

**State of Texas
County of Bexar
City of San Antonio**



**Meeting Minutes
City Council B Session**

Council Briefing Room
City Hall
100 Military Plaza
San Antonio, Texas 78205

2023 – 2025 Council Members

Mayor Ron Nirenberg

Dr. Sukh Kaur, Dist. 1 | Jalen McKee-Rodriguez, Dist. 2
Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4
Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6
Marina Alderete Gavito, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Marc Whyte, Dist. 10

Wednesday, February 26, 2025

2:00 PM

City Council Chambers

The City Council convened a B Session meeting in the Norma S. Rodriguez Council Chamber in the Municipal Plaza Building beginning at 2:10 p.m. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 11 – Nirenberg, Kaur, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Alderete Gavito, Pelaez, Courage, Whyte

ABSENT: None

BRIEFING ONLY

1. Briefing and update on a potential downtown sports and entertainment district and a proposed Memorandum of Understanding among the City, Bexar County and the San Antonio Spurs. [Erik Walsh, City Manager; Ben Gorzell, Jr., Chief Financial Officer]

City Manager Erik Walsh introduced the Item and Assistant City Manager Lori Houston who provided a map of the proposed San Antonio Sports and Entertainment District (SSED) area

which included Hemisfair Park (bordered to the west by South Alamo Street, to the south by Cesar Chavez Blvd, and to the north by the San Antonio Riverwalk), Civic Park, Yanaguana Park, Henry B Gonzalez Convention Center, Tower of the Americas/Tower Park, and the Alamodome. She noted that all would be connected by a land bridge over IH37/US281. She stated that the planned SSED included a new University of Texas at San Antonio (UTSA) School of Hospitality and Convention Center Hotel, an event venue at the former Judge John H. Wood Federal Courthouse, an expanded Convention Center, a new Sports Area at the site of the former UTSA Institute of Texan Cultures (ITC) building, and a re-imagined Alamodome.

Houston reported that neighborhoods in the area would be briefed on the proposed land use and traffic plans. She outlined four potential mixed-use areas. Chief Financial Officer Ben Gorzell noted that there was not currently enough money for the project and the financial considerations of the SSED funding framework included: management of risk; credit analysis of the transactions as well as preserving the City's AAA bond rating; statutorily authorized or permitted use of revenues; private and public funding sources; timing and sequencing of proposed projects; cost escalation and inflation; and tax exempt versus taxable debt.

Gorzell presented a table of the types of funding per project including the City's 9% share of Hotel Occupancy Tax (HOT), Public Facilities Zone (PFZ) which included the incremental growth in the state's hotel revenues over a 30 period for hotels within a 3 mile radius of the project beginning with tax year 2024, Tax Increment Reinvestment Zone (TIRZ), which was increased property tax revenues as a result of investment in the zone, private equity, San Antonio Spurs, Bexar County Venue Tax, which was 1.75% of the County's HOT and a portion of the car rental taxes, City Capital, such as General Obligation Bonds and Parking revenues, and Federal or State Grants or direct investment.

Gorzell stated that the \$700-900 million in funding for the Convention Center Expansion could come from City HOT and PFZ and design of this project could begin in 2026 after a feasibility study was conducted. He indicated that the \$1.2 to \$1.59 billion Spurs Arena could be funded by PFZ, TIRZ, Private, Spurs, and Venue Tax which would need to be approved by voters in November 2025. Gorzell added that revisions to the Alamodome could be paid from City HOT, PFZ and private equity through naming rights and other sources and was proposed to be completed by 2035.

Gorzell projected that the renovations to the Wood Courthouse would cost \$100 to \$150 million in private equity funds to create a 5,000 seat entertainment venue; He mentioned that HOT might also be used depending on the proposed use. He stated that the new \$750 million Convention Center Hotel, which would house UTSA's School of Hospitality would be privately funded but no timeline had been outlined. Gorzell noted that the land bridge and other infrastructure such as streets, sidewalks, and drainage would be funded by City Capital and other government sources; if Federal or State grants were used, there would likely be a local match. Gorzell asserted that the infrastructure projects could be funded with a General Obligation Bond, which could be voted upon in November 2025. He added that TIRZ funding could be used to purchase the ITC, which was owned by UTSA and the Wood Courthouse, which was owned by the United States General Services Administration (GSA).

