

AN ORDINANCE 2010-02-11-0107

**DESIGNATING THE CORPORATE OFFICE PROPERTIES TRUST
REINVESTMENT ZONE, CONSISTING OF 76 ACRES OF LAND AT
7700 AND 7700-1 POTRANCO DRIVE, SAN ANTONIO, TEXAS,
78251.**

* * * * *

WHEREAS, COPT San Antonio L.P. (hereinafter referred to as "COPT") a real estate investment company and contractor for the federal government owns 76 acres of real property located at 7700 and 7700-1 Potranco Drive, San Antonio, Texas, 78251, as more particularly described in Exhibit "A" attached hereto and incorporated herein; and

WHEREAS, the land is eligible to be a Reinvestment Zone, in part because it is in an area that is reasonably likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the area that would be a benefit to the property and that would contribute to the economic development of the City of San Antonio; and

WHEREAS, in accordance with the requirements set out in the Texas Tax Code Section 312, notice of the requisite public hearing regarding the proposed designation of the Corporate Office Properties Trust Reinvestment Zone was published on January 31, 2010; and

WHEREAS, on February 11, 2010, the City Council held a public hearing in the Council Chambers located at 114 W. Commerce on the proposed designation of the Corporate Office Properties Trust Reinvestment Zone, and considered evidence and testimony of interested persons for and against the designation; and

WHEREAS, the City Council finds that the proposed Corporate Office Properties Trust Reinvestment Zone is reasonably likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the Zone that would be a benefit to the property and that would contribute to the economic development of the City of San Antonio, and that the proposed improvements are feasible and practical; and

WHEREAS, the City Council hereby further finds that the designation of the Corporate Office Properties Trust Reinvestment Zone is a reasonable incentive to help induce COPT to locate and continue to expand its operations in San Antonio; and

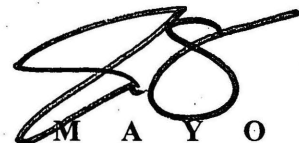
WHEREAS, to the best of the parties' knowledge, no property in the area referred to herein as the Corporate Office Properties Trust Reinvestment Zone is owned by or leased by a member of the City Council, Zoning Commission, Planning Commission, the City's Economic Development Department, or any other City officer or employee; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

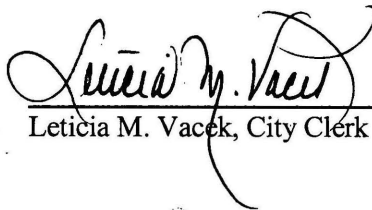
SECTION 1. The land more particularly described in Exhibit A, attached hereto and incorporated herein, is hereby designated as the Corporate Office Properties Trust Reinvestment Zone pursuant to the Property Redevelopment and Tax Abatement Act of 1987, as amended.

SECTION 2. This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED and APPROVED this 11th day of February 2010.

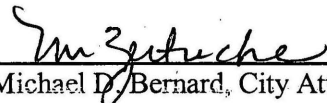

M A Y O R
Julián Castro

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



for Michael D. Bernard, City Attorney

ATTACHMENT 1

IREY
0
0
1329

SHEET 5 OF 6

MATCHLINE

SI

19 O.P.R.)

14' ELEC. GAS, TELE.
& CATV ESMT
(VOL. 8571, PGS.
60-65 D.P.R.)

VARIABLE WIDTH DR
(PRIVATE)
BENEFIT: REMAINING
ACRES OWNED BY C
ANTONIO (VOL. 1145
2364-2369 O.P.R.)

MILITARY DRIVE WEST
(86' R.O.W.)

INDEX MAP

REPLAT AND SUBDIVISION PLAT ESTABLISHING
TCC REPLAT

OF
ROAD.

