



City of San Antonio

Agenda Memorandum

File Number:17-4828

Agenda Item Number:

Agenda Date: 9/8/2017

In Control: Tax Increment Reinvestment Zone 31 -- Midtown

Agenda Item #5

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 and NEC Services, LLC (collectively d/b/a CaptureRx) and property owner GrayStreet Partners (GrayStreet) for the company's headquarter relocation and expansion at 420 Broadway 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 Midtown #31 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 space in District 9 and has identified the redevelopment of the building at 420 Broadway Street (San Antonio Light Building) as a new headquarters location. The project will revitalize a currently vacant building and provide approximately 60,000 square feet of office space.

The company had received approval from the Houston Street #9 TIRZ Board for an identical tax abatement agreement at 305 & 315 E. Houston Street (Grant and Kress Buildings) on March 6, 2017. However, the company eventually terminated lease negotiations for the Houston Street location, reopened its site selection process, and eventually settled on the San Antonio Light Building at 420 Broadway Street. This item reflects the previously approved, unchanged agreements, redirected to a new location.

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 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.