

AN ORDINANCE **98305**

APPROVING AN INTRAJURISDICTIONAL AGREEMENT BETWEEN THE SAN ANTONIO WATER SYSTEM ("SAWS") AND THE CITY OF SAN ANTONIO ("COSA") FOR THE TRANSFER OF APPROXIMATELY 1,841 ACRES OF LAND IN BEXAR COUNTY, TEXAS, FROM SAWS TO COSA IN EXCHANGE FOR THE IMPOSITION OF CONSERVATION EASEMENTS ON OTHER PROPERTIES INCLUDING APPROXIMATELY 710 ACRES (THE CHRIS HILL CONSERVATION EASEMENT) AND APPROXIMATELY 855 ACRES (THE LAUDER CONSERVATION EASEMENT) IN FAVOR OF SAWS AND THE ASSUMPTION BY COSA OF CERTAIN OBLIGATIONS FOR PAYMENT OF THE ACQUISITION OF THE LAUDER PROPERTY AND FURTHER AUTHORIZING THE SUBSEQUENT TRANSFER OF APPROXIMATELY 637 ACRES OUT OF THE 1,841 ACRES TO THE CITY OF SAN ANTONIO, TEXAS, STARBRIGHT INDUSTRIAL DEVELOPMENT CORPORATION TO BE USED TO FULFILL A PORTION OF THE REQUIREMENTS OF THE PROJECT STARBRIGHT AGREEMENT.

* * * * *

WHEREAS, the City of San Antonio ("City") other governmental entities; various utility providers, including the San Antonio Water System, and the City of San Antonio, Texas, Starbright Industrial Development Corporation (Corporation") have negotiated an agreement with the Toyota Motor Manufacturing North America, Inc. ("Toyota") under which certain assistance would be provided to Toyota to assist it in development of an auto manufacturing or assembly facility in San Antonio; and,

WHEREAS, one portion of that agreement involves the controls on and the acquisition of certain property that includes tracts totaling 1,841 acres, more or less which is owned in the name of the City and is under the control of the Board of Directors of the San Antonio Water System; and,

WHEREAS, after acquisition of the 1,841 acres the City is authorizing the City Manager to convey 637 acres of the property to the Corporation for subsequent conveyance to Toyota; and,

WHEREAS, the remaining 1204 acres will be held by the City for subsequent conveyance subject to the restrictions imposed in the Project Starbright Agreement as well as under the terms and conditions of the Intrajurisdictional Agreement which is the subject of this ordinance; and,

WHEREAS, concurrently the City of San Antonio is acquiring various properties as part of its Proposition III project that includes, among other tracts, the Chris Hill property (710 acres, more or less) and the Lauder Conservation Easement (855 acres, more or less); and

WHEREAS, the parties have agreed to impose restrictions on the Chris Hill property and the Lauder property in the nature of conservation easements in favor of the SAWS Board as compensation for the property being transferred to the City; and

WHEREAS, the parties have agreed on the valuations set out in the attached Intrajurisdictional Agreement, subject to adjustments as set out below; **NOW THEREFORE**,

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

SECTION 1. The proposed Intrajurisdictional Agreement for the transfer of control of approximately 1,841 acres of land from the San Antonio Water System's control to the City of San Antonio as substantially set out in the attached document and subject to certain adjustments noted below, is hereby approved. The City Manager, the Deputy City Manager or any Assistant City Manager is authorized to negotiate the final terms and to execute the final agreement for a period of forty-five days from the date of passage of this ordinance.

SECTION 2. Section 3.07 of the proposed agreement should be revised to indicate that the difference between the Consideration and the Property Value shall be applied to the previously existing obligations between the parties on the 78.39 acre Thrift tract as provided by an agreement approved by City Council by Ordinance 96626 dated October 24, 2002. Further the City Attorney is authorized to substitute updated surveys or legal descriptions for the properties as further clarification of the intent of the draft agreement and to make such other technical corrections as may be necessary to implement this ordinance.

SECTION 3. The City Manager is further authorized to convey the property identified in the Intrajurisdictional Agreement as the Northern tract, which consists of approximately 637 acres to the City of San Antonio, Texas Starbright Industrial Development Corporation in partial fulfillment of the city's obligations under the Project Starbright Agreement.

SECTION 4. This ordinance shall be immediately effective if it receives at least eight affirmative votes. Otherwise, it shall be effective on October 19, 2003.

PASSED AND APPROVED this the 9th day of October, 2003.

