



Memorandum of Understanding Among Bexar County, the City of San Antonio, and the San Antonio Spurs

BACKGROUND

In November 2024, the City unveiled a plan for a Sports and Entertainment District in downtown San Antonio. The District will include an expansion of the Henry B. Gonzalez Convention Center, a new Convention Center Hotel, a land bridge over I-37 to connect the East Side to downtown, improvements to the Alamodome, renovation of the John Woods Courthouse into a live entertainment venue, mixed-use development, enhanced infrastructure, and a new Spurs arena.

The San Antonio Spurs are an iconic NBA basketball team with deep roots in the economy and culture of San Antonio and Bexar County. From 1973 to 1993, the Spurs played at HemisFair Arena, a downtown facility that eventually was razed, before moving to the Alamodome. In November 1999, voters approved the County's venue tax to fund the construction of a basketball arena for the Spurs. The County-owned arena, now known as the Frost Bank Center, is located next to the County-owned Joe and Harry Freeman Coliseum on the city's East Side. The Spurs left the Alamodome for the Frost Bank Center in 2002. The Spurs' lease at the Frost Bank Center expires in 2032. The Spurs have communicated that they will not stay at the Frost Bank Center past the lease term and are considering relocating to a new sports arena in downtown San Antonio, where the team originally played.

FACTS

- Bexar County, the City of San Antonio, and the San Antonio Spurs are committed to working together to plan for three independent but related projects:
 1. the construction of a new downtown arena for the Spurs;
 2. the renovation of the Frost Bank Center and Freeman Coliseum and redevelopment of the Freeman Coliseum Grounds and surrounding area;
 3. the City's creation of a downtown Sports and Entertainment District to include a new arena and other improvements.
- The MOU identifies three potential items to help further these objectives:
 1. County venue tax measure on November 2025 ballot
 2. Willows Springs transaction as part of the East Side development
 3. Spurs contribution
- Bexar County, the City of San Antonio, and the San Antonio Spurs are working together on a non-binding memorandum of understanding (MOU) to develop and define these projects and explore how to fund them.
- The County, City, and Spurs will establish a timeline so that a County venue tax measure may be placed on the November 2025 ballot as a funding source for some of the projects.
- The County, City, and Spurs will explore other potential private and public funding sources for the projects, including a project finance zone, contributions by the Spurs, private equity developments, and public-private partnerships.
- For more information on the City's vision for a downtown Sports and Entertainment District, visit saspeakup.com/sportsdistrict

FREQUENTLY ASKED QUESTIONS

PROJECT FINANCE ZONE

What is the Project Finance Zone?

The PFZ is a three-mile radius around the Convention Center and Alamodome from which the growth in state hotel tax revenue can be used by the City to fund qualifying projects.

How much funding for the projects is the Project Finance Zone expected to generate?

Funds generated by the PFZ over the 30-year term are not currently available but will instead accumulate incrementally over time. While the City can issue debt to be repaid with future revenues, funds generated in early years will not be sufficient to pay annual debt costs. Therefore, the City is doing its due diligence to combine this revenue stream with others to develop a meaningful and sustainable financing plan.

VENUE TAX

What is the County's venue tax?

The County's venue tax includes a 1.75 percent tax on hotel rooms and a 5 percent tax on short-term car rentals. State law allows the county to raise the hotel portion of the tax to 2 percent. The last time voters approved using the County's venue tax was in 2008 for projects along the Museum Reach of the San Antonio River Walk and other improvements.

FUNDING

Will property taxes be used as a potential funding source for the projects?

No property taxes from general taxpayers will be used to fund these projects. Only property taxes generated by new development within a specific Tax Increment Reinvestment Zone that encompasses the District will be utilized.

Will funds be diverted from current essential services (e.g., infrastructure, public safety) to support these projects?

There will be no impact to funding of current essential services. Infrastructure (roads, parking, utilities, etc.) in the District could be funded through the City's annual Capital Budget.

When will the public have an opportunity to vote on the County venue tax measure?

Bexar County must call a venue tax election by August 2025 for voters to consider the measure on Tuesday, November 4, 2025

How does the City plan to acquire the ITC property from UTSA and when?

The City plans to acquire the ITC property using revenues from the Midtown TIRZ.

PUBLIC ENGAGEMENT

What role will public input play in shaping the design and development of the projects?

The County, City, and Spurs will engage stakeholders and the community at large to gather input on how these projects can be implemented in a way that creates new public benefits not just for visitors, but also for residents.

PROPOSED FUNDING SOURCES FOR EARLY PHASES OF DISTRICT PROJECTS**

Project	Funding Sources							
	HOT	PFZ	TIRZ	Private	Spurs	Venue	City Capital	Federal
Convention Center Expansion (\$700M - \$900M)	✓	✓						
Arena (\$1.2B - \$1.5B)		✓	✓	✓	✓	✓		
Alamodome Revised Project (projections in development)	✓	✓		✓				
Wood Courthouse (\$100M - \$150M)	✓			✓				
Convention Center Hotel (\$750M+)				✓*				
Infrastructure (projections in development)							✓	✓
Land Bridge (projections in development)							✓	✓
Acquisition of Institute of Texan Cultures & San Antonio Federal Complex Properties (projections in development)			✓					

* Any financial gap on the Convention Center Hotel will likely require public incentives.

** The proposed funding for the early phases of District are subject to change based upon finalization of feasibility studies, other cost impacts such as inflation, available resources, negotiation with private partners, financial capacity analysis, and funding of other anchor projects.

DESCRIPTIONS OF FUNDING SOURCES

HOT - A hotel occupancy tax (HOT) is generally a tax on the rental of a hotel room and is collected from the hotels. The City’s existing 9% HOT provides funding to support tourism, convention activities, arts and cultural programming, Alamodome and Convention Center facility operations, and debt payments for improvements to these facilities.

Project Finance Zone (PFZ) – A PFZ is a designated three-mile zone around a qualifying project in which the State’s growth in hotel associated revenue, for example the State’s Hotel Occupancy Tax, sales tax revenue from retail business within a hotel and mixed beverage sales tax revenue for onsite food establishments, is captured over a thirty-year period. These revenues can then be used to fund improvements to these qualifying projects. The City has designated the Convention Center and Alamodome as qualifying projects and is exploring adding a new NBA Arena as an additional qualifying project.

Tax Increment Reinvestment Zone (TIRZ) – A TIRZ is an economic development tool that allows participating taxing entities such as the City to capture their incremental increase in property taxes so that

these funds can be used to support development and redevelopment within the boundaries of the TIRZ. The TIRZ referenced in this table include the Hemisfair and Mid-town TIRZ.

Private – Private funding, as opposed to public funding, refers to any funding received from private sources such as equity investments, naming rights, team contributions, or other private funds which can be used to support the funding of projects within the proposed District.

San Antonio Spurs – Funding received or derived from the San Antonio Spurs or their affiliates to support the construction of a new NBA basketball arena.

Venue Tax – The venue tax is a hotel occupancy tax of 1.75% and a car rental tax of 5% imposed by Bexar County to fund venues or improvements to venues approved by voters. For example, the County’s venue tax was the primary funding source for what is now the Frost Center.

City Capital Funds – City capital funds includes bond funding from general obligation bonds or other capital funds eligible for infrastructure. This category would also include bond proceeds generated from specific revenue sources such as parking revenues which may be used to fund parking infrastructure in the proposed District.

Federal Funding – Funding received from federal government sources such as program grants to support infrastructure improvements within the proposed District.