

ORDINANCE 2018-09-06-0684

AUTHORIZING A CHAPTER 380 ECONOMIC DEVELOPMENT INCENTIVE FUND (EDIF) GRANT AGREEMENT WITH ERNST AND YOUNG U.S. LLP IN AN AMOUNT NOT TO EXCEED \$300,000.00 FOR THE CREATION OF 300 NEW FULL-TIME JOBS WITHIN FIVE (5) YEARS PAYING AT LEAST \$50,000.00 ANNUALLY.

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WHEREAS, Ernst and Young U.S. LLP (EY) is a multinational professional services firm and one of the “Big Four” accounting firms which provides assurance, tax, auditing, advisory, enterprise risk management, entrepreneurial, and technology and security risk services to public and private companies; and

WHEREAS, EY currently has a San Antonio presence of 265 employees at its downtown Frost Bank Tower offices, and is ramping up its local presence as part of a new Service Delivery Center operation at the Farinon Business Park; and

WHEREAS, to secure the Service Delivery Center operation in San Antonio, in 2017, City Council approved a tax abatement and an EDIF Grant for the project, and designated the site as a Texas Enterprise Zone Project; and

WHEREAS, EY will further expand its presence in San Antonio with the addition of its Government and Public Sector (GPS) Assurance Practice which provides government client services and assists federal agencies with modernization and institutional reform goals by addressing efficiency, effectiveness, and cost, and which employees will perform work in the areas of data and analytics, technology automation, financial management, risk assurance, audit services, technical and business program management, and more; and

WHEREAS, EY will make an additional capital investment of \$5 million in real and personal property at Farinon Business Park, 12707 Silicon Drive, (City Council District 8), and create 300 new full-time jobs over five years - including up to 300 positions making at least \$50,000 annually (Project); - in addition to its current workforce and the jobs required as part of the project approved by City Council in 2017; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, the City of San Antonio (the “City”) is authorized to establish and provide for the administration of one or more programs, including programs for making grants of public money to promote state or local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, in accordance with City Ordinance No. 100684, the City created an Economic Development Program (the “Program”) for the purpose of making grants available for economic development projects that the City finds will accomplish the purpose and goals of Chapter 380; and

WHEREAS, the City finds that the goals of Chapter 380 will be met by assisting EY in undertaking and completing the Project and has identified economic development funds for use in carrying out this purpose; **NOW THEREFORE**:

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

SECTION 1. The City Council approves the terms and conditions of an Economic Development Incentive Fund (EDIF) Grant Agreement with Ernst and Young U.S. LLP.

SECTION 2. The City Manager or her designee is authorized to execute an Economic Development Incentive Fund (EDIF) Grant Agreement with Ernst and Young U.S. LLP in accordance with this Ordinance. A copy of the Agreement, in substantially final form, is attached to this Ordinance as **Attachment I**. The final agreement shall be filed with this Ordinance upon execution.

SECTION 3. Funding in the amount of \$300,000.00 for this Ordinance is available in Fund 29059000, Cost Center 1604010001 and General Ledger 5201040 as part of the Fiscal Year 2018 Budget.

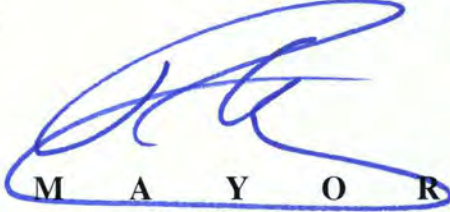
SECTION 4. Payment not to exceed the budgeted amount is authorized to Ernst and Young U.S. LLP (EY) and should be encumbered with a purchase order.

SECTION 5. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance, may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 6. This Ordinance shall become effective immediately upon its passage by eight (8) votes or more and upon ten (10) days following its passage if approved by fewer than eight (8) votes.

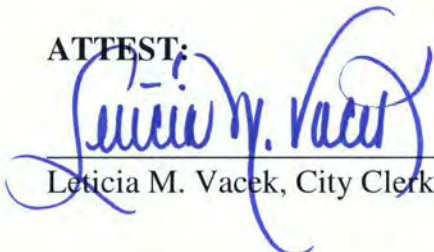
KRH
09/06/18
Item No. 12

PASSED and APPROVED this 6th day of September, 2018.




