

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

ORDINANCE

AUTHORIZING A CHAPTER 380 ECONOMIC DEVELOPMENT INCENTIVE FUND (EDIF) GRANT AGREEMENT WITH PENTAGON FEDERAL CREDIT UNION (PENFED) FOR (A) AN ECONOMIC DEVELOPMENT INCENTIVE FUND GRANT UP TO A MAXIMUM OF \$221,000.00 BASED ON 221 NEW FULL-TIME JOBS MAKING \$50,000.00 OR MORE ANNUALLY WITHIN FIVE YEARS; AND (B) A 15-YEAR, 60% TAX REBATE, WITH A TOTAL VALUE CAP OF \$500,942.00 BASED ON A CAPITAL INVESTMENT OF AT LEAST \$8.9 MILLION AND THE CREATION OF 571 NEW FULL-TIME JOBS OVER FIVE YEARS.

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WHEREAS, PenFed was established in 1935 as the War Department Credit Union and is the nation’s third largest federal credit union, headquartered in McLean, Virginia, with over 1.6 million members and \$24 billion in assets; and

WHEREAS, the company offers mortgage products, automobile loans, credit cards, and other financial services to its member and proposes to establish a Regional Center of Excellence at 19500 Bulverde Rd, San Antonio, TX 78259 which will include a variety of support positions and IT roles, including software analysts, engineers, and developers; and

WHEREAS, PenFed intends to make a capital investment of at least \$8.9 million and create at least 571 new, full-time jobs over five years at the project site, of which up to 221 jobs will have a base pay over \$50,000.00 with 105 jobs above \$70,000.00 (the “Project”); and

WHEREAS, the PenFed incentive agreement has a total value of \$721,942 and includes an EDIF Grant of up to \$221,000.00 (\$1,000.00/job) for the creation of up to 221 new full-time jobs with an annual salary of at least \$50,000.00 before benefits and a 15-Year, 60% Tax Rebate for all new real and personal property improvements at the project site, based on a real and personal property investment of at least \$8.9 million, with a total value cap of \$500,942.00; 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 PenFed 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 Pentagon Federal Credit Union.

SECTION 2. The City Manager or her designee is authorized to execute an Economic Development Incentive Fund (EDIF) Grant Agreement with Pentagon Federal Credit Union in accordance with this Ordinance. A copy of the Agreement, in substantially final form, is attached to this Ordinance as Attachment I.

SECTION 3. Funding in the amount of \$221,000.00 is available in Fund 29059000, Cost Center 1604010001 and General Ledger 5201040 as part of the Fiscal Year 2019 Budget.

SECTION 4. Payment not to exceed the budgeted amount is authorized to Pentagon Federal Credit Union (PenFed) for the creation of up to 221 new full-time jobs with an annual salary of at least \$50,000.00 before benefits, bonuses, and other non-guaranteed pay at the project site within 5 years.

SECTION 5. A 15-year, 60% tax rebate is authorized on new real and personal property, with a total value cap of \$500,942.00 to PenFed. Annual rebates to Pentagon Federal Credit Union shall not exceed the amount equal to the previous year's General Fund portion of ad valorem taxes remitted to the City for a period not to exceed 15 years; and a max value cap of \$500,942.00.

SECTION 6. 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 7. 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 _____ day of January, 2019.

M A Y O R
Ron Nirenberg

KRH
01/31/19
Item No. _____

ATTEST:

APPROVED AS TO FORM:

Leticia M. Vacek, City Clerk

Andrew Segovia, City Attorney

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Attachment I

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