

**CITY OF SAN ANTONIO  
INTERDEPARTMENTAL MEMORANDUM  
ECONOMIC DEVELOPMENT DEPARTMENT**

**TO:** Mayor and City Council

**FROM:** Ramiro A. Cavazos, Director, Economic Development Department

**THROUGH:** Terry M. Brechtel, City Manager

**COPIES:** J. Rolando Bono, Erik Walsh, Rebecca Waldman, Andrew Martin, Trey Jacobson, Manuel Longoria, Jr., Meredith Starr, File

**SUBJECT:** Ordinance to Assign existing Tax Phase-in Agreement of Seven Seventeen HB San Antonio Corporation (Adam's Mark Hotel) to the anticipated new owner, MSPA Acquisition II, L.P.

**DATE:** December 18, 2003

**SUMMARY AND RECOMMENDATIONS:**

The purpose of this ordinance is to approve the contingent assignment of a Tax Phase-in Agreement (previously approved on February 8, 1996, by Ordinance No. 83580) between the City of San Antonio and Seven Seventeen HB San Antonio Corporation, owner of the Adam's Mark Hotel and related property located at Soledad and Pecan streets, to the anticipated new owner of the hotel, MSPA Acquisition II, L.P. The current owner is in compliance with the existing agreement, which will not be modified by this action. The existing tax phase-in will conclude on December 31, 2006.

Staff recommends approval of this item.

**BACKGROUND INFORMATION:**

On February 8, 1996, City Council approved a Tax Phase-in Agreement with a special purpose entity, Seven Seventeen HB San Antonio Corporation, created by its parent company HBE Corporation. This company owns, renovated and now operates the Adam's Mark Hotel, located at the corner of Soledad and Pecan streets. The company invested over \$30 million in the facility, and now employs over 300 full-time employees. Bexar County and San Antonio ISD also granted tax abatements to support the project.

On November 14, 2003, the Economic Development Department received a request for a contingent assignment of the Tax Phase-in Agreement, as provided in the contract, to an anticipated purchaser of the hotel, MSPA Acquisition II, L.P., a joint venture between the affiliates of Morgan Stanley Real Estate Funds and Pyramid Advisors, L.L.C.

This joint venture acquires and operates full-service hotels in the United States. The closing on the transfer of the hotel property is expected to occur before year's end.

**POLICY ANALYSIS:**

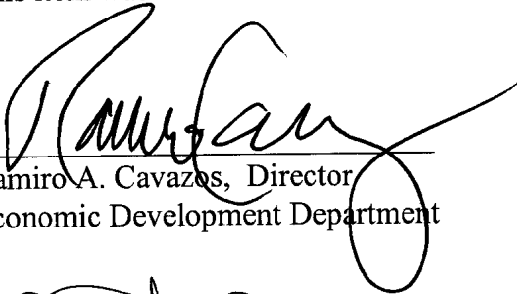
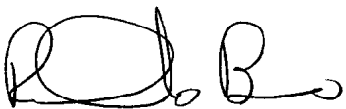
This action would authorize the assignment of an existing Tax Phase-in Agreement, along with all associated benefits, obligations, and liabilities, there under. As a practice, such agreements must receive prior City Council approval to be assigned to another owner. However, the Agreement provides that such assignments shall not be unreasonably withheld.

**FISCAL IMPACT:**

There is no fiscal impact associated with this action.

**COORDINATION:**

This item was coordinated with the Asset Management Department, and City Attorney.

  
\_\_\_\_\_  
Ramiro A. Cavazos, Director  
Economic Development Department  
\_\_\_\_\_  
J. Rolando Bono  
Deputy City Manager

Approved:

  
\_\_\_\_\_  
Terry M. Brechtel  
City Manager

RC:TJ

**City of San Antonio**  
**Discretionary Contracts Disclosure\***

*For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2*

*Attach additional sheets if space provided is not sufficient.*

*State "Not Applicable" for questions that do not apply.*

*\* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.*

**Disclosure of Parties, Owners, and Closely Related Persons**

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract:

None

(2) the identity of any business entity<sup>1</sup> that would be a party to the discretionary contract:

MSPA Acquisition II, L.P., a Delaware limited partnership

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

None

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

The general partner is MSPA Acquisition II GP, L.L.C., a Delaware limited liability company. The limited partner is MSPA Senior Mezzco II, L.L.C., a Delaware limited liability company.

<sup>1</sup> A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) the identity of any *lobbyist or public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None


#### Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any *current or former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
None		

#### Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question<sup>2</sup> as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

None		
<b>Signature:</b>  Michael Quinn	<b>Title:</b> Vice President  <b>Company:</b> MSPA Acquisition II GP, L.L.C., general partner	<b>Date:</b> 12/9/03

<sup>2</sup> For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.