

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

"In order to carry a positive action, we must develop here a positive vision." - Dalai Lama

With the vision towards executing another enjoyable (and profitable) event, I am pleased to recognize the accomplishments of the Co-Chairs of the 23rd Annual Council Open golf tournament – Rob Leonhard (CDS Muery) and Stephen Gose (Kimley-Horn) for a tremendously successful event held October 6. We are thankful for so many RECSA members' sponsorship support and we succeeded in "overselling" the foursomes and backfilling player slots who didn't show up the day of the tournament at the Hyatt Hill Country Resort. Despite an unseasonably warm day for early Fall (lower 90's F), by all accounts, everyone looked to have a wonderful time. Special thanks, again, to Pape-Dawson Engineering for being this year's Title Sponsor and for contributing one of the "goodie bag" gifts – which couldn't fit in the goodie bag – a putter! Hyatt Resorts does a great job of accommodating our large group and the availability of three 9-hole courses works well for our sized event.

One of the most significant, city-wide capital undertakings to be presented to the greater San Antonio community came forward during the past 60 days – the Vista Ridge water pipeline project. On October 8, City Council Chambers were packed for the 'Citizens to Be Heard' session, with many both "for" and "against" this monumental SAWS project. In a nearly unprecedented showing, the Chamber of Commerce, with the support of many additional business-minded organizations like RECSA, brought forth one of the largest and most well-represented cross sections of our business com-

munities' leadership to speak in support of the SAWS Vista Ridge project. I thank the members of RECSA's Executive Committee and others, for taking the time to come Downtown and after-hours to provide public comments. As of this drafting, City Council's intentions are to call a vote for approval of the Vista Ridge contract before the end of October. Unfortunately, many organized community groups, including even some from outside Bexar County, will present a strong showing of opposition to this project. The magnitude of the impact of this approval (or denial) on the future economic vitality of the San Antonio community is staggering. If you would like more information on this project, please go to SAWS website: http://www.saws.org/your_water/waterresources/projects/vistaridge/. If you have not already, please take time to write the Mayor and the City Council voicing your support 'for' this project.

On yet another matter - recently a group of industry representatives had the opportunity to have another conversation with Mayor Ivy Taylor to talk about a host of issues. One of the more grave observations brought forth by several attendees was that San Antonio's economic growth is not keeping pace with any of the other large cities of Texas. The Texas Workforce Commission and the US Bureau of Labor Statistics just released its July 2014 data and among large metros in the US, Dallas, Houston, Austin and Ft. Worth were all in the Top 10 – San Antonio was 24th!! This is a continuing trend that our affiliate organization, Responsible Growth Alliance (RGA), has been tracking and attempting to educate our local officials about. They act dumbfounded when they hear this.

RECSA President's Message / Con't

By: Rob Sult
2014 President

RGA and RECSA will continue to regularly host one-on-one meetings with our City and County officials in an attempt to help them see the importance of focusing on this critical development.

In closing, invitations are in the mail to you for one of the most exciting 'member-only' events we've sponsored. On Thursday, November 13 @ 7:30 AM at the Petroleum Club, Jeffrey DeBoer, President/CEO of the Real Estate Roundtable, will be our guest and speaker from Washington, DC. Mr. DeBoer's association (www.rer.org) represents some of the largest public and

privately-held real estate corporations in America influencing public policy on Capitol Hill. He will share his insights about the results of the mid-term elections, which will have just been decided one week before, and the implications for the same on our real estate industry. This is one you won't want to miss!

Thank you for your continued support of the mission of RECSA with your membership. Please invite others in the industry to join with us!

RECSA is Building a New Trades Scholarship with Alamo Colleges

By: Kim Ghez, Community Relations Chair

With the active oil and gas market in Eagle Ford Shale, many builders and developers have found themselves with a shortage of quality trade professionals.

RECSA is pleased to announce our latest scholarship, the *Real Estate Council of San Antonio Trades Scholarship*, with Alamo Colleges. The scholarship will recognize two student recipients and will provide financial assistance each semester for Fall 2014 & Spring 2015.

