



City of San Antonio

Agenda Memorandum

File Number:18-1003

Agenda Item Number: 22.

Agenda Date: 1/18/2018

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto

COUNCIL DISTRICTS IMPACTED: Council District 3

SUBJECT:

Consideration of an Ordinance authorizing an Assignment and Assumption Agreement between the current Mission Del Lago TIRZ developer of record, Mission Del Lago, Ltd., and the new developer of record, SouthStar Mission Del Lago Holdings L.P. for matters associated with the 2014 Development Agreement for housing and retail construction in the TIRZ in Council District 3 and within the Mission Del Lago TIRZ.

SUMMARY:

Consideration of an Ordinance authorizing an Assignment and Assumption Agreement between Mission Del Lago, Ltd. (MDL), a Texas limited partnership and SouthStar Mission Del Lago Holdings L.P. (SouthStar), a Delaware limited partnership.

BACKGROUND INFORMATION:

The City designated the Mission Del Lago Tax Increment Reinvestment Zone (TIRZ) on August 19, 1999 by Ordinance 90312.

The City, the Mission Del Lago TIRZ Board, and MDL later entered into the Development Agreement on June 29, 2006 by Ordinance No. 2006-06-29-0801 and later amended the Development Agreement by Ordinance No. 2014-05-01-0286 on May 1, 2014.

The amended project includes the construction of 2,241 single-family homes, 630 multi-family homes, 280 multi-family homes as a part of the Villa Espada Apartments Chapter 380 Agreement project, and 287,600 square feet of retail, office and commercial space. The average single family home is 2120 sq. ft. and is selling

for \$180K.

MDL is the current Developer of Record in the Development Agreement.

ISSUE:

On May 13, 2014, MDL sold its assets to SouthStar and MDL assigned a portion of the revenues it receives from Reinvestment Zone Number Six (the “TIRZ”) to SouthStar. Additionally, MDL and SouthStar entered into an Operating Agreement defining each party’s rights and responsibilities related to the TIRZ.

MDL desires to assign its interests, rights, duties, obligations, and responsibilities as Developer under the Development Agreement to SouthStar.

Section 16.3 of the existing Development Agreement provides for such an assignment, stating:

“The Developer may sell or transfer its rights and obligations under this Agreement only with the written consent of the City, as evidenced by an ordinance passed and approved by the City Council, and the Board when a qualified purchaser or assignee specifically agrees to assume all of the obligations of the Developer under this Agreement.”

The Assignment and Assumption Agreement requires consent by the following Participating Taxing Entities, in accordance with the established Interlocal Agreements: Bexar County, University Health System, and Southside Independent School District. Once approved by these entities, final approval must be made by City Council.

On April 24, 2017, the Mission Del Lago TIRZ Board of Directors approved a Resolution approving the Assignment and Assumption agreement between Mission Del Lago Ltd. and SouthStar Mission Del Lago Holdings L.P.

On November 17, 2017, Gerard A. Calderon, from Bexar County District Attorney’s Office, notified the law firm of Bracewell, LLP and subsequently the City Attorney’s Office that it had no objection to the assignment.

On November 29, 2017, Karen W. McMurry, Interim Chief Legal Officer/VP, Legal Services for University Health System, notified the law firm of Bracewell, LP and subsequently the City Attorney’s Office that the request for assignment was considered and approved by the University Health System Board of Managers on November 28, 2017.

On December 1, 2017, Mark E. Eads, the Superintendent for the Southside Independent School District notified the City Attorney’s Office that there was no objection to the assignment.

City Council’s approval authorizes the execution of an Assignment and Assumption Agreement between Mission Del Lago, LTD, a Texas Limited Partnership, and Southstar Mission Del Lago Holdings LP, a Delaware Limited Partnership, in City Council District 3 and within the Mission Del Lago TIRZ

ALTERNATIVES:

If the City does not approve the Mission Del Lago TIRZ Board of Directors’ recommendation, the Developer will be unable to implement and complete the Assignment and Assumption of the TIRZ Development

Agreement.

FISCAL IMPACT:

There is no fiscal impact to the Mission Del Lago TIRZ fund or the City's General Fund due to this action.

RECOMMENDATION:

Staff recommends approval of Ordinance authorizing an Assignment and Assumption Agreement between the current Mission Del Lago TIRZ developer of record, Mission Del Lago, Ltd., and the new developer of record, SouthStar Mission Del Lago Holdings L.P. for matters associated with the 2014 Development Agreement for housing and retail construction in the TIRZ in Council District 3 and within the Mission Del Lago TIRZ.