

A RESOLUTION **2008-02-14-0010R**

NOMINATING THE TINDALL CORPORATION, TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT AND TOURISM AS A "STATE ENTERPRISE ZONE PROJECT," WHICH WILL QUALIFY TINDALL CORPORATION FOR STATE SALES AND USE TAX REFUNDS BASED ON JOB CREATION AND INVESTMENT AND SPECIFYING THAT THE TINDALL CORPORATION MEETS THE STATUTORY REQUIREMENTS FOR STATE ENTERPRISE ZONE PROJECTS IN ACCORDANCE WITH CHAPTER 2303 OF THE TEXAS GOVERNMENT CODE.

* * * *

WHEREAS, the United States Department of Housing and Urban Development ("HUD") designated the San Antonio Federal Empowerment Zone on December 31, 2001; and

WHEREAS, Texas Economic Development (the "Agency") designated the San Antonio Empowerment Zone Enterprise Zone (the "Zone") on January 11, 2002 pursuant to Section 2303.109(b), Subchapter C of the Texas Enterprise Zone Act, Texas Government Code (the "Act"); and

WHEREAS, the City of San Antonio (the "City") has previously passed Ordinance No. 99627 electing to participate in the Texas Enterprise Zone Program, and the local incentives offered under this resolution are the same on this date as were outlined in Ordinance No. 99627; and

WHEREAS, the Office of the Governor Economic Development and Tourism (EDC) through the Economic Development Bank (Bank) will consider the Tindall Corporation as an enterprise project pursuant to a nomination and an application made by the City; and

WHEREAS, the City desires to pursue the creation of the proper economic and social environment in order to induce the investment of private resources in productive business enterprises located in the Zone and to provide employment to residents of the Zone and to other economically disadvantaged individuals; and

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Act, the Tindall Corporation has applied to the City to designate Tindall Corporation as an Enterprise Project; and

WHEREAS, the City finds that the Tindall Corporation meets the criteria for designation as an Enterprise Project under Chapter 2303, Subchapter F of the Act on the following grounds:

1. The Tindall Corporation is a "qualified business" under Section 2303.402 of the Act since it will be engaged in the active conduct of a trade or business in the Zone and at least twenty-five percent (25%) of the business' new employees will be residents of a Zone within the City's jurisdiction or economically disadvantaged individuals; and
2. The Tindall Corporation is located in the Zone, or has made a substantial commitment to locate in the Zone, which has an unemployment rate of not less than one and one-half (1-1/2) times the state unemployment rate; and

3. There has been and will continue to be a high level of cooperation between public, private and neighborhood entities within the Zone; and
4. The designation of the Tindall Corporation as an Enterprise Project will contribute significantly to the achievement of the plans of the City for development and revitalization of the Zone; and

WHEREAS, the City finds that the Tindall Corporation meets the criteria for tax relief and other incentives adopted by the City and nominates the Tindall Corporation on the grounds that it will be located wholly within the Zone, will create a higher level of employment, economic activity and stability; and

WHEREAS, the City finds that it is in the best interest of the City to nominate the Tindall Corporation as an Enterprise Project pursuant to the Act; **NOW THEREFORE**,

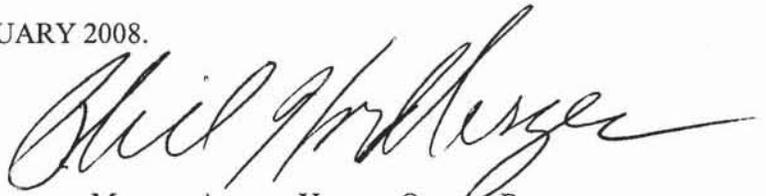
BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The findings of the City Council set out above and its actions approving this resolution taken at the City Council meeting are hereby approved and adopted.

SECTION 2. Tindall Corporation is a "qualified business", as defined in Section 2303.402 of the Act, and the Tindall Corporation project meets the criteria for designation as an Enterprise Project, as set forth in Section 2303, Subchapter F of the Act.

SECTION 3. The Enterprise Project shall take effect on the date of designation of the Enterprise Project by the Agency and terminate five (5) years after that date of designation.

PASSED AND APPROVED this 14th day of FEBRUARY 2008.



