

AN ORDINANCE 2010-03-18-0202

AUTHORIZING THE NEGOTIATION AND EXECUTION OF A TAX ABATEMENT AGREEMENT WITH ALLSTATE INSURANCE COMPANY TO EXEMPT SIXTY FIVE PERCENT (65%) OF AD VALOREM TAXATION FOR A SIX (6) YEAR PERIOD ON REAL AND PERSONAL PROPERTY IMPROVEMENTS

* * * * *

WHEREAS, recent efforts have resulted in a decision by Allstate Insurance Company, a publicly held personal insurer (hereinafter Allstate), to place a customer services center in San Antonio; and

WHEREAS, this customer service center will bring in a major capital investment of \$7.1 million in real property and \$4.5 in personal property improvements including machinery and equipment totaling over \$11.6 million in improvements and create 598 new full-time jobs; and

WHEREAS, in accordance with City of San Antonio Tax Abatement Guidelines and Criteria, the City offered Allstate as incentive for this investment and subsequent job creation, a 6-year, 65% abatement of ad valorem real property taxes; and

WHEREAS, the City Council finds that the proposed Allstate project furthers the objectives of the International and Economic Development Department and the City of San Antonio in promoting the development of local business interests and job creation; and

WHEREAS, City Council also finds that authorizing the negotiation of terms and conditions of a Tax Abatement Agreement consistent with the Guidelines and Criteria with Allstate for its real and personal property improvements is a reasonable incentive to induce Allstate to renovate and expand their project facilities in San Antonio; and

WHEREAS, City Council declares that it is in the best interest of the City to approve a Tax Abatement Agreement with Allstate to induce the desired and beneficial economic development in the area; **NOW THEREFORE**,

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

SECTION 1: The City Council authorizes the negotiation of terms and conditions of a Tax Abatement Agreement with Allstate, which shall grant a sixty five percent (65%), six (6) year tax abatement of ad valorem taxes on real property improvements culminating in an \$11.6 million investment by Allstate and the creation of 598 jobs. A copy of the Agreement, in substantially final form, is attached hereto and incorporated herein as Exhibit "A".

SECTION 2: The City Manager or a designated representative is authorized by this ordinance to execute a Tax Abatement Agreement as approved in Section 1 upon the completion of

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negotiations provided said Agreement meets the City of San Antonio Guidelines and Criteria for Tax Abatement. The final Agreement shall be filed with this ordinance upon execution.

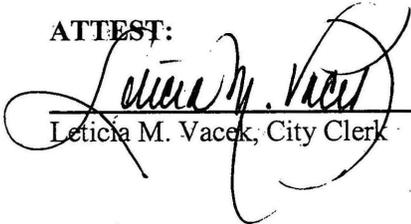
SECTION 3: This ordinance shall be effective immediately upon passage by eight affirmative votes; otherwise, it shall be effective on the tenth day after passage.

PASSED and APPROVED this 18th day of March, 2010.



M A Y O R
Julián Castro

ATTEST:

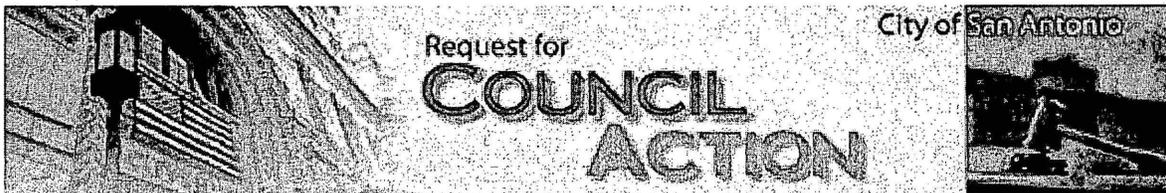


Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Michael D. Bernard, City Attorney



Agenda Voting Results - 5B

Name:	5A, 5B, 5C						
Date:	03/18/2010						
Time:	10:07:03 AM						
Vote Type:	Motion to Approve						
Description:	An Ordinance approving a Tax Abatement and Grant Agreement with Allstate Insurance Company abating 65% of ad valorem taxes for 6 years on real and personal property improvements in the Allstate Reinvestment Zone and granting up to \$30,000.00 from the Economic Development Incentive Fund for reimbursement of permitting and development services fees.						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Mary Alice P. Cisneros	District 1	x					
Ivy R. Taylor	District 2		x				
Jennifer V. Ramos	District 3		x				
Leticia Cantu	District 4		x				
David Medina Jr.	District 5		x				
Ray Lopez	District 6		x				
Justin Rodriguez	District 7		x				
W. Reed Williams	District 8		x			x	
Elisa Chan	District 9		x				x
John G. Clamp	District 10		x				

STATE OF TEXAS

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**CITY OF SAN ANTONIO
TAX ABATEMENT AND GRANT
AGREEMENT FOR REAL
AND PERSONAL PROPERTY**

COUNTY OF BEXAR

1. PARTIES

THIS AGREEMENT, (the "Agreement") effective as of March ____, 2010 (the "Effective Date") is entered between Allstate Insurance Company, an Illinois corporation and indirect subsidiary of Allstate Corporation (hereinafter "ALLSTATE"), who is leasing real property described herein and owns personal property located, or to be located, on the property, and City of San Antonio, a Texas municipal corporation, (hereinafter "CITY"), acting by and through its City Manager under the authority of its City Council.