M A Y O R
Ron Nirenberg

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Andrew Segovia, City Attorney

Agenda Item:	12						
Date:	09/06/2018						
Time:	09:34:03 AM						
Vote Type:	Motion to Approve						
Description:	Ordinance approving a \$300,000.00 Economic Development Incentive Fund Grant Agreement with Ernst and Young U.S. L.L.P. [Carlos Contreras, Assistant City Manager; Rene Dominguez, Director, Economic Development]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x				x
William Cruz Shaw	District 2		x				
Rebecca Viagran	District 3		x			x	
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8	x					
John Courage	District 9		x				
Clayton H. Perry	District 10		x				

KRH
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Item No. 12

Attachment I

STATE OF TEXAS

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**ECONOMIC DEVELOPMENT
GRANT AGREEMENT OF THE
CITY OF SAN ANTONIO**

COUNTY OF BEXAR

This Economic Development Grant Agreement (hereinafter referred to as "this Agreement") is made and entered into by and between the City of San Antonio, a municipal corporation of the State of Texas (hereinafter referred to as "GRANTOR"), acting by and through its City Manager or her designee, and Ernst & Young U.S. LLP, a Delaware limited liability partnership (hereinafter referred to as "GRANTEE") and together referred to as the "Parties".

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, GRANTOR is authorized to grant municipal funds to promote state or local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, in accordance with City Ordinance No. 100684, GRANTOR created an economic development program for the purpose of making such grants available; and

WHEREAS, GRANTEE proposes to lease office space located within the city limits of the City of San Antonio at which GRANTEE will create a new secured facility for GRANTEE's Government and Public Sector practice which assists federal agencies modernize and reform their goals, by addressing efficiency, effectiveness, and cost, while also driving accountability and transparency ("Business Activities); and

WHEREAS, GRANTEE intends to create up to 300 new full-time jobs to be located at the secured facility by December 31, 2023 which are subject to the terms and conditions of this Agreement (the "Project"); and

WHEREAS, once completed, the Project is expected to result in the promotion of local economic development and to stimulate business and commercial activity in the City of San Antonio; and

WHEREAS, GRANTEE is seeking an economic development grant from GRANTOR for the purpose of defraying costs associated with undertaking and completing the Project, and

WHEREAS, GRANTOR, to induce GRANTEE to undertake and complete the Project, has identified funds available to provide a grant to GRANTEE to be solely used for the Project; and

WHEREAS, the City Council of GRANTOR has authorized the GRANTOR's City Manager or her designee to enter into this Agreement with GRANTEE, to grant funds to support the Project in accordance with City Ordinance No. _____, passed and approved on _____, 2018.

NOW THEREFORE:

The Parties hereto severally and collectively agree, and by the execution hereof are bound, to the mutual obligations herein contained and to the performance and accomplishment of the tasks hereinafter described:

SECTION 1. AGREEMENT PURPOSE

The Project is anticipated to promote local economic development and to stimulate business and commercial activity in the City of San Antonio in accordance with Chapter 380 of the Texas Local Government Code. GRANTOR is supporting the Project through this Economic Development Program

Grant to provide funds to be used to defray costs of the Project. This economic incentive is being offered to GRANTEE to promote investment and job creation in a targeted industry of GRANTOR.

SECTION 2. PROJECT REQUIREMENTS

A. GRANTEE shall establish the Project at 12707 Silicon Drive, San Antonio, TX 78249 in the Farinon Business Park (the "Project Site") and conduct its Business Activities at the Project Site commencing on or before January 1, 2019, and through the Term of this Agreement.

B. No Grant Funds, as further described below, shall be disbursed under this Agreement until such time as GRANTEE is conducting its Business Activities at the Project Site.

C. Under the terms of this Agreement GRANTEE shall create up to three hundred (300) Full-Time jobs (the "Full-Time Job Requirement") on or prior to December 31, 2023. A Full-Time Job, for the purposes of this Agreement, shall be a Job by which an individual who works at the Project Site as an employee of GRANTEE is paid for the equivalent of two thousand eighty (2,080) straight-time paid hours in a fiscal year, excluding benefits, bonuses, overtime, shift differentials and any other non-guaranteed wages. The parties agree that the Full-Time Jobs that satisfy the Full-Time Job Requirement do not have to be the same jobs throughout the term of this Agreement.

