

**State of Texas
County of Bexar
City of San Antonio**



**FINAL
Meeting Minutes
City Council A Session**

City Hall Complex
114 W. Commerce
San Antonio, Texas 78205

Thursday, May 28, 2015

9:00 AM

Municipal Plaza Building

The City Council convened in a Regular City Council Meeting. City Clerk Leticia Vacek took the Roll Call with the following Councilmembers present:

PRESENT: 11 - Mayor Taylor, Treviño, Warrick, Viagran, Saldaña, Gonzales, Lopez, Medina, Nirenberg, Krier and Gallagher

1. The Invocation was delivered by Pastor Richard Robles, Igniting the Harvest Christian Church, guest of Mayor Ivy R. Taylor.
2. Mayor Taylor led the Pledge of Allegiance to the Flag of the United States of America.
3. Approval of Minutes for the Regular City Council Meetings of April 29 - 30, 2015.

Councilmember Gallagher moved to approve the minutes for the Regular City Council Meetings of April 29-30, 2015. Councilmember Viagran seconded the motion. The motion prevailed by the following vote:

AYE: 11 - Mayor Taylor, Treviño, Warrick, Viagran, Saldaña, Gonzales, Lopez, Medina, Nirenberg, Krier and Gallagher

ACTION ITEMS FOR STAFF BRIEFING

The City Clerk read the caption for Item 4:

4. A Public Hearing on the Weston Urban and Frost Bank Public Private Partnership (P3) proposal and Comprehensive Development Agreement (CDA) that will result in: 1) a consolidated administrative office tower for the City; 2) 265 housing units in the central business district; and 3) the construction of the first class A office tower in downtown since 1989. [Carlos Contreras, Assistant City Manager; Lori Houston, Director, Center City Development]

Mayor Taylor opened the Public Hearing on the Public-Private Partnership Proposal submitted by Weston Urban and Frost Bank to the City in accordance with Chapter 2267 of the Texas Government Code and the City's adopted Public-Private Partnership Guidelines.

Lori Houston presented the Downtown Public Private Partnership (P3) noting that they had received the proposal in August 2014. She stated that the transaction would include the sale of three properties: 1) Municipal Plaza Building, 2) San Fernando Gym, and 3) Surface Parking Lot at 403 N. Flores Street. She noted that the City would purchase the Frost Bank Tower which would allow for the consolidation of City Operations. She reported that Weston Urban would build a new tower to serve as the Frost Bank Headquarters located at the current Frost Motor Bank Site. She indicated that this would be the first Office Tower in the Downtown Area in 26 years and that 265 Downtown Housing Units would be built. She stated that the City of San Antonio would sell the Municipal Plaza Building but retain the City Council Chambers including Mezzanine Levels M and 1, as well as the B Room. She noted that Weston Urban would purchase Floors 2 through 11, Plaza Room C, and the remaining Plaza Rooms. She indicated that they would redevelop the property into 65 housing units and 3,500 square feet of retail on the Commerce Street Frontage. She mentioned that the operations at San Fernando Gym would be relocated to another facility and Weston Urban would redevelop the property for housing. She added that they would develop the surface lot at 403 N. Flores along with property they own nearby into 130 housing units.

Mrs. Houston stated that the City of San Antonio would acquire the Frost Bank Tower which includes 445,617 square feet and a 732-space parking garage. She noted that the building was connected to the Municipal Plaza Building via a tunnel. She reported that on

October 17, 2014, a competing proposal was received from Primera Partners proposing a direct sale of the Riverview Towers located at 111 Soledad Street. However, the City of San Antonio did not pursue the competing proposal as it did not have parking or other economic benefits that would be realized by the Weston Urban Proposal. She stated that they hired the Glen Company to complete a Fair Market Appraisal of the Frost Bank Tower which came in at \$47.5 Million. She mentioned that a Space Needs Analysis was completed to determine how much of the Frost Bank Tower that the City would occupy utilizing an open space floor plan. It was determined that the City would utilize 12 floors, the Basement Level, and some of the Street Level. She noted that the City could lease out six floors to third party office users and the remaining Street Level Space to retail users. She reported that a Building Assessment was conducted for the Frost Bank Tower which identified \$6.7 Million in improvements. She indicated that a 30-Year Cash Flow Analysis showed a net savings of \$1.2 Million to the City Budget over 30 years. She added that staff was exploring other opportunities to increase the net savings to include the disposition and sale of the Continental Hotel Building and property at 506 Dolorosa. She mentioned that they were also exploring the opportunity to relocate ITSD from their office on Frio Street to the Frost Bank Tower.