2. AUTHORIZATION AND FINDINGS

A. This Agreement is entered into pursuant to the following authorities:

1. The Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312, as amended; and
2. CITY COUNCIL RESOLUTION No. 89-07-12, dated the 15th day of February 1989, and most recently revised by Ordinance No. 2008-12-11-1169 on December 11, 2008, together which established the City of San Antonio Guidelines and Criteria for Tax Phase-In and Reinvestment Zones, (hereinafter referred to as the "Guidelines and Criteria"); and
3. CITY COUNCIL ORDINANCE NO. 2010-_____, dated _____, 2010, which designated the ALLSTATE Reinvestment Zone (the "Zone"); and
4. CITY COUNCIL ORDINANCE NO. 2010-_____, dated _____, 2010, which specifically approves this Agreement and authorizes execution hereof; and
5. Chapter 380 of the Texas Local Government Code authorizes cities to grant or loan municipal funds in furtherance of public purposes for economic development projects; and
6. CITY COUNCIL ORDINANCE NO. 97248, dated the 27th of February, 2003, revised by Ordinance No. 99308 on June 3, 2004 and last amended by Ordinance No. 100684 on April 14, 2005, which created an Economic Development Program for the purpose of making such loans or grants available; and

Exhibit "A"

7. CITY COUNCIL ORDINANCE NO. 99308, dated the 3rd of June, 2004 and last revised by Ordinance No. 2008-11-20-1050, dated the 20th day of November, 2008, which established the Economic Development Incentive Fund Guidelines (the "EDIF Guidelines"), authorizing funding that may be granted or loaned for economic development projects in compliance therewith; and

B. The City Council, by its approval of this Agreement, hereby finds that the terms of this Agreement are in compliance with the Guidelines and Criteria, as well as the EDIF Guidelines; and the approval of this Agreement will not have any substantial long-term adverse effect on the provision of city services or the City's tax base. The City Council also finds that the planned use of the Property (defined below) inside the Zone by ALLSTATE does not constitute a hazard to public safety, health or morals.

3. PROPERTY

A. ALLSTATE is leasing real property located at 12238 Silicon Dr., San Antonio, Texas 78249 and owns personal property located, or to be located, on the property (the "Property"), legally described in EXHIBIT "A", attached hereto and incorporated herein. The Property is within the ALLSTATE Reinvestment Zone, designated by City Ordinance No. 2010-_____ for the purposes of the Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312.

B. ALLSTATE shall utilize the Property for general office use and initially for a bilingual customer information center for its insurance business ("Business Activities"). ALLSTATE shall cause the Business Activities as defined in Article 5, Paragraph I, to be conducted on the Property for the entire term of this Agreement.

C. ALLSTATE is investing approximately \$7.1 MILLION DOLLARS in Real Property Improvements and an additional \$4.4 MILLION DOLLARS in Personal Property Improvement including machinery and equipment to use for ALLSTATE's Business Activities at the Property for a total investment of approximately \$11.5 MILLION DOLLARS. ALLSTATE will not make Real and Personal Property Improvements prior to the effective date of this Agreement.

D. ALLSTATE shall establish a separate tax account for the Real and Personal Property Improvements with the Bexar Appraisal District and provide these tax account numbers to the CITY.

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4. **ALLSTATE REPRESENTATIONS**

A. ALLSTATE represents that it has no knowledge that any interest in the Real or Personal Property is presently owned, held or leased by a member of the San Antonio City Council, Zoning Commission, Planning Commission, the City's Economic Development Department, or any other City officer or employee. ALLSTATE further represents that it shall not knowingly sell, lease or otherwise convey such an interest to a member of the San Antonio City Council, the Zoning Commission, the Planning Commission, the City's International and Economic Development Department or any other City officer or employee, as long as this Agreement remains in effect.

B. ALLSTATE represents that at the time of the execution of this Agreement there is no litigation pending against ALLSTATE for any violations under the Occupational Safety and Health Act ("OSHA").

5. **OBLIGATIONS OF ALLSTATE**

A. In addition to the obligations and duties imposed on ALLSTATE by other incentive agreements it has entered into with the State of Texas, Bexar County or the City of San Antonio, ALLSTATE shall:

- 1) lease, own, hold an interest in or otherwise control the Property that is the subject of this Agreement;
- 2) invest, or cause to be invested, approximately SEVEN MILLION ONE HUNDRED THOUSAND DOLLARS (\$7,100,000.00) in Real Property Improvements and FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS (\$4,400,000.00) in Personal Property Improvements by December 31, 2010;
- 3) establish a minimum of three hundred eighty (380) new non-temporary, full-time employee positions by December 31, 2010;
- 4) establish a minimum of an additional two hundred eighteen (218) new non-temporary, full-time positions by December 31, 2011, for a cumulative total of five hundred ninety eight (598) non-temporary, full-time employee positions;
- 4) occupy and use the Property for its Business Activities; and
- 5) comply with all other applicable terms of this Agreement.

