

AN ORDINANCE 100671

AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE AN AGREEMENT WITH THE BROOKS DEVELOPMENT AUTHORITY (“BDA”) FOR A COMBINATION LOAN AND GRANT FROM THE CITY’S ECONOMIC DEVELOPMENT INCENTIVE FUND (“EDIF”) IN A TOTAL AMOUNT NOT TO EXCEED \$1,500,000.00 TO HELP FINANCE THE CONSTRUCTION OF TWO FACILITIES IN CONNECTION WITH THE EXPANSION OF DPT LABORATORIES AT BROOKS CITY-BASE; AND AMENDING THE CITY’S ECONOMIC DEVELOPMENT PROGRAM TO PERMIT LOANS, AS WELL AS GRANTS, UNDER THE ECONOMIC DEVELOPMENT INCENTIVE FUND (“EDIF”) GUIDELINES.

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WHEREAS, on September 9, 2004, the City Council authorized the City Manager to negotiate a loan and grant agreement with the Brooks Development Authority (the “BDA”) in an amount not to exceed \$1.5 million from the Economic Development Incentive Fund (the “EDIF”) and to present the negotiated agreement to City Council for consideration; and

WHEREAS, the funding requested by the BDA would assist in financing for the construction of two new facilities and related road infrastructure necessary to complete a 228,000 square foot warehouse/laboratory facility and a 30,000 square foot research and development facility to be leased to DPT Laboratories (“DPT”); and

WHEREAS, on March 8, 2005, the BDA Board approved an 18-year lease with DPT for the use of these facilities; and

WHEREAS, DPT is a privately-owned local pharmaceutical manufacturer with 1,527 employees, 607 of which are in San Antonio, who specializes in the development, manufacture and distribution of products for several Fortune 500 pharmaceutical companies; and

WHEREAS, Brooks City-Base was selected over other potential sites in Schertz, Forth Worth and Lakewood, New Jersey by DPT for its expansion which will relocate 131 San Antonio jobs (including 36 scientists) to these new facilities upon completion and will add at least 74 new jobs (49 research and development) over the next 10 years; and

WHEREAS, the negotiated agreement provides that the City will provide a grant of \$750,000 with a loan of \$750,000 at a 5.00 percent interest rate over 20 years, commencing May 1, 2005, based on the current average rate for a 30-year government bond; and

WHEREAS, the BDA will not be required to make payments on the principal and interest during the first five years of the loan, but will be required to make an interest-only payment on November 1, 2010 with level principal and interest payments beginning May 1, 2011 for the remainder of the term with no penalty for any prepayment; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, a municipality may grant and loan public funds to promote economic development once a program is established that supports this purpose; and

WHEREAS, City Council established such a program, known as the Economic Development Program (the "Program") on February 27, 2003 which was modified to include grants for projects pursued under the EDIF Guidelines; and

WHEREAS, modifying the Program to include loans under the EDIF Guidelines, as well as grants, in support of the proposed loan and grant agreement with the BDA would support the Strategic Plan for Enhanced Economic Development by supporting the retention and expansion of a local company and by facilitating growth in targeted industries (biotechnology and manufacturing) in a targeted area; **NOW THEREFORE:**

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

SECTION 1. The City Council hereby approves the terms of an agreement with the Brooks Development Authority for a combination loan and grant from the Economic Development Incentive Fund in a total amount not to exceed \$1,500,000.00 to help finance the construction of two facilities in connection with the expansion of DPT Laboratories at Brooks City-Base. An executed copy of the Agreement is attached hereto and incorporated herein as Attachment I.

SECTION 2. The City of San Antonio's Economic Development Program adopted pursuant to Ordinance No. 97248 and operated according to Guidelines adopted pursuant to Ordinance No. 99308, is hereby modified to permit grants without limitation and/or loans for economic development purposes or projects pursuant to Chapter 380 of the Texas Local Government Code, with the authorization of City Council. A copy of the revised Program description is attached hereto and incorporated herein for all purposes as Attachment II.

SECTION 3. The Interim City Manager or designee is authorized to execute the agreement approved in Section 1 within 60 days from the effective date of this ordinance.

SECTION 4. Funds in the amount of \$750,000 are authorized to be encumbered in Cost Center 1604010001, General Ledger 5407030, entitled "Contributions to Other Agencies",

Fund 29059000, entitled Economic Development Initiatives and are to be payable to the Brooks Development Authority.

SECTION 5. The Director of Finance is authorized to record and account for the loan in accordance with Generally Accepted Accounting Principles (GAAP) and all applicable laws.

SECTION 6. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the Interim City Manager or his designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts and Fund Numbers as necessary to carry out the purpose of this Ordinance.

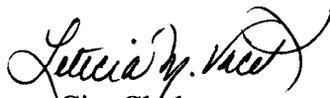
SECTION 7. This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED AND APPROVED this 14th day of April, 2005.



M A Y O R

ATTEST:


City Clerk

APPROVED AS TO FORM: _____


for City Attorney