

City of San Antonio



Minutes

**Tax Increment Reinvestment Zone 30 – Westside Board of Directors Meeting
Via WebEx Phone/Video Conference**

Wednesday, June 9, 2021

10:00 AM

Board Members Present

Councilwoman Shirley Gonzales, Chair
Councilman Roberto C. Treviño, Vice Chair
Julissa Carielo
Jorge Herrera
Jaime Macias

Board Members Absent

Vacancies (2)

COSA Staff

Ian Benavides, Assistant Director, NHSD; Edgar Olivas, Economic Development Manager, NHSD/TIF; Diana Rosas, NHSD/TIF; Christina Ramirez, CAO; Venessa Rodriguez, CAO; Alfred Chang, FMD; Shirley Saucedo, FMD; Mike Momtselidze, FMD.

Guests

Ramiro Gonzales, Westside Development Corporation (WDC)/Prosper West; Rene' Garcia, Freemont Development Company/Dream On Group

Call to Order and Roll Call

Councilwoman Shirley Gonzales (Chair) presiding.

The Chair thanked her board colleagues for joining her for the meeting this morning and called the meeting to order at 10:01 a.m. At roll call, five (5) members were present, establishing a quorum.

Public Comments

No public comments

Financial Report

Shirley Saucedo presented the Financial Report for the Westside TIRZ and provided the term dates of 12/11/2008 to 9/30/2032. Jaime Macias asked for clarification of the fiscal year term. Ms. Saucedo advised it is from October to September every year.

Individual Item:

#3 Discussion and action to consider a Resolution by the Board of Directors of Tax Increment Reinvestment Zone (TIRZ) Number Thirty, authorizing the Westside TIRZ Fund as the source of funding for a Chapter 380 Economic Development Loan Agreement between the Westside

Development Corporation/Prosper West in an amount not to exceed \$945,000 for the purchase and rehabilitation of the Basila Frocks Building located at 502 N. Zarzamora St., in City Council District 5.

Ramiro Gonzales introduced himself as the CEO for Prosper West San Antonio and also introduced Mr. Rene' Garcia with the Dream On Group. Mr. Gonzales provided a presentation stating the item was for the rehabilitation of the Basila Frocks building at 502 N. Zarzamora, a partnership between Prosper West and the Dream On Group. The estimated total project cost is about \$3.7 million and the request before the TIRZ is for the \$945,000 that's been referenced. The way that it's kind of been structured is \$575,000 of that would be at the closing of the financing for the property and the remaining \$370,000 would be over two (2) years after the project has been completed. Mr. Gonzales gave a history of the building: it was built in 1929; it produced first ready to wear dresses in Texas; in the past, it also housed restaurants, clinics, offices, a grocery store, a wrestling gym, a ballroom. It has been vacant since about 2005.

Mr. Gonzales spoke about the corner of the building at Martin and Zarzamora and the challenges they will have to navigate around to make it safer. The presentation showed a series of photos that indicates the condition of the property. There's a lot of broken glass; there's been a lot of vagrancy and vandalism; however, the structural integrity of the property is still very much intact. The corner gets hit every few years and has been impacted over the years and has held together. They believe that was the expansion built in 1950, the outdoor area which the roof has collapsed since then. There is a basement partially filled with water which leads to the second level where there is incredible potential with a 360 degree view from the giant windows looking all around the West side into downtown, a beautiful skyline and view of the area. He added that the market from an economic perspective has been very unproven and there's a significant investment required to bring the Basila back into operation. When you do the math, rehabilitate it, and put it back into operation to produce revenue, it doesn't make sense to demolish it. Give this iconic building back to the West side. He pointed out, why can't someone come in here and do this and make it happen when it comes to projects on the West side? He said the fact in many other cases is that they're just easier projects to do and so developers/money goes elsewhere. So, it really takes the right developer, the right people to come in and want to partner on a difficult project like this and make it possible. At one time a Dollar General store was being considered at the site. The community rightly so fought that off then it sat there vacant for a while. At the time, WDC partnered with Dan Markson to purchase and redevelop the Basila Frocks building. Unfortunately, Dan Markson passed away a year later leaving them without a partner. After several conversations and talking with many different partners, there just wasn't a good fit either. So, in August of 2020, they released an RFI (Release for Information) to solicit interest from developers in the community who would be interested in partnering on this project and they received 5 responses. They narrowed it down to two (2) and selected the Dream On Group who was with them for this meeting. In November they executed an MOU (Memorandum of Understanding) to conduct their feasibility analysis to ensure what was needed to make Basila Frocks happen, which is this board meeting, and identifying the gap to bring it to fruition. Mr. Gonzales turned over the presentation to Mr. Garcia with the Dream On Group to speak on the next steps, vision and timeline for the project.