"I am excited that RECSA has been able to identify ACC (Alamo Community College) as a partner through which our members might hire well-trained and educated craftsman for their various construction trades," said Rob Sult, RECSA President.

Michael Moore, RECSA Past President, made it his passion and commitment to see this new trade scholarship become a reality. As a result of his residential development/homebuilding focus, he has complete empathy and understanding of the depletion of trade professionals in our industry and stated: "I believe that the scholarship is in keeping with one of

our core values, which is education. The partnership will serve not only our members, but also the community as newly educated young men and women enter the work force."

In keeping with RECSA's mission of networking, education and advocacy, this new scholarship will mark our 5th scholarship and help complement a diversified blend of the others our organization has funded. The other four scholarships currently in place include: The Caesar A. Cano & Alice M. Cano Memorial Scholarship (Alamo Colleges), The Quincy Lee Memorial Endowed Scholarship (UTSA), The RECSA Leadership Development Endowed Scholarship (UTSA) & The RECSA E. Michael Guerra Endowed Scholarship (Texas A&M San Antonio).

On behalf of the Executive Committee of RECSA, we want to personally thank you for your support of all of RECSA's scholarships. By your participation in our events like the RECSA Golf Tournament, Fight Night & The Leadership Class Skeet Shoot, you can feel good to know that you are making a big difference in opportunity & education for numerous college students pursuing a career in real estate.

RECSA Welcomes the 2014-2015 *Leadership Development Class*

By: Eric Abati, LDP Co-Chair

The Real Estate Council's Leadership Development Program (LDP), now in its 11th year, once again welcomes a new class of young enthusiasts for 2014-2015. This year's program is co-chaired by Past-President Louis Rowe, P.E., TTG Engineering and LDP Graduate Eric Abati of ATKG CPAs. We also have the great support of a steering committee to help us develop the program throughout the year. This hard-working committee of volunteers is comprised, almost in its entirety, of past graduates of the program; proof that this is a successful and rewarding program!

Due to the quality and breadth of this program, we continued to draw significant interest from San Antonio's best and brightest. However, to maintain our focus and commitment to grow real estate leaders, LDP limits the class to 25 participants under the age of 40. This year's class is certainly one that we will be keeping an eye on. The Real Estate Council is proud to announce the 2014-2015 class as follows:

Diane White, *ATKG*, Casey Fry, *Bakke Development Corp.*, Angela Moczygamba, *Barshop & Oles Company*, Mary Jane Phillips, *Bury*, Tyler Sibley, *Casey Development*, Jarod Cain, *CDS Muery*, Caroleene Hardee, *Cox Smith Matthews Incorporated*, Joe McChesney, *CST Brands, Inc.*, Jacob Shalley, *Embrey Partners, Ltd.*, James Sykes, *First American Commercial Property Group*, Allie Lahourcade, *Frost National Bank*, Lane Golden, *Golden Steves Cohen & Gordon, LLP*, Stephen Tilly, *Hixon Properties Incorporated*, Mark Schendel, *Investment Realty Company, L.C.*, Jeffrey Bryant, *Joeris General Contractors, Ltd.*, Jeffrey Carroll, *Kimley-Horn and Associates, Inc.*,

Zach McAuley, *Mason Joseph Company, Inc.*, Fernando Diego, *Metropolitan Contracting Company*, Chance Kutac, *Pape-Dawson Engineers, Inc.*, Scott Boynton, *Peloton Commercial Real Estate*, Stephen Guzman, *RVK, Inc.*, Hee Kyung Hwang, *Sol Schwartz & Associates, P.C.*, Scott Striegler, *The Whiting-Turner Contracting Co.*, Ben Jordan, *Travis Commercial Real Estate Services, Ltd.*, Chris Fogle, *USAA Real Estate Company*.

