

**ECONOMIC AND WORKFORCE DEVELOPMENT
COUNCIL COMMITTEE MEETING MINUTES
TUESDAY, JUNE 4, 2019
1:30 PM
MUNICIPAL PLAZA BUILDING, B ROOM**

Members Present:	Councilmember Rebecca Viagran, <i>Chair, District 3</i> Councilmember Shirley Gonzales, <i>District 5</i> Councilmember Manny Pelaez, <i>District 8</i> Councilmember John Courage, <i>District 9</i> Councilmember Clayton Perry, <i>District 10</i>
Members Absent:	None
Staff Present:	Carlos Contreras, <i>Assistant City Manager</i> ; Ray Rodriguez, <i>Assistant City Attorney</i> ; Laura Reyna, <i>Assistant City Attorney</i> ; Rene Dominguez, <i>Director, Economic Development Department</i> ; Alex Lopez, <i>Deputy Director, Economic Development Department</i> ; Ann Eaton, <i>Opportunity Zone Manager, Economic Development Department</i> ; Denice F. Trevino, <i>Office of the City Clerk</i>
Others Present:	Ed Davis, <i>Executive Director, SAEDC</i> ; Wendell Davis, <i>Consultant, Wendell Davis & Associates</i> ; Carmen Lara, <i>SAEDF</i> ; Louis R. Escareño, <i>Attorney, West San Antonio Chamber</i> ; Kevin DeAnda, <i>Attorney, Brown & Ortiz</i> ; Andres Peña, <i>Director, Government Affairs, Kaufman & Killen</i> ; Teresa Evans, <i>Principal, Teresa Evans PhD, LLC</i> ; Corinne Nawn, <i>Consultant, Teresa Evans, PhD, LLC</i> ; Dan Feris, <i>Port SA</i> ; Sophia Erian, <i>Port SA</i> ; Lori Stinson, <i>VP Military Affairs, SA Chamber</i> ; Belinda Hartwig, <i>VP Economic Development, SA Chamber</i> ; Olivia Travieso, <i>Partner, OCI Group</i> ; Judy Canales, <i>Executive Director, Southside First</i> ; Anna Chowdhury, <i>Corporate Relations, Texas State University</i> ; John Butchkosky, <i>Community Liaison, Texas Alliance for Human Needs</i>

Call to Order

Chairperson Viagran called the meeting to order.

**1. Approval of the Minutes from the Economic and Workforce Development
Committee Meeting on May 7, 2019**

Councilmember Perry moved to approve the Minutes of the May 7, 2019 Economic and Workforce Development Council Committee Meeting. Councilmember Gonzales seconded the motion. The motion carried unanimously.

Briefing and Possible Action on:

2. Briefing and Possible Action on the Opportunity Zones Tax Incentive, a New Economic Development Tool Designed to Encourage Long-Term Investment in Low-Income Areas. [Carlos J. Contreras III, Assistant City Manager; Rene Dominguez, Director, Economic Development]

Ann Eaton stated that the Opportunity Zones (OZ) Tax Incentive, established by The Tax Cuts and Jobs Act of 2017, was an economic development tool designed to encourage long-term private investments in low-income areas. She reviewed the following financial benefits of the tax incentive:

- Defer capital gains taxes until 2026
- Deferred taxes are reduced by:
 - 10% if the Opportunity Fund investment was held for 5 years
 - 15% if the Opportunity Fund investment was held for 7 years
- Gains grow tax-free as long as the investment was held for at least 10 years

Ms. Eaton noted that the tax incentive was administered by the Internal Revenue Service (IRS) and the U.S. Department of Treasury (USDOT). She stated that on April 17, 2019, the Federal Government released the second round of regulations and the White House Opportunity and Revitalization Council Implementation Plan. She noted that three Requests for Information (RFIs) were made by the USDOT, U.S. Department of Housing and Urban Development (HUD), and the IRS, and were published on the Federal Register seeking public input directly related to Opportunity Zones. She stated that Senate Bill (SB) 1344 was introduced on May 8, 2019 which tasks the USDOT with collecting data specific to the Qualified Opportunity Funds (QOFs) measuring the type and amount of investment, and tracking impact measures. She noted that staff was working with the Government and Public Affairs Department to track said Bill. She reviewed the following White House Opportunity Zones Council work streams:

1. Economic Development (led by U.S. Department of Commerce)
2. Entrepreneurship (led by the Small Business Administration)
3. Safe Neighborhoods (led by the U.S. Department of Justice)
4. Education and Workforce Development (led by the U.S. Department of Labor/Education)
5. Measurement and Analysis (led by the Council of Economic Advisers)

Ms. Eaton stated that the RFI for the U.S. Department of Treasury was seeking public input on data collection and tracking of QOFs. She noted that the RFI for HUD solicited feedback on how HUD could utilize existing authorities to maximize benefits. She stated that the IRS RFI was seeking input on proposed regulations. She reviewed the recommended and submitted responses to said RFIs and noted that strategies would educate the community and ensure that OZ Projects aligned with long-term community priorities. She reviewed the following OZ strategies:

- Stakeholder engagement and outreach
- Peer cities research

- Education and marketing efforts
- Marketing and deal-making
- Near Westside Strategic Plan

Ms. Eaton stated that staff would submit comments for participation in all three RFIs, finalize marketing efforts, pair OZ projects with funds, and leverage City Incentives to encourage development within the OZs.

