

**ORDINANCE**

2021-06-03-0402

**AUTHORIZING THE MUTUAL TERMINATION OF AN ECONOMIC DEVELOPMENT AGREEMENT WITH PETCO ANIMAL SUPPLIES, INC (PETCO).**

\* \* \* \* \*

**WHEREAS**, in 2010 City and Petco entered into an economic development agreement (Agreement) that included a ten-year, 100% real and personal property tax abatement for a new facility and an Economic Development Incentive Fund (EDIF) grant; and

**WHEREAS**, Petco is in year ten of the ten-year abatement term, has met all wage requirements, and has significantly exceeded the original investment requirement with a cumulative total of \$21.8 million to date; and

**WHEREAS**, Petco is a good corporate partner with the Petco Foundation having invested \$1 million over a five-year period for programs and efforts to enhance animal welfare at Animal Care Services (ACS); and

**WHEREAS**, additionally, the Petco Foundation invested \$2 million in K9s for Warriors, a Florida-based nonprofit dedicated to transforming shelter dogs into service pets for our nation's veterans, a portion of which will be used to erect a training facility in San Antonio where ACS dogs will be transformed into service animals; and

**WHEREAS**, Petco has created 250 of the 400 jobs required pursuant to the Agreement, however, due to changes in business operations and condition, Petco is not intending on hiring additional positions; and

**WHEREAS**, because Petco has been a good corporate citizen to the City and the larger community, has made significant investments in the City, and continues to meet the Living Wage and All-Industry Wage requirements, City and Petco have mutually agreed to terminate the Agreement without recapturing funds; **NOW THEREFORE**:

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

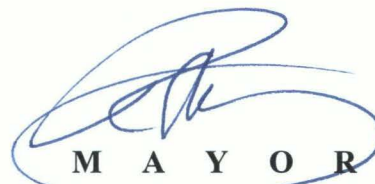
**SECTION 1.** The City Manager or designee is authorized to execute a Mutual Termination Agreement with Petco Animal Supplies, Inc. terminating the 2010 economic development agreement. A copy of the Agreement, in substantially final form, is attached to this Ordinance as **Attachment I**.

**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.


KH  
06/03/21  
Item No. 16

5040-80-20-1505


**PASSED and APPROVED** this 3<sup>rd</sup> day of June, 2021.

  
**M A Y O R**  
Ron Nirenberg

**ATTEST:**

  
\_\_\_\_\_  
Tina J. Flores, City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Andrew Segovia, City Attorney



## City of San Antonio

### City Council

June 03, 2021

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**Item: 16**

**File Number: 21-3637**

**Enactment Number:**

**2021-06-03-0402**

Ordinance approving a Mutual Termination Agreement of an economic development agreement with Petco Animal Supplies, Inc (Petco). [Alejandra Lopez; Assistant City Manager and Interim Director, Economic Development]

Councilmember Rebecca Viagran made a motion to approve. Councilmember Manny Pelaez seconded the motion. The motion passed by the following vote:

**Aye:** 9 Nirenberg, Treviño, Andrews-Sullivan, Viagran, Rocha Garcia,  
Gonzales, Cabello Havrda, Sandoval and Perry

**Nay:** 2 Pelaez and Courage

KH  
06/03/21  
Item No. 16

# Attachment I



STATE OF TEXAS  
  
COUNTY OF BEXAR

§  
§  
§  
§

**MUTUAL TERMINATION  
AGREEMENT**

This Mutual Termination Agreement (this "Mutual Termination Agreement") is entered into by and between the City of San Antonio, a Texas Municipal Corporation (hereinafter referred to as "City") acting by and through its City Manager or designee and Petco Animal Supplies, Inc., a Delaware corporation, (hereinafter referred to as "PETCO"), both of which may be referred to herein collectively as the "Parties."

**RECITALS**

**WHEREAS**, City and PETCO are parties to that certain Tax Abatement and Grant Agreement (the "Agreement") authorized by City Ordinance No. 2010-12-09-1044, passed and approved on December 9, 2010; and

**WHEREAS**, the Agreement provides for PETCO to invest approximately five million dollar (\$5,000,000.00) in real and personal property improvements and relocate 400 existing jobs; and

**WHEREAS**, per the Agreement the City provided PETCO with a ten year one hundred percent (100%) abatement of ad valorem taxes for the real and personal property improvements and a two hundred and fifty thousand dollar (\$250,000.00) EDIF grant; and

**WHEREAS**, PETCO has invested twenty-one million -eight hundred thousand dollars (\$21,800,000) and has contributed a total of one million – four hundred and sixty thousand dollars to the City's Animal Care Services Department, and

**WHEREAS**, the City recognizes the substantial contributions that PETCO has made to the City's economy and community as a whole; and

**WHEREAS**, the Parties have acknowledged that due to the changing business model it is in each Party's best interest to agree to mutually terminate the Agreement; and

**WHEREAS**, for the reasons listed above it is in each Party's best interest to agree to mutually terminate the Agreement in accordance with the terms of this Mutual Termination Agreement; and

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

**AGREEMENT**

1. **Definitions.** All capitalized terms used in this Mutual Termination Agreement without definition herein shall have the meanings assigned to such terms in the Agreement.

