



# City of San Antonio

## Agenda Memorandum

**File Number:** 17-1759

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**Agenda Item Number:** 1.

**Agenda Date:** 3/6/2017

**In Control:** Tax Increment Reinvestment Zone 09 -- Houston Street

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## Discussion and Possible Action Regarding City of San Antonio Tax Abatement for CaptureRx Headquarters Project

### SUMMARY

The City of San Antonio's Economic Development Department is negotiating a tax abatement agreement with NEC Networks, LLC (d/b/a CaptureRx) and property owner GrayStreet Partners (GrayStreet) for the company's headquarter relocation and expansion at 305 & 315 East Houston Street. The proposed project is valued at \$10.5 million, and involves the retention and creation of 354 jobs with a minimum annual salary of \$50,000. The City of San Antonio is seeking TIRZ Board Approval of the tax abatement because the property falls within the boundary of the Houston Street TIRZ.

### BACKGROUND

CaptureRx, founded in 2000 and headquartered in San Antonio, is a healthcare technology company that provides fulfillment services for pharmacies. The company has outgrown its existing headquarters in District 9 and has identified the redevelopment of the adjoining buildings at 305 E Houston St. and 315 E Houston St. (Kress and Grant buildings) as a new headquarters location. The project will revitalize two vacant buildings and provide approximately 60,000 square feet of office space.

This Project involves the retention of 114 existing jobs and creation of 240 new full-time jobs over six years with a minimum annual salary of \$50,000. The total capital investment is estimated at \$10.5 million.

The Company has sought incentives from both the City of San Antonio and Bexar County, and the City is proposing a 6-year, 100% abatement of on real and personal property taxes, valued at approximately \$308,747.

### ISSUE

Under Texas statute, a taxing unit seeking to abate taxes on real property in a reinvestment zone must obtain approval from the following entities in order for the agreement to be effective:

- The Board of Directors of the reinvestment zone
- The governing body of each taxing unit that imposes taxes on real property in the reinvestment zone and deposits or agrees to deposit any of its tax increment into the tax increment fund for the zone.

### RECOMMENDATION

Staff recommends approval of this item.

