1305 East Houston Street, and will consist of 262 housing units 50% of which will be affordable and 50% will be market rate, and will include a 396 space structured parking garage (the “Project”); and

WHEREAS, the San Antonio Housing Trust Public Facility Corporation (“PFC”) will serve as a co-developer of the Project thereby allowing the Developer to receive real property tax exemptions; and

WHEREAS, the Board is authorized to designate TIRZ funds consistent with its Project Plan and Finance Plan through a Chapter 380 Economic Development Program Loan Agreement (the “Agreement”) and is authorized to direct the City to pay for projects that are the subject of such Agreements from the TIRZ’s tax increment funds; and

WHEREAS, on October 25, 2013 the Board committed \$700,000.00 for the Project from the Inner City TIRZ Tax Increment Fund and approved an Agreement for the Project and the Agreement was subsequently approved by City Council on December 05, 2013; and

WHEREAS, due to environmental challenges and historic features of the Project, a \$1 million dollar gap exists in funding for the Project and the Developer has requested that the City and Board commit an additional \$250,000.00 to the previously approved Agreement, with the loan proceeds to be used to address environmental abatement and the historic features for the Project; and

WHEREAS, the Board previously committed \$700,000.00 from the Inner City TIRZ Tax Increment Fund for a Chapter 380 Economic Development Agreement on October 25, 2013 and an additional \$250,000.00 on November 14, 2014; and

WHEREAS, the City, the Inner City TIRZ Board of Directors, and the Developers desire to revise the Agreement to reflect this additional funding and have identified a total \$950,000.00 in available tax increment funds for the Project; and

WHEREAS, the Board has authorized the commitment of tax increment funds for the Project in order to promote local economic development, and to stimulate business and commercial activity, within the Inner City TIRZ; **NOW THEREFORE:**

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

SECTION 1. Revisions to the Chapter 380 Economic Development Program Loan Agreement with Herman & Kittle Properties, Inc. and the Inner City TIRZ Board to provide for an additional \$250,000.00 for a total loan up to \$950,000.00 for the Merchant's Ice Lofts Project. The City Manager or her designee is authorized to execute the Amended Agreement, a copy of which is attached in substantially final form as **Exhibit A**.

SECTION 2. The City Manager or her designee is authorized to execute such other documents as are necessary to carry out the intent of this Ordinance as approved and recommended by the City Attorney.

SECTION 3. Funding in the amount of \$950,000.00 for this Ordinance is available in Fund 29086007, Cost Center 703290001 and General Ledger 5201040, as part of the Fiscal Year 2015 Budget.

SECTION 4. Funds received during the repayment of this loan will be deposited into Fund 29086007, Cost Center 703290001 and General Ledger 5201040.

SECTION 5. City Council authorizes City staff to amend the Inner City TIRZ Project and Finance Plans to incorporate the Merchant's Ice House Lofts Project.

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 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: This Ordinance shall become effective immediately upon its passage by eight (8) affirmative votes of the City Council. If less than eight (8) affirmative votes are received, then this Ordinance shall be effective ten (10) days after passage.

PASSED AND APPROVED this _____ day of February, 2015.

M A Y O R
Ivy R. Taylor

ATTEST:

APPROVED AS TO FORM:

Leticia M. Vacek
City Clerk

Martha G. Sepeda
Acting City Attorney