M A Y O R

EDWARD D. GARZA

03 - 36

ATTEST:
City Clerk

APPROVED AS TO FORM:
City Attorney

MEETING OF THE CITY COUNCIL

ALAMODOME
ASSET MANAGEMENT
AVIATION
CITY ATTORNEY
MUNICIPAL COURT
REAL ESTATE (FASSNIDGE)
REAL ESTATE (WOOD)
RISK MANAGEMENT
CITY MANAGER
SPECIAL PROJECTS
CITY PUBLIC SERVICE - GENERAL MANAGER
CITY PUBLIC SERVICE - MAPS AND RECORDS
CODE COMPLIANCE
COMMERCIAL RECORDER
COMMUNITY INITIATIVES
CONVENTION AND VISITORS BUREAU
CONVENTION CENTER EXPANSION OFFICE
CONVENTION FACILITIES
COUNCIL OFFICES
CULTURAL AFFAIRS
CUSTOMER SERVICE/311 SYSTEM
DEVELOPMENT SERVICES
HOUSE NUMBERING
LAND DEVELOPMENT SERVICES
TRAFFIC & DRAINAGE PLAN REVIEW
ECONOMIC DEVELOPMENT
ENVIRONMENTAL SERVICES
SOLID WASTE
EXTERNAL RELATIONS
PUBLIC INFORMATION OFFICE
FINANCE - DIRECTOR
FINANCE - ASSESSOR
FINANCE - CONTROLLER
FINANCE - GRANTS
FINANCE - PUBLIC UTILITIES SUPERVISOR
FINANCE- TREASURY
FIRE DEPARTMENT
HOUSING AND COMMUNITY DEVELOPMENT
HUMAN RESOURCES (PERSONNEL)
INFORMATION SERVICES
INTERNAL REVIEW
INTERNATIONAL AFFAIRS
LIBRARY
MANAGEMENT & BUDGET (OFFICE OF) OMB
MAYOR'S OFFICE
METROPOLITAN HEALTH DISTRICT
MUNICIPAL CODE CORPORATION
MUNICIPAL COURT
NEIGHBORHOOD ACTION
PARKS AND RECREATION
MARKET SQUARE
YOUTH INITIATIVES
PLANNING DEPARTMENT -NEIGHBORHOOD PLNG;
URBAN DESIGN/HISTORIC PRESERVATION
DISABILITY ACCESS OFFICE
POLICE DEPARTMENT
GROUND TRANSPORTATION
PUBLIC WORKS DIRECTOR
CAPITAL PROJECTS
CENTRAL MAPPING
ENGINEERING
PARKING DIVISION
REAL ESTATE DIVISION
TRAFFIC ENGINEERING
PURCHASING AND GENERAL SERVICES
SAN ANTONIO WATER SYSTEMS (SAWS)
VIA

AGENDA ITEM NUMBER: 18

DATE: OCT 9 2003

MOTION: Segovia

ORDINANCE NUMBER: 98305

RESOLUTION NUMBER: _____

ZONING CASE NUMBER: _____

TRAVEL AUTHORIZATION: _____

NAME	ROLL	AYE	NAY
ROGER O. FLORES JR. District 1		/	
JOEL WILLIAMS District 2		absent	
RON SEGOVIA District 3		/	
RICHARD PEREZ District 4		absent	
PATTI RADLE District 5		/	
ENRIQUE M. BARRERA District 6		/	
JULIAN CASTRO District 7		absent	
ART A. HALL District 8		/	
CARROLL SCHUBERT District 9		/	
CHRISTOPHER "CHIP" HAASS District 10		/	
EDWARD D. GARZA Mayor		/	

*File - SAWS
Copy - Starbright Industrial
Dev. Corporation*

03-36

INTRAJURISDICTIONAL AGREEMENT

This Intrajurisdictional Agreement ("Agreement") is entered into by and between the City of San Antonio, Texas ("City") a municipal corporation, political subdivision and home rule municipality, and the San Antonio Water System ("SAWS") a wholly owned municipal water, wastewater and water recycling agency of the City, together the "Parties".

