



June 2, 2013

City of San Antonio  
PO Box 839966  
San Antonio, Texas 78283

City of San Antonio Staff,

In 1943 H-E-B opened its first San Antonio grocery store and for the past 70 years we have enjoyed being part of the vibrant San Antonio community, reinvesting millions of community development dollars and benefiting hundreds of local charities. After purchasing and redeveloping the Arsenal complex in 1981, H-E-B relocated our corporate headquarters from Corpus Christi to San Antonio in 1985. We are proud to have the distinction of being one of the largest employers in the city with nearly 23,000 employees in Bexar County alone.

H-E-B's commitment to San Antonio is tried and true. We understand the need and the goal for continued development of the city's urban core, and our proposal seeks to rise to the spirit of that goal, in proposing a new urban grocery store format downtown and by proposing a number of other significant investments in the urban core. Our broader proposal represents the pride and care we have for this wonderful city.

We are pleased to submit H-E-B's proposal in response to the City of San Antonio's request for an urban grocery store market in the downtown area. The proposed store format is a concept we have been developing by learning from our peers in the European retail business, combined with our knowledge and approach to serving each neighborhood of San Antonio in a tailored way. The proposed urban market will be located on the southeast corner of S. Flores and Cesar Chavez.

In addition to the store, which is detailed in the attached proposal, we also are proposing to make a number of significant additional investments in the city. Over the past several years, H-E-B has acquired numerous properties along the S. Flores/Southtown corridor and we are proposing additional investments to revitalize these sites and work towards a broader reinvestment program of the S Flores / Southtown corridor.

There are several sites we are working towards redeveloping in this corridor, including one that we're very excited about. We are working towards redeveloping 641 S. Flores where H-E-B will house a state of the art test kitchen facility for product development and a cooking school where H-E-B Partners will be trained in culinary arts. We believe this facility will be one of a kind and a great addition to San Antonio's portfolio of food industry successes.

In conjunction with our proposed urban market format and S. Flores redevelopment vision, H-E-B is also very pleased to announce another important urban investment project planned for the near future. One of the original and longest operating stores in our company is H-E-B #4 on Nogalitos. H-E-B has great affection for the Nogalitos neighborhood and we have worked on potential redevelopment concepts with our neighbors for years. Over the next several months, we will begin work on a unique site plan for this store that will invigorate our customers and expand our ability to merchandise in this location.

H-E-B is passionate about investing in the communities we serve. Helping to create a vibrant community in the heart of our city and the heart of our business is a mission we are emotionally connected to. The holistic approach of investing tens of millions into downtown San Antonio, through the development of a new urban store, the redevelopment along S. Flores, and our new plans for Nogalitos will be wonderful additions to our community.

We are pleased to be part of the city and we join with the mayor and the city council's plan and vision of an even greater San Antonio.

Sincerely,

A handwritten signature in blue ink, appearing to read "Todd Piland". The signature is fluid and cursive, with a large initial "T" and "P".

Todd Piland  
Executive Vice President of Real Estate,  
Facility Alliance and Petroleum Marketing

# Team Information

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- The project will be developed and operated by H-E-B Grocery Company L.P. (“H-E-B”).
- Leading the effort will be Todd A. Piland, Executive Vice President, Real Estate, Facility Alliance, and Petroleum Marketing. Mr. Piland has worked for H-E-B for the past 33 years and is responsible for their Real Estate activities in the United States and Mexico. In addition, he leads the Design, Engineering, Construction and Maintenance activities (Facility Alliance) as well as the Shopping Center Development Team.
- The Design work will be led by William (Bill) Triplett, Senior Vice President of Strategic Design. Bill is a registered architect and has been with H-E-B for 27 years. Bill has been involved in the design efforts for several new formats like Central Market, H-E-B Plus, Joe V’s Smart Shop, Mi Tienda, H-E-B Express stores, and many of the formats in Mexico.
- The format work will be led by Roxanne Orsak, Executive Vice President, Merchandising. Roxanne has worked for H-E-B for the past 25 years and has led the development of new formats like H-E-B Plus and Joe V’s Smart Shop. Prior to her format work, Roxanne led the Merchant team responsible for H-E-B’s Drug Store and Merchandise departments.
- Design Consulting Services will be provided by David Lake of Lake Flato Architects.

TODD A. PILAND  
H-E-B Grocery Company  
P.O. Box 839999  
San Antonio, TX 78283-3999  
(210) 938-8382 (210)938-7788 (fax)  
[piland.todd@heb.com](mailto:piland.todd@heb.com)



Executive Vice President of Real Estate, Facility Alliance, and Petroleum Marketing

Mr. Piland joined H-E-B in 1980. He has held positions in the area of Retail Operations, Marketing, Real Estate and Shopping Center Development. Mr. Piland leads the Real Estate activities for H-E-B in the U.S. and Mexico as well as all Design, Engineering, Construction, and Maintenance activities for H-E-B. Mr. Piland received his BS from Southwest Texas in Agriculture and Business, an MBA from the University of Southern California, and had attended the Advancement Management Program at the Harvard Business School.