B. ALLSTATE covenants and agrees that it shall pay one hundred percent (100%) of its new and existing employees the City's effective prevailing "living" wage as determined by the City Council in its Tax Abatement Guidelines, which is TEN DOLLARS AND 60 CENTS (\$10.60) per hour. After one year of installing the personal

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property improvements, seventy percent (70%) of all new and existing employees must earn at least TWELVE DOLLARS AND SEVENTY-SIX CENTS (\$12.76) per hour.

C. A non-temporary, full-time job, for the purposes of this Agreement, shall be equivalent to two thousand fifteen (2,015) straight-time paid hours in a fiscal year.

D. ALLSTATE covenants and agrees that it shall offer all of its non-temporary, full-time employees working at the Property site substantially similar employee benefits as those employee benefits offered to similarly-situated employees of ALLSTATE in the State of Texas, described in EXHIBIT "B", attached hereto and incorporated herein.

E. ALLSTATE covenants and agrees that it shall comply with all applicable federal and state laws governing the employment relationship between employers and employees.

F. ALLSTATE also covenants and agrees to conduct Business Activities (as defined in Article 3, Paragraph B) on the Property in accordance with all applicable federal, state and local laws.

G. ALLSTATE shall make any Real Property Improvements to the Property in accordance with all applicable federal, state and local laws including, but not limited to, Texas Commission on Environmental Quality regulations, Bexar County and City of San Antonio laws, Building Codes and ordinances, Historic Preservation and Urban Design ordinances, flood, subdivision, building, electrical, plumbing, fire and life safety codes and regulations, current and as amended.

H. Except as provided, ALLSTATE covenants and agrees that it shall use the Property only to conduct its Business Activities. Without additional consent or approval by the City Council, a parent, subsidiary or affiliate organization of ALLSTATE or new entity created as a result of a merger, acquisition, or other corporate restructure or reorganization of ALLSTATE, or any component thereof (hereinafter "Related Organization") may own the Property for such Related Organization's normal business activities, so long as such business activities are substantially similar to the Business Activities of ALLSTATE as defined in this Agreement. To be eligible for tax abatements as provided in this Agreement, such Related Organization must agree in writing to fully comply with all applicable terms of this Agreement. Except as authorized above, ALLSTATE covenants and agrees not to change the Business Activities without prior approval by the City Council, which approval shall not be unreasonably withheld or delayed, as evidenced in a duly-approved ordinance.

I. ALLSTATE covenants and agrees that it shall use good faith efforts to cause ALLSTATE'S owner of the Property to maintain the Property and any constructed improvements in good repair and condition during the Term of this Agreement, normal wear and tear and damage by fire or other casualty not caused as a result of the gross negligence, intentional act or misconduct of ALLSTATE excepted. Compliance with the

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maintenance obligations imposed herein shall be presumed if ALLSTATE follows its normal and customary maintenance procedures and schedules for its other facilities.

J. Upon five (5) business days prior written notice to ALLSTATE by CITY, ALLSTATE covenants and agrees that they shall allow designated representatives of the CITY access to the Property during normal business hours for inspection to determine if the terms and conditions of this Agreement are being met. Such inspection shall occur no more often than twice within a 12-month period unless the City obtains evidence that ALLSTATE is not in compliance with the terms and conditions of the Agreement. This inspection is independent of CITY'S police powers to inspect for purposes of assuring compliance with applicable City Codes and Ordinances. The CITY'S access to ALLSTATE'S books and records will be strictly limited to information needed to verify the number of full-time employees at the Facility and the wages paid to these employees. Any information that is not required by law to be made public shall be kept confidential by CITY. ALLSTATE shall not be obligated to disclose any confidential information that is otherwise prohibited by any applicable law to disclose. Should any good faith dispute or question arise as to the validity of the data provided, the CITY reserves the right to require ALLSTATE to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of ALLSTATE and once submitted, will not be subject to further dispute by the CITY. CITY representatives shall be accompanied by ALLSTATE representatives at all times during any such inspections and such inspections shall be conducted in such a manner as to (a) not unreasonably interfere with the operation of the Property or ALLSTATE'S Business Activities; and (b) comply with ALLSTATE'S security requirements.

K. During the term of this Agreement, ALLSTATE covenants and agrees to furnish each year, as applicable, the Chief Appraiser of Bexar Appraisal District with information outlined in Chapter 22, V.A.T.S. Tax Code, as amended, as may be necessary for the tax phase-in and for appraisal purposes.

L. ALLSTATE covenants and agrees that it shall provide the CITY'S Director of International and Economic Development with a semi-annual certification from an officer of ALLSTATE attesting to the number of full-time new jobs created and retained by ALLSTATE and that the wages paid by ALLSTATE to their employees at the Property to meet the minimum requirements of this Agreement. ALLSTATE shall also submit this information to the CITY upon request, as deemed necessary at the sole discretion of the CITY, during the Term of this Agreement. The information provided shall be on the forms set forth in, or substantially similar to the forms set forth in, EXHIBIT "C" (attached hereto and incorporated herein), as amended.