Whereas, the City is planning numerous initiatives to benefit the southern region of the City; and

Whereas, the City has indicated that certain property, generally known as the Applewhite property currently under the operation and control of SAWS could be beneficially used to advance such initiatives; and

Whereas, the Applewhite property was acquired with SAWS funds and became an asset of SAWS pursuant to City Ordinance 75686 (the "Indenture Ordinance"); and

Whereas, both the City and SAWS recognize that SAWS, pursuant to Texas law and the Indenture Ordinance, must receive fair market value when an asset of SAWS is sold, conveyed, or transferred; and

Whereas, it is the intent of the Parties that the Applewhite property be transferred to the City, and SAWS receive fair market value for this property constituting an asset of SAWS, in accordance with the terms and conditions set out herein, now therefore;

The Parties agree to the following terms and conditions:

1.00 Real Property To Be Transferred; Encumbrances; Water Rights.

1.01 SAWS shall transfer the operation and control of two parcels of real property to the City, one such parcel consisting of approximately 637 acres and commonly referred to as the Northern parcel ("Northern Parcel") and the other such parcel consisting of approximately 1204 acres and commonly referred to as the Southern parcel ("Southern Parcel"), both such parcels being more thoroughly described in Exhibit A attached hereto and incorporated herein. The parties acknowledge that the Property has recently been resurveyed and that the more recent surveys and legal descriptions shall be substituted for the attached exhibits. The City shall accept transfer and control of such parcels described in Exhibit A for fair market value in the manner set forth herein. When referred to separately the parcels shall be referred to as the Northern Parcel and the Southern Parcel; when referred to jointly the parcels shall be referred to herein collectively as the Property, (the "Property").

1.02 The Property is part of a larger tract of land consisting of approximately 2,300 acres of land commonly referred to as the Applewhite land ("Applewhite Land"), being more thoroughly depicted in Exhibit B, attached hereto and incorporated herein.

1.03 This transfer of control of the Property is subject to the following encumbrances: (i) any matter of record in the Real Property Records of Bexar County, Texas including but not limited to restrictive covenants; and (ii) the rights and title of the Texas Historical Commission of the State of Texas to state archeological landmarks including the archeological sites described in Exhibit C attached hereto and incorporated herein.

1.04. SAWS reserves unto itself, its successors and assigns, any and all surface water rights, water appropriation permits, water rights applications, and authorizations to use water associated with or related to the Property, or any part thereof, including without limitation Texas Water Commission (now the Texas Commission on Environmental Quality, the "TCEQ") Permits Numbers 3865, 3866, and 3867, all of which surface water rights shall not be transferred and shall remain under the ownership, operation and control of SAWS for the use and benefit of SAWS. To the extent known and described herein, such permits and applications are attached hereto and incorporated herein as Exhibits D-1, D-2, and D-3.

1.05 SAWS further reserves unto itself its successors and assigns, all groundwater and groundwater estate, being all underground water, percolating water, artesian water and other waters from any and all reservoirs, formations, depths and horizons beneath the surface of the earth in, under, or that may be produced from the Property. SAWS further reserves unto itself the following personal property rights and incorporeal hereditaments associated with such groundwater reservation:

- (i) Wells, pumps, and equipment, if any, except those wells currently existing for the watering of livestock and domestic use;
- (ii) Applications, licenses, allotments, and permits;
- (iii) Rights associated with the ownership of wells, if any, drilled for the production of groundwater;
- (iv) Any past historical production or use, and projected future historical production or use; and
- (v) Declarations of historical use now or hereafter existing.

1.06

(a) With regard to the portion of the Property known as the Southern Parcel more fully described in Exhibit A, and only with regard to this portion of the Property, SAWS further reserves a blanket non-exclusive surface easement for the right of access for ingress and egress reasonably necessary to conduct exploration and extraction activities of this water from and over this land, including pipeline rights-of-way and facility sites on this land and all other necessary and convenient uses of the surface and subsurface estate covered hereby for the purposes and with the exclusive right of exploring, investigating, conducting geologic, hydrogeologic and geophysical surveys and tests, drilling, operating for, producing and owning groundwater, constructing waterworks, storing water, transporting water, laying water gathering and transportation pipelines and electric lines, installing metering devices, building storage tanks, establishing power and pumping stations, telephone lines, roads and all other structures thereon, therein or thereunder that are necessary and useful in SAWS' operations to find, produce, sever,

save, care for, measure, store, treat and transport the groundwater from and over this land, including the right to install and emplace interconnection facilities, distribution or utility systems. With regard to this Southern Parcel only, SAWS shall be entitled to drill, develop, and maximize, to the extent permitted by law, or regulations of the Edwards Aquifer Authority (EAA) or other regulations which may apply, the maximum quantity of well sites, and the maximum allowable production from each well. The historical production and historical use of each producing well, if any exists, shall attach to and be exclusively associated with the point of withdrawal for each site owned by SAWS.

