

AN ORDINANCE 2010-05-13-0404

**APPROVING THE RELEASE AND TRANSFER OF STBF ASSETS, GRANT/LOAN FUNDS AND OBLIGATIONS TO ACCION, TEXAS; TERMINATING STBF AGREEMENTS; TRANSFERRING TRUST FUNDS, GRANT FUNDS AND PROGRAM INCOME TO THE CITY FROM STBF; TRANSFERRING TRUST FUNDS TO SAGE; AND AUTHORIZING THE NEGOTIATION AND EXECUTION OF DOCUMENTS NECESSARY TO EFFECTUATE A MERGER BETWEEN STBF AND ACCION, TEXAS.**

\* \* \* \* \*

**WHEREAS**, the San Antonio Local Development Company, Inc. *dba* the South Texas Business Fund ("STBF") is a Certified Development Company (CDC) and a 501(c)(3) non-profit organization formed in 1978 under the auspices of the City; and

**WHEREAS**, STBF's mission is to promote the development of small businesses through education, outreach and financial assistance, offering loan products ranging from \$15,000 to over \$4 million within the State of Texas, with a focus on the Alamo Region including the counties of Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina and Wilson; and

**WHEREAS**, STBF is governed by a twenty-five (25) member Board of Trustees, twenty-two (22) of whom are appointed by the San Antonio City Council, with three (3) appointed by AACOG and out of the twenty-five (25) Trustees, twelve (12) members are selected as a Board of Directors (the "Directors"); and

**WHEREAS**, over the last year, the Directors have been researching and pursuing various options to enhance services to the small business community and acknowledged that efficiencies and enhancements can be accomplished by partnering with other organizations with a similar mission and focus; and

**WHEREAS**, STBF sought an opportunity to leverage its good operations and marketshare to increase services and capital to the San Antonio area and found that the most viable option and collaborative solution that enhances services, while maintaining the STBF mission, is a merger with ACCION Texas, Inc. ("ACCION TX"); and

**WHEREAS**, ACCION TX is a 501(c)(3) non-profit loan fund launched in San Antonio in 1994, whose mission is to provide loans to small business owners lacking access to commercial credit and is the nation's largest small business and micro-lender, with an active portfolio of over \$25M, and is a certified Community Development Financial Institution (CDFI); and

**WHEREAS**, as part of extensive merger discussions, a formal MOU and Plan of Merger were developed in which ACCION TX agreed to certain conditions that ensure increased loan capital and technical assistance are made available to the San Antonio area, including:

- Creation of a San Antonio One-Stop Resource Center – with a wider variety of loan products and increased technical assistance; within the ACCION TX organization, the San Antonio area will have separate financials and reporting requirements;
- ACCION TX will revolve STBF's portfolio balance and any outstanding loan capital existing immediately prior to the merger at an interest rate and fee structure consistent with STBF's current loan policies;
- ACCION TX will create three (3) permanent Board of Director positions for current STBF Board or Trustee members - these board members will be responsible for, along with their general ACCION TX obligations, reviewing the San Antonio Division of ACCION TX and will have access to the semi-annual reports produced for the City of San Antonio; and

**WHEREAS**, after a comprehensive and thorough due-diligence process, on March 9, 2010 the STBF Trustees and Board of Directors passed a Resolution to merge with ACCION TX and signed a Memorandum of Understanding (MOU) outlining the merger conditions, and on May 11, 2010, passed a Resolution adopting a Plan of Merger; and

**WHEREAS**, the STBF Articles of Incorporation require that upon dissolution, liquidation or winding up of the corporation, the assets be distributed, after the satisfaction of all debts, to the City of San Antonio (the "City") or to another 501(c)(3) designated by the City that is organized and operated exclusively for charitable, educational, scientific or literary purposes; and

**WHEREAS**, closing of the merger is anticipated to occur in July, pending the receipt of all approvals and the execution of all documents necessary to effectuate the merger; and

**WHEREAS**, the City Council finds that it is in the best interest of the City to approve all actions necessary to accomplish the merger between STBF and ACCION TX; **NOW THEREFORE:**