M A Y O R

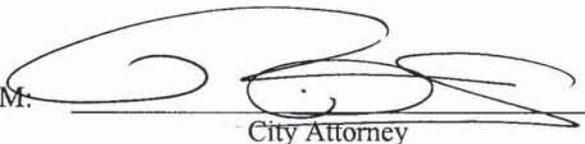
PHIL HARDBERGER

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney

THE STATE OF TEXAS

COUNTY OF BEXAR

I, Leticia M. Vacek, City Clerk of the City of San Antonio, Texas do hereby certify that the above and foregoing is a true and correct copy of Resolution Number 2008-02-14-0010R passed by the City of San Antonio City Council on the this 14th day of February, 2008.



Leticia M. Vacek
Leticia Vacek
City Clerk

THE STATE OF TEXAS

COUNTY OF BEXAR

BEFORE ME, the undersigned authority, on this day personally appeared LETICIA M. VACEK of the City of San Antonio, Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

GIVEN under my hand and seal of office this 14th day of February, 2008



(Notary Seal)

Leticia Y. Saenz
Notary Public, State of Texas

My commission expires: 12-27-2011

| Agenda Item: | 24 (in consent vote: 6, 8, 9, 10, 14, 15, 17, 18, 20, 21, 22, 23, 24, 25, 27A, 27B, 27C, 27D) | | | | | | |
|------------------------|---|-------------|-----|-----|---------|--------|--------|
| Date: | 02/14/2008 | | | | | | |
| Time: | 10:14:41 AM | | | | | | |
| Vote Type: | Motion to Approve | | | | | | |
| Description: | A Resolution nominating the Tindall Corporation ("Tindall") to the Office of the Governor, Economic Development and Tourism Department, as a State Enterprise Zone Project. [Pat DiGiovanni, Deputy City Manager; Robert Peche, Director, Economic Development] | | | | | | |
| Result: | Passed | | | | | | |
| Voter | Group | Not Present | Yea | Nay | Abstain | Motion | Second |
| Phil Hardberger | Mayor | | x | | | | |
| Mary Alice P. Cisneros | District 1 | | x | | | | |
| Sheila D. McNeil | District 2 | | x | | | | |
| Jennifer V. Ramos | District 3 | | x | | | | |
| Philip A. Cortez | District 4 | | x | | | | |
| Lourdes Galvan | District 5 | | x | | | | |
| Delicia Herrera | District 6 | | x | | | x | |
| Justin Rodriguez | District 7 | | x | | | | |
| Diane G. Cibrian | District 8 | | x | | | | |
| Louis E. Rowe | District 9 | | x | | | | x |
| John G. Clamp | District 10 | | x | | | | |



CITY OF SAN ANTONIO
Request for Council Action

Agenda Item # 24
Council Meeting Date: 2/14/2008
RFCA Tracking No: R-2853

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Robert Peche

COUNCIL DISTRICT(S) IMPACTED:
City Wide, Council District 5

SUBJECT:
Texas State Enterprise Zone ("EZ") Project Nomination for Tindall Corporation

SUMMARY:

The purpose of this Resolution is to nominate Tindall Corporation ("Tindall") to the Office of the Governor, Economic Development and Tourism, as a State Enterprise Project. If approved by the State for this designation, Tindall will be eligible for a refund of up to \$1,250,000 in State Sales and Use Taxes based on new investment and job creation.

Staff recommends approval of this resolution.

BACKGROUND INFORMATION:

The State EZ Program is an economic development tool that allows communities to partner with the State in promoting development in economically distressed areas. Under the State EZ program, census block groups with a poverty rate of at least 20 percent (as identified during the 2000 census) automatically qualify as EZ areas. San Antonio has 413 qualifying census block groups that qualify as EZ areas. The City's Federal Empowerment Zone areas, including the developable sites at Brooks City-Base, KellyUSA/Toyota and the Fredericksburg Road corridor, also qualify as state EZ areas. A map of the City's qualifying state EZ areas is attached.

The State is authorized to award up to 105 EZ projects per biennium (every two years) and to date has awarded 8 projects for this period. The State accepts nominations from cities and counties on a quarterly basis. The next quarterly deadline for nominations to the State is March 1, 2008. The City is permitted to nominate up to 6 EZ projects for each State biennial period. All 6 City project designations remain available to offer as business incentives through August 31, 2009. As a State EZ project, a company qualifies for State sales and use tax refunds on taxes paid on labor and materials for construction, based on investment and job creation and/or retention.