(b) Should either SAWS, the City or any transferee of the City pursuant to Section 3.08 desire to develop any portion of the Southern Parcel, 10 days notice to the other party shall be given. Should either party reject the proposed development, an alternate location should be agreed upon by both parties consistent with federal, state, and local law or regulations. If the parties are still unable to agree, the disputed issues shall **[to be further negotiated.]**

1.07 In the event that current or future rules of any regulatory agency shall require conveyance of any portion of the groundwater estate with the Property, then in such event SAWS shall be deemed to retain (i) the maximum interest in the groundwater estate allowed by law and (ii) a right of reverter to the interest conveyed in the event that future conditions or future regulations allow this conveyed interest to be severed and transferred from the Property.

1.08 The Parties acknowledge and agree that certain remediation work remains to be completed on the Southern Parcel. The Parties have conferred regarding the extent of the remaining work to be done and agree that the description of the work set out in Exhibit E is an accurate description of such remaining work. SAWS shall undertake the remediation work set out in Exhibit E and complete such remediation work in a timely manner. SAWS' obligation to complete such remediation work shall survive the transfer of the Southern Parcel.

1.09 With the specific exception of the remediation work set out in Exhibit E and identified as a continuing obligation of SAWS, the transfer of the Property shall be "As Is" and "Where Is" with all faults. SAWS makes no representations regarding the present or future value of the Property, SAWS' present or future compliance with laws related to land use, environmental matters, pollution, or any laws pertaining to the handling, generating, treating, storing, transporting, or disposing, or the presence or absence on the Property of hazardous or toxic waste or substance as such terms are defined in federal, state and local laws. SAWS makes no warranties, representations, or guarantees, express or implied as to the suitability of the Property for any use or purpose. This transfer of Property is made without warranty of title, express or implied.

2.00 Establishment of Fair Market Value.

2.01 The Parties agree that the fair market value of the Northern Parcel (the "Northern Value") is Six Hundred Forty Thousand and No/100 Dollars (\$640,000.00). The Parties acknowledge that the Northern Value was established pursuant to an appraisal report dated March 10, 2003 as amended on September 10, 2003, and acceptable to both Parties.

2.02 The Parties agree that the fair market value of the Southern Parcel (the "Southern Value") is One Million Two Hundred Thousand and No/100 Dollars (\$1,200,000.00). The Parties acknowledge that the Southern Value was established pursuant to an appraisal report dated April 23, 2003 and acceptable to both Parties.

2.03 The Parties acknowledge that both the Northern Value and the Southern Value take into consideration certain restrictions on the Northern Parcel and the Southern Parcel. Such restrictions have been approved by both Parties who acknowledge the nature and extent of such restrictions.

2.04 The Parties agree that the Property to be transferred has a total fair market value of One Million Eight Hundred Forty Thousand and No/100 Dollars (\$1,840,000.00), (the "Property Value").

3.00 City Obligation to Provide Fair Market Value for the Property.

3.01 The City recognizes SAWS fiduciary responsibility to receive fair market value for the transfer of SAWS' asset, the Property, which was secured through the expenditure of SAWS funds.

3.02 The City recognizes that SAWS is committed to protect the water quality of the Edwards Aquifer through the acquisition of conservation easements which ensure that land located over the Edwards Aquifer Recharge Zone shall remain in an undisturbed natural condition. In addition, securing conservation easements further protects the water quality of the Edwards Aquifer which substantially benefits SAWS, System as defined in the Indenture Ordinance. The Parties acknowledge that the acquisition of such conservation easements requires the expenditure of SAWS' funds.

3.03 The City shall convey at no cost to SAWS a real property interest for water quality and conservation purposes in the nature of a conservation easement ("Conservation Easement") to SAWS encumbering the real property commonly referred to as the Chris Hill Property and more thoroughly depicted in Exhibit F. Such conservation easement document shall be in substantially the same form as the conservation easement set out in Exhibit G. In the event the acquisition of the Chris Hill property upon which the Conservation Easement is to be imposed is not consummated by the City, the City shall acquire conservation easements for the use and benefit of SAWS upon receipt of SAWS' written approval.

3.04 Both Parties have reviewed comparable sales in Bexar County, Texas for encumbered fee properties and concur that a conservation easement value of One Million

One Hundred Twenty-Two Thousand Nine Hundred Seventy-Five and No/100 Dollars (\$1,122,975.00) is a reasonable value for the Chris Hill Conservation Easement.

3.05 Both Parties acknowledge and agree that the acquisition of a conservation easement on real property commonly referred to as the Lauder Property and more thoroughly depicted in Exhibit H is a mutual goal of the Parties. Both Parties affirm their commitment to pay twenty-five percent (25%) of the acquisition cost for such conservation easement in return for the City's receipt of grant funding for seventy-five percent (75%) of the conservation easement's acquisition costs. SAWS acknowledges its previous commitment to pay Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00) towards the acquisition of the Lauder Conservation Easement.

