

*Agenda item #78*

**CITY OF SAN ANTONIO  
NEIGHBORHOOD ACTION DEPARTMENT  
CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Sheryl Sculley, City Manager

**FROM:** David D. Garza, Director, Neighborhood Action Department

**SUBJECT:** Amendments to the Final Project and Financing Plans and approval of execution of Development Agreement and Interlocal Agreements for Tax Increment Reinvestment Zone Number Six, City of San Antonio, Texas, known as the Mission del Lago TIRZ

**DATE:** June 29, 2006

**SUMMARY AND RECOMMENDATIONS**

This ordinance approves amendments to the Final Project and Financing Plans for Tax Increment Reinvestment Zone ("Zone" or "TIRZ") Number Six, City of San Antonio, Texas, also referred to as Mission del Lago; authorizes the payment of all incremental ad valorem taxes in the Zone into the Zone's tax increment fund; and authorizes the City Manager to negotiate and execute Interlocal Agreements with Bexar County, University Health System, Alamo Community College District and a Development Agreement between the City of San Antonio, Mission del Lago, Ltd., and the Board of Directors for the Zone ("Board").

Staff recommends approval of this ordinance.

**BACKGROUND INFORMATION**

The Mission del Lago project was designated on August 19, 1999 to help facilitate the construction of the public infrastructure improvements to support 3,200 single family homes on approximately 812 acres. The TIRZ Board met and approved the Final Project and Finance Plans on August 24, 1999 which were approved by the City Council on August 26, 1999. Since then, the developer has been attempting to complete the project in accordance with the construction schedule outlined in the Project and Finance Plans. The plans originally proposed the construction of 3,200 single-family homes with an average sale price of \$114,000, and ranged in size from 1,300 to over 1,500 square feet, with lot sizes of approximately 5,960 square feet. The amended plan proposes the construction of 2,734 single-family homes, 280 multi-family homes, and 287,600 square feet of retail, office and commercial space.

The Mission del Lago development is located south of Loop 410 along US Highway 281, adjacent to Mitchell Lake and surrounds the Mission del Lago Municipal Golf Course. The developer of the property is Mission del Lago, Ltd., comprised of Virginia Rogers, Mid-OHIO Securities, Jerry Mattox, and James Mattox.

The TIRZ Board met on May 3, 2006 and on June 20, 2006 and approved the Development Agreement, Interlocal Agreements and amendments to the Final Project and Finance Plans. ACCD and UHS are not entitled by law to appoint Board members, but they each contribute taxes, deserve representation, and have required representation on the Board as a condition of their participation. The UHS Agreement requires the City to appoint one qualified applicant from among three applicants recommended by UHS to fill one of the City's five appointed positions, if UHS so requests. These two Board positions will not be advertised because ACCD and UHS will provide the candidates.

### **POLICY ANALYSIS**

This ordinance approves amendments to the Final Project and Finance Plan for the zone. Section 311.011(e) of the Tax Increment Financing (TIF) Act provides that the Board of a reinvestment zone may adopt an amendment to the project plan for the reinvestment zone, which is effective upon approval of the City Council, evidenced by the passage of an ordinance. This ordinance also approves the payment of all incremental ad valorem taxes generated from the new improvements occurring in the zone into the Zone's TIF fund as provided for in the Finance Plan. The projected revenues over the term of the Mission del Lago TIRZ will support the reimbursement for costs associated with the proposed public improvements.

This ordinance also authorizes the City Manager to negotiate and execute an Interlocal Agreement with Bexar County, University Health System, Alamo Community College District and the TIRZ Board. These Agreements delineate the rights and obligations of each entity and provides for payment of each participating taxing entity's tax increments into the TIF fund through the term of participation for each taxing entity.

