

Agenda item #19  
(A)

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

**TO:** Sheryl Sculley, City Manager

**FROM:** Ramiro A. Cavazos, Director

**SUBJECT:** Ordinance to Approve Assignment of the existing Tax Phase-In Agreement on the Crowne Plaza Hotel (formally the Adam's Mark Hotel) from MSPA Acquisition II, L.P. to HEI San Antonio Hotel L.P.

**DATE:** June 1, 2006

**SUMMARY AND RECOMMENDATIONS**

This ordinance will approve the assignment of a Tax Phase-In Agreement (originally approved on February 8, 1996, by Ordinance No. 83580 between the City of San Antonio and Seven Seventeen HB San Antonio Corporation) from MSPA Acquisition II, L.P. to HEI San Antonio Hotel L.P. for the Crowne Plaza Hotel and related property located at Soledad and Pecan Streets. Even though the ten-year term for this Tax Phase-In Agreement will conclude on December 31, 2006; the recapture provisions will survive the Agreement term for an additional five years (until 2011).

Staff recommends approval of this ordinance.

**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. At that time, Seven Seventeen renovated, owned and operated what was then known as the Adam's Mark Hotel. Bexar County and San Antonio ISD also granted tax abatements to support the project.

On December 18, 2003, City Council approved Ordinance No. 98626 to assign the Tax Phase-In Agreement from Seven Seventeen to MSPA Acquisition II, L.P. In 2004, the Adam's Mark Hotel was re-flagged as the Crowne Plaza Hotel. During its Agreement term, the hotel has provided jobs for 300 full-time employees.

On June 9, 2005, City Council approved an amendment to the Tax Phase-In Agreement to remove one of the three original properties included in the agreement. The amendment deleted 425 Soledad (a.k.a. Soledad Plaza West Office Building) from the agreement. This removal action subjected this parcel to taxation.

HEI San Antonio L.P. is an entity of HEI Hospitality, LLC, a Delaware limited liability company based in Stamford, Connecticut, which is a full-service hospitality company that owns and operates full service hotels through joint ventures with institutional capital partners and through

investment funds sponsored by HEI. HEI currently owns interests in and operates 28 full-service hotel properties throughout the country.

### **POLICY ANALYSIS**


This action would authorize the second assignment (third amendment) of the existing Tax Phase-In Agreement, along with all associated benefits, obligations and liabilities. Tax Phase-In assignments must receive prior City Council approval to be assigned to another owner. The assignment will survive the tax abatement term, which will conclude at the end of 2006, and allow the City to apply the recapture provisions to HEI San Antonio, and its successors, until 2011.

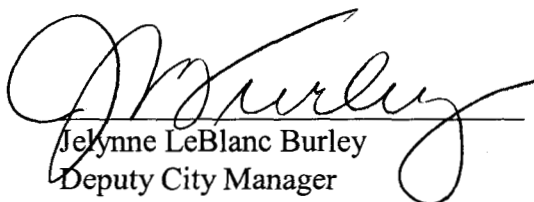
### **FISCAL IMPACT**

There is no fiscal impact.

### **COORDINATION**

This item has been coordinated with the City Attorney's Office and Asset Management Department.

  
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Ramiro A. Cavazos  
Director, Economic Development Department

  
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Jelynn LeBlanc Burley  
Deputy City Manager