This program kicked off with an all-day retreat at the Rio Cibolo Ranch on September 19th, allowing classmates to network with each other, hear from previous graduates of the program, and to familiarize themselves with this year's agenda. We ended the day with a competitive and very creative chili cook-off in the afternoon. The remainder of this nine month program includes various full day activities such as a utility tour at CPS, SAWS and SARA facilities, media training session, a government affairs overview, project tours and a fireside chat with some of the great leaders in our industry. Other activities will include a revised and improved "Project X" (big thanks to Trey Dawson and Melissa Chamrod) which will be presented to and judged by key Real Estate Council members. The class will also organize a fundraiser for the Leadership Development Endowed Scholarship in the UTSA Real Estate Finance and Development Department.

Thanks to all the nominating member companies and your continued support of the Real Estate Council's Leadership Development Program. We know this program will be rewarding for the participants both professionally and personally as we groom our future leaders of the industry.



Government Affairs

Fulfilling the Mission of RECSA

By: Cynthia Stevens,

Vice President of Government Affairs

December 11, 2014, RECSA will host its Annual Government Affairs Update Breakfast at The Petroleum Club. This popular event promises to be filled with educational topics that will equip you with the current information you need to conduct your businesses. RECSA's state consultant, Mignon McGarry will present the 2015 State Legislative Update. Mignon will cover the legislative topics affecting our industry during the upcoming session of the Texas Legislature. The 84th State Legislature starts January 13, 2015, and as we heard from our Bexar County delegates to the House of Representatives, Lyle Larson and Trey Martinez at the August Breakfast, there are many real estate related issues coming up this session. Come and discover how those issues will affect your business and your community.

This program will also highlight many of the critical issues we are facing right here in San Antonio. We will learn more about the Impact Fee increases that will drive up development costs for both multi-family and single family projects starting in 2015. The impacts of the Vacant Building Ordinance passed this year are now making headlines. Some property owners express concerns that the redevelopment expenses required to bring their property into compliance will force them to sell. This new ordinance requires close monitoring by our organization to safeguard our members' property rights in tandem with our City government's efforts to preserve the unique cultural character of our historic City.

RECSA representatives worked diligently to influence City government on those and many other matters during 2014. The December Government Affairs Breakfast is your opportunity to understand how those existing regulations will affect your community. As a result of stakeholders' objections, Mayor Taylor delayed implementation of the increased Storm Water Fees that will increase costs for all property owners, especially our City's largest employers. Through RECSA, the advocacy organization your membership supports, you have an opportunity to be involved in this decision before our City Council votes to implement it. This is a great example of how you can personally influence new regulation that may increase your monthly SAWS bill. You will also learn about the new Fair Notice requirements, and how RECSA representatives have already started evaluating and negotiating the City of San Antonio's proposed 2015 updates to the Unified Development Code. To complete December's annual update program, RECSA's esteemed legal counsel, Kaufman & Killen, Inc.

will provide a City Hall Update. There are several new faces on the City Council, so you will certainly want to hear about the Council's overall agenda for 2015. Be sure you have reserved your seat at the December Breakfast to learn more about these important new developments.

The Government Affairs Committee and RECSA members work diligently to tackle the numerous issues our industry faces. Countless hours are invested in reviewing ordinances, attending meetings, and studying the issues that demand our attention. There is a never ending tide of new regulations flooding out of government offices, and thanks to the tireless efforts of Martha Mangum, tumbling into our email In Boxes. RECSA's members have the education, experience, and intelligence required to decipher the technical jargon and often complex and far-reaching implications of each new proposal received from various facets of our local and state governments. That level of expertise and support makes it possible for all RECSA members to join the team and use their talents to further the mission.

My experience as Vice President of Government Affairs can be summed up with a quote by Benjamin Franklin, which was sent to me by Kim Ghez, a RECSA member. *"Tell me and I forget. Teach me and I remember. Involve me and I learn."* Ben Franklin was correct, through my involvement in RECSA and the invaluable mentoring received from numerous members, I have learned that we can create positive change in our community. RECSA is sustained by you, its members, to benefit our industry and our lives as citizens of San Antonio and the State of Texas. Working on the RECSA Government Affairs Committee will ignite your passion for working together with government to achieve the best possible results. If you want to learn more, get involved!