M. ALLSTATE covenants and agrees to make a good faith effort to hire local employees to fulfill its requirements under Article 5, Paragraph A. "Local" is defined, for the purposes of this Paragraph, as an employee whose principal residence is located within the city limits of the City of San Antonio or within the county limits of Bexar County. Additionally, and in accordance with the requirements of the Guidelines and

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Criteria, ALLSTATE agrees to hire not less than TWENTY-FIVE PERCENT (25%) of all new jobs with employees who reside in Bexar County.

N. ALLSTATE covenants and agrees to notify CITY in writing at least 30 days prior to any proposed sale, transfer or sub-lease of ALLSTATE's interest in the Real Property during the Term. CITY shall not unreasonably withhold approval of any requests for Assignment of this Agreement by ALLSTATE under Article 11 and any new purchaser or transferee requesting Assignment shall be bound by same. Failure to provide the required notification under this Article 5, Paragraph N may render ALLSTATE subject to the termination and recapture provisions under Article 7. This provision does not grant the CITY the right to pre-approve, disapprove or prohibit any sale, transfer or sub-lease of the Property during the Term; rather it creates a notification requirement and further addresses requests for Assignment of the Agreement; and consequences for failing to meet the notification requirement.

O. ALLSTATE will notify CITY in writing at least 30 days prior to Relocating its Business Activities outside of the City of San Antonio or to an area within the City of San Antonio that has not been subsequently designated a tax increment reinvestment zone or Ceasing its Business Activities (as defined in Article 7). Failure to provide the required notification under Article 5, Paragraph O may render ALLSTATE subject to the termination and recapture provisions under Article 7 without benefit of the Cure Period.

P. If ALLSTATE fails to establish and retain at least the minimum number of full-time positions as required under Section 5A of this Agreement, including full time employees, those undergoing training or scheduled for training to be full time employees and open positions for which ALLSTATE is actively recruiting, or fails to pay at least the minimum wages required under this Agreement for a period of six or more consecutive months, then the termination and recapture provisions of Article 7 shall apply against ALLSTATE.

Q. The termination and recapture provisions of Article 7 shall apply if ALLSTATE becomes delinquent and fails to timely and properly follow the legal procedures to protest and/or contest its ad valorem taxes due on its real and personal property including inventory and supplies, or is in default with any loan from a City-sponsored entity (ex: San Antonio Development Agency, South Texas Business Fund or City of San Antonio Industrial Development Authority) or any other City-sponsored loan, grant or bond program.

R. ALLSTATE shall file/record a copy of the Ordinance authorizing this Agreement with the Bexar County Property Records and shall submit a copy to CITY within ten (10) calendar days of recording. ALLSTATE shall be responsible for the payment of fees associated with this recording.

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6. **TAX ABATEMENT AND GRANT**

A. The tax abatement period (the "Term") for the Real and Personal Property Improvements shall be six (6) years beginning on January 1, 2011. The base year for calculating the value of the Real and Personal Property shall be January 1, 2010. The "Base Year Value" of the Real Property not covered under this Agreement shall be its assessed value (determined by the Bexar County Appraisal District), as of the Base Year. This Agreement only provides for the abatement of taxes on Real and Personal Property Improvements made to the Property after the execution of this Agreement.

B. At the commencement of the Term, ALLSTATE shall own, have an interest in or otherwise control the Property and shall be conducting its Business Activities on a daily basis.

C. Provided that ALLSTATE is in full compliance with the conditions of this Agreement, then SIXTY FIVE PERCENT (65%) of the ad valorem taxes for the Real and Personal Property Improvements, above the Base Year Value, shall be abated for six (6) years of this Agreement. There shall be no abatement of taxes for the underlying land value or any inventory and supplies.

D. ALLSTATE acknowledges and agrees that the Base Year Value of the Property and the tax levy based on the Base Year Value of the Property in the Zone shall not decrease, but taxes may increase and the amount of property taxes paid by ALLSTATE to the CITY attributable to the Property during the Term shall not be less than the amount of taxes attributable to the Property paid to the CITY for the base year tax year, if any, except in the event of casualty or condemnation of the Property in the Zone.

E. ALLSTATE shall have the right to protest appraisals of the Property, real or personal, or any portion thereof, over and above the Base Year Value as applicable.

F. Provided that ALLSTATE is in compliance with Article 5, Paragraph A of this Agreement, CITY shall grant THIRTY THOUSAND DOLLARS (\$30,000.00) to ALLSTATE as reimbursement for permitting and development services fees. Failure to create or retain the required employment positions may render ALLSTATE subject to the Default and Recapture provisions in Article 7 of this Agreement.

7. **DEFAULT/TERMINATION/RECAPTURE**

A. For purposes of this section, "Relocation" or "Relocate" shall mean ALLSTATE or a Related Organization that has taken the place of ALLSTATE, transferring Business Activities to a location outside of the Zone.

