

AN ORDINANCE 2014 - 06 - 05 - 0393

**AUTHORIZING AN AMENDMENT TO THE ECONOMIC DEVELOPMENT GRANT AGREEMENT WITH MINIMED DISTRIBUTION CORPORATION (“MINIMED”).**

\* \* \* \* \*

**WHEREAS**, on May 21, 2009, the City Council authorized an Economic Development Grant Agreement (the “Agreement”) with MiniMed Distribution Corporation to establish a diabetes therapy management and education center at 18302 Talavera Ridge, San Antonio, TX 78257 (the “Project Site”), to invest approximately \$23 million in property improvements and to create 1,300 Full-Time jobs at the Project Site (the “Project”); and

**WHEREAS**, due to workforce efficiencies, MiniMed is seeking to amend the Agreement to provide for the use of contract employees and to reduce the required number of full-time jobs created from 1,300 to 1,116; and

**WHEREAS**, the City finds that the goals of the City’s Economic Development Grant Program will continue to be met by amending the Agreement and continuing to assist MiniMed in completing the Project; **NOW THEREFORE:**

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

**SECTION 1.** The terms and conditions of the First Amendment to the Economic Development Grant Agreement (the “Amendment”) are hereby approved. The City Manager, or her designee, is authorized to execute said Amendment in accordance with this Ordinance. A copy of the Amendment in substantially final form is set out in “**Attachment I**” and is made a part of this Ordinance. The final copy of the Amendment shall be attached when fully executed.

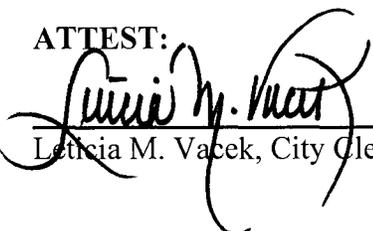
**SECTION 2.** This Ordinance shall become effective immediately upon its passage by eight (8) votes or more and upon ten (10) days following its passage if approved by fewer than eight (8) votes.

PASSED AND APPROVED this 5<sup>th</sup> day of June, 2014.

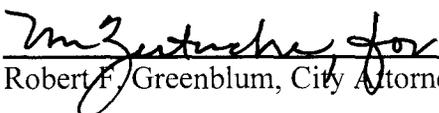


M A Y O R  
Julián Castro

ATTEST:

  
\_\_\_\_\_  
Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Robert F. Greenblum, City Attorney

<b>Agenda Item:</b>	<b>14</b>						
<b>Date:</b>	06/05/2014						
<b>Time:</b>	09:46:08 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance authorizing an amendment to a Chapter 380 Economic Development Program Grant Agreement of the City of San Antonio with MiniMed Distribution Corporation (subsidiary of Medtronic, Inc.). [Carlos Contreras, Assistant City Manager; Rene Dominguez, Director, Economic Development]						
<b>Result:</b>	Passed						
<b>Voter</b>	<b>Group</b>	<b>Not Present</b>	<b>Yea</b>	<b>Nay</b>	<b>Abstain</b>	<b>Motion</b>	<b>Second</b>
Julián Castro	Mayor		x				
Diego Bernal	District 1		x				
Ivy R. Taylor	District 2		x				
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x			x	
Cris Medina	District 7	x					
Ron Nirenberg	District 8		x				x
Joe Krier	District 9		x				
Michael Gallagher	District 10		x				

# **ATTACHMENT I**

**FIRST AMENDMENT TO THE ECONOMIC DEVELOPMENT GRANT AGREEMENT**  
**BETWEEN THE CITY OF SAN ANTONIO AND MINIMED DISTRIBUTION**  
**CORPORATION**

This First Amendment to the Economic Development Grant Agreement (this “FIRST AMENDMENT”) is entered into by and between the City of San Antonio (“CITY”), a municipal corporation governed by the laws of the State of Texas and MiniMed Distribution Corporation, a Delaware corporation, (“MiniMed”). Together, CITY and MiniMed may be referred to, herein, as “the Parties.”

**RECITALS**

A. CITY and MiniMed entered into that certain Economic Development Grant Agreement (the “Agreements”) authorized by City of San Antonio Ordinance No. 2009-05-21-0398, passed and approved on May 21, 2014.

B. Prior to this First Amendment, the Agreement was in full effect and, subject to the terms of this First Amendment, MiniMed was in compliance with all terms and conditions of the Agreement.

C. The Parties, now seek to amend the terms and conditions of the Agreement as stated in this First Amendment and affirm that all other provisions of the Agreement remain in full force and effect.