D. In order for an employee to be counted toward the Full-Time Job Requirement, GRANTEE must pay its employee an annual wage of at least FIFTY THOUSAND DOLLARS (\$50,000) exclusive of benefits, bonuses, overtime, shift differential and any other non-guaranteed wages (the "Minimum Annual Salary"). GRANTEE shall have the limited period set out below from the date of hire to pay an employee the Minimum Annual Salary and must continue to pay such employee at least the Minimum Annual Salary for the remainder of the Term, to include the recapture period, in order to qualify and count toward the Full-Time Job Requirement:

1. An employee hired from the Effective Date through year three (Effective Date through December 31, 2021) must attain the Minimum Annual Salary within five (5) years of their date of hire.
2. An employee hired during year four (January 1, 2022 through December 31, 2022) must attain the Minimum Annual Salary within four (4) years of their date of hire.
3. An employee hired during year five (January 1, 2023 through December 31, 2023) must attain the Minimum Annual Salary within three (3) years of their date of hire.

E. GRANTEE shall comply with all applicable federal, state and local laws and regulations, and shall develop and operate the Project in accordance with the terms and conditions of this Agreement.

F. GRANTEE agrees to utilize its established internship program in association with local colleges and universities to provide internship opportunities to residents of GRANTOR in the ordinary course of GRANTEE's operations consistent with past practice.

SECTION 3. ECONOMIC DEVELOPMENT PROGRAM GRANT AND RECAPTURE OF FUNDS.

A. **Economic Development Program Grant.** GRANTOR is providing GRANTEE with an Economic Development Program Grant in the cumulative maximum amount of THREE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$300,000) ("Grant Funds"). The purposes of the Grant Funds are to: 1) enhance GRANTEE's economic feasibility of expanding the Project at the Project Site; and 2) incentivize

GRANTEE to expand its Business Activities at the Project Site and create and retain for the Term of this Agreement the high-wage Full Time Jobs at the Project.

B. **Grant Disbursement.** Following approval of this Agreement by a duly authorized City Ordinance and execution of this Agreement, GRANTOR will make the Grant Funds available to GRANTEE in the manner set forth below:

1. **Payments.** On an ~~an~~ semi-annual basis commencing on December 31, 2019, GRANTOR shall make a disbursement available to GRANTEE within 60 days of GRANTEE submitting to GRANTOR and GRANTOR verifying such certification as required in Section 7(B) documenting the number of Full-Time Jobs created that meet the requirements of Section 2(C) and (D) of this Agreement. The amount of disbursement shall be an amount equivalent to ONE THOUSAND DOLLARS multiplied by the number of Full-Time Jobs meeting the requirements of Section 2(C) and (D) of this Agreement and not having been counted toward GRANTEE's Full-Time Job requirement previously. For purposes of clarity, GRANTOR shall pay the Grant Funds within 60 days of GRANTEE submitting to GRANTOR its semi-annual certification confirming the number of Full-Time Jobs, not previously reported, paying an annual salary of at least \$50,000. The total amount of Grant Funds to be paid GRANTEE under this Agreement shall not exceed the Grant Funds.
2. Full-Time Jobs for which GRANTEE receives grant funds pursuant to this Agreement must be separate from and in addition to jobs for which GRANTEE receives any other payments from GRANTOR pursuant to any other grant funding agreement with GRANTEE. A single Full-Time Job cannot receive grant funding from GRANTOR or be counted toward the Full-Time Job requirement number under more than one grant funding agreement between the Parties.
3. The Parties acknowledge and agree that once Grant Funds are paid for the creation of a position that meets the wage criteria as set forth herein, GRANTOR shall not pay Grant Funds for that same position at a later time.