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

**SECTION 1.** The City Council authorizes and designates the following regarding the merger of the San Antonio Local Development Company, Inc. *dba* South Texas Business Fund (STBF) and ACCION Texas, Inc. (ACCION TX):

- A. The City Manager or her designee, or the Director of the International & Economic Development Department or his designee is hereby authorized to release and transfer all assets, grant funds and/or program income, held by STBF in trust for the Westside Development Corporation (WDC) to the City of San Antonio (CITY) to serve as fiscal agent for WDC.
  - i. Fund 29644000, GL 4502280, IO 216000000018 entitled "WDC" is hereby designated for use in the accounting for the fiscal transactions in the acceptance of this transfer and will be appropriated in said fund.
- B. The City Manager or her designee, or the Director of the International & Economic Development Department or his designee is hereby authorized to release and transfer assets, held by STBF in trust for San Antonio for Growth on the Eastside (SAGE) loans/grants, to SAGE, a 501(c)(3) organization.

- C. The City Manager or her designee, or the Director of the International & Economic Development Department or his designee is hereby authorized to release, transfer and appropriate funds, held by STBF in trust on behalf of San Antonio, Inc. (S.A., Inc.), to the CITY's International & Economic Development Department to sponsor small business initiatives.
- i. Fund 11001000, GL 4502280, IO 216000000000 entitled "General Fund" is hereby designated for use in the accounting for the fiscal transactions in the acceptance of this transfer and will be appropriated in said fund.
- D. The City Manager or her designee, or the Director of the International & Economic Development Department or his designee is hereby authorized to release and transfer assets, held by STBF in trust for the Mayor's Commission on the Status of Women (MCSW), to the CITY to serve as fiscal agent for MCSW.
- i. Fund 29604002, GL 4502280, IO 211000000064 entitled "Mayor's Commission on the Status of Women" is hereby designated for use in the accounting for the fiscal transactions in the acceptance of this transfer and will be appropriated in said fund.
- E. The City Manager or her designee, or the Director of the International & Economic Development Department or his designee is hereby authorized to release and transfer all remaining Economic Development Administration (EDA) and Housing and Urban Development (HUD) grant funds and/or program income from STBF to the CITY, in association with terminating the sub-recipient agreements between the CITY and STBF.
- i. Fund 26026000, GL 6301130, IO 116000000038 entitled "EDA" is hereby designated for use in the accounting for the fiscal transactions in the acceptance of this transfer and will be appropriated in said fund. Upon authorization from grantor and City Council, these funds will be available to use in a subrecipient agreement with ACCION TX.
- ii. Fund 26054000, GL 6301130, IO 116000000039 entitled "HUD" is hereby designated for use in the accounting for the fiscal transaction in the acceptance of this transfer and will be appropriated in said fund. Upon authorization from grantor and City Council, these funds will be available to use in a subrecipient agreement with ACCION TX.
- F. The City Manager or her designee, or the Director of the International & Economic Development Department or his designee is hereby authorized to negotiate and execute sub-recipient agreements between the CITY and ACCION TX for the servicing of EDA and HUD grant funds and/or program income, where allowable by the grants.
- G. The City Manager or her designee, or the Director of the International & Economic Development Department or his designee is hereby authorized to release and transfer all remaining Small Business Administration (SBA) grant and loan funds, assets and liabilities, and assignment of ownership responsibilities and requirements, from STBF to ACCION TX.
- H. The City Manager or her designee, or the Director of the International & Economic Development Department or his designee is hereby authorized to release all remaining STBF funds, assets and liabilities (as noted in the draft March 31, 2010 balance sheet of STBF, attached for all purposes as Attachment I) to ACCION TX.

**SECTION 2.** The financial allocations in this Ordinance are subject to approval by the Chief Financial Officer (CFO), City of San Antonio. The CFO may, subject to concurrence by the City Manager or the City Manager's 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 3.** City Council approves the termination of STBF sub-recipient agreements with the CITY for EDA and HUD grant funds, effective upon the closing date of the STBF/ACCION TX merger or the effective date of EDA and HUD grant fund sub-recipient agreements between the CITY and ACCION TX, whichever occurs first.

