



# City of San Antonio

## Agenda Memorandum

**File Number:**17-5191

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**Agenda Item Number:** 20.

**Agenda Date:** 10/5/2017

**In Control:** City Council A Session

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**DEPARTMENT:** Economic Development Department

**DEPARTMENT HEAD:** Rene Dominguez

**COUNCIL DISTRICTS IMPACTED:** City-wide

### **SUBJECT:**

FY 2018 Budget for the San Antonio Economic Development Corporation (SAEDC).

### **SUMMARY:**

An Ordinance approving the SAEDC FY 2018 Budget (attached) as required by the Bylaws of SAEDC incorporating \$300,000 of funding appropriated and approved in the City's FY 2018 Budget for the benefit of the SAEDC, of which \$200,000 will be used for operating expenses and \$100,000 was allocated for the SAEDC Investment Fund. The SAEDC Board approved the SAEDC FY 2018 Budget on September 19, 2017, for consideration by City Council.

### **BACKGROUND INFORMATION:**

City Council approved the creation of SAEDC on May 13, 2010, as a nonprofit Type B corporation pursuant to the authority of the Development Corporation Act in the Texas Local Development Code. The SAEDC was established for the purpose of helping promote economic development projects in targeted industries and areas of the City. SAEDC is governed by a seven-member board of directors (Board) which consists of the Mayor, City Manager, Chair of the Council Economic and Workforce Development Committee (Councilwoman Rebecca Viagran), Chair of the Council Transportation Committee (Councilman Ray Saldana) and three citizens at-large appointed by City Council (Mike Dwyer, Juan Landa and Marianne Watson).

The City Council may approve funds for the SAEDC to help facilitate certain economic development projects on behalf of the City, particularly when the City has the opportunity to secure an equity position for a potential return on investment. Since May 2010, City Council and the SAEDC Board have approved funding for the

SAEDC to undertake seven economic development projects that include: (1) InCube Labs; (2) the South Texas Research Facility at UT Health Science San Antonio; (3) iTrauma Care, Inc.; (4) StemBioSys, Inc.; (5) Parlevel Systems, Inc.; (6) HelpSocial, Inc.; and (7) bioAffinity Technologies, Inc. Through these projects the City is promoting entrepreneurial development; the commercialization of local technologies and products; and growth in the community's startup ecosystem.

## **ISSUE:**

The City's FY 2018 Budget includes \$300,000 for the SAEDC. This additional funding requires a Funding Agreement in the amount of \$200,000 and a First Amendment to the existing Economic Development Agreement with the SAEDC dated December 19, 2013 adding \$100,000 for the SAEDC Investment Fund. The aforementioned Funding Agreement and First Amendment were approved by City Council on September 14, 2017. The SAEDC Board approved the SAEDC FY 2018 Budget for consideration by City Council on September 19, 2017.

The SAEDC Bylaws require approval of the annual SAEDC Budget by City Council. The SAEDC Budget includes cash inflows of \$300,000 from the City's FY 2018 General Fund, of which \$200,000 will be used for operating expenses and \$100,000 was allocated for the SAEDC Investment Fund. Cash outflows in the SAEDC Budget include potential future economic development projects and SAEDC annual operating expenses, such as the Executive Director's salary, outside legal counsel, an annual audit, and insurance. Future projects require approval by the SAEDC Board and City Council (for projects over \$50,000) pursuant to the Bylaws of the SAEDC and Investment Guidelines approved by City Council.

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 2016 audit for the SAEDC with no management findings (attached).

## **ALTERNATIVES:**

City Council could choose to not approve the SAEDC Budget or request that SAEDC submit a revised budget. Electing to not approve the SAEDC Budget or requesting a revised SAEDC Budget, would result in SAEDC being unable to continue operations and access funds previously appropriated by City Council for the benefit of the SAEDC.

## **FISCAL IMPACT:**

This ordinance approves the SAEDC FY 2018 Budget as required by the Bylaws of SAEDC. The SAEDC Budget includes \$300,000 from the City's FY 2018 Adopted General Fund Budget, of which \$200,000 is allocated to operating expenses and \$100,000 is allocated to the SAEDC Investment Fund.

## **RECOMMENDATION:**

Staff recommends approval of the SAEDC FY 2018 Budget.