Finally, this ordinance also authorizes the execution of the proposed Development Agreement, which ensures the successful completion of the project as described in the Final Project Plan and Final Financing Plan previously approved by the Board of Directors on May 3, 2006 and June 20, 2006. The Development Agreement is incorporated by reference into the Interlocal Agreements negotiated with the participating taxing entities listed above, and states the obligations of the Developer that include, but are not limited to:

1. The completion of the improvements described in the Final Project Plan and the Final Financing Plan;
2. The design, construction, assembly, installation and implementation of: 2,734 single-family homes, 280 multi-family homes, and 287,600 square feet of retail, office and commercial space;
3. Construction of public infrastructure improvements including: streets and approaches, sidewalks, drainage, water, sewer, utilities, street lights, on-site sewer outfall, Del Lago Parkway, gas, platting fees, drainage fees, sewer impact fees, engineering/survey fees, park improvements, contingency, project management, landscaping right-of-ways, land and developer formation legal costs;
4. Public bidding in compliance with Chapter 252 of the Local Government Code, payment of prevailing wages for the construction of the public improvements or eligible project costs financed through TIF proceeds;

5. Use of Developer's own capital or commercial construction loans/lines of credit secured solely by Developer for the financing of the costs of the public infrastructure improvements and all the other improvement expenses associated with the project; and
6. Compliance with the Unified Development Code.

Under current UDC provisions, the permit rights of the POADP for this project shall expire on September 25, 2007. In order to facilitate the project development, the Development Agreement extends the term of the permit rights of the Mission del Lago POADP to September 25, 2009. In accordance with current UDC requirements, in order for the permit rights of the POADP to extend past September 25, 2009, at least 50% of the developable land in the POADP must have a final plat or be developed, or the permit rights of the POADP expire on that date. This event will require the submission of an MDP under the development rules and regulations of the City as of that date. This policy is consistent with the current UDC permitting requirements.

The Development Agreement further contains the limitations that the public improvement infrastructure costs incurred by the Developer shall be reimbursed solely from the TIRZ revenues and shall never constitute debt, indebtedness or a pledge of the faith and credit or taxing power of the State, the City or participating governmental entities, any political corporation, subdivision or agency of the State

### **FISCAL IMPACT**

The base value of the TIRZ is \$1,323,410. Projected captured values that would be taxed to produce revenues to pay for the capital costs of the public infrastructure improvements commenced in tax year 2000 with collections commencing in tax year 2000 (fiscal year 2001). Captured values grow from \$30,761 in tax year 2000 to \$328,729,290 in tax year 2024.

The cost of the public infrastructure improvements is incurred by the Developer and paid over time from revenues produced by the Mission del Lago TIRZ. In addition to the capital costs, other costs to be paid from the Mission del Lago TIRZ revenues include taxing entity start-up costs and annual administration fees for the City of San Antonio, University Health System, Alamo Community College District, and the County. Revenues derived from the TIRZ will be used to pay costs in the following order of priority of payment: (i.) to the payment of eligible costs incurred by the Governmental Entities participating in the TIRZ; (ii.) to administrative fees pertaining to the City or its Administrator; (iii.) to Southside ISD, and (iv.) to the Developer, on an annual basis, as TIRZ revenues are available for such payments.

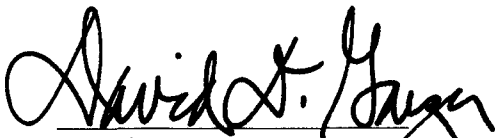
The Developer's total projected capital cost incurred for the construction of the public infrastructure improvements is \$60,228,267. Revenues from the TIRZ are used to reimburse this amount plus financing costs if any on the unreimbursed balance at a rate of 9.25% for the years 1999 through March 2006 and 4.54% for the remainder of the term. The annual reimbursements were structured as debt service payments to the Developer, and were scheduled to begin in fiscal year 2001. Any negative carry by the Developer would add additional interest to be paid to the Developer at an interest rate of 4.54%. The earliest projected payoff of the capital cost would occur in fiscal year 2025 and includes a Developer contribution of \$6,550,735.

The TIRZ collections for this project shall not extend beyond September 30, 2025 and may be terminated earlier once each taxing entity has deposited its respective amount described in the table below.