Mr. Rene' Garcia introduced himself as President of the Freemont Development Company. He spoke about the images Mr. Gonzales presented stating from a developer's perspective, it has great bones and it's in a great community and so he's very excited to be part of this project and because he's enjoyed the partnership with Prosper West. They envision restoring an asset that belongs to the West side community. Roughly 20,000 square feet, they foresee 15 to 20 private businesses operating out of this building ranging from office to retail and community space. They are open to outside use of their tenants that the community can lean on and use as needed. It will also be the Headquarters for Prosper West where they'll be able to conduct their business outreach, support services, and drive economic development and their programs. Another real asset about this property is the size of the parking area that surrounds the physical building. We have used that type of space on previous projects for events, activation market days, different types of things that draws the neighborhood together to really allow this building to be ingrained in what is happening on the West side.

Mr. Garcia stated they're estimating contributions of about \$58,000 in property taxes and billed to all the taxing entities, escalated over time, this is about over 20 years, \$1.4 million as compared to the current \$240,000. We feel that a real asset benefit to the City and the neighborhood. To recap, some of the benefits: they're adding a property back to the tax roles; saving the historic building; activating/building this business; small business in the community can use it and prosper from it; it's going to be a center for Prosper West to operate out of; a true tax producing economic development type project and over time, they feel like it will start to add to and contribute to some of the attention that the area's gotten in investments.

Mr. Garcia mentioned their timeline to be by August of this year working toward getting financial closing on the project. He showed a rendering that was originally done by Dan (Markson) and what they contribute to the area may look something like it or may be a little different.

To recap, Mr. Garcia stated it's \$945,000 for the request; \$575,000 is going toward the land and making it available; \$370,000 is for contributing toward the actual development of the building.

Mr. Gonzales noted a timeline of August this year for getting the financial closing; operating by late summer of August 2022.

The Chair asked Mr. Garcia some questions as she had not had the opportunity to meet him or knew of him or his experiences. She asked him to give some examples. Mr. Garcia stated he'd been in San Antonio since 1983 and worked for the Zachary Company for 37 years until he retired and started this development company. He added he's been in the community a long-time doing projects like this. He stated he has about 25 years in construction; got an MBA in 2000; and started to do real estate for the Zachary family. Mr. Garcia went on to add that his number one experience is doing multiple projects all over the City and all over the Country, which helped him really see the true value of this asset. He noted that he spent a lot of time at Sunset Station because that was number one of his primary objectives for the Zachary family working in an area like this one on the East side. He put together Strategic Plans to bring that area back to life the last 12 years before he retired. He was the President of the St. Paul

Square Association and understands what it takes to do projects like this and is excited about the opportunity to be involved in this project.

The Chair also stated that she was obviously very familiar with the project. She noted that there's been a number of iterations over the years and, of course, it's seen better days. They had attempted to address the street concern. There was a fatality at that corner some time ago. A car hit the building and it so happened that the person died, and so they had been working with TCI to adjust the street and stated to Mr. Gonzales that she did not see any reference to that on his presentation and wanted to know if that was being considered. Mr. Gonzales stated that it's one of the issues they'll need to navigate; it's also built into the project contingency. One of the things he said they're kind of looking at is if it's possible to build an alcove there to kind of widen that area so that you don't have people just go right off from the building onto the street. And so, it's going to take a very creative solution because obviously they can't expand the sidewalk without significantly impacting Martin Street which is already pretty narrow. The building certainly can't be moved, so it's going to take some creative approaches. And he believes they have the right team put together to really address those kinds of challenges. Mr. Gonzales referred to Mr. Garcia to add any further comments.