B. Should ALLSTATE occupy and use the Property for its Business Activities and subsequently Relocate (as defined in Article 7, Paragraph A) during the Term, unless such Relocation is caused by a Force Majeure, as defined in Article 8, then CITY shall have the right to terminate this Agreement. Termination will be effective for the calendar

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year during which the Property is no longer used for the required purposes stated herein. Unless ALLSTATE presents credible evidence clearly indicating a date of Relocation or cessation, CITY's determination shall be final and conclusive.

Upon termination, any and all taxes otherwise abated for that calendar year and previously abated taxes under this Agreement will be recaptured by CITY and CITY will be entitled to the payment of such recaptured taxes within sixty (60) calendar days from the date it notifies ALLSTATE in writing of termination.

C If ALLSTATE, a Related Organization or City-approved assignee fails to establish and maintain the minimum number of non-temporary, full-time positions as required in Article 5, Paragraph A, as evidenced by the averaging of the two most current semi-annual Employee Wage Information for Tax Phase-In Request Forms, or substantially similar form, (Exhibit "C") for such calendar year of noncompliance, then for each such calendar year of noncompliance, the tax abatement shall be reduced in the following tax year by the same percentage as the deficiency in the number of employees. For example, if ALLSTATE hires and retains ninety percent (90%) of the minimum number of full-time employees in a given year, ALLSTATE shall be entitled to ninety percent (90%) of the ad valorem personal property tax abatement for the Property for that following year, subject to a floor of fifty percent (50%). Similarly, with regard to the Grant, CITY shall recapture a proportionate share of the Grant funds in the following tax year by the same percentage as the deficiency in the number of employees, subject to a floor of fifty percent (50%). Should ALLSTATE fail to hire and retain at least fifty percent (50%) of the minimum number of full-time employees in a given year then, at the option of CITY, this failure may be grounds for termination of this Agreement. Said termination shall be effective for the calendar year during which the number of non-temporary, full-time employees stated herein have not been hired or retained as required. In calculating the employment number, ALLSTATE can include full time employees, those undergoing training or scheduled for training to be full time employees and open positions for which ALLSTATE is actively recruiting.

Upon termination, any and all taxes otherwise abated for that calendar year and all previously abated taxes under this Agreement shall be recaptured by CITY and CITY shall be entitled to the payment of such recaptured taxes within sixty (60) calendar days from the date it notifies ALLSTATE in writing of such termination.

D. During the Term, CITY may declare a default if ALLSTATE fails to comply with any of the material terms of this Agreement. Should CITY determine ALLSTATE is in default under any of the terms of this Agreement, CITY will notify ALLSTATE in writing at the address below in Article 9. If said default is not cured within sixty (60) calendar days from the date of such notice (hereinafter the "Cure Period"), then CITY shall have the right to terminate this Agreement. At CITY's sole discretion, CITY may extend the Cure Period if ALLSTATE commences the cure within the Cure Period and ALLSTATE is diligently pursuing such cure. If the Agreement is terminated as a result of default, all taxes abated shall be due for the tax year during which the termination occurred and shall accrue without further abatements for all tax years thereafter. In

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addition, CITY will have the right to recapture from ALLSTATE all previously abated real property taxes under this Agreement and said taxes shall be paid by ALLSTATE within sixty (60) calendar days of receiving CITY'S written notification of recapture, unless such termination is the subject of a good faith dispute, in which case payment of the recaptured taxes may be delayed until the dispute is resolved.

E. Other Remedies Available. CITY's right to terminate this Agreement and/or recapture previously abated taxes is not the CITY's sole and exclusive remedy in the event of an ALLSTATE default. However, such termination and/or recapture shall be subject to any and all lawful offsets, settlements, deductions or credits to which ALLSTATE may be entitled. The termination and/or recapture of taxes provided in this Article 7 are not applicable to situations involving minor changes to the description of the Property, or changes in ownership or in management thereof, so long as ALLSTATE, its parent, subsidiary, affiliate or its CITY-approved successor or assignee continues conducting Business Activities or other authorized activities as provided above.

F. Calculation of Taxes Subject to Recapture. If ALLSTATE fails to comply with any of the terms of this Agreement including, but not limited to, those pertaining to Article 7 then, after the expiration of any applicable Cure Period, the City Council shall have the right to recapture from ALLSTATE a percentage of the abated real and personal property taxes based on the following table:

TERM YEAR AND RECAPTURE PERIOD	TOTAL TAX PREVIOUSLY ABATED SHALL BE MULTIPLIED BY:
1-6	100%
7	100%
8	75%
9	50%
10	25%

FORMULA: The recapture formula shall be:

$$\begin{array}{rcccl} & & \text{Applicable Percentage} & & \text{Amount to be} \\ \text{Total Taxes Abated} & \times & \text{from above Schedule} & = & \text{Recaptured} \end{array}$$

CITY shall recalculate the amount of recapture pertaining to each tax year utilizing the above formula. A bill for each year will then be sent to ALLSTATE.