A 76.01 ACRES OF LAND BEING COMPRISED OF ALL OF LOT 4, BLOCK 3, N.C.B. 18233 OF THE TCC SUBDIVISION AS RECORDED IN VOLUME 9571, PAGES 60-65 OF THE DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS, ALL OF MICRON ROAD, A 60-FOOT RIGHT-OF-WAY, BEING QUIT CLAIMED BY ORDINANCE NUMBER 2006-08-03-0837 AS RECORDED IN VOLUME 12317, PAGES 1251-1260 OF THE OFFICIAL PUBLIC RECORDS OF BEXAR COUNTY, TEXAS AND A PORTION OF A 31.033 ACRE TRACT CONVEYED TO COPT SAN ANTONIO, L.P. IN A SPECIAL WARRANTY DEED RECORDED IN VOLUME 11896, PAGES 897-906 OF THE OFFICIAL PUBLIC RECORDS OF BEXAR COUNTY, TEXAS.

THIS PLAT OF TCC REPLAT HAS BEEN SUBMITTED TO THE CITY OF SAN ANTONIO, TEXAS, AND HAVING BEEN REVIEWED BY THE DIRECTOR OF DEVELOPMENT SERVICES, IS HEREBY APPROVED IN ACCORDANCE WITH STATE OR LOCAL LAWS AND REGULATIONS AS INDICATED BELOW.

ENGINEERS

DATED THIS

5

DAY OF

January

A.D. 20

07

PHONE: 210.375.9000
FAX: 210.378.9010

BY:

[Signature]
DIRECTOR OF DEVELOPMENT SERVICES

POTRANCO

MICRON ROAD

NORTHWEST CROSSING

VARIABLE WIDTH
DRAINAGE ESMT
(VOL. 8900, PG.
175 D.P.R.)

VARIABLE WIDTH
DRAINAGE ESMT
(VOL. 9571, PGS.
60-65 D.P.R.)

MILITARY WEST DRIVE

AREA BEING REPLATTED

THE AREA BEING REPLATTED IS ALL OF LOT 4, BLOCK 3, NEW CITY BLOCK 18233 AND A VARIABLE WIDTH DRAINAGE EASEMENT PREVIOUSLY PLATTED IN THE TCC SUBDIVISION, PLAT # 060352 AS RECORDED IN VOLUME 9571, PAGES 60-65 OF THE DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS, A VARIABLE WIDTH DRAINAGE EASEMENT THAT WAS PREVIOUSLY PLATTED IN THE NORTHWEST CROSSROADS UNIT-1 SUBDIVISION AS RECORDED IN VOLUME 8900, PAGE 175 OF THE DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS, AND ALL OF MICRON ROAD, A 60-FOOT RIGHT-OF-WAY BEING QUIT CLAIMED BY ORDINANCE NUMBER 2006-08-03-0837.

UNPLATTED:
COPT SAN ANTONIO, L.P
31.033 ACRE TRACT
(VOL. 11896, PAGES 897-906 O.P.R.)

VARIABLE WIDTH DRAINAGE ESMT (PRIVATE)
BENEFIT: REMAINING PORTION OF 31.033
ACRES OWNED BY COPT SAN ANTONIO
(VOL. 11896, PGS. 897-906 O.P.R.)

20' ELEC. GAS, TELE
& CATV ESMT

VARIABLE WIDTH
SANITARY SEWER
ESMT

16' WATER ESMT
(VOL. 9571, PGS.
60-65 D.P.R.)

37.5' TRANSMISSION
ESMT (VOL. 9571,
PGS. 60-65 D.P.R.)

37.5' TRANSMISSION
ESMT

VARIABLE WIDTH
C.P.S. SUB-STATION
ESMT (VOL. 9571,
PGS. 60-65 D.P.R.)

14' ELEC. GAS, TELE
& CATV ESMT
(VOL. 9571, PGS.
60-65 D.P.R.)