2. **Termination.** The Agreement is hereby terminated as of the Effective Date of this Mutual Termination Agreement. Neither party shall have any further obligation to the other under the terms of the Agreement after the Effective Date of this Mutual Termination Agreement.

3. **Effective Date.** This Mutual Termination Agreement shall be effective on the date it is fully executed by both Parties as indicated on the signature page.

4. **Release.** For and in consideration of the release and mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, upon the Effective Date of this Mutual Termination Agreement, PETCO, and its successors and assigns, shall, and does hereby, RELEASE, ACQUIT AND FOREVER DISCHARGE the CITY from any and all claims, liabilities, demands or causes of action of any kind whatsoever which PETCO has or might have, known or unknown, now existing or that might arise hereafter, directly or indirectly related to the Agreement. It is the express intent of the Parties that this Mutual Termination Agreement operate as a bar to any subsequent claims, causes of actions, suits, debts, demands, accounts, claims, liabilities, controversies, damages, judgments, and causes of action arising from or related to the Agreement.

For and in consideration of the release and mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, upon the Effective Date of this Mutual Termination Agreement, City shall, and does hereby, RELEASE, ACQUIT AND FOREVER DISCHARGE PETCO, its Related Organizations and other affiliates and each of their respective officers, directors, trustees, beneficiaries, employees, representatives, agents, successors and assigns, the successor owner of the Facility and Real Property and its related parties and lenders (collectively, the "Petco Released Parties") from any and all claims, liabilities, demands or causes of action of any kind whatsoever which City has or might have, known or unknown, now existing or that might arise hereafter, directly or indirectly related to the Agreement, including, without limitation, any "Recapture" amounts set forth in Section 7 of the Agreement and all claims against the Real Property itself, if any. It is the express intent of the Parties that this Mutual Termination Agreement operate as a bar to any subsequent claims, causes of actions, suits, debts, demands, accounts, claims, liabilities, controversies, damages, judgments, and causes of action arising from or related to the Agreement.

5. **Breach.** The failure of either Party to comply with the terms and conditions of this Mutual Termination Agreement shall constitute a breach of this Mutual Termination Agreement.

6. **Choice of Law.** This Mutual Termination Agreement shall be construed in accordance with and governed by the laws of the State of Texas and all obligations of the Parties created hereunder are performable in Bexar County, Texas.

7. **Entire Agreement.** This Mutual Termination Agreement supersedes any and all other agreements, either oral or in writing, between the Parties hereto with respect to the said matter and such agreements, including without limitation the Agreements and the Assignment, are hereby terminated and are no longer in force or effect. Each Party to this Mutual Termination Agreement acknowledges that no representatives, inducements, promises, agreements, oral or otherwise have been made by any Party or anyone acting on behalf of any Party which are not embodied herein and that no other agreements, statements, or promises not contained in this Mutual Termination



Agreement shall be valid or binding. No modification concerning this instrument shall be of any force or effect, excepting a subsequent amendment in writing signed by the Parties and duly authorized by City Council Ordinance.

8. **Parties Bound.** This Mutual Termination Agreement shall be binding on the parties hereto and their respective successors and assigns.

9. **Counterparts.** This Mutual Termination Agreement may be executed in any number of counterparts, but all such counterparts shall together constitute but one instrument. In making proof of this Mutual Termination Agreement 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.

*Signatures to follow*

**IN WITNESS THEREOF**, this Mutual Termination Agreement has been executed this \_\_\_\_\_ day of \_\_\_\_\_, 2021 ("Effective Date").

CITY OF SAN ANTONIO

PETCO ANIMAL SUPPLIES, INC.  
A Delaware Corporation

\_\_\_\_\_  
Alejandra Lopez  
Assistant City Manager

DocuSigned by:  
*Camille Alexander* 5/20/2021  
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Name: Camille Alexander  
Title: Vice President, Controller

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney  
Orlando Rodriguez