



# City of San Antonio

## Agenda Memorandum

**File Number:** 15-2906

---

**Agenda Item Number:** 24.

**Agenda Date:** 5/21/2015

**In Control:** City Council A Session

---

**DEPARTMENT:** Planning and Community Development

**DEPARTMENT HEAD:** John Dugan

**COUNCIL DISTRICTS IMPACTED:** 1

**SUBJECT:**

Closeout Agreement and related close out documents concluding the participation of Street Retail San Antonio LP in the Houston Street TIRZ

**SUMMARY:**

City Council is being asked to consider an Ordinance authorizing the execution of a Closeout Agreement with Street Retail San Antonio LP concluding their participation in the Houston Street TIRZ and authorizing the execution of several public use easements conveying the public elevator and stairwell attached to the Valencia Hotel to the City.

**BACKGROUND INFORMATION:**

On December 9, 1999, City Council, through Ordinance 90969, designated the Houston Street Tax Increment Reinvestment Zone (TIRZ) as a City-Initiated TIRZ. The Ordinance established the boundaries of the zone, created the Houston Street TIRZ Board of Directors, established a termination date for the zone (September 30, 2014), and established the Houston Street Tax Increment fund. On March 30, 2000, City Council, through Ordinance 91539, executed a Development Agreement with Street Retail San Antonio LP (the Developer). On August 24, 2000, City Council, through Ordinance 92409, approved the Houston Street TIRZ Project and Finance Plans which described the projects to be completed within the TIRZ and their related expenses. The Development Agreement, which was amended four times during the life of the TIRZ, described the obligations of the City and the Developer relating to projects within the zone. Additionally, interlocal agreements with Bexar County, University Health Systems and Alamo Colleges were executed authorizing those taxing entities to participate in the zone through their own contributions of tax increment.

Projects completed by the Developer as part of the Houston Street TIRZ include; the Presa Street Bridge Linkage, The Houston Street Bridge Linkage, the Majestic Courtyard, Façade improvements along the Houston Street Corridor, redevelopment of the Walgreens/Stuart Building and renovation of the Kress Building Façade. The Houston Street Bridge linkage project included a public elevator and stairwell which is to be conveyed to

the City as part of this closeout. Authorization for the conveyance of the elevator and stairwell was approved by resolution of the City of San Antonio Planning Commission on May 13, 2014.

On September 18, 2014, City Council through Ordinance 2014-09-18-0713, extended the term of the Houston Street TIRZ an additional 20 years until September 30, 2034 in order to continue revitalization efforts within the zone and to capitalize on future opportunities. With agreement from the City, the Developer has decided not to participate in the TIRZ after the original termination date of September 30, 2014.

#### **ISSUE:**

On September 30, 2014 the Development Agreement and related agreements between the City of San Antonio, Street Retail San Antonio LP and the Houston Street TIRZ Board of Directors expired. Both the City and the Developer have completed all of their obligations under these agreements. In order to finalize the Agreement and to conclude the Developer's participation in the Houston Street TIRZ, City Council is being asked to consider an Ordinance approving the execution of a Closeout Agreement and related close-out documents.

The Closeout Agreement establishes that both the City and the Developer have met all obligations of the TIRZ related agreements and agree to the final closeout amount of \$1,299,777.22 payable to the Developer for eligible expenses. The closeout amount has been agreed to by all parties and will be paid to the Developer after City Council approval.

After the execution of the Closeout Agreement the Houston Street TIRZ will no longer have a sole developer. As a City-Initiated TIRZ, projects from multiple developers may be brought before the Houston Street TIRZ Board and ultimately City Council for inclusion in the Project and Finance Plans in accordance with the TIF statute.

In addition to the Closeout Agreement, City Council is being asked to authorize the execution of several additional close-out documents (Agreements) including a Special Warranty Deed, Special Warranty Bill of Sale and several easements that will allow for the conveyance and public use of the elevator and stairwell constructed as part of the Houston Street Bridge Linkage Project. The easements will allow for the continued public use and maintenance of the elevator, elevator shaft, equipment room, and stairwell by the City. The Agreements will also allow limited use of the elevator and stairwell by the current Developer. Authorization for the conveyance of the elevator and stairwell was approved by resolution of the City of San Antonio Planning Commission on May 13, 2014.

City Council is being asked to authorize the execution of an easement which grants to the City and the general public access for public use of a portion of the Majestic Courtyard which was also a Houston Street TIRZ funded project.

On April 24, 2015 Street Retail San Antonio LP, sold its Houston Street properties to GrayStreet Houston - 150 E. Houston Street, LLC and GrayStreet Houston - 219 E. Houston Street, LLC (GrayStreet). Because of the recent sale of these properties, the Special Warranty Deed, Special Warranty Bill of Sale and the aforementioned easements will be executed by GrayStreet which has agreed to the conveyance and related easements.

#### **ALTERNATIVES:**

City Council could decide not to execute the Closeout Agreement and related documents which could prevent the closeout of Street Retail San Antonio's participation the Houston Street TIRZ. Because Street Retail has completed its TIRZ related projects and sold its Houston Street properties it is no longer interested in continuing its participation in the TIRZ.

**FISCAL IMPACT:**

This Ordinance will authorize the final payment of \$1,299,777.22 to Street Retail San Antonio LP. The payment will be made with available funds from the Houston Street TIRZ Fund. This Ordinance will also transfer responsibility for maintenance of the Houston Street Bridge linkage elevator to the City's Center City Development and Operations Department. Funding for the elevator maintenance will be contingent upon appropriations by City Council in the FY 2016 Budget.

**RECOMMENDATION:**

Staff recommends the approval of the Houston Street Closeout Agreement with Street Retail San Antonio LP and approval of the related close-out documents.