He also serves as an Officer in the following capacities:

H.E. BUTT STORE PROPERTY COMPANY NO. ONE  
*President*

HEBCO DEVELOPMENT, INC.  
*Vice President*

H.E.B. INVESTMENT AND RETIREMENT PLAN TRUST  
*Trustee and Investment Committee Member*

ORGANIZATIONS

INTERNATIONAL COUNCIL OF SHOPPING CENTERS  
*Member*

SAN ANTONIO MEDICAL FOUNDATION  
*Board Member*

TEXAS PARKS AND WILDLIFE FOUNDATION  
*Board Member*

WINSTON SCHOOL OF SAN ANTONIO  
*Former School Board Member*

REAL ESTATE COUNCIL OF SAN ANTONIO  
*Former Board Member & Executive Committee*

SAN ANTONIO LIVESTOCK EXCHANGE  
*Life Member*

GOOD SAMARITAN COMMUNITY SERVICES  
*Board Member*

- William H. Triplett AIA

646 South Main Avenue  
San Antonio, TX 78204  
210.938.8717  
triplett.bill@heb.com



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- Education

Bachelor of Architecture with Honors  
University of Texas at Austin – 1980

- Certification

State of Texas, License 9847  
State of North Carolina, License 11352  
NCARB Certificate 65732  
**LEED** Accredited Professional BD+C

- Professional Experience

Present  
**H-E-B** Company  
Senior Vice President • Strategic Design

2012  
**H-E-B** Company  
Vice President • Design, Engineering, Construction, and Facility Management

Responsible for creative store format design and development for all H-E-B business units – H-E-B, H-E-B Plus, H-E-B Mexico, Central Market, Mi Tienda, and Joe V.'s Smart Shop. Scope includes programming, space planning, store architecture, interior design, fixture design, and graphic design. The internal H-E-B Design Team consists of architects, interior designers, and graphic designers. The Engineering group is an in-house team of mechanical, electrical, and civil engineers that provide engineering design and energy management work to support all new and existing retail and industrial properties. The internal Construction Team consists of architects, project managers, and project superintendants that manage and build all new retail store projects, fuel stations, car washes, shopping centers, store expansions and remodels, and industrial and warehouse/distribution facilities. The Facility Management teams support retail store properties as well as all industrial manufacturing and distribution locations.

2008

**H-E-B** Company

Vice President • Design+Construction

Responsible for creative store format design and development for all H-E-B business units – H-E-B, H-E-B Plus, H-E-B Mexico, Central Market, and Mi Tienda. Scope includes programming, space planning, store architecture, engineering, interior design, fixture design, and graphic design. The internal H-E-B Design Team consists of architects, interior designers, graphic designers, and design engineers (mechanical, electrical, and civil engineers) that provide support all new and existing retail properties. The Construction Team consists of architects, project managers, and project superintendants that manage and build all new retail store projects, fuel stations, car washes, shopping centers and all store expansions and remodels.

1995

**H-E-B** Company

Director of Planning and Design

Responsible for creative store format design and development for all H-E-B business units. Designed and developed the Central Market format design and the first format market entry for H-E-B Mexico. Designed and developed the H-E-B Plus large store format and the Hispanic/Latino format, Mi Tienda. Provided the leadership for an internal team of architects, interior designers, and graphic designers. The scope of work included programming, space planning, store architecture, engineering, interior design, fixture design, and graphic design. Managed outside consultant teams for the production of construction documents and contract administration for all new and remodeled store projects.

1990

**H-E-B** Company

Design Studio Manager

Responsible for creative store design and development for new store formats. Led and coordinated the production of schematic design and final construction documents with an in-house design team and outside consultant groups. Designed and developed the first H-E-B Pantry format, H-E-B Marketplace, H-E-B Video and several in-store unique department designs. Provided the creative leadership for an in-house team of architects and interior designers. The scope of work included programming, space planning, store architecture, interior design, and fixture design.

1985

**H-E-B** Company

Architect-Project Manager

An individual contributor responsible for comprehensive retail store design and development. Produced preliminary/schematic retail store designs, design development work, and complete construction documents for all assigned store projects. Scope also included architecture design, interior store design, and the coordination of equipment selection and fixture design. Responsibility also involved the contract management of projects during bidding and construction phase and through project completion.

