

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

AGENDA DATE: February 13, 2024

CONTACT PERSON(S) NAME AND PH. NUMBER: Alejandra Fuentes, (915) 212-1618
Karina Brasgalla, (915) 212-0094

DISTRICT(S) AFFECTED: 1

STRATEGIC GOAL: Goal 1: Create an environment conducive to strong sustainable economic development

SUBGOAL: Goal 1.1 Stabilize and expand El Paso's tax base

SUBJECT:

That the City Manager be authorized to execute a Second Amendment of the Chapter 380 Grant Agreement dated December 11, 2012 by and between the City of El Paso, Texas, a home-rule municipality and ADP, Inc., a Delaware Corporation to revise the Full-Time Employment definition, shorten the Grant Period, and lower the aggregated Grant Amount.

BACKGROUND / DISCUSSION:

On December 11, 2012 City Council approved a Chapter 380 Economic Development Program Grant Agreement, subsequently amended on September 16, 2014, between the City of El Paso and ADP, Inc. for the construction of a new facility and expansion of their operations within the City of El Paso in relation to undertaking of an economic development project in the business services industry. The Applicant is required to invest a minimum of 41M in Capital Improvements and create 1100 full-time employees. The City would provide incentives not to exceed 1.1M in the form of a Property Tax Rebate.

PRIOR COUNCIL ACTION:

Yes, on September 16, 2014, a 1st amendment to the existing Chapter 380 Agreement was approved by City Council.

AMOUNT AND SOURCE OF FUNDING:

N/A

HAVE ALL AFFECTED DEPARTMENTS BEEN NOTIFIED? X YES NO

PRIMARY DEPARTMENT: Economic & International Development

SECONDARY DEPARTMENT: n/a

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD: _____



(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Manager be authorized to execute a Second Amendment of the Chapter 380 Grant Agreement dated December 11, 2012 by and between the **CITY OF EL PASO, TEXAS**, a home-rule municipality and **ADP, INC., (F/K/A/ ADP, LLC)**, a Delaware corporation, to revise the Full-Time Employment definition, shorten the Grant Period, and lower the aggregated Grant Amount.

PASSED AND APPROVED this ____ day of _____ 20__.


CITY OF EL PASO:

ATTEST:

Oscar Leoser
Mayor

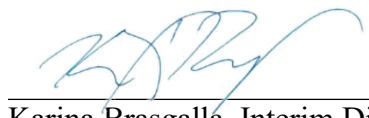
Laura D. Prine
City Clerk

APPROVED AS TO FORM:



Oscar Gomez
Assistant City Attorney

APPROVED AS TO CONTENT:



Karina Brasgalla, Interim Director
Economic and International Development

STATE OF TEXAS)
)
COUNTY OF EL PASO) **SECOND AMENDMENT TO
CHAPTER 380 ECONOMIC DEVELOPMENT
PROGRAM AGREEMENT**

This **Second Amendment to the Economic Development Program Agreement** (“Second Amendment”) is made and entered into this ____ day of _____, 2024 by the **CITY OF EL PASO, TEXAS** (“City”), a Texas home rule municipal corporation and **ADP, INC., (F/K/A/ ADP, LLC)** (hereinafter referred to as “ADP” or “APPLICANT”), a Delaware corporation. The parties mutually agree to an amendment as follows:

WHEREAS, on December 11, 2012, City and ADP entered into an Economic Development Program Agreement (the “Original Agreement”), a copy of which is attached and labeled as Exhibit “A-1” for the purposes of promoting local economic development and stimulating business and commercial activity; and

WHEREAS, ADP requested the performance based economic development grant for the expansion of the business service facilities located at 7650 San Felipe Dr., El Paso, Texas to encourage increased economic development in the City, increased property tax revenues, and the City’s improved ability to provide for the health, safety and welfare of the citizens of El Paso; and

WHEREAS, on September 16, 2014, CITY and APPLICANT entered into the First Amendment of the Agreement (the “Amendment”; the Amendment and the Original Agreement, as amended from time to time, are referred to herein as the “Agreement”)) a copy of which is attached and labeled as Exhibit “B-1” for the purposes of increasing job creation metrics, investment, and total aggregate; and

WHEREAS, the City and ADP now desire to amend the Agreement to revise the Full-Time Employment definition, in exchange for a shortened Grant Period and reduced aggregate Grant amount; and

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Subsection 1. E. “Full-Time Employment” of the Agreement is revised to read as follows:

E. **Full-Time Employment** mean a job in El Paso, Texas that:

- A) Is created and/or retained by the applicant, where the employee is on active status and on the payroll of the Applicant on the last day of the reporting year.
- B) Maintains employment where an employee must work no less than 35 hours a week on average, calculated as Total Hours Worked/Number of Weeks Worked = 35 or more hours worked per week; and

- C) Has full company benefits, including company paid health insurance (Employee must not be required to pay more than fifty percent (50% of the premium) with such jobs being located at the Development

- 2. Section 2. "Term and Grant Period" of the Agreement is revised to read as follows.