8. **AUTHORIZED RELIEF FROM PERFORMANCE (Force Majeure)**

For purposes of this section, "Force Majeure" is defined as an act of God, a natural disaster or an act of war (including terrorism). It also includes explosion, fire or other casualty or accident, which is not the result of gross negligence, an intentional act or misconduct on the part of ALLSTATE. In addition to relief expressly granted in this Agreement, CITY may grant

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relief from performance of this Agreement if ALLSTATE is unable to comply or perform due to an event of Force Majeure. The burden of proof for the need for such relief shall rest upon ALLSTATE. To obtain release based upon this Article, ALLSTATE must file a written request with the CITY'S International and Economic Development Department for processing to City Council for a decision, authorized by a duly approved Ordinance.

9. NOTICE

Any notice required or permitted by this Agreement must be in writing and will be deemed properly served if correctly addressed to the party to whom notice is being given and either (a) delivered in person; (b) placed in the United States mail with postage prepaid, return receipt requested; or (c) deposited, with fees prepaid, into the custody of a nationally recognized overnight delivery service like FedEx. Any notice mailed in the above manner shall be effective upon its deposit into the custody of the United States Postal Service or such nationally recognized delivery service as applicable; all other notices shall be effective upon receipt. From time to time, either party may designate another address for all purposes under this Agreement by giving the other party no less than ten (10) calendar days advance written notice of such change of address in accordance with the provisions hereof.

TO ALLSTATE:

- (Whether personally delivered or mailed):

TO CITY:

- If mailed:

Economic Development Department
Attn: Director
P.O. Box 839966
San Antonio, Texas 78283-3966

- If by personal or overnight delivery:

Economic Development Department
Attn: Director
City Hall, 4th Floor
Military Plaza
San Antonio, Texas 78205

10. CONDITION

This Agreement is conditioned entirely upon the approval of the San Antonio City Council, as evidenced by duly approved Ordinance Number 2010-_____, dated _____, 2010.

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11. ASSIGNMENT

Unless expressly provided for herein, only City Council can assign or transfer this Agreement as reflected in a duly adopted ordinance. ALLSTATE must submit a written request to CITY for approval of the proposed assignment or transfer at least thirty (30) days prior to the effective date of the assignment or transfer of any part of this Agreement. However, no City Council consent is required for an assignment or transfer to a parent of ALLSTATE, subsidiary of ALLSTATE, affiliate entity of ALLSTATE, or to any new entity created as a result of a merger, acquisition or other corporate restructure or reorganization of ALLSTATE. However, ALLSTATE shall give CITY prior written notice of all assignments or other transfers that do not require City Council consent, as required under Article 5, Paragraph N. All future assignees shall be bound by all terms and/or provisions and representations of this Agreement.

12. GENERAL PROVISIONS

A. None of the Real Property Improvements described in this Agreement are financed by tax increment bonds.

B. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the CITY related to this project. No bonds for which the CITY is liable have been used to finance this project.

C. No amendment, modification, or alteration of the terms hereof shall be binding unless in writing, dated subsequent to the date of this Agreement and duly authorized by both Parties. ALLSTATE acknowledges that City Council approval is required for any and all of these actions.

D. ALLSTATE understands that since ALLSTATE is a "business" and the City's contribution under this Agreement is a "public subsidy" as defined in Chapter 2264 of Subtitle F, Title 10 of the Government Code (80 (R) HB 1196); then if ALLSTATE is convicted of knowingly employing an undocumented worker, ALLSTATE is required to refund money received through this Agreement. Repayment is required within six months of final conviction and interest shall accrue at the rate of .5% per month until the time of such repayment from the date of final conviction.

13. SEVERABILITY

In the event any section, subsection, paragraph, subparagraph, sentence, phrase or work herein is held invalid, illegal or unenforceable, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase or word. In such event there shall be substituted for such deleted provisions a provision as similar as possible in terms and in effect to such deleted provision that is valid, legal and enforceable. This Agreement constitutes the entire Agreement between the parties hereto relating to the subject matter contained herein and supersedes all prior, oral or written agreements, commitments or understandings with respect to the matters provided for herein.

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14. ESTOPPEL CERTIFICATE

Any Party hereto may request an estoppel certificate related to this project (hereafter referred to as "Certificate") from another Party hereto so long as the Certificate is requested in connection with a bonafide business purpose. The Certificate would be addressed to a subsequent purchaser or assignee of ALLSTATE or other party designated by ALLSTATE which shall include, but not necessarily be limited to, statements that this Agreement is in full force and effect without default, if such is the case, the remaining Term of this Agreement, the levels of tax abatement in effect, and such other matters reasonably requested by the party(ies) to receive the Certificate.

15. OWNER STANDING

ALLSTATE, as a Party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions, or City Council actions authorizing same, and ALLSTATE shall be entitled to intervene in said litigation.

16. APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas and is enforceable in any state or federal court of competent jurisdiction.

17. TRIPLICATE ORIGINALS

This Agreement shall be executed in three triplicate originals, with an original going to each Party and one to the City Clerk of the City of San Antonio.

WITNESS OUR HANDS, EFFECTIVE as of _____, 2010:

Accepted and executed in triplicate originals on behalf of the City of San Antonio pursuant to City Ordinance Number 2010- _____, dated _____, 2010, and ALLSTATE Insurance Company pursuant to the authority of its _____.