- Professional + Volunteer Service

SPECS Executive Advisory Board + Speaker

FMI Store Development Conference Speaker

Retail Facility Summit Conference Speaker

Habitat for Humanity

Board of Trustees + Master Planning Committee – FUMC

Advisory Board – San Antonio College

United Way

American Sunrise Communities

Roxanne Orsak  
Executive Vice President – Merchandising  
H. E. B.  
646 South Main  
San Antonio, Texas 78204



Roxanne Orsak started in the grocery business as a management trainee and has held a wide variety of positions in food retailing during her career. She joined H-E-B in 1988 as a Store Management Trainee. Roxanne spent 9 years in operations as store manager, district manager, and director of selling and advertising. From operations, Roxanne moved into marketing. She operated several small businesses in marketing such as photo and cosmetics. In 2001, Roxanne was named Vice President of DrugStore Procurement and in 2002, she became Vice President of Health, Personal Care, Cosmetics, Natures Harvest and Photo where she led the entire merchandising and procurement efforts. In January 2003, General Merchandise was added to Roxanne's accountability and she was named Group Vice President – Drugstore and General Merchandise. Roxanne was later promoted to Senior Vice President – Drugstore and General Merchandise. In 2008, she was promoted to Executive Vice President of Drug, General Merchandise and Value Format Development. Most recently, she was promoted to Executive Vice President, Merchandising.

Roxanne graduated with honors with a B.S. degree from Texas A&M in agricultural economics. She graduated from the University of Southern California's Food Industry Management program in 1992 and was named Student-of-the-Year. In 1996, Roxanne participated in the Cornell University Food Industry Management Program. In May 2002, Roxanne graduated from the Harvard Business School's Advanced Management Program.





## LAKE | FLATO

Established in 1984, Lake|Flato has gained national recognition for architecture that is grounded in the belief that design and sustainability are inseparable pieces of a coherent, place-based approach to building that successfully merges with the landscape. In collaboration with our clients, Lake|Flato creates buildings that are tactile and modern, environmentally responsible and authentic, artful and crafted.

*“ Their work is a powerful affirmation that architecture is more than innovation, more even than the genius of inspiration and the deft application of experience; it is a public statement of private values that nurture a culture of excellence whose traits are an enlightened stewardship of site confirmed by a reverent approach to the land, and respect for tradition.”*

Eugene C. Hopkins, FAIA, 2004 AIA President  
In Recognition of the Firm Award

The firm’s designs evolve from an appreciation for the pragmatic solutions of vernacular architecture, the honesty of modernism, and the context of our rich and varied landscape. By employing sustainable strategies to a wide variety of building types and scales, the firm designs architecture that conserves energy and natural resources while creating high performance buildings and healthy built environments for the building’s occupants.

With a staff of more than 60 professionals, Lake|Flato is led by two principals and six partners who create teams that lead each project from beginning to completion. A collaborative process within the office fully engages clients and subconsultants and creates a place and a process that invites ideas to flourish. Comprehensive and inclusive design reviews generate fresh ideas and firm-wide ownership of the work.

Lake|Flato has received wide critical acclaim. The American Institute of Architects honored us with its prestigious Firm of the Year Award in 2004, and the firm was honored with a Texas Medal of Arts in 2009 and as a finalist for the Cooper Hewitt National Design Award in 2010. Six projects have received the national Top Ten Green Projects award by the AIA Committee on the Environment, the highest recognition for sustainable design. In all, our work has been recognized with over 100 national and state awards. As architects, teachers, environmental stewards, and community advocates, we strive to elevate the public’s appreciation of architecture and foster the education of the next generation of architects.

# Qualifications

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H-E-B owns and operates over 300 Grocery stores in the United States and another 44 in Mexico. In addition, H-E-B and its affiliates have developed over 100 shopping centers and income properties across Texas and in Northern Mexico. Today, the portfolio consists of 125 properties and over 4.4 million square feet – the largest of these is the McCreless Marketplace in southeast San Antonio at 330,000 sf.

Three projects of interest that were developed in densely populated urban settings by H-E-B are Preston Central Market, Montrose Market, and the Buffalo Speedway Market shown on the following pages.

## Preston Central Market

This small Central Market format is an adaptive reuse of a former Barnes and Noble store in the affluent neighborhood of North Dallas. This store was originally built as a Safeway. This store is one-half the size of a traditional Central Market and is a good example of how a small store can have an exciting and complete offering in a small facility.

Location: Southwest corner of Preston Road & Royal Lane, Dallas, Texas  
Square Footage: 33,532 square feet  
Merchandise: Fresh Produce, Meat, Seafood, Wine, Beer, Deli, Bakery, Prepared Foods, Floral, and Specialty Grocery