LOT 5
BLOCK 3
N.C.B. 18233
(75.46 ACRES)
SHEET 3 OF 6

MATCHLINE

SHEET 4 0

CITY COUNCIL ITEMS #5A and 5B

**CORPORATE OFFICE PROPERTIES TRUST
(COPT)**

**REINVESTMENT ZONE &
TAX ABATEMENT AGREEMENT**

**INTERNATIONAL AND ECONOMIC DEVELOPMENT
DEPARTMENT**

February 11, 2010

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Items for Consideration

- Item 5A: Public Hearing and an Ordinance designating the Corporate Office Properties Trust (COPT) Reinvestment Zone at 7700 and 7700-1 Potranco Road in City Council District 6
- Item 5B: An Ordinance authorizing a 6-year, 100% Tax Abatement Agreement with Corporate Office Properties Trust



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Project Benefits

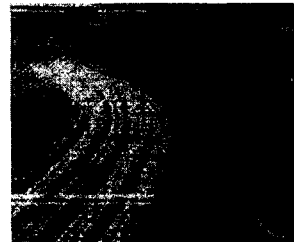
- \$50 million new capital investment
- A magnet and anchor for growth in Cyber Security
- Annual economic impact of \$145 million
- Average of 1,500 construction jobs over 5 years
- SAWS and CPS Energy infrastructure supporting the project and surrounding area
- LEED certified buildings
- Use of SAWS recycled water
- Sentry Gateway Business Park



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Corporate Offices Properties Trust

- COPT is a major real estate investment trust located in Maryland
 - Contractor for the federal government
 - Responsible for facility requirements supporting the Texas Cryptologic Center (TCC) located at Lackland AFB
- TCC is part of the global National Security Agency (NSA) enterprise
 - One of four regional centers
 - Relocating to LEED certified facilities
 - Site includes 2,200 parking spaces
 - Average annual TCC civilian salary is \$20/hour or \$56,000/year
 - TCC workforce has grown from 1,500 in 2005 to about 2,100 today



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COPT Project

- To attract this major capital investment, staff offered COPT (subject to City Council approval) a 6-year, 100% tax abatement
- On April 19, 2007, the National Security Agency announced the selection of San Antonio for a new data center
- The COPT tax abatement is based on a minimum \$50 million capital investment and 30 COPT full-time jobs

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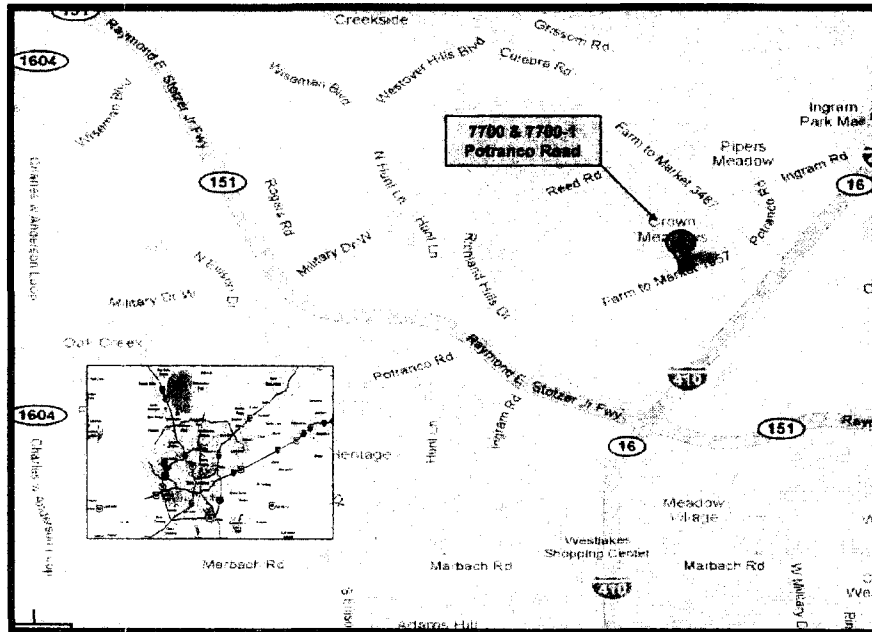
COPT Public Hearing

- The City must hold a public hearing to designate the project area as a “Reinvestment Zone” under state statute
 - City Council must find the designation is likely to contribute to the retention or expansion of primary employment or to attract major investment
 - Proposed COPT Reinvestment Zone encompasses the 76.1 acres of the NSAT site at 7700 and 7700-1 Potranco Road