**AMENDMENT**

NOW THEREFORE, the Parties hereby agree and amend as follows:

1. Definitions. All capitalized terms used in this First Amendment without definition herein shall have the meanings assigned to such terms in the Agreements.
2. Amendment. The Parties hereby mutually agree to amend the Agreements as follows:

(A) The definition of “Full-Time Job” shall include third-party contract positions that: 1) otherwise meet the definition of Full-Time Jobs, including having a work schedule of at least 2,080 hours per fiscal year as provided in the Agreement; 2) meet the required minimum wage requirements of \$10.60 per hour, with at least 70% of the Full-Time Jobs earning \$12.76 per hour, as outlined in the Agreement; and 3) offer employees the opportunity to participate in MiniMed’s employee benefits program or a benefits program (either offered by MiniMed or the third-party contractor) that includes health care plan coverage similar to what MiniMed offers to similarly situated employees at other locations.

(B) Section 3(D)(5) shall be deleted in its entirety.

(C) Section 4(A)(1)(v) shall be deleted in its entirety.

3. Effective Date. This First Amendment shall be effective upon passage of a duly authorized ordinance of the City Council of the City of San Antonio which shall be attached hereto and made a part of this First Amendment.
4. No Other Changes. Except as specifically set forth in this First Amendment, all of the terms and conditions of the Agreements shall remain the same and are hereby ratified and confirmed. The Agreements shall continue in full force and effect and with this First Amendment shall be read and construed as one instrument.
5. Choice of Law. This First Amendment shall be construed in accordance with and governed by the laws of the State of Texas.
6. Counterparts. This First Amendment may be executed in any number of counterparts, but all such counterparts shall together constitute but one instrument. In making proof of this First Amendment it shall not be necessary to produce or account for more than one counterpart signed by each party hereto by and against which enforcement hereof is sought.

**WITNESS HEREOF**, the parties hereto have executed in triplicate originals this First Amendment on the \_\_\_\_ day of \_\_\_\_\_ 2014.

**CITY OF SAN ANTONIO**

**MINIMED DISTRIBUTION CORPORATION**

\_\_\_\_\_  
Sheryl L. Sculley  
City Manager

\_\_\_\_\_  
Name:  
Title:

ATTEST:

ATTEST:

\_\_\_\_\_  
Leticia Vacek  
City Clerk

\_\_\_\_\_  
Name:  
Title:

APPROVED AS TO FORM:

\_\_\_\_\_  
Robert F. Greenblum  
City Attorney

## **City Council Item #14**



# **Amendment of a Chapter 380 Grant Agreement with MiniMed Distribution Corporation (subsidiary of Medtronic, Inc.)**

**Economic Development Department  
June 5, 2014**

**Rene Dominguez, Director, Economic Development Department**

# Summary

- Staff is recommending an amendment to the City's Economic Development Grant Agreement with MiniMed Distribution Corporation (MiniMed) dated May 21, 2009.
- The Grant Agreement requires a capital investment of \$23 million and the creation of 1,300 new full-time jobs within 5 years.
- The Grant Agreement includes a \$2.33 million grant disbursed over a 5 year period (\$1,792/job), and a rebate of 100% of property taxes over a 10 year period.
- To date, the company has exceeded all job creation and capital investment requirements.



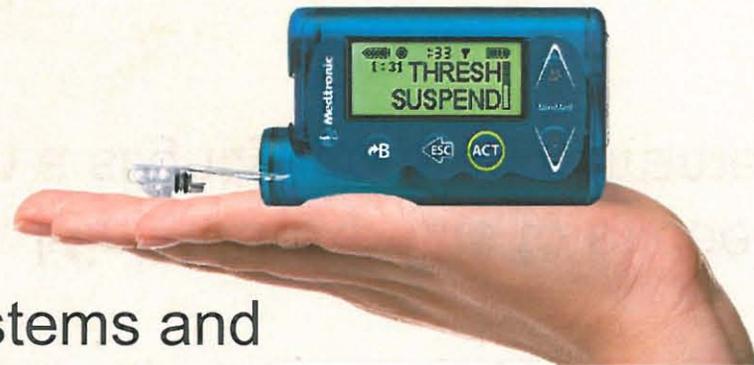
# Summary (Cont.)

- MiniMed is requesting an amendment to reduce the required number of full-time jobs from 1,300 to 1,116 based on its current outlook in light of today's changing healthcare landscape.
- Despite its operational challenges, MiniMed expects to exceed and maintain 1,300 full-time jobs within a slightly longer timeframe than had been originally anticipated.
- The amendment will allow the City to retain the final \$330,000 grant disbursement, which represents the final payment to the company for reaching the job creation benchmark of 1,300 employees.