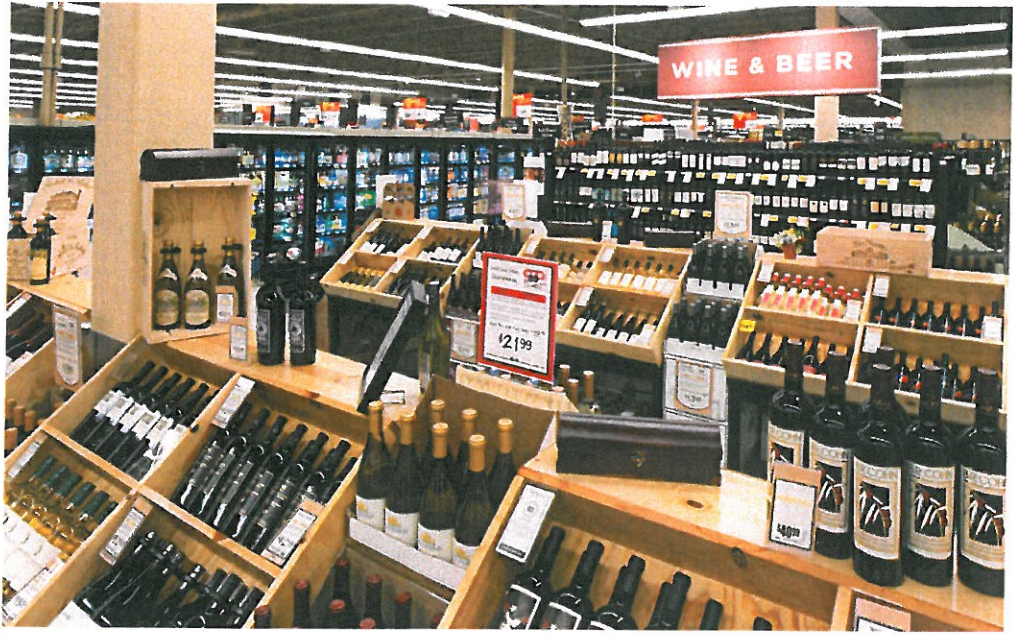


## Buffalo Speedway Market

This Lake Flato design store is located inside Loop 610 in an area of Houston called West University which is the area west of Rice University and close to the Medical Center and Museum district.

Location: Northeast corner of Buffalo Speedway and Bissonnet Street.  
Square Footage: 70,790 square feet  
Merchandise: Fresh Produce, Meat, Seafood, Sushi, Wine, Beer, Deli, Bakery, Prepared Foods, Central Market Café on the Run, Floral, Specialty Grocery and Pharmacy





## Montrose Market

This Lake Flato designed store is located inside Loop 610 in an area of Houston called Montrose, which is just west of Downtown Houston. This urban neighborhood has experienced quite a bit of residential development consisting of mid rise condominiums and apartments as well as single family homes.

Location: Southwest corner of Alabama & Dunlavy Street  
Square Footage: 78,000 square feet  
Merchandise: Fresh Fruit, Meat, Seafood, Sushi, Wine, Beer, Deli, Bakery, Prepared Foods, Central Market Café on the Run, Floral, Specialty Grocery and Pharmacy.







# Project Approach

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The Downtown grocery store would be built on the southeast corner of Flores Street and Cesar Chavez on property currently owned by H-E-B.

The proposed store is anticipated to be 6 – 8,000 sf in size and urban in nature as it will be built on the hard corner with parking located behind the building. Also included in the plan is a fuel station which we feel our customers need and will appreciate since there are no convenient locations to purchase fuel in Downtown San Antonio.

Over the years, H-E-B has developed relationships with a number of grocery retailers in the United Kingdom (John Lewis/Waitrose, TESCO, Sainsbury) and we have shared ideas back and forth. We envision the Downtown store to be modeled off a number of these U.K. stores that serve their communities with a European style market that is in the size range proposed.

The offering inside the store will include fresh produce, floral, prepared foods, sandwiches and salads, deli, fresh bread, beer and wine, fresh meat, frozen food, dairy, dry grocery, and general merchandise items. Broadway Central Market will supply the prepared food offering for this store and will ship in items daily or several times a day.

We expect this store to serve the existing residents of the King William and South Flores neighborhoods, new residential developments planned, UTSA students and faculty, the Federal and County Courthouse visitors, H-E-B Partners, and visitors to downtown San Antonio. As such, we believe this store will sell a greater portion of prepared and ready to eat foods at breakfast, lunch, and for the evening meal. To give customers a choice of eating in, we propose to include a large covered patio with seating with great views of downtown, which could also function as an entertainment venue.

The hours of operation have not been determined as of this date, but we expect the store to be open 7 days a week with longer operating hours Monday – Saturday and reduced hours on Sunday.

We expect the store to open within 12 months following the City's approval of this proposal. The estimated cost of constructing the proposed improvements exceeds \$3,750,000. Land costs are excluded from this amount. The sales projection for this store is \$75,000 per week excluding fuel.

# Financial Information

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H-E-B owns the real estate upon which the proposed store would be built and would fund the construction out of cash flow. H-E-B enjoys an "A" rating from Standard & Poor and a copy of their letter is included on the next page.

H-E-B respectfully declines the requirement to provide audited financial statements.