Mrs. Houston reported that the transaction would be memorialized in a Comprehensive Development Agreement (CDA) between the City of San Antonio, Weston Urban, and Frost Bank. She stated that the CDA would include several other agreements and contracts as exhibits to include the following: 1) Real Estate Contract for the purchase of the Frost Bank Tower; 2) Real Estate Contracts for the purchase of the three City Properties; 3) Master Lease Agreement for Frost Tower to be occupied by Frost Bank during the construction of the new tower; 4) Development and Incentive Agreement for the construction of the new tower and housing projects; 5) Pre-Paid Purchase Price Deposit; 6) Parking Lease Agreement for 85 spaces in the Frost Bank Garage; and 7) Lease/License Agreement for shared use of the tunnel that connects Frost Bank to the Municipal Plaza Building.

Mrs. Houston stated that the City of San Antonio would purchase the Frost Bank Tower for \$51 Million. She noted that Frost would provide the City with at least \$1.9 Million toward the \$2.9 Million of improvements needed for the building through a lease arrangement during the 36-month Master Lease Period. She added that the City would deposit \$5.5 Million as the Pre Paid Purchase for the Frost Bank Tower which will be applied to the Purchase Price at closing. She stated that Weston Urban would construct a 400,000 square foot Tower at the Frost Motor Bank Location to include a Parking Garage. She noted that Frost Bank would occupy 250,000 square feet of the Tower. She outlined the incentives to include a SAWS Impact Fee Waiver and other City Fee Waivers as prescribed in the Inner City Reinvestment Infill Policy (ICRIP). She added that Weston Urban would purchase

three properties from the City which when combined with the properties that Frost will sell to Weston Urban, will facilitate the construction of at least 265 Housing Units.

Ben Gorzell presented information on the 30-Year Cash flow Analysis comparing revenues and expenses. He outlined the Finance Schedule for the New Tower Design, Construction, Renovation of Frost Bank Tower, and Weston Housing Development.

Mrs. Houston explained that the design effort for the New Tower would take 12 months and would be completed in the Summer of 2016. She stated that the new City Administrative Office Tower would be ready for move-in by Spring of 2020. She added that Weston Urban would renovate the Municipal Plaza for housing and anticipated completion in the Spring of 2023. She highlighted the consolidation and economic development benefits and outlined next steps which include a Public Hearing on the proposal and agreement with City Council Action on June 4, 2015.

Mayor Taylor called upon the citizens registered to speak.

Pat DiGiovanni, President and CEO of Centro San Antonio spoke in support of the project. He stated that it would be transformational and help achieve the goals for residential and job growth in the Center City.

Suzanne Scott, General Manager of the San Antonio River Authority (SARA) spoke in support of the project. She stated that SARA served as the Project Manager for the San Pedro Creek Project adjacent to the properties included in the P3. She noted that they looked forward to working with the Weston Urban Team on the design and construction of the New Office Tower and Residential Developments.

Nazirite Ruben Flores Perez stated that he was pleased that the City of San Antonio was growing but was confused with the great amount of information presented.

Jack M. Finger stated that he was opposed to the project and noted that there would not be a great amount of savings over 30 years. He expressed concern that the residential housing component would not go out for bid.

Richard Perez, President and CEO of the San Antonio Greater Chamber of Commerce addressed the City Council in support of the project. He stated that he was pleased that Frost Bank would continue to thrive in the Downtown Area and looked forward to the additional economic development opportunities that the project would provide.

Mayor Taylor stated that they had heard all comments from citizens wishing to be heard and

closed the Public Hearing. She recognized the Councilmembers that wanted to speak.

Councilmember Nirenberg stated his support for the project and asked of the traffic impact due to construction. Mrs. Houston responded that they had begun discussions with SARA, Bexar County, and Weston Urban regarding constructing the tower while the San Pedro Creek Project was also under construction. She stated that there would be some opportunities for shared staging and would work to ensure minimal disruption to businesses in the area. Councilmember Nirenberg asked of the schedule of debt and expectation of retiring the debt. Mr. Gorzell replied that they would be issuing debt in installments and that the debt would be retired in 30 years. He stated that the City of San Antonio would own the building in Year 31 and there would no longer be any debt payments.