C. **Recapture of Program Grant Funds.** Should GRANTEE:

1. Sell all or a substantial portion of its assets without GRANTOR's prior written consent, but only if such sale results in a failure by GRANTEE to perform the Business Activities; or
2. Relocate its Business Activities outside the City of San Antonio; or
3. During the final 5 years of the Term of this Agreement, fail to maintain at least one hundred sixty-six (166) Full-Time Jobs for which Grant Funds were paid in accordance with Section 2(D); or
4. Fail to keep adequate records necessary for the GRANTOR to determine if GRANTEE is performing the Business Activities and satisfying the Full-Time Job Requirement, then

GRANTOR shall have the right, in its sole discretion, to terminate this Agreement and, to the extent Grant Funds were paid, recapture one hundred-percent (100%) of Grant Funds disbursed to GRANTEE pursuant to this Agreement, after written demand is delivered to GRANTEE, which written demand shall afford GRANTEE a 60-day opportunity to either correct the failure resulting in the recapture right or make payment to GRANTOR in an amount paid to the Grantee.

D. **"Per-Job" Repayment.** GRANTEE shall provide to GRANTOR a certificate, on the reporting period following December 31, 2023 in accordance with Section 7(B), indicating the number of Full-Time

Jobs created that meet the requirements of Section 2(C) and (D) of this Agreement for which Grant Funds were disbursed (the "Ending Number"). If, during the remaining Term of this Agreement ("Remainder Term"), the number of Full-Time Jobs as reported in accordance with Section 7(B) falls below the Ending Number, then GRANTEE shall repay GRANTOR an amount equal to the product of \$1,000.00 multiplied by the difference between the number of Full-Time Jobs reported in accordance with Section 7(B) in the Remainder Term and the Ending Number. GRANTOR shall only be repaid once per Full-Time Job subject to the "Per Job" repayment.

SECTION 4. AGREEMENT PERIOD

This Agreement shall commence upon ITS EXECUTION and terminate on December 31, 2028 unless extended by a mutual agreement in writing (the "Term").

SECTION 5. GRANTOR OBLIGATIONS

A. GRANTOR will make an Economic Development Program Grant of THREE HUNDRED THOUSAND DOLLARS (\$300,000) available to GRANTEE under the terms and conditions of this Agreement.

B. GRANTOR will not be liable to GRANTEE or other entity for any costs incurred by GRANTEE other than those which GRANTOR is obligated to reimburse pursuant to the terms of this Agreement.

SECTION 6. RETENTION AND ACCESSIBILITY OF RECORDS

A. GRANTEE shall maintain the fiscal records and supporting documentation for expenditures of funds associated with this Agreement. GRANTEE shall retain such records, and any supporting documentation, for the period required for record retention herein or by any other applicable laws and regulations.

B. GRANTEE shall, following reasonable advance written notice from the GRANTOR, give the GRANTOR, its designee, or any of their duly authorized representatives, access during normal business hours to and the right to examine all books, accounts, records, audit reports, reports, files, documents, written or photographic material, videotape and other papers, things, or property belonging to or in use by GRANTEE pertaining to the Economic Development Grant in San Antonio (the "Records"). The GRANTOR's access to GRANTEE's books and records will be limited to information needed to verify that GRANTEE is and has been complying with the terms of this Agreement and to verify advances made by the GRANTOR and re-payments made by GRANTEE and to verify that the proceeds of the Economic Development Grant are or were used in connection with the development and operation the Project. Any information that is not required by law or applicable professional standards to be made public shall be kept confidential by GRANTOR. GRANTEE shall not be required to disclose to the GRANTOR any information that by law GRANTEE is required to keep confidential. Should any good faith dispute or question arise as to the accuracy of the data provided, the GRANTOR reserves the right to require GRANTEE to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of GRANTEE unless the independent firm confirms that the information as provided by GRANTEE is accurate, in which case the GRANTOR will bear the cost of the independent firm. The rights to access the Records shall continue as long as the Records are retained by GRANTEE in accordance with this section. Failure to provide reasonable access to the Records to authorized GRANTOR representatives shall give the GRANTOR the right to suspend or terminate this Agreement as provided for in Section 14 and 15 below, or any portion thereof, for reason of default. All Records shall be retained by GRANTEE for a period of five (5) years after the completion of the Term or until any audits or other administrative, civil or criminal matters including, but not limited to, investigations, lawsuits, administrative inquiries and open record requests are completed. GRANTEE

agrees to maintain the Records in an accessible location and to provide citizens reasonable access to the Records if required by the Texas Public Information Act on the same terms as the Records are made available to the GRANTOR as set forth above. All of the above notwithstanding, the GRANTOR and the citizens shall have no right to access any confidential or proprietary records of GRANTEE, including but not limited to the ownership and capital structure of GRANTEE.