February 8, 2013

Michael Wallis  
Director  
HEB Grocery Co. L.P.  
646 South Main Avenue  
San Antonio, TX 78204-1210

**Re: HEB Grocery Co. L.P. Issuer Credit Rating**

Dear Mr. Wallis:

Standard & Poor's Ratings Services ("Ratings Services") hereby confirms its credit rating of "**A/Stable**" for the above-referenced issuer.

This letter constitutes Ratings Services' permission for you to disseminate the above-assigned rating to interested parties in accordance with applicable laws and regulations. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, Ratings Services may choose to acknowledge such a rating and denote such acknowledgement on [www.standardandpoors.com](http://www.standardandpoors.com) with an alphabetic or other identifier affixed to such rating or by other means.

This letter and its content may not be used to distribute or underwrite debt and may not be disclosed by you to any third parties, other than your professional advisers who are bound by appropriate confidentiality obligations or as required by law or regulation or for regulatory purposes. The rationale for the ratings is attached and is part of this letter.

To maintain the rating, Ratings Services must receive all information as indicated in the applicable Terms and Conditions. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: [Kristina\\_koltunicki@standardandpoors.com](mailto:Kristina_koltunicki@standardandpoors.com). If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website, please send hard copies to: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041-0003, Attention: Kristina Koltunicki.

The rating is subject to the Terms and Conditions attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,

A handwritten signature in cursive script that reads "Standard & Poor's". The signature is written in black ink and is positioned above the typed name of the company.

Standard & Poor's Ratings Services

Analytical Contact  
Kristina Koltunicki  
Telephone #:212-438-7242

# Incentives

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## 1. South Main Street

- A. **Intent.** In order to accommodate existing uses and to develop the Downtown Store, H-E-B requires that the City permanently close and vacate the portion of South Main Street between Cesar E. Chavez Boulevard and East Arsenal Street (the “ROW”) prior to the commencement of construction.
  - B. **Closure of Right of Way.** Provided that H-E-B submits a petition satisfying the requirements contained in the applicable State and City codes for closure of the ROW, the City shall expedite the closure review process and consider such closure in a timely fashion. As owner of the Commander’s House Park (which abuts South Main Street), the City shall also support the proposed ROW closure, in such capacity. The City shall recognize H-E-B’s commitment and investment in the Downtown Store as consideration sufficient to waive all costs and fees associated with the closure of ROW. It is H-E-B’s intention to utilize the entire ROW area, and the City will execute a quitclaim deed transferring to H-E-B any right, title or interest of the City in and to the ROW.
  - C. **Reservation of Utilities.** H-E-B understands that certain easements for the existing utility facilities underlying South Main Street (the “Utility Easements”) shall be reserved by the City following ROW closure. Upon the City Council’s approval, H-E-B shall be entitled to fence, secure and improve the ROW, subject only to the Utility Easements.
  - D. **Modification of Traffic System.** Promptly following closure of the ROW, H-E-B shall install traffic barriers, fences and devices to prevent vehicular and pedestrian traffic across the former ROW. The City shall, at its sole expense, modify and/or install traffic control devices, signage, road striping, traffic buttons and/or other equipment necessary to safely reroute vehicular and pedestrian traffic from Main Street.
  - E. **Access.** The City shall permit H-E-B to access the ROW to conduct due diligence activities, including surveys, environmental assessments and investigations, prior to the closure.
2. **Continued Project Assistance.** H-E-B may require on-going assistance from the City to address site constraints that affect development of the Downtown Store. Such issues include driveway access locations, setbacks, utility requirements, and others.

3. **City Incentives.**

- A. **City Grant Funding.** An upfront grant equal to one million dollars (\$1,000,000), payable upon commencement of construction.
- B. **SAWS Fee Reduction.** A reduction of SAWS impact fees, up to the maximum amount allowed under City policy.
- C. **ICRIP fee waivers.**

# Additional Information

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**Operating Commitment.** H-E-B agrees to open and continuously operate the Downtown store for a period of five (5) years following initial opening subject to temporary closures for maintenance, renovation or casualty, and in accordance with days/hours as determined by H-E-B.