"The Real Estate Council of San Antonio is the advocate for owners and professionals in the real estate industry, educating members, influencing action and supporting efforts to ensure a healthy economy and enhanced quality of life in the San Antonio area." That statement from RECSA's website summarizes why we belong to this organization. Join us at the December Breakfast and learn how you can become involved and help fulfill the mission statement of RECSA. Your participation in RECSA allows you to actively generate the change you believe is important for your business and your community.

RECSA Hosts 23rd Annual Council Open At the Hyatt Hill Country Resort and Golf Club!

Over 199 players participated in the 2014 Council Open on October 6th at the Hyatt Hill Country Resort and Golf Club. Along with 27 holes of golf, the tournament featured great gifts, food, prizes and networking opportunities, followed by a fantastic Awards Dinner.

Our sincere thanks go to the sponsors and Golf Committee:

TITLE SPONSOR Pape-Dawson Engineers, Inc.

SPECIAL CONTRIBUTOR

The Whiting-Turner Contracting Company

TOURNAMENT BEVERAGE SPONSOR

Bury

DEAL CLOSING SPONSOR

*IBC Bank, BKD,
Jordan Foster and Harvey-Cleary*

AWARDS DINNER SPONSOR

Kaufman & Killen, Inc.

LUNCHEON SPONSOR

USAA Real Estate Company

EVENING BEVERAGE SPONSOR

KFW Engineers & Surveying

MAGNETIC KOOZIE SPONSOR

R.C. Page Construction, LLC

GOLF BALL SPONSOR

Civil Engineering Consultants

COOLER BAG SPONSOR

Audicles Hearing Services

PINT GLASS SPONSOR

CDS Muery

DRAWSTRING BACKPACK

DNT Construction

PRIZE SPONSOR

Brown & Ortiz, PC

DOOR PRIZE SPONSOR

Security Service Federal Credit Union

HOLE IN ONE SPONSORS

*First American Commercial Property,
Orion Partners, and
R.L. Worth & Associates*

LONGEST DRIVE SPONSORS

*Alterman Electric,
Vickrey & Associates, and
Drake Commercial*

CLOSEST TO THE PIN

*Endura Advisory Group,
SpawGlass Contractors, and
Rosenberger Construction*

DRIVING RANGE SPONSOR

Yantis Company

PUTTING GREEN SPONSORS

Kimley-Horn & Associates, Inc.

SCOREBOARD SPONSOR

Insite Architects

Thanks to our 23rd Annual Council Open Committee

CO-CHAIRS

Rob Leonhard, CDS Muery
Stephen Gose, Kimley-Horn and Associates, Inc.

TOURNAMENT COMMITTEE

Kacy Cigarroa

Barton, East, & Caldwell

Todd Compton

Yantis Company

P.J. Crane

Providence Commercial

Todd Freedman

Security Service Federal Credit Union

Chelsy Houy

Kimley-Horn and Associates, Inc.

Doug Leonhard

Pape-Dawson Engineers

Melissa Lewis

Pape-Dawson Engineers

Rick Littleton

R.L. Worth & Associates

Rebecca Mansfield

Catamount Constructors

Leslie Ostrander

Pape-Dawson Engineers

Daryl Steinbeck

The Whiting-Turner Contracting

Robert Sult

USAA Realco

Dustin Wentz

Pape-Dawson Engineers

Welcome
New Members

Member Matters

By: John Taylor, Membership Chair

We are pleased to announce the following new members:

PATRON

Kennedy Wilson

CORPORATE

Oden Hughes

Pulte Homes

**San Antonio Medical
Foundation**

**Stalwart Contracting
Titan Development**

INDIVIDUALS

Danny Welch

Ronald Podojil

Will Balthrope

William R Fritz

On behalf of the membership committee, I would like to welcome the new members and thank those who have renewed and upgraded their membership. We hope your membership is an investment that will return benefits that far exceed any investments any in the organization. Getting both you and others in your organization involved in RECSA is the best way to reap the value of your membership so sign up to be a part of a committee right away.