Based on the State Comptroller's estimate of the PFZ, according to Gorzell, the 30-year Zone

would generate \$2.5 billion in total. He illustrated that if \$1 billion in Tax Exempt PFZ Bonds were issued in year one, there would be a deficit of PFZ revenues between FY 2026 and 2044 of \$1.2 billion, assuming an interest rate of 5.50%, which meant that additional sources of funding were needed, not just PFZ alone. Gorzell explained that the project would need to be phased over a long period of time to ensure proper financing.

City Attorney Andy Segovia described the one-year non-binding Memorandum of Understanding (MOU) between the City of San Antonio, Bexar County, and the San Antonio Spurs, which was intended to establish a framework for the development, refinement, and understanding of the projects identified in the MOU. He explained that the parties intended to meet, confer, and collaborate to potentially reach a consensus on future agreements related to the project and anticipated further discussion.

Segovia reported that the MOU had three objectives: 1) The renovation of the Frost Bank Center and the Freeman Coliseum and the redevelopment of the Freeman Coliseum grounds and surrounding area to support continued attraction of major national sporting, musical, cultural, family, and community events to the County and to spur, encourage, promote, attract, and stimulate the development, growth and expansion of business, commerce, and tourism; 2) The City's creation of a downtown sports and entertainment district and the City's proposal to expand the Convention Center, renovate the Alamodome, construct a land bridge over IH-37 that would connect downtown with the East Side, and encourage the development of other retail, entertainment, and housing developments downtown; and 3) The new downtown arena to be designed and constructed to support the primary occupancy of the Spurs Basketball Team for professional basketball and ancillary related uses and the new arena shall be comparable with professional basketball arenas and facilities for the NBA and all applicable building codes and Ordinances, and capable of seating spectators for basketball and other ancillary uses.

Segovia explained that the MOU contemplated that the Spurs as well as a portion of the County Venue Tax would help fund the Spurs Arena and would need to be approved by voters at the November 2025 election. He stated that the MOU included the Willow Springs Golf Course as a part of the East Side Development.

City Manager Walsh closed the presentation with an outline of next steps: finalize and execute the MOU, continue due diligence and analysis for anchor projects, gather information from the county on redevelopment efforts for the Willow Springs Golf Course and the Frost Bank Center Arena, develop and negotiate the funding framework for a new NBA arena, and establish regular City Council briefings.

Mayor Nirenberg stated that the preliminary work on the project was a feasibility analysis and this was the beginning of a process to determine if the project could move forward in a collaborative manner between the parties to the MOU. Mayor Nirenberg wanted to ensure that everyone had a voice and the City could deliver a prosperous downtown and East Side.

Councilmember McKee-Rodriguez indicated that his priority was the City's existing facilities and infrastructure. He noted that the project was first conceived to create a more vibrant downtown and then to move into a project that could redress the devastation caused by building a highway cutting off the East Side through a land bridge connection. He clarified that a new downtown

Spurs Arena was not the number one priority nor was it the idea that started the conversation about a SSED.

Councilmember McKee-Rodriguez recommended changing the MOU to remove the conveyance of Willow Springs Golf Course to Bexar County, however, he recognized that this was an important component of Bexar County's East Side Plan for the Frost Bank Center. He stated that his residents did not want a hotel on the golf course but would support commercial development such as shopping and restaurants. Councilmember McKee-Rodriguez requested a formalized seat at the table on the County's East Side Revitalization Project and insisted capping the City's contribution to the new Spurs Arena at 30%. Councilmember McKee-Rodriguez expressed concern that the plan could be overloading the demand for entertainment and concert venues with the addition of a new arena and a smaller venue.

Councilmember Viagran cited the Spurs' significant contribution to the City of San Antonio and supported a vibrant downtown that competed nationally and globally for conventions, visitors, and residents and that represented the history, culture, and vibe that was unique to San Antonio. She noted that Bexar County Commissioner's Court had already approved the MOU which was the beginning of a negotiation. Councilmember Viagran insisted upon public input and conversations about the SSED. Her first priority for the project was the land bridge to connect to the East Side.

