



AGENDA ITEM SUMMARY

District Impacted

- ☐ 1 = Anzollitto
- ☐ 2 = Woolard
- ☐ 3 = Boyd
- ☐ 4 = Cisneros
- ☒ 5 = Colvin
- ☐ All

AGENDA DATE	<i>November 14, 2017</i>
DESCRIPTION	CONSIDER RESOLUTION NO. 2017-R117; A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AND MANAGE THE FIRST AMENDMENT TO THE ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT BETWEEN THE CITY OF BOERNE, TEXAS AND BOERNE HOTEL, LTD. FOR A HOTEL CONFERENCE CENTER.
STAFF'S RECOMMENDED ACTION (be specific)	Approve Resolution No. 2017-R117; A Resolution authorizing the City Manager to enter into and manage the first amendment to the Economic Development Incentive Agreement between the City of Boerne, Texas and Boerne Hotel, Ltd. for a hotel conference center.
CONTACT PERSON	Jeff Thompson, Deputy City Manager
SUMMARY	<p>On October 9, 2017, Ed McClure from Phoenix Hospitality Group and Ross Partlow with Partlow Properties met with Jeff Thompson, Larry Woods and Jeanette Teague to receive an update on the new hotel conference center. The Phoenix Hospitality Group presented detailed plans for the building itself including interior finish out and the upscale, Hill Country theme for the property. At the end of the day the purpose of the meeting was to gauge support in modifying the Development Agreement to recover approximately \$1M of what they stated to be \$5M in additional costs to make the hotel conference center a truly unique and extraordinary development.</p> <p>They stated that they could reduce costs closer to the original \$23M budget if the City was unwilling to participate beyond the existing agreement, however, the current proposal would be to build an approximately \$28M facility.</p> <p>The method they proposed for recovering the additional \$1M would be to increase the hotel motel tax reimbursement that the city would pay in years 11 through 15 from 50% to 75% and to add an additional (16th) year of hotel motel tax reimbursements at 75%.</p> <p>The existing agreement calls for 75% reimbursement by both the City and County for ad valorem taxes and sales taxes for years 1-10, as well as 75% from Hotel Motel taxes in those first ten years. No change is proposed for those reimbursements.</p> <p>The current agreement calls for a cap of \$4M after making a minimum of 10 years of payments, while the revised proposal would create a</p>

	<p>cap of \$5M with the same minimum of 10 years of full payments.</p> <p>The financial modeling shows that in the 16th year the \$5M cap should be reached about half way through the year. The total incentive package toward the project over the 16-year period from the city will be approximately \$6M with another \$840,000 from Kendall County. The new funding for the city will total approximately \$3.2M in the same period including almost \$1.9M in new funds for the CVB. Once the incentive period ends the city will retain all of the estimated \$500,000 per year in Hotel Motel taxes plus \$165,000 per year from AV and Sales Taxes. The city currently receives about \$600,000 per year in Hotel Motel funds.</p>
COST	
SOURCE OF FUNDS	
ADDITIONAL INFORMATION	

This summary is not meant to be all inclusive. Supporting documentation is attached.