SECTION 7. MONITORING

A. GRANTOR reserves the right to confirm GRANTEE's compliance with the terms and conditions of this Agreement by monitoring, subject to the requirements of SECTION 6 above. GRANTOR will provide GRANTEE with a written report of the monitor's findings. If the monitoring report notes deficiencies in GRANTEE's performances under the terms of this Agreement, the monitoring report shall include a listing of requirements for the correction of such deficiencies by GRANTEE and a reasonable amount of time in which to attain compliance. Failure by GRANTEE to take action specified in the monitoring report may be cause for suspension or termination of this Agreement, in accordance with Sections 14 and 15 herein.

B. GRANTEE shall provide to GRANTOR a semi-annual certification within sixty (60) days of June 30 and sixty (60) days of December 31 with reasonable supporting information evidencing the creation of and filling of the number of jobs at the Project Site, compliance with the minimum wage requirements as specified in this Agreement and the required investments made at the Project Site. GRANTEE shall use commercially reasonable efforts to not include any personal information of its employees such as addresses, social security numbers, ages, etc. Grantor would prefer a unique identifier be established for each position reflecting annual wages, exclusive of benefits, overtime, bonuses, overtime, shift differentials, or any other amount not guaranteed to be paid each year, and home zip code.

SECTION 8. CONFLICT OF INTEREST

A. GRANTEE shall use reasonable business efforts to confirm that no employee, officer, or individual agent of GRANTEE shall participate in the selection, award or administration of a subcontract supported by funds provided hereunder if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when: (1) the employee, officer, or individual agent; (2) any member of his or her immediate family; (3) his or her partner; or, (4) any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm or person selected to perform the subcontract and the relationship calls for payments to be made to such subcontractor on terms which are greater than those which are customary in the industry for similar services conducted on similar terms. GRANTEE shall comply with Chapter 171, Texas Local Government Code as well as the GRANTOR's Code of Ethics.

SECTION 9. NONDISCRIMINATION AND SECTARIAN ACTIVITY

A. GRANTEE shall use reasonable business efforts to confirm that no person shall, on the ground of race, color, national origin, religion, sex, age or handicap, be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied access to any program or activity funded in whole or in part with funds made available under this Agreement.

B. None of the performances rendered by GRANTEE under this Agreement shall involve, and no portion of the funds received by GRANTEE under this Agreement shall be used in support of, any sectarian or religious activity, nor shall any facility used in the performance of this Agreement be used for sectarian instruction or as a place of religious worship.

C. GRANTEE shall include the substance of this Section 9 in all agreements associated with the funds made available through this Agreement unless such agreements were entered into before the date of this Agreement.

SECTION 10. LEGAL AUTHORITY

A. Each party assures and guarantees to the other that they possess the legal authority to enter into this Agreement, to receive/deliver the funds authorized by this Agreement, and to perform their obligations hereunder.

B. The person or persons signing and executing this Agreement on behalf of each party or representing themselves as signing and executing this Agreement on behalf of a party, do hereby represent that he, she or they have been duly authorized to execute this Agreement on behalf of that party and to validly and legally bind that party to all terms, performances and provisions herein set forth.

C. GRANTOR will have the right to suspend or terminate this Agreement in accordance with Sections 14 and 15 herein if there is a dispute as to the legal authority of either GRANTEE, or the person signing this Agreement, to enter into this Agreement, any amendments hereto or failure to render performances hereunder.

