

## Mission Statement:

RECSA is the advocate for owners and professionals in the real estate industry, informing and educating its members and community leadership while supporting efforts to ensure a healthy economy and enhanced quality of life in the San Antonio area.

*RECSA is proud to represent the industry that:*

- Employs over 120,000 people in San Antonio.
- Has an economic impact of \$23.6 billion.
- Is the 3rd largest economic generator, in the SMSA.
- Has a local payroll of \$5.2 billion each year
- Generates nearly \$183 million in local tax revenue



## RECSA President's Message

By: Rob Sult  
2014 President

*"Coming together is a beginning; keeping together is progress; working together is success." – Henry Ford*

In the spirit of Henry Ford's message, I am very pleased to report that the 23rd Annual Main Event/ Fight Night is "in the books", so they say. The event saw a near record 780 guests and exceeded our budgeted net profit by about 28%, thanks to the generosity of our sponsors and the many firms and individuals who purchased tables. (More about Fight Night and our Sponsors and committee members elsewhere in the newsletter.)

This year's Main Event Chair, Aaron Parenica (BURY), and Silent Auction Chair, Derrich Rodriguez (Amegy Bank), and their committee members invested countless hours in the preparation for and execution of one of the most successful black-tie events in the history of our organization. An added event this year that was met with great excitement was a special VIP Cocktail Party, hosted adjacent to the main ballroom for the key sponsors and their attendees in advance of the evening's activities.

To each and every member of the organizational committee, I thank you for your hard work and dedication to the success of this fundraiser. My heartfelt appreciation also to the exceedingly talented RECSA Staff – Martha, Sylvia and Magda – for your efforts and organizational leadership!

Several issues are on the "radar screen" for RECSA leadership which your Executive Committee is monitoring closely. RECSA is one of about 12 association members of the Responsible Growth Alliance ("RGA"), chaired by RECSA Past-President, Scott Farrimond (Farrimond, Castillo & Bresnahan, PC).

Equipped with data and research commissioned from Texas Perspectives, RGA serves as a resource and an advocate for the real estate industry in San Antonio - working to ensure continued job growth, quality of life and to help minimize regulations over development. RGA has a fine-tuned message:

Our local real estate industry generates approximately 1/7<sup>th</sup> of the area's economic output; it employs about 120,000 jobs (albeit, flat over the last 2 years) and its annual economic impact of \$23.6 billion surpasses that of Tourism and Hospitality by a factor of 2 times! Only Defense/Military and Health/Biosciences exceed our industry's output.

But our communities' percentage job growth lags that of the three other major Texas cities; Dallas, Houston and Austin, and even some smaller Texas communities such as El Paso and Midland. Many of our elected officials are surprised to learn these facts. RGA is attempting to elevate this concern to City Hall and emphasize the importance of making this a priority of the Mayor's office.

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## *RECSA President's Message / Con't*

*By: Rob Sult  
2014 President*

On the topic of water, two material issues in which RECSA leadership is engaged in dialogue include: (i.) the evolution of strategic decisions on long term water supply management by SAWS, including whether or not to continue to pursue private-owned water sources outside the Edwards Aquifer, and (ii.) a Council Consideration Request (CCR) issued by Councilman Ron Nirenberg, District 8, "directing staff to research and publish a comprehensive report on all City policies, procedures, standards, regulations, and initiatives involving the cost, quantity and quality of the water drawn from the Edwards Aquifer." No one can disagree that water is a critical element for the long term, economic sustainability of any community.

SAWS and City Council must develop long term strategies for providing sufficient and diversified sources of affordable water that will sustain San Antonio's growth for both current and future citizen's for the next 50 years and beyond. RECSA will be a participant in this discussion with SAWS Trustees and Council members of the City of San Antonio.

Finally, and extremely important, is the work of the Capital Improvements Advisory Committee to the SAWS Board of Trus-

tees, to which RECSA has member representatives appointed. State law charges City of San Antonio to periodically evaluate and adopt impact fees SAWS charges every new development - commercial and residential - for the recovery of capital costs and infrastructure expenditures associated with new development of water and wastewater lines.

RECSA members Mike Cude, Norman Dugas, Mark Johnson, Dan Kossel, Mike Hogan and Susan Wright have participated in no less than 17 meetings over the past 12 to 13 months, studying data and providing input to staff in an effort to arrive at recommendations for equitable charges across the entire metro San Antonio area. The committee's recommendations for rate increases will be taken up by SAWS, and ultimately approved by the City Council in early May.

I specifically call this committee's work to your attention for the purpose of illustrating the dedication and selfless commitment exemplified by these and so many other volunteers that work on behalf of our members on committees and task forces for weeks, months and sometimes longer. We thank them all!

