

THIS IS A PROPOSED DRAFT AND WILL BE REPLACED BY THE FINAL, SIGNED ORDINANCE OR RESOLUTION ADOPTED BY CITY COUNCIL.

ORDINANCE

AUTHORIZING AND APPROVING THE TERMS AND CONDITIONS OF A TAX ABATEMENT AGREEMENT WITH CAPLINK, USA, INC., AND FGF, LLC TO EXEMPT ONE HUNDRED PERCENT (100%) OF AD VALOREM TAXES FOR A PERIOD OF TEN (10) YEARS ON REAL AND PERSONAL PROPERTY INVESTMENTS WITHIN AN EXISTING ENTERPRISE ZONE WHICH INCLUDES A CHAPTER 380 ECONOMIC DEVELOPMENT INCENTIVE FUND (EDIF) GRANT IN AN AMOUNT NOT TO EXCEED \$500,000.00 IN WORKFORCE DEVELOPMENT FUNDS.

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WHEREAS, FGF Brands is a privately-held baked goods manufacturer headquartered in Toronto, Canada with a total global workforce of 2,400 which acquired Hill Country Bakery which is based in San Antonio and produces and supplies baked goods for clients across North America; and

WHEREAS, FGF, LLC (FGF) and CAPLINK, USA, Inc. (CAPLINK) are establishing U.S. headquarters and expanding existing operations by investing \$129,500,000 in real and personal property improvements and adding 600 new jobs over ten years at a new business campus and bakery equipped with state-of-the-art manufacturing technology to be located at 6245 State Hwy 151 in Council District 6 (the "Project"); and

WHEREAS, CAPLINK and FGF have committed to hiring 35% of its workforce from targeted populations and investing \$100,000.00 per year in employee retention programs focused on economic mobility which is referred to as an Upskill Partnership Plan (UPP) and must include job coaching, barrier assessments, referrals to services to overcome such barriers, and access to training funds; and

WHEREAS, FGF, through an EDIF Grant provided by the City, will provide training funds in an amount not to exceed \$500,000, to be paid out at a rate of \$50,000 per year over ten years, to reimburse FGF for training funds paid to qualifying employees to promote economic mobility; and

WHEREAS, the City Council finds that offering FGF/CAPLINK a Tax Abatement Agreement for its real and personal property improvements is a reasonable incentive to help induce FGF/CAPLINK to make significant real and personal property improvements to create a new business campus, expand its operations and create 600 new full-time jobs in San Antonio; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, 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 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 Council finds that it is in the best interest of the City to approve a Tax Abatement Agreement with FGF/CAPLINK to induce the desired and beneficial economic development in the Enterprise Zone and further finds that the goals of Chapter 380 will be met by assisting FGF/CAPLINK 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 a Tax Abatement Agreement with FGF, LLC and CAPLINK, USA, Inc. granting a one hundred-percent (100%), ten (10) year abatement of ad valorem real and personal property taxes within a Texas Enterprise Zone, to include a Chapter 380 Economic Development Incentive Fund Grant, are hereby approved.

SECTION 2. The City Manager or designee is authorized to execute a Tax Abatement Agreement, to include an EDIF grant, with FGF, LLC and CAPLINK, USA, Inc. 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 \$500,000.00 for this Ordinance is available in Fund 29059000, Cost Center 1604010001, and General Ledger 5201040 as part of the Fiscal Year 2020 budget.

SECTION 4. Payment not to exceed the budgeted amount is authorized to CAPLINK, USA, Inc., and FGF, LLC in the form of a Chapter 380 Economic Development Incentive Fund (EDIF) Grant.

SECTION 5. The financial allocations in this Ordinance are subject to approval by the Deputy Chief Financial Officer, City of San Antonio. The Deputy Chief Financial Officer may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers 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)

KRH
10/31/19
Item No. _____

votes.

PASSED AND APPROVED this _____ day of October, 2019.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Leticia M. Vacek, City Clerk

Andrew Segovia, City Attorney

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Attachment I

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