



City of San Antonio

Agenda Memorandum

File Number:16-4827

Agenda Item Number: 30.

Agenda Date: 9/29/2016

In Control: City Council A Session

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICTS IMPACTED: Council District 1

SUBJECT:

Ordinance authorizing the San Antonio Economic Development Corporation (SAEDC) to undertake an economic development project with HelpSocial, Inc. ("HelpSocial") in the amount of \$100,000 in accordance with the SAEDC Investment Guidelines.

SUMMARY:

Staff is requesting City Council approval and authorization for the SAEDC to enter into an Economic Development Agreement with HelpSocial in the amount of \$100,000 to undertake an economic development project in San Antonio.

BACKGROUND INFORMATION:

HelpSocial, Inc. is a local startup technology company and successful graduate of the Techstars Cloud accelerator program in San Antonio. The company was co-founded in 2014 by President and CEO, Matt Wilbanks, and CTO, Robert Collazo, both former Rackspace employees. HelpSocial develops web and mobile apps for integrating social media to support customer service center operations and sells their software platform to major contact center software companies, such as inContact.

HelpSocial's headquarters and business operations are located in downtown San Antonio at the Rand Building on Houston Street. The company currently has 6 employees and plans to have at least 10 employees by 2017. In August 2016, HelpSocial secured a minimum 2-year contract with inContact, a publicly traded company and leading provider of cloud contact center software and optimization tools for 175,000 agents in 100 countries. The company is projecting to be profitable by 2017.

HelpSocial has raised \$1.4 million, mostly from local investors, and is currently raising another \$1,000,000 in a preferred stock offering with funds to be used to expand capacity/workforce and fund operations over the next 18 months. The SAEDC is requesting authority from the City to undertake an economic development project with HelpSocial in the amount of \$100,000. Through this investment, the SAEDC intends to enter into an Economic Development Agreement (EDA) with HelpSocial and acquire 284,981 shares of HelpSocial Series Seed Preferred Stock. The EDA will require HelpSocial to retain its headquarters and business operations in San Antonio for at least 3 years, maintain at least 6 jobs, and add 4 jobs for a total of 10 jobs by December 2017. On September 22, 2016, the SAEDC Board approved the proposed project and recommended it for City Council consideration.

In November 21, 2013, Council authorized the SAEDC Board to receive funding of \$500,000 from the City to establish the SAEDC Investment Fund (“the Fund”). These funds were made available to the SAEDC for investment in economic development projects evaluated and approved in accordance with the SAEDC Investment Guidelines by the SAEDC Board. Currently \$400,000 remains in the Fund for SAEDC projects.

The HelpSocial project demonstrates the City’s continued support for assisting successful local startup companies to remain and grow in San Antonio. It also shows support for promoting local entrepreneurial development and the retention of talent in the targeted industry of Information Technology (IT).

ISSUE:

The SAEDC Investment Guidelines required City Council authorization to undertake economic development projects with an investment over \$50,000.

ALTERNATIVES:

Council could choose not to approve this Ordinance which may affect the company remaining and growing in San Antonio, and would not align with the City’s commitment to retain and expand promising startup companies in the Targeted IT Industry.

FISCAL IMPACT:

This ordinance authorizes the SAEDC to undertake an economic development project with HelpSocial in an amount of \$100,000. Funds in the amount of \$400,000 are available in the Economic Development Incentive Fund from a previously approved and appropriated agreement by City Ordinance, 2013-11-21-0816 to be expended by the SAEDC to undertake economic development projects. This item does not impact the FY 2016 budget.

RECOMMENDATION:

Staff recommends approval of an Ordinance authorizing the San Antonio Economic Development Corporation (SAEDC) to undertake an economic development project with HelpSocial in the amount of \$100,000.