### **RECSA ACTION ALERT!**

*MARK YOUR CALENDAR AND PLAN NOW TO ATTEND THESE  
IMPORTANT MEETINGS TO CONSIDER MAJOR IMPACT FEE INCREASES!*

**SAWS Board Policy and Planning Committee – Monday, April 21, 12:30 p.m.**  
(SAWS Tower II, 2800 US Highway 281 North, Room 145)

**SAWS Board Meeting – Monday, May 5, 2014, 9:00 a.m.**  
SAWS Administrative Building, Board Room

**San Antonio City Council Meeting – Thursday, May 8, 9:00 a.m.**  
City Council Chambers, Municipal Plaza Building  
Public Hearing on Impact Fees

**San Antonio City Council Meeting – Thursday, May 15, 9:00 a.m.**  
City Council Chambers, Municipal Plaza Building  
City Council Consideration and Action on Impact Fees

**Fight Night XXIII / Main Event 2014**  
**A Special Thanks to our Supporters!**

**Fight Night Committee**

***Chair***

***Aaron Parenica, Bury***

***Auction Chair***

***Derrich Rodriguez, Amegy Bank***

***Eric Abati, ATKG, LLP***

***Coy Armstrong, Bury***

***PJ Crane, Providence Commercial***

***Katherine Diver-Hines, Marvin Poer & Co.***

***Fernando Diego, Metropolitan Contracting***

***Todd Freedman, SSFCU***

***Jack Green, Metropolitan Contracting***

***Brandon Kneupper, Texas Capital Bank***

***James McKnight, Brown & Ortiz PC***

***Cesar Mejia, Sol Schwartz & Associates***

***Leslie Ostrander, Pape-Dawson Engineers***

***Claire Swift, Central Texas Realty***

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***Title Sponsor***

***Bury***

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***Pape-Dawson Engineers, Inc.***

***Gaming Sponsor***

***ATKG, LLP***

***VIP Cocktail Party Sponsor***

***Amegy Bank***

***Champion Sponsors***

***Joeris General Contractors***

***USAA REALCO***

***Silent Auction Sponsors***

***BKD LLP***

***Kaufman & Killen, Inc.***

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***DNT Construction***

***IBC Bank***

***SpawGlass Contractors***

***Heavy Weight Sponsors***

***IPA***

***Texas Capital Bank***

***Yates Construction***

## Fight Night XXIII / Main Event 2014 A Special Thanks to our Supporters!

### Ringside Table Purchasers

Brown & Ortiz PC  
Capital Title San Antonio  
Endura Advisory Group  
First American Title Company  
HFF  
Independence Title  
Ironstone Development  
Koontz McCombs  
Metropolitan Contracting Company, LLC  
Pape-Dawson Engineers, Inc. (2)  
Patrinely Group LLC  
Providence Commercial  
Raba Kistner Consultants  
Stewart Title (2)  
Stouffer & Associates, LLP  
The Brandt Companies  
The Whiting-Turner Contracting Co.  
Yates Construction

### Sportsman Table Purchasers

Alamo Title (3)  
Casey Development  
Catamount Constructors, Inc.  
CBRE  
CDS Muery  
CEC  
Cencor Realty Services/The Weitzman Group  
Chicago Title  
Drake Commercial Group  
Frost Bank  
Fulcrum Property Group  
Golden Steves Cohen & Gordon LLP  
Green Lighting and Design  
Harvey Cleary Builders  
Haynes and Boone  
Homespring Residential Service LLC  
Investment Realty CO. LC  
Jacobs  
Jordan Foster Construction  
JQ - SA  
KFW Engineers  
Kimley-Horn & Associates  
Kruger Carson PLLC  
Magi Real Estate  
Norton Rose Fulbright  
PSI  
Pulman, Cappuccio, Pullen, Benson & Jones  
PWC  
Retail Solutions (2)  
Security Service Federal Credit Union  
Smithers Merchant Builders  
Sol Schwartz & Associates  
Terracon Consultants  
The Sabinal Group  
Transwestern  
Trinity Real Estate Finance  
TTG  
Unitech Consulting Engineers  
Yantis Company

## Legends of the Real Estate Community

*Featuring: Red McCombs*

*By: Eric Whittington, Communications Committee*

San Antonio's real estate industry is populated by its share of larger-than-life personalities. But it's hard to imagine a more iconic San Antonian than Red McCombs. His amber hair, booming voice and easygoing West Texas lilt are as strongly associated with the city as the Riverwalk, puffy tacos and Fiesta.

His fingerprints are all over the San Antonio landscape, from the Alamodome (he helped convince local leaders such a facility was needed) to The Broadway, the gleaming condominium tower at Broadway and Hildebrand.

