



City of San Antonio

Agenda Memorandum

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Agenda Item Number:

Agenda Date: 9/8/2017

In Control: Tax Increment Reinvestment Zone 31 -- Midtown

Agenda Item #6

Discussion and Possible Action regarding Bexar County Tax Abatement NEC Networks, LLC (CaptureRx) project

SUMMARY:

The Bexar County Economic Development Department is negotiating a tax abatement agreement with NEC Networks, LLC (CaptureRx) to provide incentives for the Light Building at 420 Broadway Street. The proposed project is valued at \$10.5 Million. Bexar County is seeking TIRZ Board Approval of the abatement because the property falls within the boundary of the Midtown TIRZ.

BACKGROUND:

CaptureRx is growing and relocating their corporate headquarters along Broadway Street. They are a software development company focused on solutions in the healthcare sector. The company has been located in San Antonio since 2000.

This Project involves the retention of 114 existing jobs in San Antonio and potential creation of about 200 new jobs between the remaining part of 2017 and 2021. The jobs primarily include IT, operations, administrative, sales, and executive positions. The overall weighted average taxable salary for the new jobs will be about \$91,000.

The total capital investment is estimated at \$10.5 million covering about \$4.8 million in pro-rata base building renovation, \$4.2 million in leasehold improvements, and \$1.5 million in purchases of FF&E. The investment period is expected to occur in 2017.

The Company has sought incentives from both the City of San Antonio and Bexar County.

Bexar County proposed incentive is a ten year, 90% abatement of Bexar County's real property taxes, amounting to \$28,114.00 per year with a total incentive of \$281,183.00 in total.

ISSUE:

Under Texas statute section 311.0125, to be effective, an agreement seeking to abate taxes on real property in a reinvestment zone must be approved by:

- 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.