3.06 The City shall assume SAWS' commitment to pay Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00) towards the acquisition of the Lauder Conservation Easement. SAWS recognizes the City's assumption of such commitment as constituting a cost savings of Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00) to SAWS. SAWS shall credit such cost savings towards the Property Value. In the event the acquisition of the Lauder Conservation Easement is not consummated by the City, the City shall acquire conservation easements for the use and benefit of SAWS upon receipt of SAWS' written approval. Such conservation easements shall have a total fair market value at Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00).

3.07 The combined total value of the Chris Hill Conservation Easement (\$1,122,975.00) and the SAWS commitment to be assumed by the City (\$750,000.00), with respect to the Lauder Property or other acceptable conservation easement is One Million Nine Hundred Twenty Two Thousand Nine Hundred Seventy Five and No/100 Dollars (\$1,922,975.00), ("Consideration"). The Parties agree that the difference between the Consideration and the Property Value shall be applied to reduce the City's outstanding obligations to SAWS which resulted from the acquisition of the 78.39 acre Thrift Tract (Ordinance 96626, October 24, 2002) The Parties further agree that there are no further duties or requirements related to the difference between the Consideration and the Property Value.

3.08 Without the prior consent of SAWS, the City shall not transfer the Southern Parcel to any person other than

- (i) an organization which is a governmental person as defined in Treasury Regulation Section 1.141-1(b); or
- (ii) an organization ("Permitted Organization") determined by the Internal Revenue Service to be exempt from federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

3.09 Prior to the transfer of the Southern Parcel to a Permitted Organization, the City shall:

- (i) publish in the San Antonio Express News no fewer than 14 days before the public hearing described in clause (ii) immediately below a public notice substantially in the form of the notice set forth as Exhibit I attached hereto, with such changes as are approved by SAWS, such public notice shall specifically name the Permitted Organization to which the Southern Parcel is to be transferred; and
- (ii) conduct a public hearing meeting the requirements of Treasury Regulation Section 5f.103-2(g)(2) on the proposed transfer of the Southern Parcel to the Permitted Organization described above; and
- (iii) obtain written approval of the transfer of the Southern Parcel as described herein by the Mayor of the City and the County Judge of Bexar County, Texas, with such approval to be in a form reasonably acceptable to SAWS.

3.10 The City shall cause the documents transferring the Southern Parcel to the Permitted Organization to contain covenants acceptable to SAWS requiring such transferee to maintain its status as an organization described in Code section 501(c)(3) and to use the Southern Parcel in a manner that furthers such transferee's exempt purposes.

3.11 On or before the 15th day of the second month after the close of the calendar quarter in which the Southern Parcel is transferred by the City to the Permitted Organization, the City shall properly file with the Internal Revenue Service a properly completed Form 8038.

4.00 Time of Transfer.

4.01 The Parties agree that time is of the essence for all purposes of the Agreement. The Parties further agree that the Transfer of Control of Property document for such Property in the form set out in Exhibit J, shall be recorded by the City in the Real Property Records of Bexar County, Texas on or before the expiration of thirty days (30) from the Effective Date of this Agreement.

4.02 The Parties further agree that the conveyance of the Chris Hill Conservation Easement to SAWS for the use and benefit of SAWS shall be recorded by the City in the Real Property Records of Bexar County, Texas in a timely and expeditious manner. The Parties recognize that such conveyance may occur subsequent to the recordation of the Transfer of Control of Property document.

4.03 The Parties recognize that the City's assumption of SAWS commitment to pay Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00) towards the Lauder Conservation Easement, or other conservation easements or real property interests in the nature of conservation easements in the event the acquisition of the Lauder conservation easement is not consummated, shall become effective on the date of recordation of the Transfer of Control of Property document in the Real Property Records of Bexar County, Texas.

5.00 Agreement as Constituting Obligation of the City.

The Parties agree and the City expressly recognizes that this Agreement constitutes a covenant and obligation of the City to SAWS pursuant to the Indenture Ordinance in the amount of the fair market value of the Property.

6.00 Notices.

All notices between the Parties under the Agreement shall be in writing and are effective when hand-delivered, mailed by certified mail, return receipt requested, or sent by facsimile transmission to the Parties addresses or facsimile numbers stated herein.

