

**CITY OF SAN ANTONIO
ECONOMIC DEVELOPMENT DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council

FROM: Ramiro A. Cavazos, Director

SUBJECT: Amendment to the City's Tax Phase-In Agreement with Morgan Stanley Pyramid Advisors Acquisition II ("MSPA")

DATE: June 9, 2005

SUMMARY AND RECOMMENDATIONS

This Ordinance authorizes the execution of an amendment to the City's Tax Phase-In Agreement with Morgan Stanley Pyramid Advisors Acquisition II (formerly the Adam's Mark San Antonio) approved February 23, 1996 by Ordinance No. 83580.

Morgan Stanley Pyramid Advisors is requesting an amendment to the Agreement that removes one of the three original properties included in the Agreement from the abatement of taxes for real property, real property improvements as well as personal property. The former Adam's Mark San Antonio Hotel (now Crowne Plaza Hotel) is comprised of the former National Bank of Commerce (NBC) Tower, the Soledad Plaza West Office Building and the Soledad Plaza Parking Garage. The Soledad Plaza West Office Building would be deleted from the current Agreement, subjecting it to taxation.

The provisions of the Agreement will continue in effect for as long as such terms apply to the remaining property.

Staff recommends approval of this ordinance.

BACKGROUND

On February 8, 1996, the 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 renovated the former NBC Tower into the Adam's Mark Hotel and invested over \$30 million in the facility.

On December 18, 2003, the City Council approved an amendment to assign the Tax Phase-In Agreement to Morgan Stanley Pyramid Advisors Acquisition II, which currently owns the property. The Adam's Mark was re-flagged as the Crowne Plaza Hotel in 2004. The hotel employs approximately 300 full-time employees.

The City has received a request to have one parcel of the three properties (425 Soledad) excluded from the Agreement, upon the filing of a deed with the City evidencing sale of that parcel.

POLICY ANALYSIS

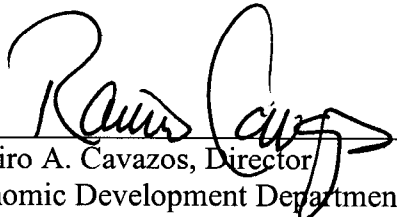
This action authorizes the removal of one of the three properties listed in the existing Tax Phase-In Agreement. Pursuant to the terms of the Agreement, this amendment must receive prior City Council approval. This action is in the financial interests of the City, as it accelerates a portion of anticipated future property tax revenue that will be collected on the property.

FISCAL IMPACT

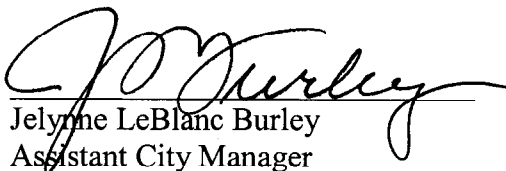
When placed back on the tax rolls, this single property (425 Soledad) will generate approximately \$23,000 in tax revenues, for FY 2006.

COORDINATION


This item has been coordinated with the City Attorney's Office, Finance, Bexar County and the Bexar Appraisal District.



Ramiro A. Cavazos, Director
Economic Development Department



Jelyne LeBlanc Burley
Assistant City Manager



J. Rolando Bono
Interim City Manager