As we view our existing members as the best ambassadors for the value of RECSA, we would like your help in growing our membership. If you know any company that could be a high-quality contributing member, please invite them to an event or send their contact information to the RECSA staff or myself and we will be glad to follow up with them.

While we are finalizing the details of what should be a great membership event, please mark your calendar for Thursday, October 30th from 5:30-7:00pm. This will be a fun opportunity to network with existing members and invite new potential members to learn more about RECSA.

Membership
Upgrades

PATRON

CORPORATE

INDIVIDUALS

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

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

November 2014

SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11 7:15a- Executive Committee	12	13 7:30a—Program	14 9a-COSA DPTF	15
16	17	18 REC's of Texas	19 9a-SAWS DPTF	20 8a-LDP Tour	21	22
23	24	25	26	27 Thanksgiving Office Closed	28 Office Closed	29
30						

December 2014

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5 10a-Bexar Co DPTF	6
7	8	9 7:15a– Executive Committee	10	11 7:30a– Govt Affair Update LDP Day	12 9a-DPTF	13
14	15	16	17	18	19	20
21	22	23	24	25 Christmas Office Closed	26 Office Closed	27
28	29	30	31			

Council Monitor Sponsor



Sol Schwartz & Associates, P.C.
Certified Public Accountants

**Mark
Boyett,
CPA**



Fraud...Where's the Referee?

Whether your company is involved in construction or real estate, employee theft is a possibility. Fraud is unique in that it sounds more sophisticated than theft and that it is considered a “white collar” type of crime. According to the Association of Certified Fraud Examiners (ACFE), occupational fraud is defined as “the use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization’s resources or assets.” This threat applies to all organizations due to the fact that you hire individuals to perform certain business functions in order to operate a successful business. The lack of anti-fraud controls within your company is like playing an NBA game without referees.

There are three categories of occupational fraud: asset misappropriation, corruption, and financial statement fraud. Asset misappropriation is a fraud scheme in which an employee steals or misuses the employing organization’s resources (theft of company cash, false billing schemes or inflated expense reports.) Corruption is a fraud scheme in which an employee misuses his or her influence in a business transaction in a way that violates his or her duty to the employer in order to gain a direct or indirect benefit (conflict of interest or bribery & kickbacks). Financial statement fraud is a scheme in which an employee intentionally causes a misstatement or omission of material information in the organization’s financial reports (recording fictitious revenues, understating reported expenses or artificially inflating reported assets.) Occupational frauds are most often committed by the accounting department and upper management. Those who commit occupational fraud tend to have a perceived financial need, opportunity and rationalization.

According to the ACFE’s report to the nations on occupational fraud and abuse, small businesses, such as those involved in the real estate and construction industries, were reported to have some of highest levels of reported median losses and corruption due to fraud. The construction industry is also reported to have significant fraud committed attributed to fraudulent billing schemes. The construction and real estate sectors were reported to be in the top ten industries affected by fraud. Limitations for small businesses are usually due to fewer employees handling a variety of tasks. For example, the same individual opens the mail, makes deposits, writes checks, and reconciles the bank statements.

There are several anti-fraud control measures that could assist in fraud prevention, such as:

- An anti-fraud policy that is communicated to all level of employees
- A formal management review process set up on a weekly or monthly basis
- Anti-fraud training for all staff members

Council Monitor Sponsor

These simple and cost effective measures establish a platform that will communicate your awareness and help mitigate the occurrence of fraud within your business.

