

**THIS IS A PROPOSED DRAFT AND WILL BE REPLACED BY THE FINAL,
SIGNED ORDINANCE OR RESOLUTION ADOPTED BY CITY COUNCIL**

ORDINANCE

AUTHORIZING AND APPROVING THE TERMS AND CONDITIONS OF A TAX ABATEMENT AGREEMENT WITH JCB TEXAS, LLC. TO EXEMPT UP TO NINETY PERCENT (90%) OF AD VALOREM TAXES FOR A PERIOD OF TEN (10) YEARS FOR REAL AND PERSONAL PROPERTY IMPROVEMENTS WITHIN AN EXISTING TEXAS ENTERPRISE ZONE; A CHAPTER 380 ECONOMIC DEVELOPMENT INCENTIVE FUND (EDIF) GRANT AGREEMENT IN AN AMOUNT NOT TO EXCEED \$2,350,000.00; AND CITY AND SAWS FEE WAIVERS IN AN AMOUNT NOT TO EXCEED \$1,500,000.00.

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WHEREAS, JCB Texas, LLC (“JCB”) is a wholly-owned subsidiary of the world’s largest privately-owned manufacturer of construction, agricultural, and industrial equipment headquartered in Savannah, Georgia, manufacturing more than 300 products for customers in 150 countries; and

WHEREAS, JCB plans to expand its North American manufacturing footprint to manufacture, assemble, produce, and distribute heavy equipment by investing \$265,700,000.00 in real and personal property improvements to be located at 13610 State Highway 16 South, in Council District 4 (the “Project Site”) and creating 1,580 new full-time jobs at the Project Site paying at or above \$20.54 an hour (the “Project”); and

WHEREAS, under the terms and conditions of the tax abatement agreement, each calendar year JCB would dedicate an equivalent of 10% of the yearly abated value into a dedicated spending account to be expended on training, transit, or childcare for JCB employees located at the Project Site; and

WHEREAS, under the terms and conditions of the tax abatement agreement JCB agrees that a minimum of 10% of all construction costs (both hard and soft) associated with the Project will be paid to certified Small, Minority, Woman, and/or Veteran Owned Businesses (S/M/W/VBE) with an office in the San Antonio Metropolitan Statistical Area; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, the City of San Antonio (the “City”) is authorized to establish and provide for the administration of one or more programs, including programs for making grants of public money to promote state or local

economic development and to stimulate business and commercial activity in the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, in accordance with City Ordinance No. 100684, the City created an Economic Development Program (the “Program”) for the purpose of making grants available for economic development projects that the City finds will accomplish the purpose and goals of Chapter 380; and

WHEREAS, staff and JCB have negotiated a Chapter 380 Economic Development Incentive Fund (EDIF) Grant Agreement establishing terms and conditions whereby in consideration of JCB’s completion of the Project, the City will provide JCB certain economic incentives to support the Project; and

WHEREAS, under the terms and conditions of the agreement, JCB will be reimbursed in an amount not to exceed \$1,500,000.00 in EDIF funds for site development, road, and utility infrastructure improvements, and an amount not to exceed \$850,000.00 for development costs; and

WHEREAS, in addition to the EDIF Grant, the City will also issue up to \$1,500,000 in eligible City and SAWS fee waivers to JCB, in accordance with the City’s Chapter 380 Economic Development policy and Development Services Fee Schedule, to offset costs for development of the Project; and

WHEREAS, the City finds that the goals of Chapter 380 will be met by assisting JCB in undertaking and completing the Project and has Determined that the above economic development incentives is necessary to complete the Project for the betterment of the City of San Antonio

WHEREAS, the City Council finds that offering JCB a Tax Abatement Agreement a 10 year, 90% Tax Abatement Agreement for its real and personal property improvements and jobs creation is a reasonable incentive to help induce JCB to make significant real and personal property improvements and create full-time jobs in San Antonio; and

WHEREAS, the City Council further finds that it is in the best interest of the City to approve a Tax Abatement Agreement and the EDIF Grant Agreement with JCB to induce the desired and beneficial economic development in the Texas Enterprise Zone; **NOW THEREFORE:**

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

SECTION 1. The terms and conditions of a Tax Abatement Agreement with JCB Texas, LLC. granting a ninety percent (90%), ten (10) year abatement of ad valorem real and personal property taxes within an existing Texas Enterprise Zone are hereby approved.

SECTION 2. The City Manager or designee is authorized to execute the Tax Abatement Agreement as approved in Section 1, a copy of which, in substantially final form, is attached as **Exhibit A.**

SECTION 3. The City Council hereby approves the terms and conditions of a Chapter 380 Economic Development Incentive Fund (EDIF) Grant Agreement with JCB Texas, LLC. (“JCB”) in an amount not to exceed \$2,350,000.00. The City Manager or his designee is authorized to execute an Economic Development Incentive Fund (EDIF) Grant Agreement with JCB Texas, LLC. in accordance with this Ordinance. A copy of the EDIF Grant Agreement in substantially final form, is attached as **Exhibit B.**

SECTION 4. The City Council further approves an award of up to \$1,500,000 in eligible City and SAWS fee waivers to JCB for the completion of the Project, as set by the Economic Development Department’s Chapter 380 Economic Development policy, and dependent upon availability of funding. Staff is authorized to issue said fee waivers, contingent upon JCB’s acceptance of the terms and requirements of the City’s fee waiver program.

SECTION 5. Funding in the amount of \$2,350,000.00 for this ordinance is available in Fund 29059000, Cost Center 1604010001 and General Ledger 5201040 as part of the Fiscal Year 2024 Adopted Budget approved by City Council.

SECTION 6. Funding in the amount of \$1,000,000.00 for this ordinance is available in Fund 11001000, Internal Order 390000002865 and General Ledger 6102100 as part of the Fiscal Year 2024 Adopted Budget approved by City Council.

SECTION 7. Funding in the amount of \$500,000.00 for this ordinance is available as SAWS fee waivers.

SECTION 8. Payment in the amount of \$3,850,000.00 is authorized to JCB Texas, LLC. and should be encumbered with a purchase order.

SECTION 9. The financial allocations in this Ordinance are subject to approval by the Deputy Chief Financial Officer, City of San Antonio. The Deputy Chief Financial Officer 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 10. This Ordinance shall take effect immediately upon the receipt of eight affirmative votes; otherwise, it shall be effective ten days after its passage.

PASSED BY THE CITY COUNCIL of the City of San Antonio this the ____ day of April 2024.

LR
/ /2024
Item:

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Debbie Racca-Sittre, City Clerk

Andrew Segovia, City Attorney

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EXHIBIT A – GRANT AGREEMENT

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EXHIBIT B – TAX ABATEMENT AGREEMENT

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