A company can qualify for an EZ nomination as a "single" project, a "double jumbo" project or a "triple jumbo" project based on the level of capital investment and job creation, as shown in the table below. To qualify for State EZ designation, a business must locate the project in an approved

State EZ area and fill 25 percent of all new or retained jobs (e.g., 125 out of 500 jobs) with economically disadvantaged individuals (e.g. Zone residents). Economically disadvantaged individuals are Zone residents, those unemployed for at least three months, those receiving public assistance, homeless, disabled and/or those who meet low/moderate income limits. Companies can also locate in areas outside the qualifying State EZ eligible area and be designated as a State EZ project, but must agree to employ at least 35% economically disadvantaged individuals.

| EZ Project | Investment Threshold | State Sales Tax Refund Per Job (up to 500 Jobs) | Maximum State Sales Tax Refund paid over 5 years |
|--------------|----------------------|---|--|
| Single | \$40,000 - \$150M | \$2,500 | \$1.25 M |
| Double Jumbo | \$150M - \$250M | \$5,000 | \$2.50 M |
| Triple Jumbo | Over \$250 M | \$7,500 | \$3.75 M |

Tindall designs, manufactures and erects precast, prestressed concrete products and building systems. Tindall has requested nomination by City Council to the State for Enterprise Zone designation. Tindall plans to invest \$25 million in real and personal property as well as create 250 jobs at their new manufacturing facility at 2222 W. Malone in City Council District 5. Based on the investment level and number of jobs created, Tindall may qualify for a refund of approximately \$625,000 (\$2,500 per job) in State Sales and Use Taxes. The project is located within a qualifying State Enterprise Zone census tract. On December 6, 2007, City Council also approved a 10-year tax abatement for this project. If designated by the State, Tindall must provide 25% of the 250 new jobs (62) to economically disadvantaged individuals in order to claim the state refund.

ISSUE:

On August 26, 2004, City Council held a public hearing and passed an ordinance ordaining the City's participation in the State EZ program as required by State statute. In this ordinance, the City identified a list of local incentives that may be offered to companies who locate a project in the State EZ area and qualify for EZ designation. Any requested incentives for a nominated EZ project are still presented to City Council on a case-by-case basis depending on the merits of each individual project. The following local incentives are potentially available in the EZ areas: tax abatement, tax increment financing, Freeport Exemption on inventory taxes, streamlined/preferential permitting, priority for CDBG funding/job training/industrial revenue bonds, Foreign Trade Zone designation, creation of a public improvement district, zoning changes to promote development, and reduction in utility rates. The offering and consideration of these incentives is consistent with current City policy.

The Tindall Project supports the City's *Strategic Plan for Enhanced Economic Development* by encouraging the attraction of new businesses and good paying jobs to the targeted southern sector and promoting the hiring of economically disadvantaged individuals. This project further helps establish San Antonio as a skilled manufacturing center and enhances this key sector as an integral part of our regional economy with prospects for substantial future growth.

ALTERNATIVES:

If the City does not nominate this project for State EZ designation, the company will not be inclined to provide jobs to economically disadvantaged individuals in targeted areas of the City.

FISCAL IMPACT:

There will be no direct fiscal impact to the City of San Antonio as the State EZ Program benefits are awarded to the designee by the State of Texas. The City will continue to receive its portion of the sales and use tax collected from this company. The City will collect a \$500 application fee.

RECOMMENDATION:

Staff recommends approval of this Resolution nominating Tindall for designation as a State Enterprise project thereby promoting capital investment in a distressed area and facilitating the employment of economically disadvantaged individuals.

ATTACHMENT(S):