Councilmember Viagran commented that this community supported the Spurs and recommended investment in the new arena. Another priority for Councilmember Viagran was the expansion of the Convention Center to ensure that more businesses and trade organizations would want to host their conventions in San Antonio and this would make the new hotel viable. She expressed concern with transportation issues and insisted that more parking was needed. Councilmember Viagran requested that City Manager Walsh take the City Council feedback and return to the City Council in 30 days with an update on the progress of the negotiations as well as a calendar of public input meetings. Councilmember Viagran requested that representatives from Bexar County and the Spurs engage with the City during public input sessions. Bobby Perez, representing the Spurs committed to being engaged. Segovia reminded Councilmember Viagran that the MOU included community engagement.

Councilmember Rocha Garcia supported adding an affordable Housing Bond Proposition to the November 2025 election as well as a City Bond for the project and the Venue Tax. She suggested that once the Austin Convention Center construction was completed San Antonio might lose business. Councilmember Rocha Garcia asked if there was a specific use determined for the Alamodome and the Frost Bank Center and was disappointed that Councilmember McKee-Rodriguez had not been invited to the Bexar County community meetings regarding the Frost Bank Center.

Councilmember Rocha Garcia asked when the leases for UTSA football and the Brahmas expired at the Alamodome and how much the Spurs might contribute to the new arena. Councilmember Rocha Garcia requested the Alamodome operational capital requirements and investments that were needed. Gorzell noted that the City did not have those yet, but they were being studied and would be determined. City Manager Walsh added that any new capacity might help in the future. Councilmember Rocha Garcia warned that digital marketing revenues might have to be shared with the NBA. She asked about naming rights and what might happen after the PFZ expired in 30

years. Gorzell indicated that studies on naming rights had been performed and would be provided but plans would need to be made for the PFZ expiration.

Councilmember Rocha Garcia asked if the San Antonio Spurs still planned to take their games to Austin if there was a new arena built. Perez stated that the Spurs planned to expand their market all along the IH 35 Corridor from Mexico to Austin. Councilmember Rocha Garcia expressed concern with the potential construction impacts to small businesses. Houston mentioned that each project would have an individual plan and the chilled water needed to be sequenced so hotel access could continue. Councilmember Rocha Garcia suggested that the City should have an engineer managing the overall project. City Manager Walsh commented that as the program developed, a project team within the City organization might need to be established. Councilmember Rocha Garcia recommended partnering with the Texas Research and Technology Foundation (TRTF) in addition to UTSA.

Councilmember Courage commented that much of this plan was abstract since there had not been a definite cost determined but the MOU was an important first step in a very long process, although it was nonbinding. He expressed concern about parking and traffic and suggested prioritizing engagement by the neighborhoods. Councilmember Courage opined that the SSED might have an impact on other programs and services such as social, health, and public works infrastructure. He asked whether SAWS might need to pay for the chilled water plant and expressed concern that the ITC building had a \$60 million price tag only to be torn down.

Councilmember Courage requested a realistic cost estimate for the project in today's dollars asserting that residents deserved to know those costs and where the money would come from. He mentioned that everything that the City committed to funding usually ended up costing 50% more than the estimate. Councilmember Courage noted that at least four of the current Councilmembers would not be on the dias after the May 2025 election. Gorzell agreed that the chilled water plant cost money to relocate, but in a larger footprint, more buildings could connect to and become customers of the SAWS chilled water which would produce revenue. He added that the plant was run as a separate cost center that was self-sufficient.

Councilmember Castillo urged her colleagues not to leave San Antonio residents behind as they were concerned with housing, jobs, and infrastructure. She cited a study that demonstrated that 80% of a new arena would cost more than the economic benefits generated. Councilmember Castillo recommended that the community establish their own idea of "benefits" of the SSED. She mentioned that SAWS had told her that building a new central chiller plant would cost \$60 to \$80 million and the money could be better utilized to help build infrastructure for residents on septic tanks.

