

AN ORDINANCE

99379

APPROVING A TAX PHASE-IN AGREEMENT AND AUTHORIZING THE CITY MANAGER OR HER DESIGNEE TO EXECUTE THE AGREEMENT WITH FIRST HEALTH GROUP CORP. TO EXEMPT SPECIFIED NEW REAL PROPERTY IMPROVEMENTS OF APPROXIMATELY \$5.5 MILLION FROM AD VALOREM TAXATION.

* * * * *

WHEREAS, First Health Group Corp. ("First Health"), based in Scottsdale, Arizona, is a national managed care company serving group health, worker's compensation, and federal and state employees' health benefit plans; and

WHEREAS, the core of the company's business is the First Health Network, which is the nation's largest directly contracted PPO network consisting of over 4,430 hospitals and 430,000 healthcare professionals; and

WHEREAS, the company has over 6,000 employees at 35 locations nationwide with 600 of those employees in Texas at facilities in San Antonio, Houston and the Dallas area; and

WHEREAS, First Health currently occupies a 50,000 square foot facility at 601 N.W. Loop 410 with 235 full-time employee positions at an annual payroll of \$9.3 million; and

WHEREAS, the facility does not meet the company's requirements for a planned consolidation and expansion of operations; and

WHEREAS, the company is considering locations in San Antonio as well as Tampa, Florida with a final determination based partly on available incentives; and

WHEREAS, the location under consideration in San Antonio is an 8.942 acre tract of land located at 3900 Rogers Road in Westover Hills upon which an 80,000 square foot facility would be constructed to house its expanded operations; and

WHEREAS, the project would result in the retention of 235 full-time positions in San Antonio and the creation of at least 365 new jobs over six years, to include positions in clinical management, claims management, claims processing, information systems, member services inquiries, human resources and facility services; and

WHEREAS, First Health also offers a competitive benefits package for its employees and their dependents; and

WHEREAS, as an incentive to cause this facility to be constructed in San Antonio, First Health has requested a six (6) year, one hundred percent (100%) tax phase-in on at least \$5.5 million in real property improvements; and

WHEREAS, the project meets the City's *Tax Phase-In Guidelines and Criteria* for investment, job creation and wages and supports the City's *Strategic Plan for Enhanced Economic Development* by encouraging the retention and expansion of successful local businesses with the

additional benefit of promoting growth in the community's targeted healthcare industry while retaining and creating good-paying jobs in the City; and

WHEREAS, the City Council finds that First Health Reinvestment Zone is in general conformance with the City Guidelines and Criteria for Tax Phase-In Reinvestment Zones, which was adopted by City Ordinance Number 88091 (dated July 2, 1998) and amended by City Ordinance Number 98692 (dated January 8, 2004), together which establish the guidelines and criteria for municipal tax abatement agreements that may be made subsequent to designation of a reinvestment zone; and

WHEREAS, the City Council hereby further finds that approving said tax phase-in agreement with First Health for the real property investment in the First Health Reinvestment Zone is a reasonable incentive to help induce First Health to stay in San Antonio as the location for their expansion; and

WHEREAS, the City Council also finds that it is in the best interest of the City to exempt from taxation one hundred percent (100%) of the estimated minimum of \$5.5 million of real property improvements to be made by First Health in the First Health Reinvestment Zone; and

WHEREAS, to the best of the parties' knowledge, no property in the area referred to herein as the First Health Reinvestment Zone is owned by or leased by a member of the City Council, Zoning Commission, Planning Commission, the City's Economic Development Department, or any other City officer or employee; **NOW THEREFORE:**

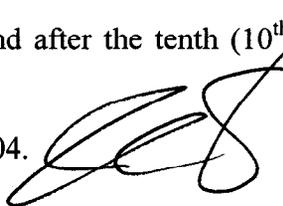
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

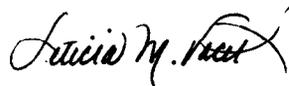
SECTION 1. The City Council hereby approves a Tax Phase-In Agreement with First Health Group Corp. to exempt specified new real property improvements of at least \$5.5 million from ad valorem taxation. A copy of the Agreement, executed by First Health Group Corp., is attached hereto and incorporated herein as Attachment I.

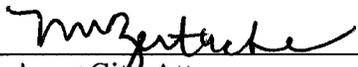
SECTION 2. The City Manager or her designee is authorized, for a forty-five (45) day period from the effective date of this ordinance, to execute an Agreement as approved in Section 1. The final Agreement shall be filed with this Ordinance upon execution.

SECTION 3. This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED AND APPROVED this 24th day of June, 2004.


for M A Y O R
EDWARD D. GARZA

ATTEST: 
City Clerk

APPROVED AS TO FORM: 
for City Attorney