



# City of San Antonio

## Agenda Memorandum

**File Number:** 17-1708

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**Agenda Item Number:** 21.

**Agenda Date:** 3/9/2017

**In Control:** City Council A Session

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**DEPARTMENT:** Economic Development Department

**DEPARTMENT HEAD:** Rene Dominguez

**COUNCIL DISTRICTS IMPACTED:** City wide

### **SUBJECT:**

An Ordinance authorizing the San Antonio Economic Development Corporation (“SAEDC”) to undertake an economic development project with bioAffinity Technologies, Inc. (“bioAffinity”) in the amount of \$150,000 utilizing available funds in the SAEDC Investment Fund previously approved by City Council.

### **SUMMARY:**

Staff is requesting City Council action to authorize the SAEDC to undertake an economic development project with local bioscience startup company bioAffinity Technologies, Inc. (“bioAffinity”) in the amount of \$150,000 to retain and expand the company’s jobs and business activities in San Antonio.

### **BACKGROUND INFORMATION:**

bioAffinity is a bioscience startup company with a platform technology, called Cypath, which has proven to detect cancer cells at an early stage. bioAffinity initially plans to employ its technology on detecting lung cancer. The technology also shows potential to detect prostate, bladder and cervical cancers. bioAffinity currently employs 6 professionals (5 are PhDs) and plans to add another 7 jobs in the next 12 months. The company is currently operating its business activities and utilizing lab facilities at the UTSA main campus.

The company intends to market its first diagnostic product, CyPath Lung, in collaboration with UT Health San Antonio. bioAffinity is also planning to develop a diverse number of targeted therapeutic cancer drugs through partnerships with major drug companies with expertise in drug development. These potential company partnerships offer opportunities to attract additional bioscience jobs. bioAffinity has raised \$8.5 million over last 4 years (mostly all from outside investors) and is currently raising another \$3 million to continue growing its business activities. The company is seeking local investors to show support for retaining the company in San Antonio.

On November 21, 2013, City Council approved and appropriated \$500,000 to establish the SAEDC Investment Fund (“the Fund”) through a Chapter 380 Economic Development Grant Agreement with the City. This Fund is administered in accordance with approved SAEDC Investment Guidelines which require City Council authorization for any SAEDC economic development projects over \$50,000. There is currently \$300,000 remaining in the Fund.

SAEDC is requesting authority from City Council to undertake an economic development project with bioAffinity in the amount of \$150,000 from the Fund to help the company remain in San Antonio and expand its research, development and commercialization activities. Through this project, the SAEDC will enter into an Economic Development Agreement (EDA) that will require bioAffinity to retain its headquarters and business operations in San Antonio for at least 3 years, maintain its current 6 jobs, and add 7 new jobs within 12 months. The SAEDC will also receive an equivalent amount of bioAffinity stock equity for this \$150,000 investment in the company. However, if bioAffinity is found in default of the EDA, the SAEDC will have the option to demand repayment of the \$150,000 with interest or retain company stock equity in lieu of repayment.

This project demonstrates the City’s support for assisting successful local bioscience companies remain and grow in San Antonio and collaborate with our local universities. It also shows support for promoting local entrepreneurial development and the growth/retention of high-wage jobs in the targeted industry of Healthcare and Biosciences.

**ISSUE:**

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

**ALTERNATIVES:**

Council could choose not to approve this Ordinance; which could affect the company remaining and expanding in San Antonio, and would not align with the City’s commitment to retain and expand promising companies in the targeted industry of Healthcare and Biosciences.

**FISCAL IMPACT:**

This ordinance authorizes SAEDC to undertake an economic development project with bioAffinity in an amount of \$150,000. Funds in the amount of \$300,000 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 2017 budget.

**RECOMMENDATION:**

Staff recommends approval of an Ordinance authorizing the SAEDC to undertake an economic development project with bioAffinity in an amount of \$150,000.