And at age 86, he still loves doing deals. Many of those he has been a part of over the years are visible on the horizon from his sixth-floor office at Highway 281 and Mulberry.

"I love property, especially raw land, and there are some I wish I hadn't sold but at the time I needed capital to put into other property," he says. One area where property and development opportunities are especially exciting to McCombs is the Austin-San Antonio corridor, where infill projects present great possibilities. "We're not there yet but we'll try to work our way into it," he adds.

Is he optimistic about the future for San Antonio? "Yes, but my optimism is also very realistic," McCombs says of his outlook. "Our universities are developing more programs that are needed here and that will be a boost to our economy. More college graduates want to stay in San Antonio now and there are more opportunities for them to do that."

Besides the Austin-San Antonio corridor, McCombs sees other opportunities for real estate professionals to succeed. The far western part of the San Antonio metro area, he believes, still has a long way to go and he credits Marty Wender for the many years he has devoted to energizing that region of the city. The

Brooks City-Base area and Port San Antonio also hold great potential for future development, he says.

Compared to other real estate markets, San Antonio still maintains a cost advantage, McCombs says, but that gap isn't as big as it used to be. "In some cases, our costs can actually be higher than in other markets because we've experienced a lot of population growth," he notes. "Roads are one area where we are losing our competitive advantage," a problem that can only be solved through the commitment of leaders at the city, county and state level.

On the other hand, he believes the proximity of San Antonio's airport to downtown and other areas of the city is a big competitive advantage compared to the far flung airports that service many other metro areas.

The former owner of the Spurs, Minnesota Vikings and Denver Nuggets feels that developers and builders get far too little credit for their crucial role in supporting San Antonio's vibrant economy.

"Nothing happens until somebody builds something," he stresses in that signature Red McCombs basso profundo voice. "Builders and developers are under-recognized for their contributions to the quality of life we have here. To grow jobs, you have to create facilities for the people who fill those jobs."

His advice to up-and-coming San Antonio real estate pros: "Be positive and be creative about what a property or a building can become. Always be open to new ideas."

And on that note, Billy Joe "Red" McCombs scans the stock market ticker on the TV by his desk, casts his eyes briefly through his office windows onto the city he has helped shape, and gets back to work. There's always another deal to do.



Welcome  
New Members

**We are pleased to  
announce the follow-  
ing new members:**

**PATRON**

**CORPORATE  
San Antonio  
Commercial Advisors  
Ed Cross**

**INDIVIDUALS  
Martha Millette**

Membership  
Upgrades

**PATRON  
Barton, East & Caldwell  
Broadway Bank**

**CORPORATE  
Coursen-Koehler  
Engineering & Assoc.**

**HPI**

**INDIVIDUALS**

**Thanks to all of  
our renewing  
members!!!**

## Member Matters

*By: John Taylor, Membership Chair*

First of all, thank you to all the companies that have recently renewed or upgraded your membership. We all know how important a high quality and growing membership base is to the success of our organization.

The 2014 Membership Committee requests your help in recruiting the top companies in our industry to join this year. Benefits of RECSA membership include:

*\* Advocacy for our industry with governmental entities*

*\* Opportunities to network with leaders and peers in our industry*

*\* Informative programs on timely issues that impact our industry*

*\* Leadership training to insure long term growth in our industry.*

Accordingly, we have set the following goals for 2014:

- Generate 10 new or upgraded Patron memberships (for a total of 86)

- Add 10 new or upgraded Corporate memberships (for a total of 111)
- Recruit 3 new Individual memberships (for a total of 70)

As we accomplish these goals, it will bring us to a record total membership number of 267 members.

Please help us to identify and recruit new members. Feel free to contact any of the membership committee below if you have a lead or would like assistance with recruiting a new member.

The 2014 Membership Committee includes:

**Jackie Browning**, Alamo Title; **Casey Fry**, Bakke Development; **Grace Garza**, UTSA; **Steve Gonzales**, LJA Engineering; **Alyssa Hartlage**, BBVA Compass Bank; **Ginger Johnson**, Munoz & Company; **Brad Jones**, Pulman, Cappucio, Pullen, Benson & Jones, LLP; **Paul Landa**, Moy Tarin Ramirez Engineers; **Lawrence O'Connor**, HPI; **Steve Soble**; **Jeff Walsh**, Barton, East & Caldwell, LLP.

**The RECSA staff and our webmaster are working to update and upgrade our website. This will include on-line registration capability for our programs and events. Stay tuned for an announcement when this is completed!!!**

For more information on these meetings, call the Council office, 210-804-1155.