**SECTION 4.** City Council further authorizes the City Manager or her designee, or the Director of International and Economic Development (IEDD) or his designee to negotiate and execute any and all ancillary agreements and documents necessary to effectuate the transfer of all funds approved in Section 1, as well as the merger between STBF and ACCION TX.

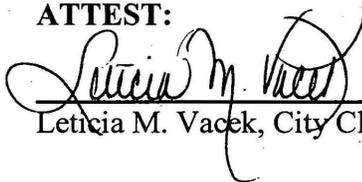
**SECTION 5.** This Ordinance shall be effective immediately upon the affirmative vote of at least eight (8) Councilmembers; in the event that at least affirmative votes are not received, then this Ordinance shall be effective on the tenth (10th) day after passage.

PASSED AND APPROVED this 13<sup>th</sup> day of May, 2010.



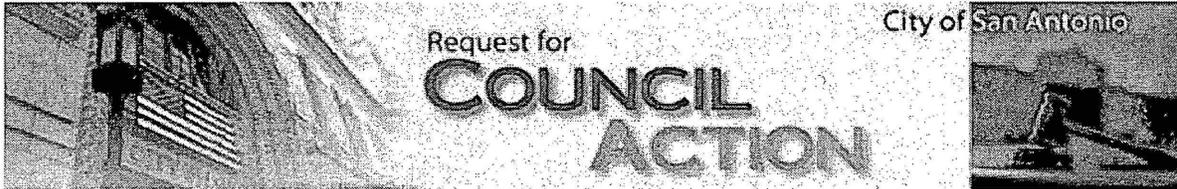
M A Y O R  
Julián Castro

**ATTEST:**

  
\_\_\_\_\_  
Leticia M. Vacek, City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
for Michael D. Bernard, City Attorney



### Agenda Voting Results - 9

<b>Name:</b>	7, 8, 9						
<b>Date:</b>	05/13/2010						
<b>Time:</b>	12:17:40 PM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance approving the release and transfer of South Texas Business Fund (STBF) assets, grant/loan funds and obligations to ACCION, Texas; terminating STBF agreements; transferring assets, grant funds and program income to the City from STBF; transferring assets to SAGE; and authorizing the negotiation and execution of documents necessary to effectuate a merger between STBF and ACCION, Texas. [A.J. Rodriguez, Deputy City Manager / Interim Director, International and Economic Development]						
<b>Result:</b>	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Mary Alice P. Cisneros	District 1		x			x	
Ivy R. Taylor	District 2		x				
Jennifer V. Ramos	District 3		x				
Philip A. Cortez	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					
Elisa Chan	District 9		x				
John G. Clamp	District 10		x				x

**ATTACHMENT I**  
**[STBF BALANCE SHEET AS OF MARCH 31, 2010]**

**SALDC dba STBF**  
**Balance Sheet - All Funds**  
As of March 31, 2010

DRAFT  
04/30/2010

	STBF	SBA Loans/Grants	EDA/HUD	SAGE	WDC	STATUS of WOMEN	SA INC.	Scheduled
<b>ASSETS</b>								
CASH (Restricted/unrestricted)	138,571	627,115	725,883	242,522	105,208	40,433	10,358	1,890,090
Total Notes, Accounts Receivable and other Assets	432,159	615,474	3,004,698		125,116			4,177,447
Total Fixed Assets	1,796							1,796
<b>TOTAL ASSETS</b>	<b>572,526</b>	<b>1,242,589</b>	<b>3,730,581</b>	<b>242,522</b>	<b>230,324</b>	<b>40,433</b>	<b>10,358</b>	<b>6,069,332</b>
<b>LIABILITIES</b>								
Total Current Liabilities	79,047	131,428	611				200	211,286
Total Long Term Liabilities		1,072,218						1,072,218
Total Liabilities	79,047	1,203,646	611				200	1,283,504
<b>EQUITY</b>								
Total Equity	493,479	38,943	3,729,970	242,522	230,324	40,433	10,158	4,785,829