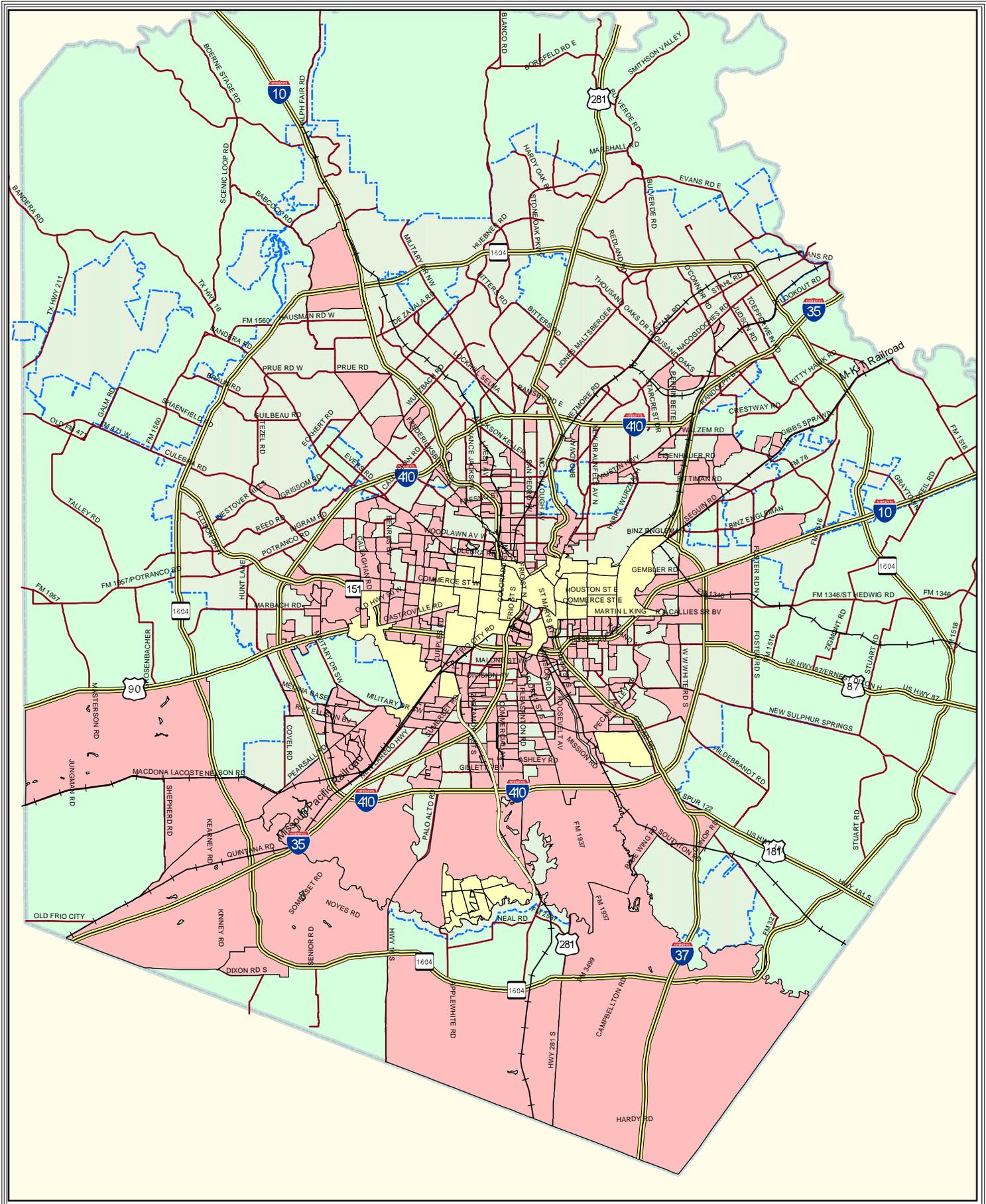
| File Description | File Name |
|---|--------------------------------------|
| State Enterprise Zone Areas | Bexar County State EZ Zone Areas.pdf |
| Voting Results | |
| Resolution/Supplemental Documents | 200802140010R.pdf |

DEPARTMENT HEAD AUTHORIZATIONS:

Ed Davis Assistant Director Economic Development

APPROVED FOR COUNCIL CONSIDERATION:

Pat DiGiovanni Deputy City Manager

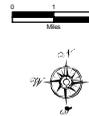


Map Created by: Ruben A. Davila
 Map Creation Date: August 5, 2004
 Map file location: C:\EconDev\Empowerment Zone ArcGIS Files
 PDF file name: Enterprise Zone Census Tracts

Texas Enterprise Zone Eligible Areas

San Antonio and Bexar County

- Block Groups with > 20% Poverty Rate
- Federal Empowerment Zone Areas



City of San Antonio
 Economic Development Department
 Robert Peche
 Director, Economic Development
 City Hall
 100 Military Plaza 4th Flr
 San Antonio, Texas 78205



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 *Please contact the responsible City of San Antonio Department for specific determinations.