

CITY OF SAN ANTONIO
ECONOMIC DEVELOPMENT DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM

TO: Mayor and City Council

FROM: Ramiro A. Cavazos, Director

SUBJECT: Requested action by Southwest Research Institute for consent for local project financing through industrial development bonds issued by the City of Tatum, Texas

DATE: April 28, 2005

SUMMARY AND RECOMMENDATIONS

The requested ordinance would consent to the issuance of qualified tax-exempt industrial development bonds by the City of Tatum, Texas to partially finance a \$26 million applied physics research facility in San Antonio by the non-profit Southwest Research Institute. Under State law, another jurisdiction can issue bonds in San Antonio, but only with the consent of the City Council. Southwest Research Institute will be fully liable for the repayment of the bonds. The requested consent does not obligate nor create any expectations or liabilities of the City of San Antonio.

Staff recommends approval.

BACKGROUND INFORMATION

Southwest Research Institute (SwRI) is an independent, non-profit applied research and development organization. The staff of 2,800 specializes in the creation and transfer of technology in engineering and the physical sciences. Specifically, SwRI conducts contract research in the following areas: aerospace electronics and information technology; applied physics; automation and data systems; nuclear waste; chemistry and chemical engineering; engines, emissions, and vehicles; fuels and lubricants; mechanical and materials engineering; signal exploitation and geolocation; space science and engineering; and training, simulation, and performance improvement. The Institute occupies 1,200 acres in San Antonio, Texas, and provides nearly two million square feet of laboratories, test facilities, workshops, and offices.

The staff performed more than \$350 million in contract research in 2003. SwRI has established a relationship with the City of Tatum, Texas. In 1999, SwRI utilized the City of Tatum to finance capital improvements in San Antonio at the current SwRI campus, located on Bandera Road in District 6.

On April 6, 2005, SwRI submitted an application to the City requesting consent of the City Council to the issuance of \$10 million of qualified tax-exempt industrial development revenue bonds to partially

finance a \$26 million applied physics research facility in San Antonio. SwRI has provided for the remaining project funds. The 87,000 square-foot facility will include offices and laboratories to house over 200 employees of SwRI.

POLICY ANALYSIS

This ordinance would consent to the issuance of \$10 million in qualified tax-exempt industrial development revenue bonds by the City of Tatum, Texas. Under State law, the consent of the City Council is necessary to permit the issuance of such bonds by other jurisdictions within the corporate city limits of San Antonio.

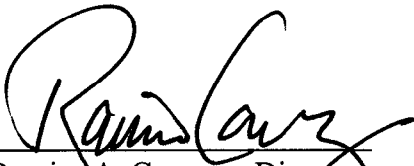
The proposed applied physics facility would strengthen SwRI's capability to conduct advanced research. This is consistent with the City's *Strategic Plan for Enhanced Economic Development* and on-going efforts of the City and SATAI to promote growth in technology-oriented industry.

FISCAL IMPACT

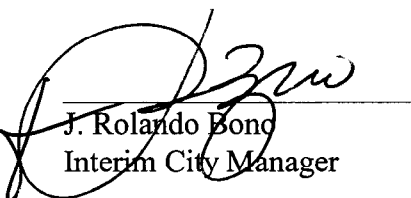
There is no fiscal impact of this ordinance. The applicant has paid a \$2,500 application fee in connection with the requested consent action. Southwest Research Institute will be fully obligated for the repayment of the industrial development bonds issued by the City of Tatum. The consent of this issue does not create any expectations, risks or liabilities of the City of San Antonio related to this financing.

COORDINATION

This item has been coordinated with the City Attorney's Office and Finance Department.



Ramiro A. Cavazos, Director
Economic Development Department

Jelynn LeBlanc Burley
Assistant City Manager

J. Rolando Bono
Interim City Manager