## May 2014

SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5 9am-SAWS Board Mtg	6	7	8 7:30am-Economic Development Update 9am-City Council	9 9am- DPTF	10
11	12	13 7:30am- Executive Committee	14 9am-SAWS Bi-Monthly Meeting	15 9am-City Council	16	17
18	19	20	21 9am-CPS Bi-Monthly Meeting	22	23	24
25	26	27	28	29	30	31

## June 2014

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10 7:30am- Executive Committee	11	12 10am-REC's Of Texas	13 9am- DPTF	14
15	16	17 7:30am- Downtown Development Update	18	19	20	21
22	23	24	25	26	27	28
29	30					

## Council Monitor Sponsor



**Sol Schwartz & Associates, P.C.**

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Anabel Belmares



John Gilbert

## When can I deduct Construction Period Interest

Have you recently obtained a loan to assist in financing your construction? Planning to deduct the interest paid on the loan? Beware, interest paid on a loan used for financing construction must be capitalized (or added) to the original value (cost basis) of certain qualified property. Interest is typically deducted in the year it is incurred; however, Uniform Capitalization Rules state interest payments are required to be added to the cost basis of certain qualified properties. (1)

### A Brief History

The Tax Reform Act of 1976 prohibited the immediate deduction of real property construction period interest and taxes, and required the interest and taxes to be capitalized to the original cost of the constructed property and amortized over 10 years. Fast forward 10 years, the Tax Reform Act of 1986 disallowed the immediate deduction of all construction period expenses, as well as construction period interest and taxes, and removed the 10 year amortization rule. Today's law requires the capitalization and depreciation of such expenses over the life of the constructed property.

### What property qualifies for Construction Period Interest?

For purposes of this article (and to name a few), qualified property includes real property, personal property with a life of 20 years or more, personal property with an estimated production period of more than two years; or personal property with an estimated production period of more than one year if the estimated cost of production is more than \$1 million. Real property is land or buildings, essentially real estate. Personal property is anything but real estate.

### When does the construction period begin and end?

The construction period begins the earlier of the contract origination date or, for some taxpayers, the date at which 5% or more of total estimated contract costs have incurred. For certain property, the construction period begins when physical activity is performed on the property. The method to determine the construction period end date depends on the date the contract was entered into. If the contract was entered into on or after January 11, 2001, it is considered complete if: 1) the real property is used and at least 95% of the contract costs have incurred or 2) final completion and acceptance of the property has occurred.



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Annabel Belmares



John Gilbert, CPA

## When can I deduct Construction Period Interest - continued

### De minimis rule

Taxpayers are not required to capitalize interest if the following are applicable:

- construction period does not exceed 90 days;
- and total construction expenditures do not exceed \$1 million divided by the number of days in the construction period.

For those taxpayers, interest may be deducted in the year it is incurred.

The above is a general overview of construction period interest and its tax treatment. Like any tax rule, construction period interest and the Uniform Capitalization Rules are dependent among many variables. Contact Sol Schwartz and Associates, P.C. for more information and any questions you may have. 210 384 8000, [www.ssacpa.com](http://www.ssacpa.com)

(1) UNICAP Code Section 263A requires the capitalization of certain interest payments.



Join the Real Estate Council Today!

**RECSA is the advocate for owners and professionals in the real estate industry, informing and educating its members and community leadership while supporting efforts to ensure a healthy economy and enhanced quality of life in the San Antonio area.**

*There are three levels of membership in the Council:*

- Patron
- Corporate
- Individual

*At each level, members benefit from a wide range of services and opportunities for participation, including MCE credit opportunities, regular membership meetings and networking opportunities, bi-monthly newsletter and industry representation before legislative and regulatory bodies.*

**For more information about the Real Estate Council of San Antonio and its activities, contact the Council office at 210-804-1155.**

## RECSA Executive Committee

**PRESIDENT:**

*Rob Sult*  
USAA Real Estate Company

**PRESIDENT ELECT:**

*Coy Armstrong*  
Bury

**SECRETARY/TREASURER:**

*Brian Biggs*  
Wells Fargo

**VICE PRESIDENT/GOVERNMENT**

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Koontz McCombs

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*Jami Carr*  
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*Steve Schuetze*  
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*Brenda Kelly Rowe*  
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*Michael Moore*  
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*Richard Capps*  
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*Russell Noll*  
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*Scott Farrimond*  
Farrimond, Castillo & Bresnahan

### Council Monitor Sponsorship Opportunities Available

*Sponsorship Opportunities are available for all of the upcoming 2015 Council Monitor newsletters. If you are interested in sponsorship please contact: **Sylvia Cantu at the Council office, 210-804-1155.***

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