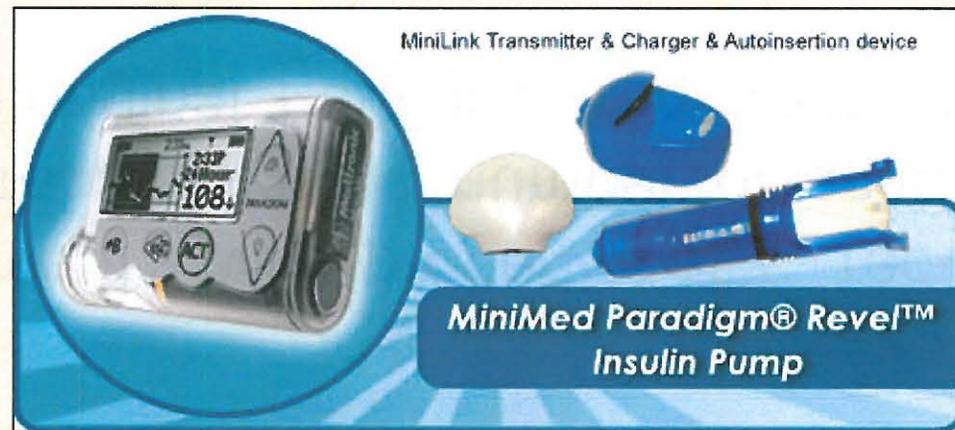
# Background

- In 2009, the City, as part of an incentive package, awarded MiniMed \$2.3 million in economic development grant funds to locate its National Diabetes Therapy Management and Education Center at 18302 Talavera Ridge in City Council District 8.
- MiniMed is a world leader in integrated diabetes management systems, insulin pump therapy, continuous glucose monitoring systems and therapy management.



# Background (Cont.)

- MiniMed asked the City to consider an amendment to the Grant Agreement that will reduce the required number of full-time jobs to 1,116 (a reduction of 184 jobs).

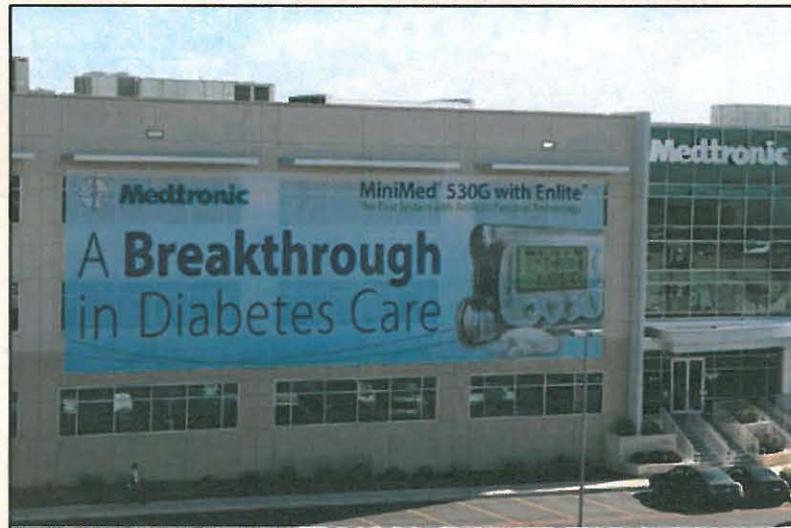


# Issue

- The Grant Agreement provides for the City and MiniMed to mutually agree to amend its terms and conditions.
- The amendment will proportionally reduce MiniMed's property tax rebate by the number of actual jobs retained (based on the original 1,300 jobs requirement).
- The City and MiniMed will continue their contractual relationship, including the Agreement's job retention requirements and the City's grant payment recapture remedies for further reductions to its workforce.

# Fiscal Impact

- Amending the Grant Agreement will provide a more favorable grant recovery and reduced property tax rebate remedies for the City than could be achieved otherwise under the Agreement.



# Recommendation

- Staff recommends approval of an Ordinance authorizing the amendment of the City's Grant Agreement with MiniMed.



## City Council Item #14



# Amendment of a Chapter 380 Grant Agreement with **MiniMed Distribution Corporation** (subsidiary of Medtronic, Inc.)

Economic Development Department  
June 5, 2014

Rene Dominguez, Director, Economic Development Department