



# City of San Antonio

## Agenda Memorandum

**File Number:**  
**{{item.tracking\_number}}**

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**Agenda Item Number:** 4

**Agenda Date:** February 23, 2024

**In Control:** Tax Increment Reinvestment Zone No. 06 - Mission Del Lago Meeting

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Veronica Garcia, Director

**COUNCIL DISTRICTS IMPACTED:** District 3

**SUBJECT:**

Authorizing the execution of amendments to the Development Agreement and the Interlocal Agreement consistent with the direction from the City and Bexar County for the Mission del Lago TIRZ.

**SUMMARY:**

This item will request authority to execute amendments to the Development Agreement with Southstar Mission Del Lago Holdings, L.P. and Interlocal Agreement with Bexar County relating to the contributions and participation by the City and County.

**BACKGROUND INFORMATION:**

The Mission del Lago Tax Increment Reinvestment Zone was designated by the City Council of the City of San Antonio on August 19, 1999. The TIRZ is scheduled to expire September 30, 2032.

The Mission del Lago Development is located in the southern section of the City of San Antonio,

approximately 1.5 miles south of Loop 410 South on Highway 281 South adjacent to Mitchell Lake. The development encompasses approximately 812 acres. The project plans to construct over 2,500 single family homes, 520 multi-family homes and commercial space. The Developer is Southstar Mission Del Lago Holdings, L.P.

The City of San Antonio, Bexar County, University Health System and Southside Independent School District are the current participating taxing entities. Alamo Colleges participation expired September 30, 2014. The City's current participation rate is at 100% of the tax rate which is \$0.558270 in Tax Year 2018. Beginning in Tax Year 2027, the City's participation rate will be at 75% of its tax increment each year through the 2031 Tax Year. Bexar County's current participation is at 100% Operations and Maintenance portion of the Tax Rate which is \$0.26250 in Tax Year 2018. From the period from the 2025 Tax Year through the 2031 Tax Year, the County's participation rate will be at 75% of its respective operations and maintenance portion of the Tax Rate. University Health System's current participation is at 75% of the tax rate which is \$0.276235 in Tax Year 2018. Southside ISD's current participation is at 65% of the tax rate which is \$1.575900 in Tax Year 2018. On December 7, 2023, the City received notification from Southside ISD with their request to exit and cease future participation in the Tax Increment Reinvestment Zone Number 6 – Mission del Lago due to financial concerns.

On December 13, 2023, the Mission del Lago TIRZ Board directed staff to (1) negotiate terms for Southside ISD to exit the Mission del Lago TIRZ and end future participation in the TIRZ, (2) negotiate with participating taxing entities to mitigate the deficit created by Southside ISD's exit from the TIRZ, and (3) negotiate with the developer and participating taxing entities to modify the maximum reimbursement amount to which the developer would be entitled.

To mitigate the deficit created by Southside ISD's exit and to modify the maximum reimbursement amount to the Developer, the City and County would need to adjust their participation and maximum contribution amounts.

The Bexar County Commissioner's Court is scheduled to consider this item at the February 20, 2024 meeting to direct staff to negotiate an amendment to the Interlocal Agreement to increase the County's contribution and participation.

#### **ISSUE:**

Board consideration is requested to authorize the execution of amendments to the Development Agreement and the Interlocal Agreement consistent with the direction from the City and Bexar County.

#### **FISCAL IMPACT:**

There is no impact to the General Fund.

#### **ALTERNATIVES:**

The Board could decide to not authorize the execution of amendments to the Development Agreement and the Interlocal Agreement; however, failing to address the changes to be made to the legal documents and securing amendments to the Development Agreement and the Interlocal Agreement would prevent the Developer from recovering funding under the current Development Agreement and Interlocal Agreement.

**RECOMMENDATION:**

Staff recommends the TIRZ Board approve the Resolution authorizing City Staff to execute amendments to the Development Agreement and the Interlocal Agreement consistent with the direction from the City and Bexar County for the Mission del Lago TIRZ.