IF TO THE CITY:

Rebecca Waldman
City of San Antonio
114 West Commerce
San Antonio, Texas 78205

IF TO SAWS:

Don Laffere
Manager, Corporate Real Estate
San Antonio Water System
1001 East Market
San Antonio, Texas 78205

7.00 Miscellaneous.

7.01 All documents and other materials that are either attached hereto or referenced therein, are incorporated into this Agreement as an inseparable part hereof, by such reference thereto, and this Agreement shall be constructed to include all or any such attached or referenced documents and other materials unless the contrary shall have been provided herein.

7.02 Neither this Agreement nor any paragraph hereof shall be interpreted by a court of law to the detriment of a Party based solely upon that Party's authorship of the Agreement or any portion thereof.

7.03 This Agreement constitutes the entire Agreement between the Parties hereto and supersedes all prior Agreements, understanding and arrangements, or written, between the Parties hereto with respect to the subject matter hereof.

7.04 This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Texas and venue for any action shall lie in Bexar County, Texas.

7.05 To facilitate execution, this Agreement may be executed in as many counterparts as may be required; and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all person required to bind any party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the

counterparts. All counterparts shall collectively constitute a single Agreement. Signatures provided by a confirmed telecopy shall be accepted as originals.

7.06 The Effective Date of this Agreement shall be the later date in time of the signatories to this Agreement.

7.07 Both Parties agree that the signatories to this Agreement have the authority of their respective governing bodies to enter into this Agreement.

7.08 If for any reason, any one or more paragraph of this Agreement are held legally invalid, such judgment shall not prejudice, affect, impair or invalidate the remaining paragraphs of this Agreement or the Agreement as a whole, but shall be confined to the specific sections, clauses or paragraphs of this Agreement held legally invalid.

7.09 The Parties acknowledge that the Parties are required to perform pursuant to the requirements of City of San Antonio Ordinance No. 75686, adopted April 30, 1992.

7.10 If the time period for any action to be taken pursuant to this Agreement falls on a Saturday, Sunday or Public Holiday the time period for taking such action shall be extended automatically until the next following business day that is not a Saturday, Sunday or Public Holiday. For the purpose of this Section, a Public Holiday shall be one of the public holidays specified in 5 U.S.C. §6103(a), as may be amended from time to time.

IN WITNESS of which this Agreement has been executed on this _____ day of _____, 2003.

CITY OF SAN ANTONIO

SAN ANTONIO WATER SYSTEM

By: _____

By: _____

Eugene E. Habiger
General USAF (Ret.)

Its: _____

Its: _____
President/Chief Executive Officer

Approved as to Form:

City Attorney

ACKNOWLEDGEMENTS

STATE OF TEXAS

§

COUNTY OF BEXAR

§
§

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and that he has executed the same as _____ for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____, 2003.

(seal)

Notary Public

ACKNOWLEDGEMENTS

STATE OF TEXAS

§
§
§

COUNTY OF BEXAR

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and that he has executed the same as _____ for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____, 2003.

(seal)

Notary Public

Exhibit A

Exhibit B

Exhibit C

Exhibit D-1

Exhibit D-2

Exhibit D-3

Exhibit E

Exhibit F

Exhibit G

Exhibit H

Exhibit I

Intrajurisdictional Agreement between the City and SAWS and Starbright IDC Resolution

Item #18 & 19
October 9, 2003

1

Timeline

- SAWS acquired approximately 2,300 acres as part of the Applewhite Reservoir Project between December 1990 and May 1991.
- City Council directed SAWS Board of Trustees to dispose of the property following the failed August 1994 Applewhite Referendum.
- SAWS Board declared the property as surplus in May 1996.

2

Timeline continued

- SAWS approved transfer of Southern Parcel (approximately 1,204 acres) to Land Heritage Institute (LHI) in November 2002.
- City requested transfer of Northern Parcel (approximately 637 acres) from SAWS in September 2002.
- SAWS determined that fair market value must be received for the transfer of property to the City and LHI.