Councilmember Castillo did not support privatization of any public facility whether it was Hemisfair Park, the Alamodome or the Convention Center and she wanted to ensure that workers were paid the City's minimum wage and were allowed to unionize. She recommended that all projects be built by local unionized labor. Councilmember Castillo stressed that the City-County partnership was an indispensable part of the project as the County Venue Tax funds required a public vote. She expressed concern with the inclusion of the Willow Springs Golf Course not including Councilmember McKee-Rodriguez in the conversation. Councilmember Castillo also recommended centering community residents in the dialogue and the need for green space in their

neighborhood.

Councilmember Castillo warned that this project and others like it such as Transit Oriented Development (TOD) would result in community displacement. Councilmember Castillo supported a Housing Bond election and noted that TIRZ funds were still tax money.

Councilmember Whyte did not support raising taxes on any citizens to pay for any of the SSED. He asserted that the entire City Council had an unwavering commitment to keep the San Antonio Spurs but wanted to ensure that the plan was transparent to the voters noting that the MOU did not contain details. Councilmember Whyte expressed concern that the City of San Antonio was unable to work with other jurisdictions noting other issues where the City did not work with Bexar County. He mentioned that the City did not include the Frost Bank Center and the Joe & Harry Freeman Coliseum in the staff presentation today, but they were included in the MOU. He asserted that the project had the opportunity to be transformational.

Councilmember Cabello Havrda stated that an SSED had the potential to revitalize downtown, and the investment had Citywide impact. She expressed concern that there had been no public input before the initiation of an MOU. She recommended creating space for community leaders downtown and on the East Side and expressed concern with impacts of construction on small businesses. Councilmember Cabello Havrda did not support including the Willow Springs Golf Course in the deal since it was our oldest and largest municipal golf course. She recommended more briefings and more transparency for the Project.

Councilmember Cabello Havrda agreed that all three parties wanted to be accountable to the East Side and not leave them behind and she did not understand why Willow Springs Golf Course was an issue since all were interested in the green space. She asked what would happen if the MOU were delayed. City Manager Walsh stated that there was no impending deadline, staff was just trying to keep the project on track.

Councilmember Alderete Gavito noted that residents were concerned that the surrounding communities would be destroyed, endless downtown construction, Spurs moving again, and detraction from other parts of town's infrastructure projects, so the City needed to keep them informed.

Councilmember Alderete Gavito suggested that more parking was needed and traffic flow should be studied before the projects moved forward and recommended including VIA Metropolitan Transit in the conversation. Houston explained that staff was working on a comprehensive parking plan and coordinating with VIA. Councilmember Alderete Gavito suggested that other modes of transportation such as rideshare should be studied.

Councilmember Alderete Gavito wanted to ensure that any infrastructure projects would not take away from neighborhoods who had been waiting for years. She stated that making the proper investments to retain the Spurs would keep jobs in San Antonio. Councilmember Alderete Gavito wanted to ensure proper consultation from the Councilmembers representing the area as well as the County Commissioner. She noted that if the City could move fast on big projects like the SSED and the airport, they should be able to move faster on local neighborhood projects. Councilmember Alderete Gavito supported allowing the City Manager to negotiate the MOU.

Councilmember Pelaez suggested that the SSED project was a great opportunity for our community, reimagining the East Side and Frost Bank Center was as well. Councilmember Pelaez clarified that no member of the City staff nor City Council had signed a nondisclosure agreement and the project was not being negotiated secretly. Segovia noted that the Texas Public Information Act required these discussions to be public. Councilmember Pelaez commented that City Council and staff were stewards of public funding so these negotiations would intentionally take longer, and this discussion was only the first step in approving the City Manager to begin negotiation under the MOU.

Councilmember Pelaez did not support conveying the Willow Springs Golf Course asserting that the East Side did not need to give up its golf course or green space. He did not support taxpayer funding for the new Spurs Arena and suggested other creative financing. Councilmember Pelaez supported having conversations about both the SSED and the East Side.

Councilmember Kaur highlighted that infrastructure was being prioritized by the City of San Antonio across the City. She expected more housing development to help the TIRZ grow but there was a need for more affordable housing downtown. Councilmember Kaur commented that long term financing of the SSED was very complex but wanted to ensure that the public understood that no residential property taxes would fund the SSED. She noted that the Spurs had committed to investing in predevelopment costs including community engagement and requested that a dollar amount be put on that work to share with the public.