The term of this Agreement shall be 15 years from the Effective Date of the Agreement. The Effective Date of this Agreement shall be the date upon which both parties have fully executed this Agreement, as noted below. However, the Applicant's eligibility for Grant payments shall be limited to 9 consecutive years (the "Grant Period") within the term of this Agreement. The Grant Period shall begin with calendar years 1-3 from 2016-2018 and calendar years 4-9 from 2022-2027. Failure of the Applicant to its Full Time Employment job requirements in accordance with Exhibit "B" shall result in the immediate termination of this Agreement. The City shall review Applicant's eligibility for Grant Payments on an annual basis during the Grant Period.

- 3. Subsections 4. B of the Agreement (as previously amended by Section III of the First Amendment) is revised to read as follows:

Pursuant to the City's "Incentives Policy – Guidelines and Criteria" now existing, or as may be amended, the City shall determine the total amount of Grant Payments due to the Applicant, if any, on an annual basis during the Grant Period. The minimum amount of the Grant Payment the Applicant shall be eligible for each year shall be as set forth in Section VII of the First Amendment.

Under no circumstances shall the total aggregate of Grant payments exceed the lesser of Nine Hundred Fifty-Five Thousand Six Hundred Five Dollars (\$955,605) or the total value of the City's portion of the incremental ad valorem property tax revenue generated by the Development above the Base Year Value for the Grant Period and payable from the City's general revenue fund.

- 4. Exhibit "C" of the Agreement is deleted in its entirety and replaced by Exhibit "C-1," attached hereto. Any reference to "Exhibit C" in the Agreement is replaced with reference to "Exhibit 'C-1.'"
- 5. Except as amended herein, the Agreement between the City and ADP shall remain in full force and effect.

(Signatures begin on the following page.)

IN WITNESS WHEREOF, the parties have executed this Second Amendment to be effective as of the _____ day of _____, 2024.

CITY OF EL PASO, TEXAS:

Cary Westin
Interim City Manager

APPROVED AS TO FORM:

Oscar Gomez
Assistant City Attorney

APPROVED AS TO CONTENT:

Karina Brasgalla, Interim Director
Economic & International Development

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF EL PASO §

This instrument was acknowledged before me on the _____ day of _____, 2024, by Cary Westin, as Interim City Manager of the **City of El Paso, Texas**.

Notary Public, State of Texas

My Commission Expires:

(Signatures continue on the following page.)

APPLICANT:

ADP, INC., (F/K/A/ ADP, LLC)

By: DocuSigned by: Dave Kwon
BBC3A8392171476...

Name: David Kwon

Title: President

ACKNOWLEDGMENT

STATE OF NEW JERSEY §

§

COUNTY OF ESSEX §

This instrument was acknowledged before me ^{online} on the 10 day of January, 2024, by David Kwon as President of ADP, INC. (Applicant).

Doreen E Melillo
Notary Public, State of New Jersey

My Commission Expires:

6/3/2024

DOREEN E. MELILLO
NOTARY PUBLIC OF NEW JERSEY
Commission # 60106231
My Commission Expires 6/3/2024



EXHIBIT A-1

[Economic Development Agreement; dated December 11, 2012]

EXHIBIT B-1

[First Amendment to Economic Development Agreement; dated September 16, 2014]

EXHIBIT C-1

[Grant Submittal Package Form]

ADP, INC., (F/K/A/ ADP, LLC)(Applicant) believes that it has substantially met its obligations under the Chapter 380 Agreement dated the ____ day of _____, 20____ and signed by _____ of **ADP, INC., (F/K/A/ ADP, LLC)** (Applicant) pursuant to the Agreement, **ADP, INC., (F/K/A/ ADP, LLC)** (Applicant) submits this Grant Submittal Package Form in compliance with the Agreement and in anticipation of receiving the Grant payments referenced in the Agreement in consideration for its obligations met therein.

As required by the Agreement, the following information is submitted.

1. Job Certification Report Spreadsheet with the following breakdown:

Last Name	First Name	Job Title	Hire Date	Termination Date	Job Category (New/retained)	Total Hours Worked in the Year	Weeks Worked in the Year	Hourly Wage	Gross Annual Salary	Employment Status (FT/PT)	Percentage employee pays for medical premium	Percentage company pays for medical premium

2. Insurance Benefits Packet
3. Employee Benefits Packet (pto, vacation, sick leave, etc.)
4. Property Tax Payment Receipt(s) of payment for tax year _____.
5. IRS Form 941

It is understood by **ADP, INC., (F/K/A/ ADP, LLC)** (Applicant) that the City of El Paso has up to ninety (90) days to process this request and reserves the right to deny the Grant claim if the terms of the Agreement have not been complied with.

ADP, INC., (F/K/A/ ADP, LLC)
Applicant

By: _____
Name: _____
Title: _____