3

Timeline continued

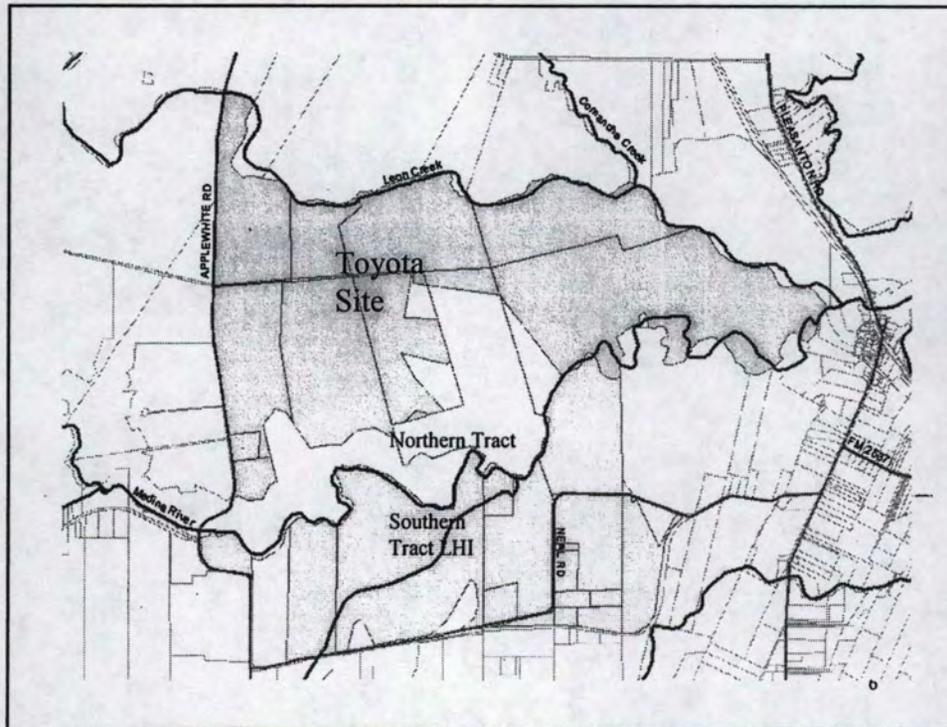
- LHI does not have the resources to convey fair market value for the 1,204 acres.
- SAWS rescinds previous agreement to transfer Southern parcel to LHI (September 2003).
- City proposes to provide fair market value to SAWS through the transfer of conservation easements to SAWS.
- The City will imposed Conservation easements in favor of SAWS on two tracts the city will acquire with Proposition 3 funds.

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Purpose of Agreement

- To document the transfer of two tracts to the City. Property was formerly Applewhite Reservoir site.
 - Northern Parcel is 637 acres, north of the Medina River, needed for Toyota project site
 - Southern Parcel is 1204 acres, south of the Medina River, to be transferred to the Land Heritage Institute after a future public hearing

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Toyota Project Site

- City responsible for acquiring approximately 2,700 acres for the project site and conveying to Toyota.
- Approximately 2,000 acres already acquired
 - Two tracts left to acquire
 - Rail Tract, 113 acres
 - SAWS parcel, 637 acres
- On September 23, 2003, Toyota requested that the Project Site be conveyed within 120 days, pursuant to the Starbright Agreement.

7

Property Appraisals

	Original Appraisal	Agreed Value
Northern Tract	\$2,230,000	\$640,000
	original appraisal completed March 10, 2003	
Southern Tract	\$1,200,000	\$1,200,000
	original appraisal completed April 23, 2003	
TOTAL	\$3,430,000	\$1,840,000

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Property Transfer

- In exchange for the Northern and Southern parcels of approximately 1,841 acres, the City will impose Conservation Easements on approximately 710 acres (the Chris Hill Conservation Easement) and approximately 855 acres (the Lauder Conservation Easement) and the assumption by the City of payment obligations for acquisition of Lauder property.

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Property Value Transfer

Lauder Tract	\$ 750,000
Chris Hill Tract	<u>1,224,600</u>
(30% of appraised value of \$4,082,000)	
TOTAL VALUE	\$1,974,600
Appraised value of	
SAWS property	<u>\$1,840,000</u>
Balance to apply to	
Thrift Property Easement	\$134,600

10

Land Heritage Institute

- A non-profit organization.
- Mission – to acquire, maintain, preserve and develop the Medina River Property as a public open space, for educational, recreational archeological, environmental, cultural and historical purposes.

11

Land Heritage Institute Obligations

- Land use restrictions consistent with Starbright agreement.
- Assist with relocating historical ranch structures and historic preservation compliance.
- Accept SAWS access requirements as outlined in Intrajurisdictional agreement.
- Manage the property in compliance with buffer zone provisions of the Starbright agreement.
- Survey cost related to 1,200 acres.

12

Next Steps

- SAWS Board authorized the execution of the Agreement on September 16, 2003.
- Planning Commission reviews Chris Hill property for recommendation to City Council on October 22, 2003.
- City Council reviews purchase of Chris Hill property on October 23, 2003.

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Next Steps

- Prior to the transfer of the Southern Parcel from the City to the LHI, the following will occur:
 - Publish public notice in the *San Antonio Express News* 14 days prior to conducting a public hearing;
 - Conduct a public hearing meeting on the proposed transfer of the Southern Parcel at a City Council meeting;
 - Obtain written approval of the transfer by the Mayor and County Judge;
 - LHI will prepare and file necessary documents for IRS and legal requirements.