Councilmember Treviño stated that he also supported said project but asked staff to examine the life span of the Frost Bank Tower.

Councilmember Gonzales thanked staff for bringing forth said item and asked of the ICRIP and SAWS Impact Fee Waivers. Mrs. Houston responded that they would provide \$330,000 in ICRIP and \$640,000 in SAWS Impact Fee Waivers for said project. She stated that there would be additional fee waiver capacity remaining for other projects. Councilmember Gonzales asked of the impact of other project delays to fee waivers. Mrs. Houston replied that each application was good for one year and if an application expired; they could reapply for the funds. Councilmember Gonzales expressed support for the P3 and stated that it was important to continue transparency throughout the project.

Councilmember Warrick asked if any assessments had been conducted regarding office and residential mixed-use towers. Mrs. Houston replied that they had not performed any studies relating to mixed use projects. Councilmember Warrick asked if this P3 would encourage other Corporations to move into the Downtown Area. Mrs. Houston stated that it was their hope that it would spur development in the Office Market. Councilmember Warrick thanked all of the partners and stated that it was a great opportunity for the city to grow.

Councilmember Gallagher commended everyone that worked on the project and stated that the most important benefit was the consolidation of staff. He asked if consideration had been given to evacuating the Municipal Plaza Building completely. Mrs. Houston replied that they had considered it but felt the City Council Chambers were fairly new and stated that it was in close proximity to City Hall and the Administrative Offices.

Councilmember Gallagher recognized the Longs Creek Elementary Students attending the Council Meeting and added that their presence enables them to be part of the most important project in San Antonio.

Councilmember Krier stated that he was impressed that the agreement had been reached in such a short amount of time and that this would be an important project for the future of Downtown. He asked of the net amount of property taxes that would be collected from the new High Rise Building. Ben Gorzell replied that it was projected at \$17.7 Million over 30 years. Councilmember Krier stated that Frost Bank had been a great corporate citizen in the community for over 100 years and looked forward to moving the project forward over the next few years.

Councilmember Lopez stated that this was a great project and spoke of the potential opportunities with the Continental Hotel and San Pedro Creek Redevelopment. He added that it was important to keep the Federal Courthouse Project moving forward and continue Hemisfair Park Development.

Mayor Taylor announced that no action was required by the Council at this time.

CONSENT AGENDA ITEMS

No Items were pulled from the Consent Agenda. Mayor Taylor announced that Item 15 was pulled from the agenda by staff and would not be addressed. Councilmember Treviño moved to approve the remaining Consent Agenda Items: 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14. Councilmember Medina seconded the motion.

Mayor Taylor called upon the citizens registered to speak on the Consent Items.

Nazirite Ruben Flores Perez stated that he was supportive of Pre-K 4 SA but requested that the students not be taught about religious holidays (Item 13).

Jack M. Finger spoke in opposition to the Management of Towing Services Agreement (Item 5) noting that several City Councilmembers had received campaign contributions from the contractor.

Eric White, Alejandro Alanis and Tisha Alanis addressed the City Council. Mr. Alanis stated that they were supportive of the Tow Management Contract as an industry but had a few concerns regarding the process. He spoke of accountability of the selected contractor, potential conflicts of interest due to controlling the vehicle storage facility, and the Request for Proposals only asking of legal disclosures within the State of Texas. He asked that the vote be delayed until questions could be answered.

Faris Hodge, Jr. submitted written testimony in support of Items 4-8, 10-13, and 15. He

wrote in opposition to Item 9 noting that the City should not establish unit prices. He wrote in opposition to Item 14 and asked that backup information be provided for the City Manager's Report (Item 16).

