

A RESOLUTION **2010-03-18-0017R**

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

* * * *

WHEREAS, the City of San Antonio has previously passed Ordinance No. 2008-02-14-0105 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. 2008-02-14-0105; and

WHEREAS, the Office of the Governor Economic Development and Tourism (EDC) through the Economic Development Bank (Bank) will consider Allstate Insurance Company 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 City and to provide employment to residents of enterprise zones and to other economically disadvantaged individuals; and

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Texas Enterprise Zone Act, Texas Government Code (the "Act"), Allstate Insurance Company has applied to the City for designation as an enterprise project; and

WHEREAS, the City finds that Allstate Insurance Company meets the criteria for designation as an enterprise project under Chapter 2303, Subchapter F of the Act on the following grounds:

1. Allstate Insurance Company 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 at a qualified business site within the governing body's jurisdiction located outside of an enterprise zone and at least thirty-five percent (35.0%) of the business' new employees will be residents of an enterprise zone or economically disadvantaged individuals; and
2. There has been and will continue to be a high level of cooperation between public, private, and neighborhood entities within the area; and
3. The designation of Allstate Insurance Company as an enterprise project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area; and

WHEREAS, the City finds that Allstate Insurance Company meets the criteria for tax relief and other incentives adopted by the City and nominates Allstate Insurance Company for enterprise project status on the grounds that it will be located at the qualified business site, 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 Allstate Insurance Company as an enterprise project pursuant to the Act;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

That the findings of the City and its actions approving this Resolution taken at the Council meeting are hereby approved and adopted.

BE IT FURTHER RESOLVED that Allstate Insurance Company is a "qualified business", as defined in Section 2303.402 of the Act, and meets the criteria for designation as an enterprise project, as set forth in Section 2303, Subchapter F of the Act.

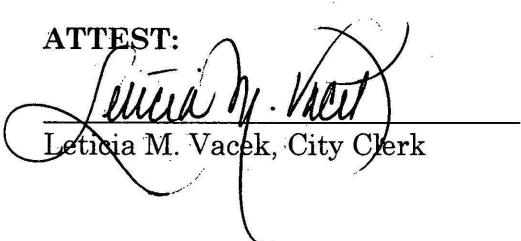
BE IT FURTHER RESOLVED that the enterprise project shall take effect on the date of designation of the enterprise project by the agency and terminate on March 18, 2015.

PASSED BY THE CITY COUNCIL of the City of San Antonio this 18th day of March, 2010.



M A Y O R
Julián Castro

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

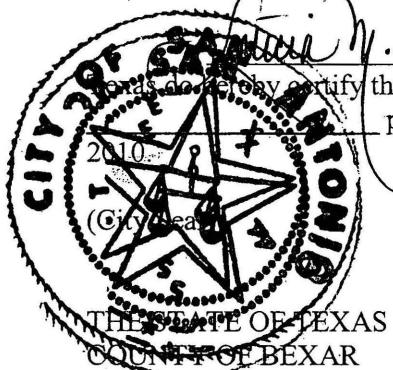


Michael D. Bernard, City Attorney

XPR
3/18/10
Item #5C

THE STATE OF TEXAS

COUNTY OF BEXAR



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 2010-03-18-0017R passed by the City of San Antonio City Council on the this 18th day of March,

Leticia M. Vacek
Leticia M. Vacek
City Clerk

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.

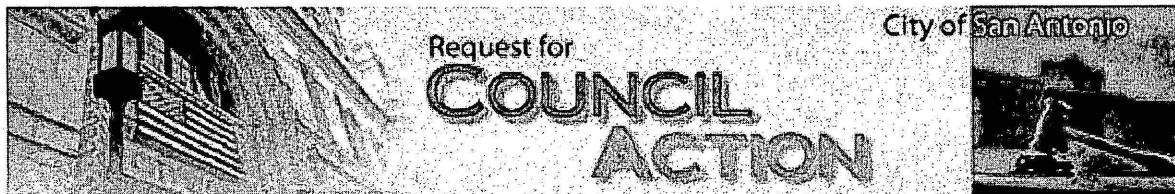
GIVEN under my hand and seal of office this 18th day of MARCH, 2010

Leticia M. Saez
Notary Public, State of Texas

My commission expires: 12 - 27 - 11

(Notary Seal)





Agenda Voting Results - 5A

Name:	5A, 5B, 5C
Date:	03/18/2010
Time:	10:07:03 AM
Vote Type:	Motion to Approve
Description:	An Ordinance establishing the Allstate Reinvestment Zone, located at 12238 Silicon Drive, San Antonio, Texas in City Council District 8.
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				

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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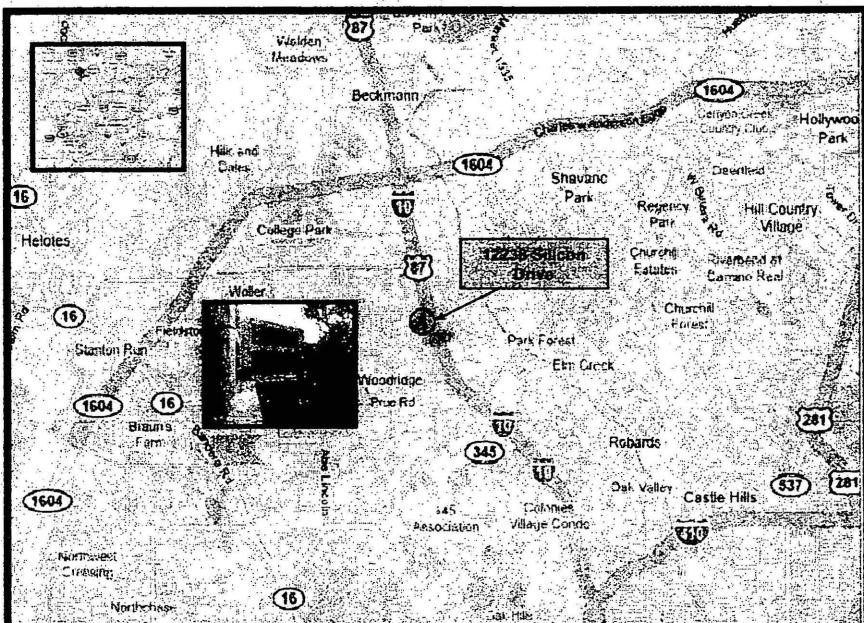
Allstate Public Hearing – Item 5A

- 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



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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

Net Fiscal Impact – 12-Years

YEARS	A Revenues to City (CPS Energy 14%, Property Taxes, Sales Taxes from Jobs)	B Costs to City (6-Year, 65% Tax Abatement and \$30,000 EDIF Grant)	C 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

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