SIGNATURES APPEAR ON FOLLOWING PAGE.

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CITY OF SAN ANTONIO,
a Texas Municipal Corporation

ALLSTATE INSURANCE COMPANY
an Illinois Corporation

Sheryl Sculley
CITY MANAGER

By:
Title:

ATTEST:

ATTEST:

Leticia Vacek
CITY CLERK

APPROVED AS TO FORM:

Michael D. Bernard
CITY ATTORNEY

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EXHIBIT A: PROPERTY DESCRIPTION

Tax Phase-In Agreement
Allstate/City
3/23/2010

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EXHIBIT B: EMPLOYEE BENEFITS

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EXHIBIT C: JOB, WAGE AND INVESTMENT COMPLIANCE FORM

Company Name: _____

Reporting Period: _____

Name/Phone/E-mail of Person Preparing Report: _____

Real Property: expenditures associated with real property improvements during reporting period (Verification may include audited financial statement or AIA forms, receipts, invoices, request for payment from a contractor, etc.)	
1. Improvements occurring during reporting period	\$
2. Improvements existing prior to reporting period	\$
3. Total real property improvements (Attach supporting documents.)	\$
Personal Property: expenditures associated with personal property improvements during reporting period (Verification may include audited financial statement or receipts, invoices, requests for payment, etc.)	
4. Improvements occurring during reporting period	\$
5. Improvements existing prior to reporting period	\$
6. Total personal property improvements (Attach supporting documents -- see above.)	\$
Jobs: full-time (2,080 straight-time paid hours) employees as of end date of reporting period (Verification: payroll registers listing all employees, dates of hire, hourly wages, etc.)	
7. Total number of FT employees at the facility as of 6/30/11. (Attach supporting documents.)	
8. What is the minimum hourly wage paid at the facility? (Attach supporting documents.)	\$
9. Number of employees earning \$10.60/hour or above	
Additional Contractual Obligations	
9. Percent of workforce that is economically disadvantaged (attach information regarding company's good-faith efforts). See Section --- of agreement.	\$
10. Percent of workforce that is local. See Section 5N of agreement.	
11. Regarding employee benefits, please attach separate sheet demonstrating compliance with Section 5D of agreement.	
12. Please attach separate sheet detailing information required under Section -- of agreement	
Certification	
I certify, under penalty of perjury, that the information provided in this report and the attached documents is correct, and that the company has complied with all terms and conditions of its agreement with the City of San Antonio.	

Signature: _____

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Printed Name: _____

Title: _____

Date: _____

Mail original signed form, with supporting documents, to: Contracts Officer, Economic Development Department, City of San Antonio, P. O. Box 839966, San Antonio, Texas 78283-3966.

For questions regarding this report, please contact Olga Lozano, Contracts Officer, at 210/207-8088 or at olga.lozano@sanantonio.gov

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Tax Phase-In Agreement
Allstate/City
3/23/2010

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CITY COUNCIL ITEMS 5A, 5B, 5C

**ALLSTATE INSURANCE COMPANY
PUBLIC HEARING FOR REINVESTMENT ZONE
TAX ABATEMENT AND GRANT AGREEMENT
TEXAS ENTERPRISE PROJECT NOMINATION**

**INTERNATIONAL AND ECONOMIC DEVELOPMENT
DEPARTMENT**

March 18, 2010

Items for Consideration

- **Item 5A:** Public Hearing and an Ordinance designating the Allstate Reinvestment Zone at 12238 Silicon Drive, City Council District 8
- **Item 5B:** An Ordinance authorizing a 6-year, 65% Tax Abatement and an economic development program grant agreement up to \$30,000
- **Item 5C:** A Resolution nominating Allstate Insurance Company for a Texas Enterprise Project Designation

Project Benefits

- Creating 598 new jobs by June 2011 at 12238 Silicon Drive in District 8
 - Another 537 indirect/induced jobs
 - Majority of jobs require bilingual skills
 - Employees trained as licensed insurance agents
 - Average salary of about \$37,000 after initial training
 - Continued growth in Finance industry
- Capital investment of \$11.5 million
- Net fiscal impact to the City of \$1,099,967
- Annual economic impact of \$150,826,032

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Allstate Insurance Corporation

- Founded in 1931 -- headquartered in Northbrook, IL
- Largest publicly held personal lines insurer
- Employ an estimated 40,000 worldwide
- Ranked 81 on the Fortune 100 in 2009
- Annual revenues exceed \$29 billion
- Recently recognized as:
 - “100 Best Companies for Working Mothers”
 - “50 Best Companies for Latinas to Work”
 - “Top 100 Company for Employee Training/ Development”
 - “Top Company for Executive Women”



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Proposed Incentives

- To attract the project to San Antonio, staff offered Allstate the following:
 - 6-year, 65% tax abatement, valued at \$232,391
 - Nomination for a Texas Enterprise Project
 - A grant up to \$30,000 for permitting and development service fees
- San Antonio competed with two sites in the Phoenix area and Albuquerque
- The State provided Allstate a \$1,100,000 grant from the Texas Enterprise Fund
- The County has offered Allstate a 6-year, 40% tax abatement