The motion to approve the Consent Agenda Items with the exception of Item 15 prevailed by the following vote:

AYE: 11 - Mayor Taylor, Treviño, Warrick, Viagran, Saldaña, Gonzales, Lopez, Medina, Nirenberg, Krier and Gallagher

2015-05-28-0462

5. An Ordinance authorizing the negotiation and execution of Management of Towing Services Agreement to provide management oversight of the towing services for the City of San Antonio Police Department. [Erik Walsh, Deputy City Manager; Anthony Trevino, Interim Chief of Police]

2015-05-28-0463

6. An Ordinance accepting the offer from Municipal Emergency Services, LP., utilizing the Houston-Galveston Area Council cooperative contract to provide the San Antonio Fire Department with self contained breathing apparatuses and accessories for a total net cost of \$3,771,632.44, which will be financed through a Tax-Exempt Lease Purchase Agreement, or other financial obligations, contingent on the execution of a lease program schedule or other issuance approved by subsequent Ordinance. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Director, Finance]

2015-05-28-0464

7. An Ordinance accepting an offer from Allen W. Huelsebusch d/b/a ADH Marketing to provide the San Antonio Fire Department with thermal imaging camera package units for a total cost of \$542,900.00, which will be financed through a Tax-Exempt Lease Purchase Agreement, or other financial obligations, contingent on the execution of a lease program schedule or other issuance approved by subsequent Ordinance. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Director, Finance]

2015-05-28-0465

8. An Ordinance accepting the bids from DeWinne Equipment and San Antonio Southwest Trailers, Ltd., for mowers and trailers for a total cost of \$187,819.64, funded from the Equipment Renewal and Replacement Fund and the Transportation & Capital Improvements Department Operating fund. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Director, Finance]

2015-05-28-0466

9. An Ordinance authorizing the following contracts establishing unit prices for goods and services for an estimated annual cost of \$634,000.00: (A) Bankson Group, Ltd d/b/a Alamo Tees & Advertising for promotional shirts, (B) Zamorano Enterprises, Inc., for decorative metal recycling & dual metal trash receptacles, (C) Brown Traffic Products, Inc., for traffic signal heads, and (D) Diversified Inspections/ITL for inspection of aerial apparatus and ground ladders. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Director, Finance]

2015-05-28-0467

10. An Ordinance authorizing the acceptance of funds from the Centers for Disease Control and Prevention for the Sodium Reduction in Communities grant in an amount up to \$250,000.00 to support the Chronic Disease Program of the San Antonio Metropolitan Health District in implementing community-wide efforts to reduce sodium intake for the period beginning September 30, 2015 through September 29, 2016. [Erik Walsh, Deputy City Manager; Dr. Thomas L. Schlenker, Director of Public Health]

2015-05-28-0468

11. An Ordinance ratifying the submission of a grant application to The Texas Department of State Health Services and authorizing the acceptance of funds upon award in an amount up to \$333,333.33 for the San Antonio Metropolitan Health District's participation in the HIV Prevention Program for a period beginning September 1, 2015 through December 31, 2016. [Erik Walsh, Deputy City Manager; Dr. Thomas L. Schlenker, Director of Public Health]

12. Appointing Zachary Harris (District 1) to the Zoning Commission for a term of office beginning June 1, 2015, and expiring May 31, 2017, to be effective immediately upon the receipt of eight affirmative votes, or, in the event eight affirmative votes are not received, ten days after appointment. [Leticia M. Vacek, City Clerk]

2015-05-28-0469

13. An Ordinance approving the Fiscal Year 2016 Budget in the amount of \$38,845,302 for the Pre-K 4 SA program as adopted by the Pre-K 4 SA Board of Directors [Peter Zanoni, Deputy City Manager; Kathy Bruck, CEO, Pre-K 4 SA]

2015-05-28-0470

14. An Ordinance approving amendments to the Inner City Reinvestment and Infill Policy (ICRIP) Fee Waiver Program Guidelines. [Carlos Contreras, Assistant City

Manager; Lori Houston, Director, Center City Development and Operations]

PULLED FROM THE AGENDA BY STAFF

15. An Ordinance authorizing the issuance of \$5,570,000 “City of San Antonio, Texas Tax Notes, Taxable Series 2015”; levying a continuing direct annual ad valorem tax for the payment of the Notes; prescribing the form, terms, conditions, and resolving other matters incident and related to the issuance, sale, and delivery of the Notes; authorizing the execution of a Paying Agent/Registrar Agreement and a Purchase and Investment Letter, complying with the provisions of the Depository Trust Company’s letter of representations; enacting other provisions incident and related to the subject and purpose of this ordinance; and providing for an effective date. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Director, Finance]
16. City Manager's Report
- A. Office of Municipal Integrity Update
 - B. Transportation and Capital Improvements Update