Councilmember Kaur commented that when there was no conversation, people started filling in the blanks, however, there had been no secret discussions or meetings on the project. She recommended monthly updates to the City Council and to the public. Councilmember Kaur thanked Judge Sakai for meeting with her and Councilmember McKee-Rodriguez to help understand Bexar County's point of view. She stated that Judge Sakai was passionate about ensuring prosperity on the East Side which was the same goal of the City Council.

Councilmember Kaur mentioned that the Willow Springs Golf Course needed to be public space. She requested an update on the community engagement plan for the public to provide real input that would actually be taken including not only neighborhood association meetings, town halls, and surveys, but door-to-door discussions. She wanted to ensure that current businesses at Hemisfair Park would benefit from the growth such as the Magik Children's Theater. Finally, Councilmember Kaur wanted to ensure that the process was collaborative between all three parties of the MOU.

Councilmember McKee-Rodriguez commented that the fact that Willow Springs Golf Course was non-negotiable for Bexar County meant that there was already some negotiation. He felt that Bexar County was bluffing as they would not want the Spurs to leave San Antonio and he was committed to removing the Willow Springs Golf Course from consideration in the MOU and would always keep the East Side's best interest at heart. Councilmember McKee-Rodriguez suggested that if Bexar County's goal was East Side economic development there were many properties that could be evaluated.

Councilmember Castillo asserted that the project did not guarantee downstream benefits for all San Antonians and perpetuated systems of inequality for sport. She asked how using HOT funds

could impact local arts funding. Gorzell indicated that the HOT funded the Convention Center/Alamodome, Visit San Antonio, Arts, and Historic Preservation and funding would need to be analyzed for the project. Councilmember Castillo wanted to ensure that arts programming would be decreased or not increased as a result of using this funding for the SSSED.

Councilmember Castillo asked how traffic control would be facilitated for the new arena since the Bexar County Sheriff's Department managed traffic control around the Frost Bank Center. Gorzell noted that it would depend on the overall infrastructure and transit plan. Councilmember Castillo wanted to ensure infrastructure needs of residents were not unmet, particularly for the neighbors like had happened on the East Side.

Councilmember Viagran commented that Sports and Entertainment was an industry and many Council District 3 residents worked in that industry. She understood the concerns but felt that moving forward with the MOU was the right move to ensure that the City and Bexar County coordinated on the project. She recommended accountability for votes when it came to housing and delegate agencies.

Councilmember Whyte agreed that there had to be some negotiation or else the MOU would not have been created, nor would it include the Willow Springs Golf Course. However, he felt that there was a way to make it work and was confident that the City Manager would ensure that the interests of the City and residents on the East Side were met. Councilmember Whyte noted that the final deal would need to be approved by the City Council. He clarified that the Spurs were not just about sport; the Spurs brought a feeling of goodwill and camaraderie when residents watched and celebrated the Spurs.

City Manager Walsh clarified that tomorrow's action Item was to authorize the staff to negotiate and execute an agreement, but conveying of property and spending of money would require City Council action.

Councilmember Rocha Garcia asked if Councilmember McKee-Rodriguez could make a motion tomorrow to remove the Willow Springs Golf Course from the MOU. Segovia clarified that tomorrow's action Item was to authorize the staff to negotiate and execute an agreement so this would be an improper motion because the City Council was not approving an MOU.

Councilmember Pelaez requested that Gorzell explain what infrastructure was included in the project. Gorzell stated that it would include streets, sidewalks, and drainage, but did not include building on vacant parcels or buildings. Houston clarified that a bridge could be infrastructure as could parking lots or garages.

Mayor Nirenberg commented that there was a desire to get to a more perfect downtown and East Side revitalization and all of those conversations would be included in the City Manager's negotiations. Mayor Nirenberg suggested that there was a consensus to leave the Item on tomorrow's agenda.

City Manager Walsh reiterated that this was a complicated project that required a heavy lift from the economy and the community. He committed to regular City Council briefings and beginning negotiations, taking into consideration today's discussion including the overwhelming concern

about the Willow Springs Golf Course.

EXECUTIVE SESSION

Executive Session was not held.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 5:02 p.m.

Approved

Ron Nirenberg
Mayor

Debbie Racca-Sittre
City Clerk