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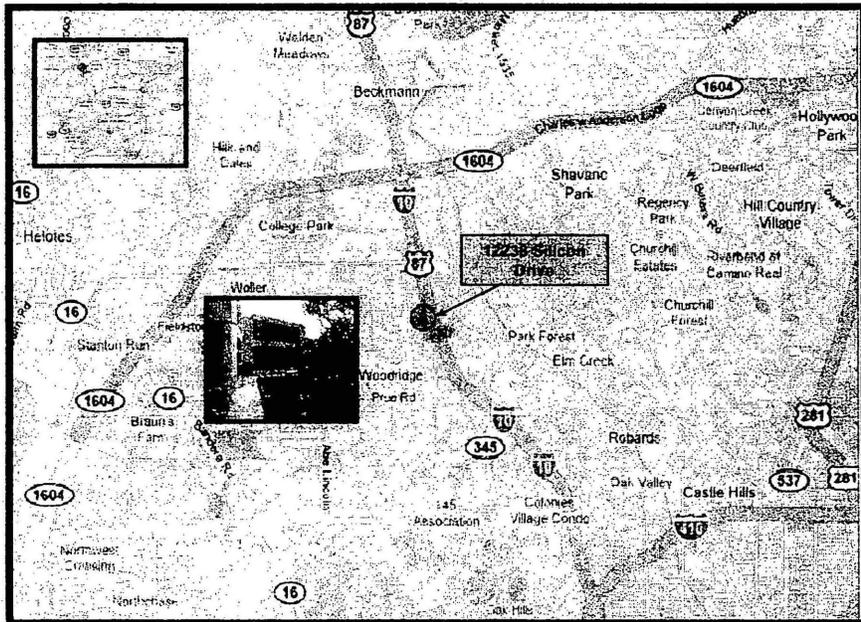
Allstate Public Hearing – Item 5A

- Before the City can enter into a Tax Abatement Agreement with Allstate, the City must hold a public hearing to designate the project area as a “Reinvestment Zone” under state statute
 - City Council must find the designation is likely to contribute to the retention or expansion of primary employment or to attract major investment
 - The proposed “Allstate Reinvestment Zone” encompasses the 12.42 acre property site at 12238 Silicon Drive



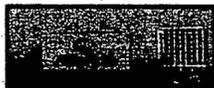
6

Allstate Reinvestment Zone



Tax Abatement and Grant Agreement (Item 5B)

- Staff is recommending a 6-year, 65% tax abatement and a \$30,000 economic development grant to Allstate if the company:
 - Creates 598 new jobs by 2011
 - Invests approximately \$11.5 million
 - Meets the minimum wage requirements
 - Maintains operations for 10-years at the site or be subject to recapture of abated taxes
- The 6-year term of the Agreement would begin January 1, 2011



State Enterprise Project Nomination (Item 5C)

- Staff is also recommending Council nominate Allstate to the Office of the Governor for a State Enterprise Project designation
- This incentive program allows communities to partner with the state in offering companies state sales/use tax refunds for new investment and jobs

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Policy Issues

- The Allstate project qualifies under the Tax Abatement Guidelines as an "exceptional project"
 - Based on 600 jobs and \$11.5 million investment
 - Project is in a targeted industry -- Finance
 - Project is located in a 6-year term area
 - Jobs will meet the City's "living wage" requirement
- Project also qualifies under the EDIF Guidelines for a \$30,000 grant to help offset permitting and development fees based on investment

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Policy Issues (cont.)

- The City can nominate 9 projects to the state for designation as State Enterprise Project in the current biennium ending August 31, 2011
 - If designated, Allstate will be eligible to apply for a refund of up to \$1,250,000 in state sales and use taxes
 - Allstate is locating in a non-qualifying State census tract and must hire up to 35% of its employees from qualifying tracts (413) or hire economically disadvantaged to receive the maximum state benefit
 - With Allstate, the City will have 4 projects remaining

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Net Fiscal Impact – 12-Years

	A	B	C
YEARS	Revenues to City (CPS Energy 14%, Property Taxes, Sales Taxes from Jobs)	Costs to City (6-Year, 65% Tax Abatement and \$30,000 EDIF Grant)	Net Fiscal Benefit (Present Value) C = (A – B)
1-6	\$699,248	\$262,787	\$436,461
6-12	\$663,506	\$0	\$663,506
Totals	\$1,362,754	\$262,787	\$1,099,967

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Recommendation

- The Economic and Community Development Committee endorsed the project on Feb 25, 2010
- Staff recommends approval of the following:
 - An Ordinance authorizing the Allstate Reinvestment Zone at 12238 Silicon Drive in City Council District 8
 - An Ordinance authorizing a 6-year, 65% Tax Abatement Agreement with Allstate Insurance Company and a EDIF grant agreement up to \$30,000
 - Resolution nominating Allstate Insurance Company as a Texas Enterprise Project