Chairwoman Viagran asked how long the stakeholder groups had been meeting. Ms. Eaton replied that stakeholder groups had been meeting since April 2019. Chairwoman Viagran asked of the number of OZs in Texas. Ms. Eaton stated that there were 628 OZs in Texas, of which 99 were located in Houston; 24 were located in San Antonio; and 21 were located in Austin.

Councilmember Pelaez expressed concern that OZ Projects were not well-vetted and questioned whether it has been demonstrated that individuals in OZs would benefit from the tax incentive.

Councilmember Perry asked if the City Council would see the final comments from the RFI comment period. Rene Dominguez replied that the final comments from the RFI comment period would be provided to the City Council.

No action was required for Item 2.

3. Briefing and Possible Action on the San Antonio Military Life Science Commercialization Action Plan Implementation, Charter, and Staff Support. [Carlos J. Contreras III, Assistant City Manager; Rene Dominguez, Director, Economic Development]

Mr. Dominguez stated that San Antonio was a leader in the Bioscience/Healthcare Industry, and home to:

- Significant Military medical research missions
- Prominent academic research institutions
- Innovative private sector

He noted that Bioscience/Healthcare was a targeted industry in San Antonio and it was estimated that Military medical missions contributed \$4.6 billion in annual economic impact for the community. He stated that to assist the Military in meeting their medical mission requirements, the Military sought to partner and collaborate with private industry and research institutions. He noted that the Economic Development Department (EDD) formed a Life Science Working Group (Working Group) to explore ways to better leverage Military medical research for commercialization. He stated that the Working Group included Military partners and representatives from the SAEDC, UTSA, UT Health SA, Velocity TX, Texas BioMed, Southwest Research Institute, BioBridge Global, BioMed SA, SAEDF, and private industry representatives.

Cori Nawn stated that data was collected on the Ecosystem and the Working Group developed the San Antonio Military Life Science Commercialization Action Plan (Action Plan) and charter. She noted that said charter would address: 1) How the community would effectively facilitate

commercialization through maximizing local resources; 2) How we entrench this Military Life Science Commercialization Strategy into a sustainable ecosystem within San Antonio; and 3) Best practices for the Military and Community Life Science Stakeholders to engage in effective partnerships. She noted that the charter goals included:

- Outline best practices toward the ecosystem alignment toward commercialization opportunities
- Establish a roadmap of Military life science commercialization

Ms. Nawn stated that the City funded a \$50,000 study through Consultant Teresa Evans, PhD, LLC, which began in January 2018 and concluded in August 2018. She noted that key recommendations from the San Antonio Military Life Science Commercialization Action Plan included the following: 1) Ensure alignment with Military medical missions; 2) Establish a full-time San Antonio Military Medicine Innovation (SAMMI) Director position aligned with a governmental entity such as the SAEDC; 3) Develop a long-term sustainability model through establishment of an Alliance; 4) Investigate potential commercialization funding mechanisms; and 5) Conduct a phased implementation approach beginning with an initial six-month phase. She stated that the SAMMI Director was proposed as a contract employee of the SAEDC reporting to the Executive Director, based on the Working Group recommendation to align the position with a government entity. She reviewed the following events which were held with community partners:

- BioBridge Capabilities Day (November 2018)
- MilMedTech Summit (December 2018)
- Military Medical Industry Day (March 2019)

Ed Davis stated that the proposed position structure:

- Aligns with another governmental entity to facilitate sharing of information and access
- Serves as a resource to the community at large
- Serves as a neutral party which could not be awarded a government contract

He noted that staff recommended a three-year contract for the SAMMI Director and said Director would be physically located in EDD. He stated that the Action Plan and Charter recommended a three-year Budget of approximately \$523,500, of which \$450,000 was allocated for salary. He noted that the SAEDC had funding available in the amount of \$150,000 to support a portion of the SAMMI Initiative and was seeking an Economic Development Incentive Fund (EDIF) Grant from the City in the amount of \$300,000, payable at \$100,000 per year for three years.

Mr. Dominguez stated that this item would be brought before the full City Council for consideration in June 2019.

Councilmember Perry asked of the benefit to the community. Mr. Davis stated that the initiative would connect people and foster partnerships. Ms. Nawn provided examples of comparative initiatives in other cities which were successful. Councilmember Perry asked how the SAMMI Director would be evaluated. Mr. Davis replied that a set of metrics were developed partnering

with the Working Group. Teresa Evans added that said metrics were included in the Action Plan and would be distributed to the Committee.

Councilmember Courage expressed his support for the recommendation.

Councilmember Courage moved to recommend and forward for: 1) The SAEDC to establish the SAMMI Director Position; 2) The SAEDC to hire someone as a contract employee to fill this position; and 3) An EDIF Grant of \$300,000 to the SAEDC to help fund the SAMMI Director position to the full City Council for consideration. Councilmember Gonzales seconded the motion. The motion carried unanimously.

Adjourn

There being no further discussion, the meeting was adjourned at 3:10 p.m.

Rebecca Viagran, Chairperson

Respectfully Submitted,

Denice F. Trevino