When a well-established framework of anti-fraud control measure is in place and regularly maintained to adapt to new technologies, it reduces potential fraud losses and shortens fraud duration. Fraud losses are significantly lower and more quickly detected in organizations that implement several anti-fraud controls as compared to their counterparts that may operate without these financial protections. The threat of likely detection is one of the most powerful factors in fraud prevention because it all but eliminates fraudster's perceived opportunity.

So would your sweet, elderly front desk receptionist who reminds you of your grandmother commit fraud? What about the new "can-do" controller or veteran employee who celebrated your birthday with you last year? Yes, yes, and yes, there is no set profile for the employee who commits fraud. However, there is a psychology that typically characterizes this criminal behavior. The three common characteristics often referred to as the triangle of fraud are:

- A perceived financial need which creates the motivation/incentive (a need to "keep up with the Joneses", or perhaps an ill relative)
- An opportunity which is created through weak anti-fraud controls and/or weak internal controls (no system of checks and balances exist for my work)

Lastly, rationalization via thoughts that they are owed something from their employer (I don't get paid enough for all the work I do around here)

Minimizing the **opportunity** portion in the triangle of fraud by the possible threat of detection through anti-fraud controls is directly related to fraud prevention and loss mitigation. This is similar to having referees in an NBA game. Almost every time a basketball player breaks a rule during the game, a referee is there to call the foul on the player. After being called for a foul, the basketball player will begin to play more carefully due to the threat of being caught again (detected) by the referee. Having adequate internal controls that seek out fraud, rather than relying on external or passive detection methods such as confession, tip or accident, or notification by law enforcement, can dramatically reduce cost and duration of such schemes. In one-third of all reported fraud cases studied, the victim organization lacked the appropriate internal controls to prevent the fraud. Those cases could have been prevented had the business owners implemented the proper anti-fraud control measures and had they thoroughly performed a review of transactions, accounts, and processes. Effective detection methods and management review are necessary proactive activities to prevent fraud.

Once the business environment tone has been established and communicated to all employees, it sends a clear message that fraud or any other type of misconduct will not be tolerated. Anti-fraud controls may not catch every instance of fraud committed, but it makes it understood to employees that they are being watched. When you run your business, you be the referee.



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

AFFAIRS:

Cynthia Stevens
Koontz McCombs

GOVERNMENT AFFAIRS:

Brad Carson
Kruger Carson PLLC
Cara Tackett
Pape-Dawson Engineers, Inc.

Greg Gibson
Casey Development

Jami Carr
Bitterblue, Inc.

John Kirk
Embrey Partners, Ltd.

Steve Schuetze
Metropolitan Contracting

2013-2014 LEADERSHIP DEVELOPMENT:

Brad Carson
Kruger Carson PLLC

2014-2015 LEADERSHIP DEVELOPMENT:

Eric Abati
ATKG, LLP

COMMUNICATIONS:

Jim Akin
First American Commercial Property Group

COMMUNITY RELATIONS:

Kim Ghez
Presidio Title

PROGRAM:

Laurie Griffith
Texas Capital Bank

EDUCATION:

Doug Becker
Chicago Title

MEMBERSHIP:

John Taylor
HFF

ECONOMIC DEVELOPMENT:

Dean Bundrick
Orion Partners, Inc.

AT LARGE:

Gene Dawson, Jr.
Pape-Dawson Engineers, Inc.

Rob Leonhard
CDS Muery

Silvia Gangel
SiGa International

George Peck
Civil Engineering Consultants

Brenda Kelly Rowe
Goetting Rowe Engineering

Michael Moore
Ironstone Development

Richard Capps
IBC Bank

Russell Noll
Transwestern

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.**

The Real Estate Council of San Antonio

8626 Tesoro Drive, Suite 803

San Antonio, TX 78217

Ph: 210-804-1155 Fax: 210-804-1166

www.recsanantonio.com

STAFF

Martha Mangum, Executive Director
martham@recsanantonio.com

Sylvia Cantu, Member Services Director
sylvia@recsanantonio.com

Magda Coronel, Administrative Assistant
magdac@recsanantonio.com