



San Antonio Economic Development Corporation (SAEDC)
Board Meeting Minutes
City Tower Conference Room B
Monday, August 30, 2022, 11:00 AM

BOARD MEMBERS PRESENT:

Mayor Ron Nirenberg, President
Councilmember Melissa Cabello Havrda, Council District 6
City Manager Erik Walsh, Secretary
Erika Moe, At-Large Citizen
Dr. Christine Burke, At-Large Citizen

STAFF, OUTSIDE COUNSEL, and COMMUNITY MEMBERS PRESENT:

Dr. Corey Levenson, San Antonio Military Medical Innovation Director, SAEDC
Alejandra Lopez, Executive Director, SAEDC
Brenda Hicks-Sorensen, Director, Economic Development Department, City of San Antonio
Ana Bradshaw, Assistant Director, Economic Development Department, City of San Antonio
Michael Sindon, Administrator, Economic Development Department, City of San Antonio
Ben Rickelman, Economic Development Manager, Economic Development Department, City of San Antonio
Alondra Ramirez, Economic Development Coordinator, Economic Development Department, City of San Antonio
Christina Ramirez, City Attorney, City Attorney's Office, City of San Antonio
David Fonseca, Chief Executive Officer, VelocityTX
Rene Dominguez, President, Texas Research and Technology Foundation

AGENDA ITEM #1: CALL TO ORDER.

Mayor Nirenberg called meeting to order at 11:15 AM and five (5) members were present, meeting the requirement for quorum.

AGENDA ITEM #2 (ACTION): APPROVAL OF MINUTES OF THE JUNE 13, 2022, SAEDC BOARD OF DIRECTORS MEETING.

Mayor Nirenberg moved to Item 2. He entertained a motion for approval of the June 13, 2022, meeting minutes. Councilmember Cabello Havrda made a motion for approval which was seconded by Dr. Burke. With no further discussion, the motion passed unanimously.

AGENDA ITEM #3 (ACTION): ACTION TO RATIFY THE EXECUTION BY THE EXECUTIVE DIRECTOR OF SAEDC OF A STOCKHOLDER WRITTEN CONSENT FOR PARLEVEL SYSTEMS, INC. APPROVING THE MERGER BETWEEN 365 RETAIL MARKETS, LLC. AND PARLEVEL SYSTEMS, INC. AND THE ACCEPTANCE OF \$385,003.08 AS MERGER CONSIDERATION FOR THE SAEDC'S INVESTMENT IN PARLEVEL SYSTEMS, INC.

Mayor Nirenberg moved to Item 3. Mayor Nirenberg called on Executive Director Lopez to provide an overview of the item.

Executive Director Lopez provided a background on Parlevel Systems, Inc. She stated that the company was established in 2013 by two recent college graduates. She shared that the company offers solutions for unattended retail operations via various management and sales tools for vending machines and other products such as kiosks. She stated that the company has a presence in twenty-six countries. She continued by sharing the history of the SAEDC's relationship with Parlevel. She stated that the SAEDC invested \$100,000 in Parlevel Systems, Inc. in August of 2016 and that this original investment was then converted into 148,594 shares in 2017. Executive Director Lopez then shared that the shareholders were asked to provide a written consent for the merger of 365 Retail Markets, LLC which she provided. She stated that as a result of the merger, the SAEDC would receive a total of \$385,003.08, \$357,129.43 of which was already received and the remaining \$27,873.64 were being held in an escrow account to be released to the SAEDC.

Mayor Nirenberg entertained a motion for approval. Board Member Moe motioned for approval and Councilmember Havrda seconded. The motion passed unanimously.

AGENDA ITEM #4 (ACTION): RESOLUTION TO AUTHORIZE THE EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH VELOCITYTX TO PROVIDE TECHNICAL ASSISTANCE SERVICES IN CONNECTION WITH THE IMPLEMENTATION OF THE SAN ANTONIO MILITARY MEDICAL INNOVATION INITIATIVE.

Mayor Nirenberg called on Director Hicks-Sorensen to give a presentation on the professional service agreement with VelocityTX for the implementation of the San Antonio Military Innovation (SAMMI) Initiative.

Director Hicks-Sorensen provided an overview of the SAMMI Initiative by stating that the purpose of the initiative is to support entrepreneurship and innovation in the military medical community which is a unique asset to San Antonio. She shared that the Initiative was established as part of the Military Life Science Commercialization Plan in 2019 at which time there was also an authorization for an executive director and the SAMMI Fund for investment in companies. She shared that the SAMMI fund has invested in five companies for a total of \$250,000 thus far. She also shared that the SAMMI Director's contract with Dr. Levenson would expire after its third year on September 30, 2022. She stated that while the contract is expiring, the military medical industry presents an opportunity for San Antonio's growth and is a worthwhile investment. She recommended that the SAEDC enhance the services offered through a partnership with VelocityTX.

Director Hicks-Sorensen continued by providing details of the agreement. She stated that the proposed funding is \$175,000 in the first year, \$125,000 in the second year, and \$75,000 in the third year for a total of \$375,000 over the three years. She also stated that the agreement includes the continuation of prior work in establishing partnerships (PIA's) with military partners to increase efforts in expanding the transfer of military medical technology between federal laboratories, businesses, and universities and directly supporting companies. The agreement would

additionally include expanding the SAMMI network to other city metros in Texas to enhance and expand the opportunities in San Antonio including recruiting companies, sources of capital, and research institutions. She stated that as part of the agreement, VelocityTX would provide quarterly reports where performance metrics would be captured.

Mayor Nirenberg entertained a motion for approval. Councilmember Cabello Havrda motioned for approval and Dr. Burke seconded.

Mayor Nirenberg opened the floor for discussion.