Mr. Garcia agreed with Mr. Gonzales that he was correct on that issue being a concern for them as well so the building is not affected by traffic. Number one, is going to be safety of the pedestrians coming in and out and going around the building. Those are top priorities. He stated they'll have to create alcoves essentially wherever there's an entrance into the building so that people have a safe place to step into when they open the doors in and out of the building. He stated they would work with TCI/City to try to figure out the best approach for that.

The Chair stated that we do have a new transportation director who can help navigate us through that area because there's also a school close by and for years they've been trying to slow down the traffic on Zaramora because of multiple schools. There are like nine (9) schools in that stretch of Zarzamora, from Fredericksburg maybe to 90. I think it would make sense to find a way to slow down. It's actually that particular stretch of Zarzamora that has the highest fatality rate anywhere in the City—at Martin, Commerce and Buena Vista. The Chair lives right there so she's very familiar with it and it has always been a real concern of hers that that street has always had so many fatalities. She added that she also has a building on the corner of Buena Vista and Commerce (at Zarzamora) that often gets hit by cars. So, she could see what sort of solutions the developers and TCI/City come up with to reduce the risk for the community. The Chair stated she'd seen a lot of iterations of this project and certainly thinks it's important that it be a signature project in the District (5). The restoration of the old Mungia Print Shop was recently seen in the District. The Chair noted that she would love to see this (Basila Frocks project) come to fruition as well and gave her full support. The Chair turned it over to Councilman Treviño for any questions. Councilman Treviño had no questions; commented it was a great building with great bones and gave his full support as well. The Chair also turned it over to the other board members for any questions.

Councilman Treviño (Vice-Chair) motioned for approval of the Resolution...

Mr. Macias had some comments. Stated he'll find comfort in the fact knowing that the Westside Development Corporation/Prosper West will use it as their headquarters and that he wanted to make sure that the developers have the resources to keep it sustainable.

Jorge Herrera inquired whether the building would look like the renderings. Mr. Garcia replied that it may not be exact, but very similar.

The Chair stated there was a motion on the floor for approval and called for all the votes.

Councilman Treviño (Vice-Chair) motioned for approval of the Resolution; Mr. Macias seconded; approved by those present; the motion carried.

Mr. Olivas stated for the record, that for a matter of transparency, he just wanted to make the Board aware that board member Julissa Carielo has an interest in the project. She is part of the Freemont Development as a partner who is partnering with this project. [She was not present at the board meeting.]

Mr. Olivas also stated that the project is not within the Westside boundary and there will be no incremental tax generated that goes back into the TIRZ, just for a matter of record, he wanted to make sure everybody was aware.

Mr. Macias asked for an explanation. Mr. Olivas stated that because the project is outside the boundary, the increment would not go into the Westside TIRZ Fund. It was brought before the Board because it's near the boundary and because it's a project for the community. But any increment that's generated by the project for property taxes that are paid, the increment does not go back to the Westside TIRZ Fund.

Ian Benavides stated it would be directed to the City's General Fund. The Chair stated it's an eligible project otherwise we wouldn't be having the meeting if it was not. Mr. Benavides, stated that was correct, and that it is an eligible project supported under the Texas Tax Code, brought it before the Board because of the community benefit and the close proximity to the Westside TIRZ.

Mr. Macias asked if it falls within District 5. The Chair confirmed it and added that it's also within an Opportunity Zone.

Mr. Gonzales mentioned there may be restrictions for Basila with the Opportunity Zone, however, it does lie within one and noted he'll look into it.

Board Member Comments

As a point of order, Mr. Herrera, thanked Councilwoman Gonzales for her leadership throughout her time as Chair of the Board and for also appointing him for the opportunity to help develop the West side; he was proud to serve. He also thanked Councilman Treviño for his service on the Board.

Adjournment

There being no further business, the meeting adjourned without objection at 10:36 a.m.

Certified this _____ day of _____, 2021.

Attest:

Councilwoman Shirley Gonzales,
Chair

Diana Rosas (NHSD/TIF),
Transcriber of Minutes

DRAFT