A. Mrs. Sculley reported that the Office of Municipal Integrity (OMI) was created over 30 years ago to investigate allegations of employee fraud, waste, and abuse. She stated that the types of cases investigated by OMI ranged from misuse of position and city resources, to more serious cases of theft and fraud. She mentioned that in 2006, Human Resources created the Administrative Directive which delineated fraud, waste, and abuse prevention, reporting and investigation roles and responsibilities for management. She stated that they also created the OMI Committee to review and approve all OMI Investigations to ensure completeness and determine management interventions to prevent future fraud. She noted that in 2008, she requested a more aggressive fraud prevention and ethics training initiative to ensure Bi-Annual Training for City Employees in fraud prevention and ethics. She indicated that by the end of the FY 2014; OMI conducted customized Fraud/Ethics Training for approximately 5,000 Civilian Employees. She reported that OMI’s proactive prevention initiatives have resulted in an 89% decrease in fraud, waste and abuse complaints and investigations since 2005. She stated that current case data for FY 2015 projects a continued downward trend in fraud, waste and abuse investigations throughout the city. She added that the total number of investigations in 2005 was 361 compared to this year with only 13 investigations.

B. Mrs. Sculley stated that on April 6, 2015, TCI launched a 30-day effort focused on repairing potholes across the City. She reported that TCI had increased the average daily 9-crew compliment to 18 crews and increased the days worked from a four-day work week to a six-day work week, Monday through Saturday ten hours per day. She mentioned that

crews were dedicated to 3-1-1 response driven repairs. She noted that nine crews were dedicated to complete neighborhood sweeps within each of the Council Districts and that staff generated GIS maps of historical pothole requests to assist in identifying high incident areas. She stated that utilizing these maps, staff investigated the high incident areas prior to assigning the daily work for the neighborhood sweeps crews. She reported that the amount of potholes to be repaired was projected to increase from the current monthly average of 1,200 to an estimated 3,000 pothole repairs for this 30 day effort. However, through this enhancement effort, TCI crews repaired over 5,800 potholes which was nearly double what they had anticipated. She stated that the Pothole Repair Enhancement Project was extremely successful and that TCI was currently assessing how often and when the effort should be repeated in the future. She added that preliminary results indicate that staff would recommend launching additional pothole enhancement efforts, similar to the recent 30-day effort, during each fiscal year.

POINTS OF PERSONAL PRIVILEGE

Mayor Taylor recognized City Manager Sculley who acknowledged Assistant City Manager Gloria Hurtado. It was stated that Gloria Hurtado had accepted a position with the City of Santa Rosa, California. Mrs. Hurtado thanked the City Council for their support and stated that she would miss working with everyone. The City Council thanked Mrs. Hurtado for her service to the City of San Antonio and wished her well in her future endeavors.

Mayor Taylor recognized Francesca Caballero who had worked with her since 2009 and announced that she would be leaving the City of San Antonio to work at the Whataburger Corporate Office. The Council thanked her and wished her well in her future endeavors.

Mayor Taylor recognized Councilmember Gonzales who would be celebrating her birthday next week but would be out of town. The City Council wished Councilmember Gonzales a Happy Birthday.

EXECUTIVE SESSION

Mayor Taylor recessed the meeting into executive session at 11:08 am to discuss Items B, D, and E that were recessed from the previous day's Council Meeting:

B. Deliberate the purchase, exchange, lease or value of real property and discuss related legal issues pursuant to Texas Government Code Sections 551.072 (real property) and 551.071 (consultation with attorney).

D. Discuss legal issues related to litigation styled Estate of Jesse Aguirre, et al v. City of

San Antonio, et al pursuant to Texas Government Code Section 551.071 (consultation with attorney).

E. Discuss legal issues related to litigation styled Esquivel, et al v. City of San Antonio, et al pursuant to Texas Government Code Section 551.071 (consultation with attorney).

RECONVENED

Mayor Pro Tem Warrick reconvened the meeting at 11:46 am and announced that no action was taken in Executive Session.

ADJOURNMENT

There being no further discussion, Mayor Pro Tem Warrick adjourned the meeting at 11:46 am.

APPROVED

IVY R. TAYLOR
MAYOR

ATTEST:

LETICIA M. VACEK, TRMC/CMC/MMC
CITY CLERK