SECTION 11. LITIGATION AND CLAIMS

A. GRANTEE shall give GRANTOR immediate notice in writing of any action, including any proceeding before an administrative agency, filed against GRANTEE arising out the performance of any subcontract hereunder. Except as otherwise directed by GRANTOR, GRANTEE shall furnish immediately to GRANTOR copies of all pertinent papers received by GRANTEE with respect to such action or claim. GRANTEE shall notify the GRANTOR immediately of any legal action filed against the GRANTEE or any subcontractor of which GRANTEE is actually aware, or of any proceeding filed under the federal bankruptcy code, in each case, in connection with this Agreement. GRANTEE shall submit a copy of such notice to GRANTOR within 30 calendar days after receipt. No funds provided under this Agreement may be used in the payment of any costs incurred from violations of or settlements relating to, or failure to comply with, federal and state regulations. The above notwithstanding GRANTEE is not required to notify GRANTOR of claim or litigation which arises out of GRANTEE's operations on the Project, including without limitation, landlord/tenant disputes, personal injury actions (slip and falls), and other operational activities or relationships.

B. GRANTOR and GRANTEE acknowledge that GRANTOR is a political subdivision of the State of Texas and is subject to, and complies with, the applicable provisions of the Texas Tort Claims Act, as set out in the Civil Practice and Remedies Code, Section 101.001 et. seq., and the remedies authorized therein regarding claims and causes of action that may be asserted by third parties for accident, injury or death.

C. This Agreement shall be interpreted according to the Constitution and the laws of the State of Texas. Venue of any court action brought directly or indirectly by reason of this Agreement shall be in Bexar County, Texas.

SECTION 12. RESERVED

SECTION 13. CHANGES AND AMENDMENTS

A. Except as provided below, any alterations, additions, or deletions to the terms of this Agreement shall be by amendment hereto in writing and executed by both parties to this Agreement upon GRANTOR approval and authorization of GRANTEE.

B. It is understood and agreed by the parties hereto that performances under this Agreement shall be rendered in accordance with the laws and rules governing the Economic Development Program as set forth in Texas Local Government Code Chapter 380, and the terms and conditions of this Agreement.

C. Any alterations, additions, or deletions to the terms of this Agreement required by changes in state law or regulations are automatically incorporated into this Agreement without written amendment hereto, and shall become effective on the date designated by such law or regulation.

SECTION 14. SUSPENSION

A. Notwithstanding the provisions of Chapter 2251 of the Texas Government Code, in the event GRANTEE commits a Default Event, which, for the purposes of this Agreement shall mean failing to comply with Section 2(C) and (D), and (E) and/or failing to repay Grant Funds as required under Section 3(C) of this Agreement, GRANTOR shall provide GRANTEE with written notification as to the nature of the Default Event. GRANTOR shall grant GRANTEE a sixty (60) day period from the date of the GRANTOR's written notification to cure any Default Event. Should GRANTEE fail to cure any Default Event within this period of time, the GRANTOR may, upon written Notice of Suspension to GRANTEE, suspend this Agreement in whole or in part by withholding further payments to GRANTEE, and prohibit GRANTEE from incurring additional obligations of funds under this Agreement. Such Notice of Suspension shall include: (1) the reasons for such suspension; (2) the effective date of such suspension; and, (3) in the case of partial suspension, the portion of the Agreement to be suspended.

B. In the case of a Default Event that occurs for causes beyond GRANTEE's reasonable control, which cannot with due diligence be cured within such sixty (60) day period, the GRANTOR may, in its reasonable discretion, extend the cure period provided that GRANTEE shall: (1) immediately upon receipt of Notice of Suspension advise GRANTOR of GRANTEE's intention to institute all steps necessary to cure such default and the associated time frame; and (2) institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

C. A suspension under this Section 14 may be lifted at the reasonable discretion of the GRANTOR upon a showing of compliance with or written waiver by GRANTOR of the term(s) in question.

D. With the exception of payment for work in progress or materials ordered prior to receiving a Notice of Suspension, GRANTOR shall not be liable to GRANTEE or to GRANTEE's creditors for costs incurred during any term of suspension of this Agreement unless GRANTOR improperly exercised its right of suspension.

