



City of San Antonio

Agenda Memorandum

File Number: 15-5063

Agenda Item Number: 18.

Agenda Date: 10/15/2015

In Control: City Council A Session

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

FY 2016 Budget and Amended and Restated Bylaws for the San Antonio Economic Development Corporation (SAEDC).

SUMMARY:

An Ordinance approving: (1) the San Antonio Economic Development Corporation (SAEDC) FY 2016 Budget of \$740,150 ("SAEDC Budget") which includes \$200,000 already appropriated as part of the FY 2016 City Budget and \$500,000 approved in FY 2014 for the SAEDC Investment Fund; and (2) Amended and Restated Bylaws for the SAEDC to take into account changes in the City Council Committees. The SAEDC Board approved the SAEDC Budget and Amended Bylaws on September 24, 2015, for consideration by City Council as required per the SAEDC Bylaws.

BACKGROUND INFORMATION:

City Council approved the formation and Bylaws of the SAEDC on May 13, 2010, as a nonprofit corporation established for the purpose of helping promote economic development projects in targeted industries and areas of the City. The SAEDC is governed by a seven-member board of directors (Board) which consists of the Mayor, City Manager, the Chair of the Council Economic and Community Development Committee, the Chair of the Council Infrastructure and Growth Committee and three citizens at-large (Mike Dwyer, Juan Landa and Marianne Watson).

The City created the SAEDC to assist the City's Economic Development Department in facilitating economic development business recruitment and retention projects in the targeted industries, collaborate with industry

and economic development partners and promote innovation through startup companies. The City may grants funds to the SAEDC for economic development projects, and if possible, the SAEDC may potentially achieve a return on investment through an equity position in the project. Since May 2010, City Council and the SAEDC Board have approved grants for four projects that promote growth in the Bioscience and Healthcare Industry. The SAEDC also supports the Economic Development Department staff in promoting traditional economic development projects and this past year, for example, played a key role in the recruitment of Cytocentrics, a bioscience company, from Germany to San Antonio.

ISSUE:

The SAEDC Bylaws require annual approval of the SAEDC Budget (attached) by City Council. The SAEDC Budget includes new funding of \$200,000 for operational expenses appropriated in the City's FY 2016 Budget. Proposed FY 2016 expenses in the SAEDC Budget include potential future projects and SAEDC operating expenses, such as the Executive Director's salary, outside legal counsel, an annual audit, insurance, professional services and previously approved contractual rent obligations. Any new projects in FY 2016 require approval by the SAEDC Board and City Council, if over \$50,000 in funding, pursuant to the Bylaws of the SAEDC and Investment Fund Guidelines.

On September 24, 2015, the SAEDC Board approved Amended and Restated Bylaws (attached) that require the approval of City Council. The Amended Bylaws modify the criteria for appointment of two City Council members to the SAEDC Board. On July 30, 2015, the Mayor established new Council Committees. As a result the two City Council Committees identified in the SAEDC Bylaws no longer exist. The proposed Bylaws recommend the Chairs of the Economic and Human Development Committee (Councilman Krier) and of the Transportation, Technology and Utilities Committee (Councilman Lopez) serve on the SAEDC Board. If the names and/or functions of either of these committees subsequently changes, then the Chairs of the two committees designated by the Mayor as being primarily responsible for policies and programs related to economic development and infrastructure shall serve on the SAEDC Board.

The current Bylaws also require the election of the President of the SAEDC Board and other officers. Since inception, the Mayor has been annually elected as the President. The proposed Bylaws state that the Mayor will always serve as the President, while only the other officers will be elected annually. The Amended Bylaws also incorporate other administrative changes to require an annual report to City Council detailing the SAEDC achievements and projects and allowing the SAEDC to select an annual auditor.

The SAEDC Bylaws also require SAEDC to complete an annual audit and report those findings to City Council. Local accounting firm Leal & Carter completed the FY 2014 audit for the SAEDC with no management findings (attached).

ALTERNATIVES:

Council could choose to not approve the SAEDC Budget or Amended and Restated Bylaws, or request that SAEDC submit a revised budget or revisions to the proposed Amended Bylaws. Since the SAEDC performs an important role in assisting the City's Economic Development Department in facilitating economic development in targeted industries, staff does not recommend the alternatives.

FISCAL IMPACT:

This ordinance approves the FY 2016 Budget for the San Antonio Economic Development Corporation in an amount of \$740,150. Council authorizes \$200,000 of the \$740,150 total budget to come from the City's FY 2016 General Fund Adopted Budget.

RECOMMENDATION:

Staff recommends approval of the SAEDC Budget and Amended and Restated SAEDC Bylaws.