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Next Steps

- City Council will consider property transfer to LHI after public hearing requirements are satisfied.
- Staff recommends approval.

15

**CITY OF SAN ANTONIO
City Manager's Office
Interdepartmental Correspondence**

To: Mayor & City Council
Through: Terry M. Brechtel, City Manager
From: Christopher J. Brady, Assistant City Manager
Copies: File
Subject: Transfer of SAWS Land

DATE: October 9, 2003

Summary and Recommendation:

An ordinance approving an Intra-jurisdictional Agreement between the San Antonio Water System ("SAWS") and the City of San Antonio ("COSA") for the transfer of approximately 1,841 acres of land in Bexar County, Texas, from SAWS to COSA in exchange for the imposition of a Conservation Easements on other properties to be acquired including approximately 710 acres (the Chris Hill Conservation Easement) and approximately 855 acres (the Lauder Conservation Easement) in favor of SAWS and the assumption by COSA of certain obligations for payment of the acquisition of the Lauder property and further authorizing the subsequent transfer of approximately 637 acres out of the 1,841 acres to the City of San Antonio, Texas, Starbright Industrial Development Corporation to be used to fulfill a portion of the requirements of the Project Starbright Agreement.

Staff recommends approval.

Background Information:

SAWS acquired approximately 2,300 acres as part of the Applewhite Reservoir Project between December 1990 and May 1991. After the failed August 1994 Applewhite referendum, City Council directed SAWS Board of Trustees to dispose of the property. In May 1996, SAWS Board of Trustees declared the property as surplus.

The Starbright Agreement between the City of San Antonio, Starbright IDC and Toyota was authorized May 22, 2003. The agreement states that the City is primarily responsible for acquiring approximately 2,700 acres for the project site, which is between the Medina River and Leon Creek and bounded by Applewhite road. Approximately 2,000 acres have already been acquired. The rail tract, approximately 113 acres, and the SAWS parcel, approximately 637

acres, remain to be acquired. On September 23, 2003, Toyota requested that the entire project site be conveyed within 120 days, pursuant to the Starbright Agreement.

SAWS will transfer the operation and control of two parcels of real property to the City, consisting of approximately 637 acres north of the Medina River and 1204 acres south of Medina River. SAWS will retain all surface water rights and permits on the entire property.

The City intends to transfer the property south of the Medina River to the Land Heritage Institute, a non-profit organization. A public hearing must be conducted prior to any transfer of property south of the Medina River to comply with IRS regulations pertaining to the bonds that were sold to acquire the property. That hearing will be scheduled when the final details of the proposed conveyance to the non-profit organization have been finalized.

The Land Heritage Institute has the mission to acquire, preserve and develop Medina River property for educational, recreational, archeological, environmental, cultural and historical purposes. LHI has agreed to assist with relocating historical ranch structures and historic preservation compliance. SAWS and LHI will provide 10 days notice prior to any construction activity on the southern parcel. Should either party object to the location of the construction, an alternate location should be identified on the southern parcel.

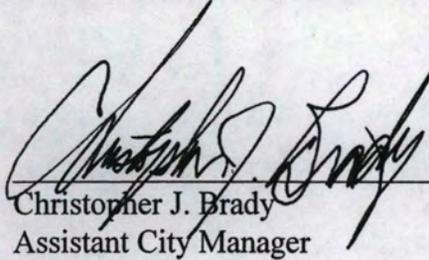
SAWS Board authorized the execution of the Intra-jurisdictional Agreement to convey the property to the City at the meeting held on September 16, 2003.

Financial Impact:

SAWS and the City agree that the value of the entire property is \$1,840,000. In exchange for the former Applewhite tract, the City will impose Conservation Easements on other properties to be acquired by the City including 710 acres (the Chris Hill Conservation Easement) and approximately 855 acres (the Lauder Conservation Easement) and the assumption by the City for payment of the acquisition of the Lauder property. The conservation easements will be acquired using Proposition 3 funds. The City has an option to purchase the Chris Hill property. Planning commission will consider the land purchase on October 22. Full City Council consideration for the purchase of the Chris Hill tract will occur on October 23. There is no impact to the City's operating budget.

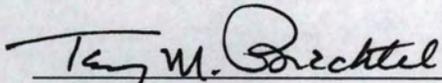
Coordination:

This ordinance has been coordinated with the City Attorney's office and Proposition 3 office.



Christopher J. Brady
Assistant City Manager

Approved:



Terry M. Brechtel
City Manager