SECTION 15. TERMINATION

A. GRANTOR shall have the right to terminate this Agreement in the event GRANTEE commits a Default Event that remains uncured for a period of sixty (60) days. GRANTOR will provide GRANTEE with written notification as to the nature of the Default Event and grant GRANTEE a sixty (60) day period from the date of the GRANTOR's written notification to cure any Default Event. Should GRANTEE fail to cure any Default Event within this period of time, the GRANTOR may, upon issuance to GRANTEE of a written Notice of Termination, either suspend this Agreement pursuant to the provisions of SECTION 14 above, or terminate this Agreement in whole or in part, in which case the GRANTOR may: (1) withhold further payments to GRANTEE; and/or (2) accelerate the repayment of the Grant Funds to the extent recaptured in accordance with Section 3(c). Such notification shall include: (1) the reasons for such termination; (2) the effective date of such termination; and, (3) in the case of partial termination, the portion of the Agreement to be terminated.

B. In the case of a Default Event that occurs for causes beyond GRANTEE's reasonable control, which cannot with due diligence be cured within such sixty (60) day period, the GRANTOR may, in its reasonable discretion, extend the cure period provided that GRANTEE shall: (1) immediately upon receipt of Notice of Termination advise GRANTOR of GRANTEE's intention to institute all steps necessary to cure such default and the associated time frame; and (2) institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

C. In the absence of a Default Event, this Agreement may be terminated in whole or in part only as follows:

1. By the GRANTOR (with the written consent of the GRANTEE), in which case the two parties shall agree upon the termination conditions, including the repayment of Grant Funds, the effective date, and, in the case of partial termination, the portion to be terminated; or
2. By GRANTEE upon written notification to the GRANTOR, setting forth the reasons of such termination, a proposed pay-back plan of any Grant Funds granted, the effective date, and, in the case of partial termination, the portion to be terminated. However, if, in the case of partial termination, the GRANTOR determines in its sole discretion that the remaining portion of the award will not accomplish the purpose for which the award was made, the GRANTOR may terminate the award in its entirety under SECTION 15.

SECTION 16. SPECIAL CONDITIONS AND TERMS

GRANTEE understands and agrees that if GRANTEE is a "business" and if the GRANTOR's contribution under this Agreement is a "public subsidy" as that term is defined in Chapter 2264 of Subtitle F, Title 10 of the Government Code (80 (R) HB 1196), then GRANTEE is required to refund money, pursuant to 80(R) HB 1196, GRANTEE has received from GRANTOR through this Agreement, in the event of a conviction of knowingly employing an undocumented worker, with repayment required within six months of final conviction. Interest shall accrue at the rate of .5% per month until the time of such repayment from the date of final conviction.

SECTION 17. NOTICE

Except where the terms of this Agreement expressly provide otherwise, any election, notice or communication required or permitted to be given under this Agreement shall be in writing and deemed to have been duly given if and when delivered personally (with receipt acknowledged), or three (3) days after depositing same in the U.S. mail, first class, with proper postage prepaid, or upon receipt if sending the same by certified mail, return receipt requested, or upon receipt when sent by a commercial courier service (such as Federal Express or DHL Worldwide Express) for expedited delivery to be confirmed in writing by such courier, at the addresses set forth below or to such other address as either party may from time to time designate in writing.

If intended for Grantor, to:

City of San Antonio
Economic Development Department
Attn: Director
P.O. Box 839966
San Antonio, Texas 78283-3966

If intended for Grantee, to:

Ernst & Young U.S. LLP
Attn: Win Williamson
201 N. Franklin Street, Ste. 2400
Tampa, Florida 33602

With a copy to:

Ernst & Young U.S. LLP
Attn: Lease Administration
950 Main Avenue
Cleveland, OH 44113

And, for copies of any notices of default, to:

Ernst & Young U.S. LLP
Attn: General Counsel's Office
5 Times Square
New York, NY 10036

SECTION 18. DEBARMENT

By signing this Agreement, GRANTEE certifies that it will not knowingly pay any funds provided under this Agreement to any party which is debarred, suspended or otherwise excluded from or ineligible for participation in assistance programs by the GRANTOR.