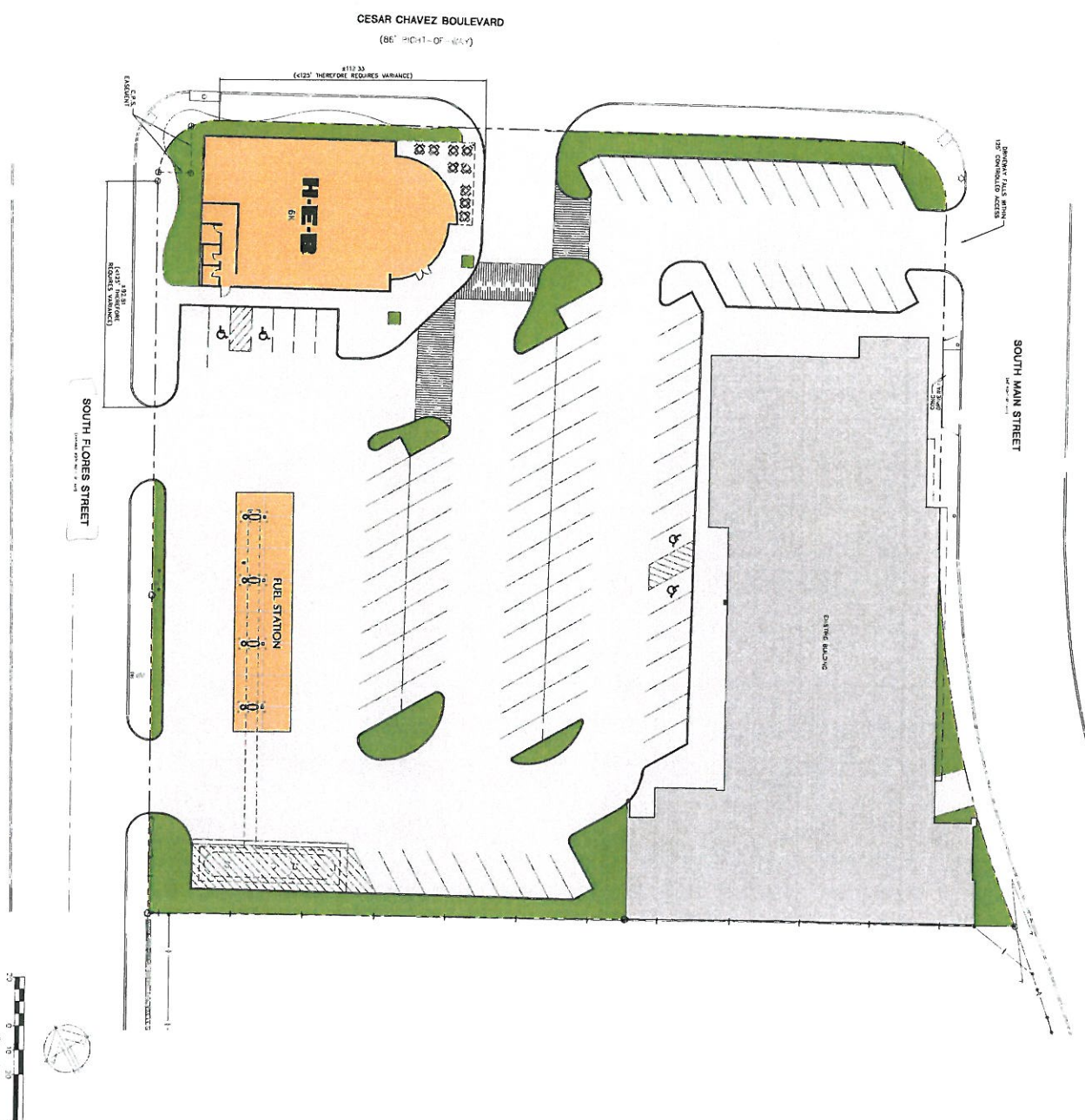
# Appendix

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- Conceptual site plan
- Conceptual store layout
- Conceptual rendition
- 3D graphic of conceptual design

Item	Quantity	Notes
Proposed Building Area	46,680 SF	
Proposed Parking	100	
<b>Total Area</b>		

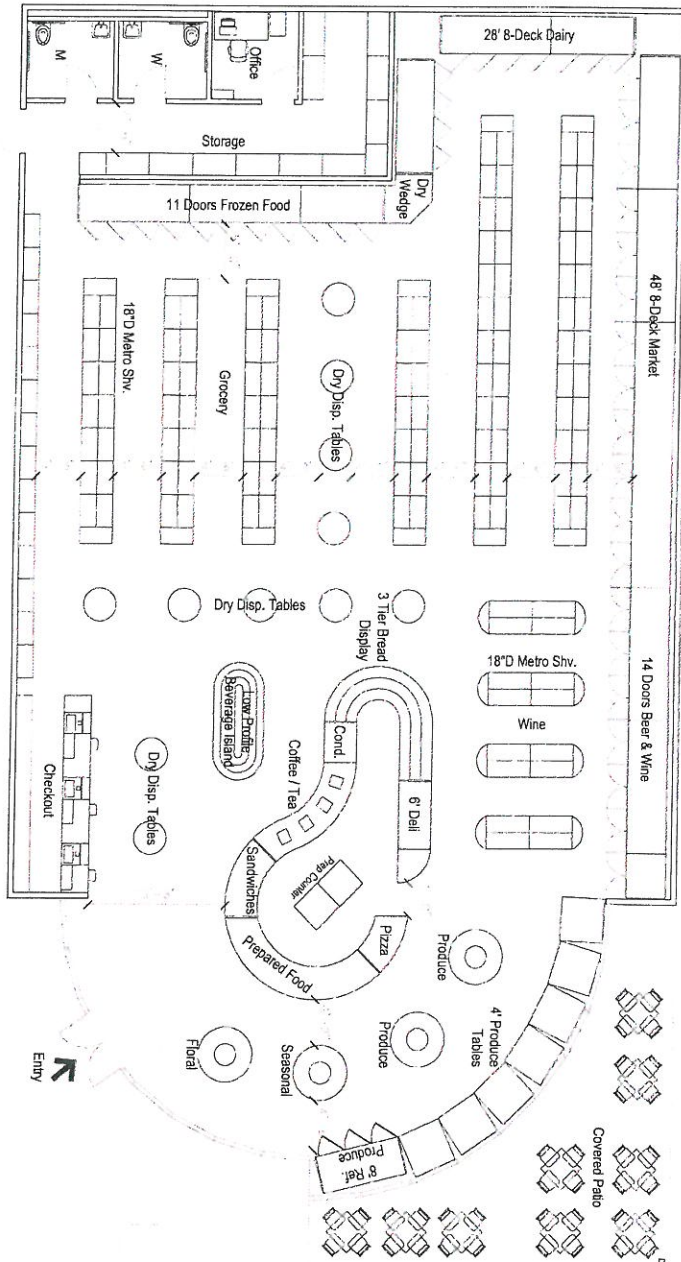
**Parking Summary**  
 PROPOSED AREA BUILDING AREA: 46,680 SF  
 PROPOSED PARKING: 100

