



City of San Antonio

Legislation Details (With Text)

File #: 17-6694

Type: Miscellaneous Item

In control: City Council A Session

On agenda: 12/14/2017

Title: An Ordinance authorizing a Chapter 380 Economic Development Program Loan in the amount of \$280,000.00 with LKZ Management to facilitate the location of a new headquarters in downtown San Antonio that will yield 50 new jobs to San Antonio. [Lori Houston, Assistant City Manager; John Jacks, Director, Center City Development & Operations]

Sponsors:

Indexes:

Code sections:

Attachments: 1. Certificate of Interested Parties, 2. Draft Chapter 380 Loan Agreement, 3. Ordinance 2017-12-14-1011

Date	Ver.	Action By	Action	Result
12/14/2017	1	City Council A Session	adopted	Pass

DEPARTMENT: Center City Development and Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: Council District 1

SUBJECT:

LKZ Management Project

SUMMARY:

City Council will consider a Chapter 380 Economic Development Program Loan in the amount of \$280,000 with LKZ Management to facilitate the location of a new headquarters in downtown San Antonio that will yield 50 new jobs to San Antonio.

BACKGROUND INFORMATION:

Lynd Development Partners and Lynd Residential Partners focus on investment, acquisitions, and development. They have offices in Austin, San Antonio, and Denver. Through various partnerships they currently have an ownership interest in roughly 8,000 apartment units, seven hotels, including the St. Anthony in San Antonio, and the Hancock Tower in Chicago.

The partners are currently rebranding the company and have recently created a new company, temporarily referred to as LKZ Management, which will internalize property management of the multifamily assets they own and develop. The partners are exploring locations for the new rebranded organization and are considering Austin, Denver, and San Antonio. The location would serve as their corporate headquarters and is anticipated to result in the investment of approximately \$1.5 million in office finish out and new FFE. Additionally, existing and new jobs have an average annual base salary of \$100,000.

The rebranding effort and resulting creation of the new organization will result in 35 new full-time, high wage jobs in the company's initial year of existence and would result in the creation of an additional 15 new full-time jobs within 5 years of its operations. The partners have identified the Travis Park Plaza Building as the preferred San Antonio location and, if selected, would require the new organization to lease 14,000 square feet of the building.

ISSUE:

To accelerate the project and benefit from the addition of 50 net new jobs to downtown San Antonio and a new corporate headquarters for the City, staff is recommending to City Council a Chapter 380 Economic Development Program Loan in the amount of \$20.00 per square foot of space leased, not to exceed \$280,000. The loan will be due 10 years after execution of the agreement, but will be forgiven provided that a cumulative 50 new full-time jobs are created within 5 years and retained for an additional 5 year term.

ALTERNATIVES:

If City Council does not approve this item, the City will not benefit from the addition of 50 net new jobs to San Antonio or the addition of a new corporate headquarters in downtown San Antonio.

FISCAL IMPACT:

This ordinance authorizes a Chapter 380 Economic Development Program Loan in the amount of \$280,000 with LKZ Management to facilitate the location of a new headquarters in downtown San Antonio that will yield 50 new jobs to San Antonio. Funding for this loan is available in the FY 2018 Adopted Budget from the Inner City Incentive Fund in the amount of \$140,000 and the Economic Development Incentive Fund in the amount of \$140,000.

RECOMMENDATION:

Staff recommends approval of an Economic Development Program Loan in the amount of \$280,000 to incentivize LKZ Management to locate in downtown San Antonio and create 50 net new jobs in San Antonio.