SECTION 19. RIGHTS UPON DEFAULT

It is expressly understood and agreed by the Parties hereto that any right or remedy provided for in this Agreement shall not preclude the exercise of any other right or remedy under any other agreements between GRANTEE and the GRANTOR or under any provision of law, nor shall any action taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies. Failure to exercise any right or remedy hereunder shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

SECTION 20. NON-ASSIGNMENT

This Agreement is not assignable without the prior written consent of GRANTOR. Any other attempt to assign the Agreement shall not relieve GRANTEE from liability under this Agreement and shall not release GRANTEE from performing any of the terms, covenants and conditions herein. GRANTEE shall be held responsible for all funds received under this Agreement. Notwithstanding the foregoing, GRANTEE may assign the Agreement, upon consent of GRANTOR, which shall not be unreasonably withheld or delayed, in conjunction with a sale or merger of the company so long as the entity that will succeed to GRANTEE's rights under this Agreement assumes in writing all of GRANTEE's obligations hereunder.

SECTION 21. ORAL AND WRITTEN AGREEMENTS

All oral and written agreements between the Parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement have been reduced to writing and are contained in this Agreement.

SECTION 22. AUTHORIZED RELIEF FROM PERFORMANCE (*Force Majeure*)

GRANTOR may grant temporary relief from performance of this Agreement if GRANTEE is prevented from compliance and performance by an act of war, order of legal authority, act of God, or other unavoidable cause not attributed to the fault or negligence of the GRANTEE. The burden of proof for the need for such relief shall rest upon the GRANTEE. To obtain release based upon *force majeure*, GRANTEE must file a written request with the GRANTOR. Should GRANTOR grant temporary relief to GRANTEE, it shall in no case relieve GRANTEE from any repayment obligations as specified in Section 3(c) of this Agreement.

SECTION 22. INDEPENDENCE

Because the GRANTEE is a public accounting firm, it is subject to strict regulation of its independence as it relates to its audit clients. To comply with these regulations, the GRANTEE must identify and evaluate all of its direct and indirect business relationships with its audit clients. To assist the GRANTEE with its compliance efforts, the GRANTOR hereby represents and warrants, on and as of the execution hereof, that (a) offering the Grant Funds is consistent with grants provided under the Economic Development Incentive Fund Program to other eligible businesses for eligible projects, and (b) this Agreement does not contain terms and conditions that are, in the aggregate, more favorable than those being offered by the GRANTOR to similarly eligible companies for similarly eligible projects.

Signatures appear on next page.

WITNESS OUR HANDS, EFFECTIVE as of _____, 2018 (“Effective Date”):

Accepted and executed in triplicate originals on behalf of the City of San Antonio pursuant to City Ordinance Number _____, dated _____ 2018, and GRANTEE pursuant to the authority of its _____.

GRANTOR:
CITY OF SAN ANTONIO,
a Municipal Corporation

GRANTEE:
ERNST & YOUNG U.S. LLP,
a Delaware Limited Liability Partnership

Sheryl L. Sculley
CITY MANAGER

By: _____
Name: _____
Title: _____

ATTEST:

Leticia Vacek
CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

CITY COUNCIL A SESSION



Ernst & Young U.S. LLP

September 6, 2018

Agenda #12

Rene Dominguez, Director, Economic Development Department

BACKGROUND



- Founded in 1889 and headquartered in London, UK.
- EY has offices across the U.S. and in Australia, Europe, and Asia.
- One of the global “Big Four” accounting firms.

BACKGROUND



- EY is looking to expand its San Antonio presence with a new Government and Public Sector (GPS) Assurance Practice branch at 12707 Silicon Drive.
- GPS assists federal agencies in helping them with modernization and reform goals.
- Addition to EY's existing presence at the Frost Bank Building and the Service Delivery Center that received City incentives in 2017.

PROPOSED INCENTIVE



\$300K Economic Development Incentive Fund (EDIF) Grant

- Performance-based grant for up to 300 new jobs with a salary of at least \$50K per year.

PROJECT BENEFITS



- Expansion in San Antonio of an innovative, global, industry-leading company.
- Creation of up to 300 new full-time jobs, paying at least \$50K.
- Capital investment of at least \$5M in real and personal property.
- Requirement that the company continue to use its established internship program in association with local colleges and universities.

FISCAL IMPACT



\$300K available in the FY 2018 Economic Development Incentive Fund.

RECOMMENDATION



- Approval of a \$300K EDIF grant to secure the expansion of EY's GPS Assurance Practice in San Antonio.

CITY COUNCIL A SESSION



Ernst & Young U.S. LLP

September 6, 2018

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Rene Dominguez, Director, Economic Development Department