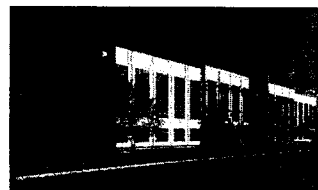
6

COPT Reinvestment Zone

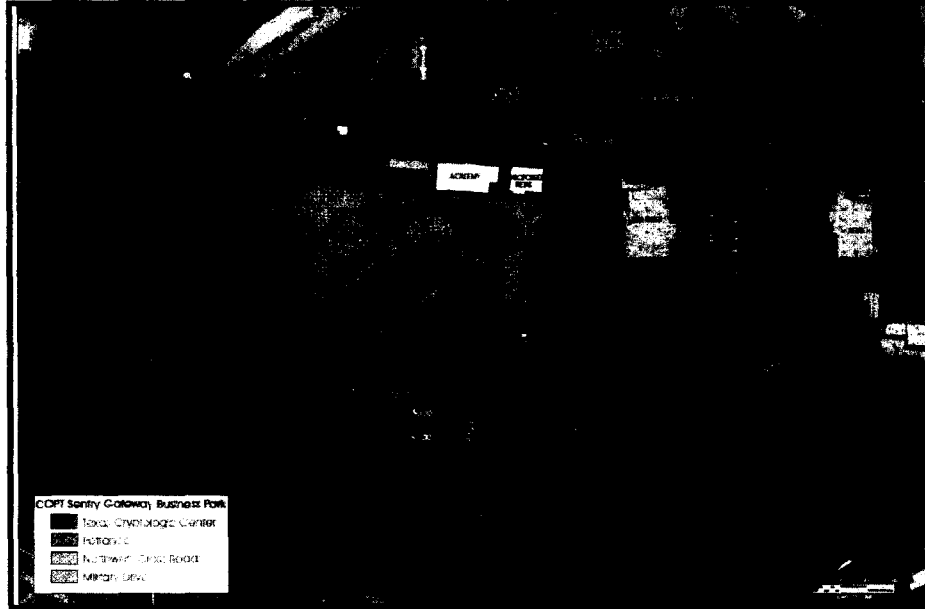


COPT – Sentry Gateway Project

- COPT owns 100 acres adjacent to the TCC site with plans to develop three business parks known as Sentry Gateway
 - Construction completed on 2 office buildings totaling 250,000 sq. ft. -- \$50M capital investment
 - Additional 97,000 sq. ft. building already under construction
 - Requesting permits on another 125,000 sq. ft. building
 - These additional buildings are not a part of this tax abatement



Sentry Gateway Business Park



Net Fiscal Impact – 12-Years

	A	B	C
YEARS	Revenues to City (CPS Energy 14%, Property Taxes, Sales Taxes from Jobs)	Costs to City (6-Year, 100% Tax Abatement)	Net Fiscal Benefit (Present Value) $C = (A - B)$
1-6	\$13,505,449	\$1,539,212	\$11,966,237
6-12	\$10,435,696	\$0	\$10,435,696
Totals	\$23,941,145	\$1,539,212	\$22,401,933

City will also collect about another \$250,000/year in property taxes on the two completed office buildings

Issue

- **This project qualifies under the Tax Abatement Guidelines:**
 - A project with “exceptional capital investment” in a targeted industry – Information Technology
 - COPT jobs will meet the City’s “living wage” requirement of \$10.60/hour for all existing and new employees and after one year, 70% must earn \$12.76/hour
 - Project is located in a 6-year term area

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Recommendation

- The Economic and Community Development Committee endorsed the project on January 27
- Staff recommends approval of the following:
 - An Ordinance authorizing the Corporate Office Properties Trust (COPT) Reinvestment Zone at 7700 and 7700-1 Potranco Road in City Council District 6
 - An Ordinance authorizing a 6-year, 100% tax Abatement Agreement with COPT



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