Councilmember Havrda asked if there were plans to expand VelocityTX efforts to companies outside of the military medical sector. Director Hicks-Sorensen clarified that VelocityTX already supports companies outside of military medicine and the agreement would specifically invest in military medicine to continue to enhance those opportunities in San Antonio. She also shared that because Velocity TX already has relationships with other bio-related companies, this is an opportunity for the SAEDC to leverage their additional resources and networks. Councilmember Havrda shared she and her small business advisory group would at some point like to see the City investing in helping VelocityTX's efforts in supporting incubators. She then asked if VelocityTX was integrated with Ready to Work. Director Hicks-Sorensen confirmed they were.

City Manager Walsh asked who will be providing the updates at the SAEDC Board meetings. Director Hicks-Sorensen stated that the SAEDC will receive quarterly reports from the VelocityTX team and either staff or VelocityTX could present the reports. City Manager Walsh asked what the aim was in partnering with VelocityTX to carry out the SAMMI Initiative. Director Hicks-Sorensen responded clarifying that the intention is to expand the opportunities and reach to grow beyond San Antonio and leverage research institutions, grow local companies and recruit outside companies to expand in San Antonio.

Board member Burke asked if this agreement would continue the SAMMI Fund. Director Hicks-Sorensen responded stating that the SAMMI Fund could be discussed in the budget portion of the agenda.

Board Member Moe asked to clarify if the purpose of expanding the reach of the SAMMI Program was to recruit companies and resources to San Antonio. Director Hicks-Sorensen confirmed this was the purpose.

Mayor Nirenberg expressed his support for the SAMMI Initiative and asked the representatives from VelocityTX to come forward. Mr. Fonseca and Mr. Dominguez introduced themselves. Mr. Dominguez shared that given San Antonio's assets in the military and medical sectors, he is looking forward to leveraging the SAMMI Initiative to build and expand the network of support in these areas. Mayor Nirenberg stated to VelocityTX that while they are landlords of incubator space, they are now entering into an agreement with the SAEDC to advance these aggressive targets that the Board will be monitoring. He expressed that VelocityTX will need to represent San Antonio as a whole. Mr. Fonseca affirmed that he has experience in and commitment to representing San Antonio and seeing this effort succeed. Mayor Nirenberg expressed his trust and need to articulate the professional tension to move forward on the same page. Mayor Nirenberg

then asked if they believed these metrics were reachable. Mr. Fonseca expressed that while these metrics were aggressive, they will report back with an honest assessment of the pipeline and accomplishments. Mr. Fonseca then shared that the funding for the agreement would only be enough to cover the salary of the SAMMI position and they would be providing substantial value add. He then shared that sustaining the position and growing the ecosystem would require building an alliance of all the entities that support military medical research, which has always been part of the plan. Mr. Fonseca shared that the vision is to have year-long programming which will be the key to achieving these metrics. He expressed that he believes the ecosystem is in place to drive these metrics and that the Board will be the first to know if this is not the case.

Board Member Burke asked about their efforts to bring in non-diluted and federal funding. Mr. Fonseca shared that VelocityTX has made efforts to bring national speakers to support SBIR application writing. He also shared that they ran their first bootcamp this year and will continue efforts to bring Department of Defense Funding. Board Member Burke then asked if there were efforts to bring more entrepreneurs to San Antonio. Mr. Fonseca stated that they are part of trade missions, partnerships, networks and host office hours to increase the visibility of the program to attract companies.

With no more questions, the motion passed unanimously.

AGENDA ITEM #5 (ACTION): RESOLUTION TO APPROVE THE SAEDC FY 2023 BUDGET.

Mayor Nirenberg called on Director Hicks-Sorensen to present on the budget.

Director Hicks-Sorensen stated that at the end of the fiscal year, the annual budget would be approximately \$1.9 Million in revenues and \$298,000 in expenses. She highlighted that the revenues were higher than previous years because of the funds received from the aforementioned Parlevel sale and the Bonding Assistance Program that was approved at the prior SAEDC Board of Directors Meeting. She stated that Fiscal Year 2023 shows higher expenses as the funds we will be carrying into FY23 are expected to be utilized. She proposed a total expenditure of \$1.5 Million which includes appropriating the total \$375,000 in funds for the SAMMI Initiative from the revenue received through the Parlevel sale. She additionally requested approval for the Funding Agreement with the City for \$200,000. Director Hicks-Sorensen recommended that \$535,000 be allocated to the SAEDC Investment Fund to allow the SAEDC to utilize funding for the SAMMI companies and for use for the updated SAEDC workplan. Other significant expense would be \$590,000 for the Bonding Assistance Program \$90,000 of which will be utilized for program administration and the remaining \$500,000 to be used as the revolving loan fund for the Bonding Assistance programming. She outlined \$30,000 in funding for sponsorships and \$15,000 in spending on professional services. She concluded saying the remaining balance would be under \$350,000.

Mayor Nirenberg entertained a motion for approval. Councilmember Cabello Havrda motioned for approval and Board Member Moe seconded. The motion passed unanimously.

AGENDA ITEM #6 (INFOMATIONAL): EXECUTIVE DIRECTOR’S REPORT

Mayor Nirenberg called on Executive Director Lopez to give the Director’s Report.

Executive Director Lopez shared that the SAEDC has engaged an audit firm, Leal & Carter, to conduct the annual audit. She additionally stated that the repayment of the funds from the termination of the InCube agreement were reflected in the proposed budget and that the SAEDC has received the expected shares, with the distribution of the respective portion of the shares to the partners still pending.

AGENDA ITEM #7: MEETING ADJOURNMENT.

Mayor Nirenberg adjourned the meeting at 11:55 AM.

APPROVED:

City Manager Erik Walsh
Secretary, San Antonio Economic Development Corporation