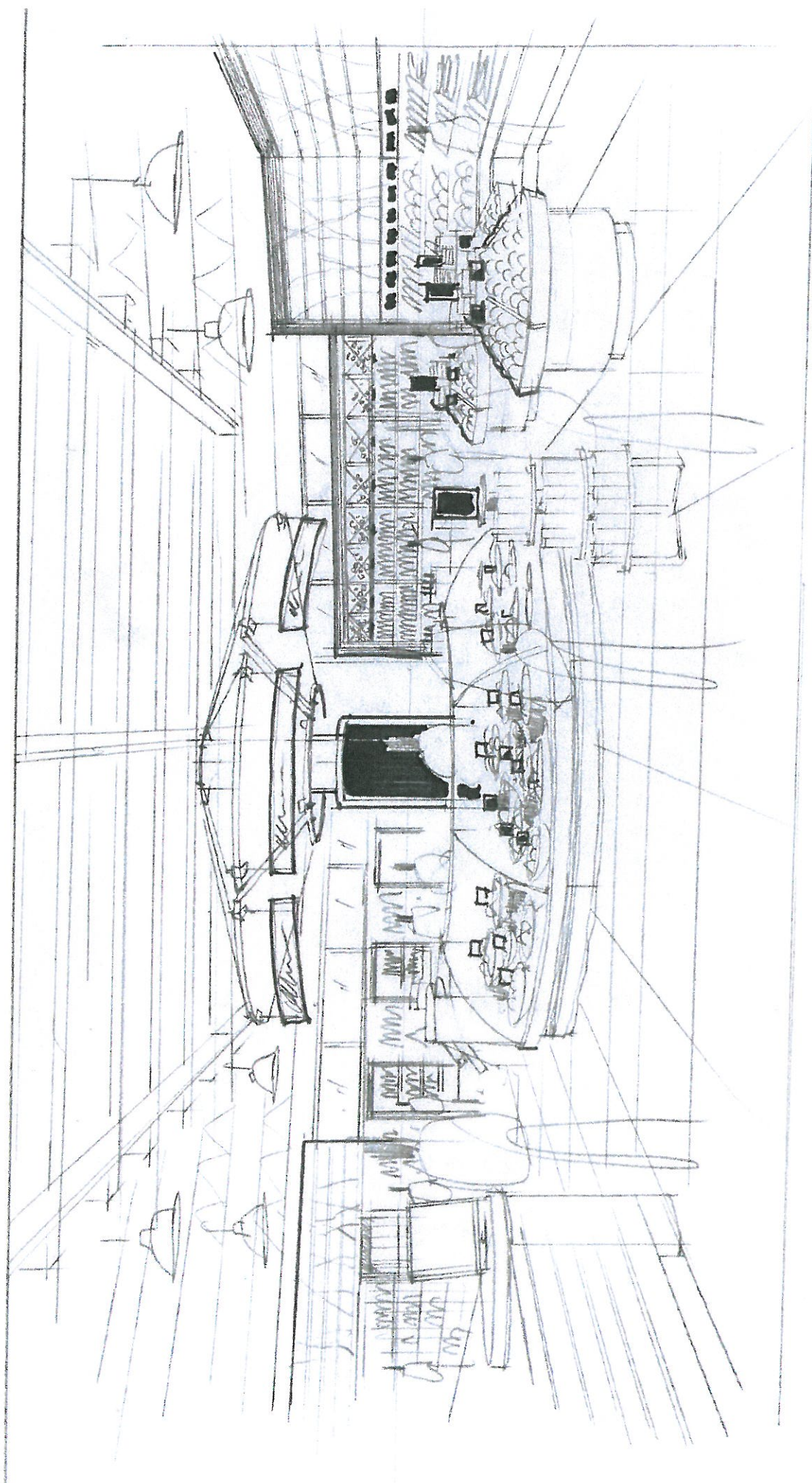


S. Flores St.

E. Cesar Chavez Blvd

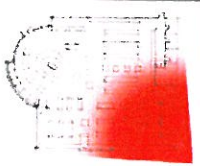
Confidential





# Street Exterior

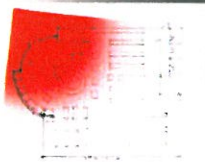