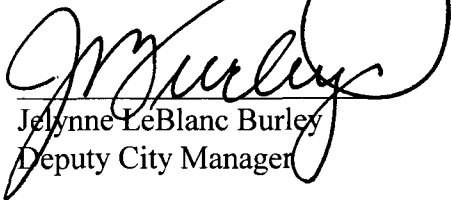
TABLE – TIRZ Contributions		
Participating Taxing Entities	Maximum Dollar Contribution	Max. Length of Contribution
City of San Antonio	\$ 21,212,813	September 30, 2025
Bexar County	\$ 10,539,188	September 30, 2025
University Health System	\$ 6,706,771	September 30, 2025
Southside ISD*	\$ 37,653,862	September 30, 2025
Alamo Community College	\$ 365,066	September 30, 2014
Maximum Reimbursable Amt.	\$ 76,477,700	

### COORDINATION

This item has been coordinated with Office of Budget and Management, Finance, Development Services, Environmental Services, Fire, Parks, Planning, Public Works, and the City Attorney's Office.

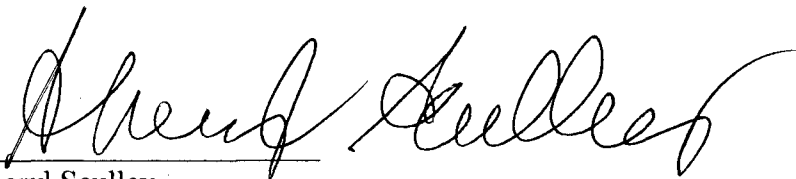


David D. Garza  
Director, Neighborhood Action Department



Jelynn LeBlanc Burley  
Deputy City Manager

Approved for Council Consideration:



Sheryl Sculley  
City Manager

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

For use of this form, see Section 2-59 through 2-61 of the City Code (Ethics Code)  
Attach additional sheets if space provided is not sufficient.

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(1) Identify any individual or business entity<sup>1</sup> that is a **party** to the discretionary contract:

*Mission del Lago, Ltd by its general partner,  
Mdl, Inc.*

(2) Identify any individual or business entity which is a **partner, parent** or **subsidiary** business entity, of any individual or business entity identified above in Box (1):

☐ No partner, parent or subsidiary; or

List partner, parent or subsidiary of each party to the contract and identify the corresponding party: *James A. Mattox, Jerry S. Mattox, Janice L. Mattox' SEP*

*through Equity Trust Co. - OHIO, James A. Mattox SEP account  
through Equity Trust Co. - OHIO - Virginia Rogers, David Rogers  
Carrie Casey - All limited partners - of Texas Limited Partnership*

(3) Identify any individual or business entity that would be a **subcontractor** on the discretionary contract.

☐ No subcontractor(s); or

List subcontractors:

(4) Identify any **lobbyist** or **public relations firm** employed by any party to the discretionary contract for purposes related to seeking the discretionary contract.

☐ No lobbyist or public relations firm employed; or

List lobbyists or public relations firms:

*David Earl & Associates, PC  
Attorney at Law*

*James A. Mattox*

<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. A sole proprietor should list the name of the individual and the d/b/a, if any.

**(5) Political Contributions**

List all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made 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 Box (1), (2), (3) or (4) above, or by the officers, owners of any business entity listed in Box (1), (2) or (3):

☐ No contributions made; If contributions made, list below:

By Whom Made:	To Whom Made:	Amount:	Date of Contribution:
None by 1, 2, 3			

**(6) Disclosures in Proposals**

Any individual or business entity seeking a discretionary contract with the city must disclose any known facts which, reasonably understood, raise a question<sup>2</sup> as to whether any city official or employee would violate Section 2-43 of the City Code (Ethics Code), ("conflicts of interest") by participating in official action relating to the discretionary contract.

☐ Party not aware of facts which would raise a "conflicts-of-interest" issue under Section 2-43 of the City Code; or

Party aware of the following facts: *Nothing*

This form is required to be supplemented in the event there is any change in the information 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, whichever occurs first.

Signature: <i>James A. Mattox</i>	Title: <i>President of</i> Company or D/B/A: <i>MDL, Inc. + Limited</i> <i>Partners of Mission del Lago, hotel.</i>	Date: <i>6/21/06</i>
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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.