

**CITY OF SAN ANTONIO, TEXAS
EMPOWERMENT ZONE DEVELOPMENT CORPORATION**

TO: Empowerment Zone Development Corporation Board of Directors

FROM: Ramiro A. Cavazos, Executive Director

THROUGH: Terry M. Brechtel, City Manager

COPIES: J. Rolando Bono; Jelynn Burley; Andrew Cameron; Andrew Martin; Milo Nitschke; Peter Zanoni; Trey Jacobson; File

SUBJECT: Resolution of the City of San Antonio, Texas Empowerment Zone Development Corporation declaring an official intent to use bond proceeds to reimburse expenditures, incurred by Drury Southwest Inc. and Euro Alamo Investments, Inc. up to \$40 million in Tax-Exempt Empowerment Zone Facility Bonds for the Alamo National Bank Building Redevelopment Project

DATE: June 24, 2004

SUMMARY AND RECOMMENDATIONS:

This is a resolution of Board of Directors for the Empowerment Zone Development Corporation taking official action towards the conditional issuance of up to \$40 million tax-exempt empowerment zone bonds (EZ Bonds) to renovate and redevelop the Alamo National Bank building, and declaring an official intent to use bond proceeds to reimburse expenditures, incurred prior to the issuance of such bonds.

Staff recommends approval of this resolution.

[The Empowerment Zone Development Corporation Board of Directors will then adjourn and reconvene as City Council]

BACKGROUND:

On March 1, 2004, Drury Southwest, Inc. submitted an application for EZ Bond financing for the Alamo National Bank Building Redevelopment Project in the amount of \$40 million. This project is estimated to create 167 jobs once in the operational phase with a private investment of \$45 million. Additionally, for the project financing to obtain tax-exempt status 35 percent of the positions created by the project must be held by EZ residents.

POLICY ANALYSIS:

This item supports an Inducement Resolution expressing the City's intent to conditionally reserve capacity in the amount of \$40 million in Empowerment Zone (EZ) Facility Bonds on behalf of Drury Southwest, Inc. to finance the Alamo National Bank Building Redevelopment Project. In the coming months, staff and financial consultants will work with Drury Southwest, Inc. to negotiate financial, legal development and other issues related to the project prior to actual bond issuance. This Resolution would also permit the future reimbursement of costs incurred by Drury Southwest, Inc. up to 60 days prior to the resolution from the tax-exempt financing.

The Empowerment Zone Governance Board has determined that the Drury application is in accordance with the Empowerment Zone Strategic Plan submitted to HUD under Goal 1, Strategy 10, and Section 5b. This goal addresses closing the job gap for EZ residents by providing tax incentives for businesses that hire EZ residents using local, state and federal funding, specifically EZ Facility Bonds.

Staff and consultants will negotiate a development agreement with Drury to address or ensure the following:

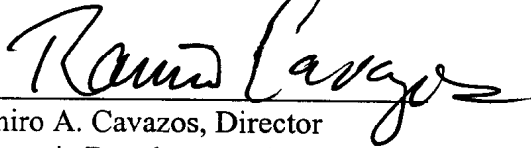
- Timely, concurrent development of the Aztec Theater
- Commitment to an appropriate wage standard for hotel employees
- Real estate and right-of-way usage if any
- Traffic coordination
- Construction and safety matters, and
- Design and construction of the River Walk connection adjacent to the development

FISCAL IMPACT:

There is no fiscal impact to the Empowerment Zone Development Corporation associated with recommending this Inducement Resolution.

COORDINATION:

The Economic Development Department staff has coordinated this item with the Governance Committee, Economic and Human Development Committee, Finance Department, City Attorney's Office, the Housing and Community Development Department and Bond Counsel.



Ramiro A. Cavazos, Director
Economic Development Department



J. Rolando Bono
Deputy City Manager

Approved:



Terry M. Brechtel
City Manager