Red Option



pointed metal slatwall

# Entry Exterior

Red Option



# Entry



© 2010 HEB

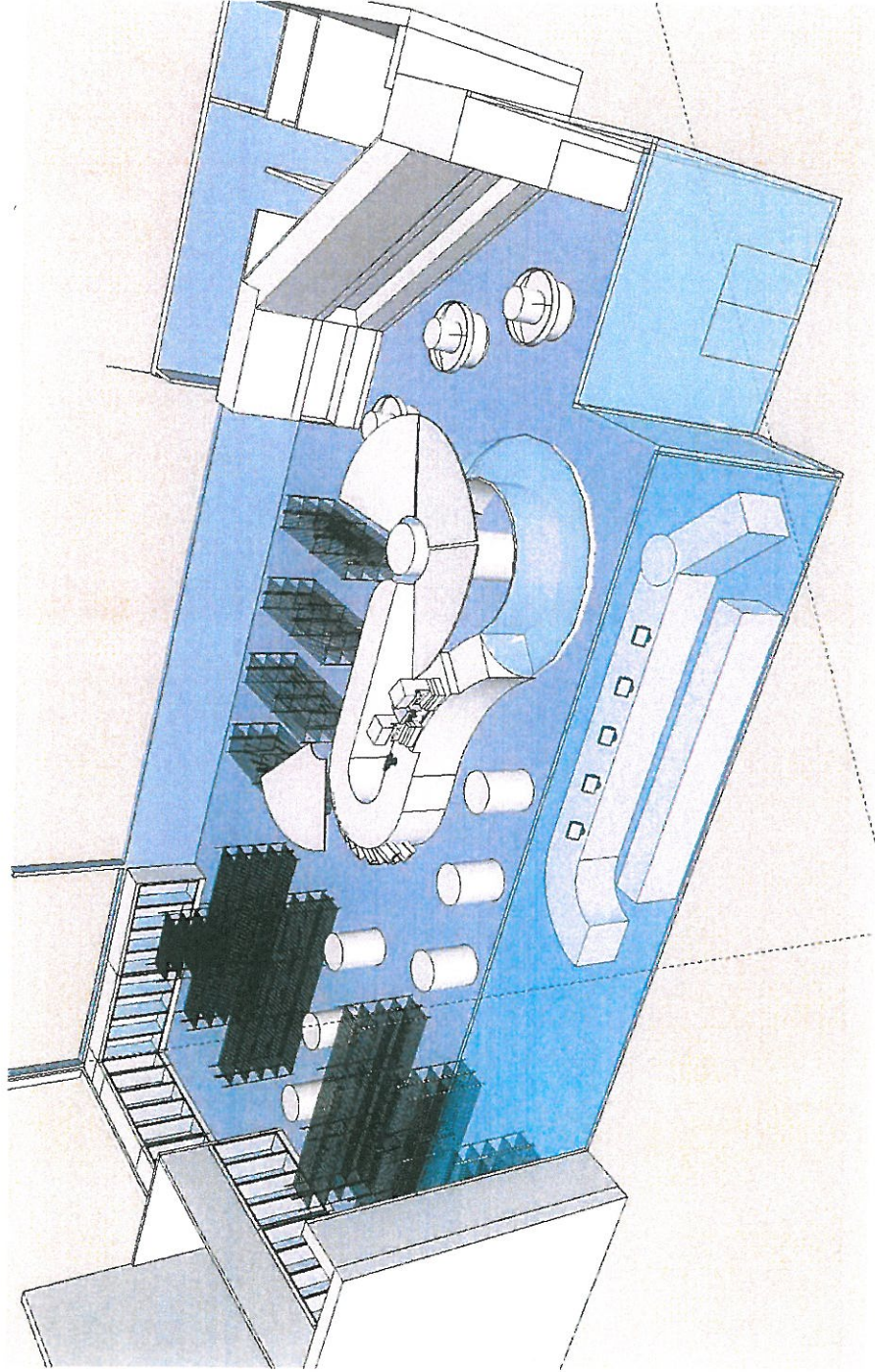
wd

# Checkout



© 2010 HEB

wd



Interior Concept

