

**ORDINANCE NO. 20050407-008**

**AN ORDINANCE CREATING AN ECONOMIC DEVELOPMENT PROGRAM  
AND AUTHORIZING AN ECONOMIC DEVELOPMENT AGREEMENT WITH  
FREESCALE SEMICONDUCTOR, INC.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**PART 1.** The city council finds that:

- (A) Freescale Semiconductor, Inc. ("Freescale"), a corporation engaged in high technology production, has determined to maintain its global headquarters and other facilities in Austin, Texas.
- (B) Freescale has represented to the City that within 4 years, it will add at least 200 new permanent jobs in Austin in excess of its current job levels.
- (C) Freescale may expand facilities and will purchase additional equipment, and has requested a rebate of property tax which will be owed on its property.
- (D) Freescale will invest an additional \$414 million in new equipment and machinery to be located at the facilities in the Desired Development Zone over a 5 year period.
- (E) The Freescale facilities and jobs will provide economic benefits to the City, be a catalyst for economic development benefiting the entire community, promote local economic development, and stimulate business and commercial activity in the City.
- (F) Chapter 380 of the Texas Local Government Code (*Miscellaneous Provisions Relating to Municipal Planning and Development*) authorizes the City to establish local economic development programs.

**PART 2.** An economic development program for Freescale is created under Chapter 380 (*Miscellaneous Provisions Relating to Municipal Planning and Development*) of the Texas Local Government Code.

**PART 3.** As part of the City's economic development program, the city manager is directed and authorized to negotiate and execute a performance based economic development agreement with Freescale that includes the terms and conditions attached as Exhibit A, and incorporated as part of this ordinance.

**PART 4.** This ordinance takes effect on April 18, 2005.

**PASSED AND APPROVED**

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April 7, 2005

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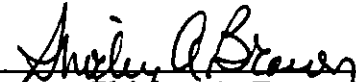
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Will Wynn  
Mayor

**APPROVED:**



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David Allan Smith  
City Attorney

**ATTEST:**



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Shirley A. Brown  
City Clerk

## EXHIBIT A

### TERMS FOR ECONOMIC DEVELOPMENT AGREEMENT FOR FREESCALE SEMICONDUCTOR, INC. ("FREESCALE")

1. Freescale Headquarters Package. Freescale will maintain its Global Headquarters in Austin. If Freescale moves between 100 and 300 headquarters employees from Freescale's Oak Hill location to the Desired Development Zone on or before December 31, 2005, this portion of the incentive offer applies. Otherwise, this portion of the incentive offer expires. Upon relocation of these employees, Freescale will be eligible for a payroll incentive estimated at up to \$2,000,000, and a real property tax rebate of up to 100% of property tax on up to 75,000 square feet of Class A office space, in the Desired Development Zone. Both the payroll incentive and the 75,000 square foot real property tax incentive are based on the actual number of headquarters employees relocated from the Drinking Water Protection Zone to any site in the Desired Development Zone.

2. Freescale Expansion Package.

- a. New Jobs. In order to be eligible for the Expansion Package, Freescale must maintain its Headquarters in Austin, Texas during the term of this agreement. Freescale will create and maintain between 200 and 500 new, skilled semiconductor-related jobs in the Desired Development Zone over a ten-year period. 200 new jobs shall have been filled by April 7, 2009, or this agreement terminates. A payroll incentive estimated at \$1.4 million shall be paid for the new semiconductor jobs. The payroll incentive is based on the actual number of new semiconductor employees located in the Desired Development Zone.
- b. Investment. By April 7, 2010, Freescale will invest at least \$414,000,000 in new equipment and machinery to be located in the Desired Development Zone. New equipment and machinery is defined as (1) equipment placed into service to

support or manufacture a new technology or a new generation of technology, or (2) equipment supporting or conducting research and development or manufacturing operations not in existence prior to the execution of the Economic Development Agreement.

- c. Incentives on Incremental Increases in Value. For a period of ten years, beginning January 1, 2006 and ending December 31, 2015, City will rebate 100% of property tax on the incremental increase in the value of personal and real property above the existing value of such property as of April 7, 2005, which is owned or leased by Freescale and located in the Desired Development Zone.

The existing assessed value of such Freescale real and personal property is based on the current assessed value of \$159 million and subject to final determination by the Travis and Williamson Central Appraisal Districts.

- d. Airport Grant. Based on Freescale's commercially reasonable efforts to purchase semiconductor equipment and other personal property in Austin's taxing jurisdiction, the City will contribute a \$500,000 airport amenity grant to Freescale by December 31, 2006.

3. Total Incentive Amount. The total estimated and depreciated amount of city incentives is estimated at \$11,000,000 over a ten-year period. In no event shall the City of Austin tax rebates exceed the amount paid by Freescale for real and personal property taxes, on the incremental increase in value.

4. Compliance with City Regulations. For the construction or remodeling of the projects which are the subject of the Economic Development Agreement, and any future facilities in the City's planning jurisdiction during the term of the Economic Development Agreement, Freescale will comply with all City Code regulations, including water quality regulations in effect at the time any site plan application is filed, unless Freescale has negotiated an agreement with the City to comply with overall impervious cover limits and provide the currently required water quality controls. This means Freescale will not assert possible Chapter 245 rights to avoid compliance with water quality regulations for any future development within Austin's planning jurisdiction during the term of this agreement. If, during the term of the Economic Development Agreement,

Freescall development does not comply with water quality regulations in effect at the time any site plan application is filed for any development, the Economic Development Agreement shall terminate.

5. Payments Subject to Future Appropriation. The Economic Development Agreement shall not be construed as a commitment, issue or obligation of any specific taxes or tax revenues for payment to Freescall. All payments made by the City under the Economic Development Agreement are subject to the City's appropriation of funds for such payments to be paid in the budget year for which they are made. The payments to be made to Freescall, if paid, shall be made solely from annual appropriations from the general funds of the City or from such other funds of the City as may be legally set aside for the implementation of Article III, Section 52a of the Texas Constitution or Chapter 380 of the Local Government Code or any other economic development or financing program authorized by statute or home rule powers of the City under applicable Texas law, subject to any applicable limitations or procedural requirements. In the event the City does not appropriate funds in any fiscal year for payments due under the Economic Development Agreement, the City shall not be liable to Freescall for such payments, and the Freescall, in its sole discretion, shall have the right but not the obligation to rescind the Economic Development Agreement. To the extent there is a conflict between this paragraph and any other language or covenant in the Economic Development Agreement, this paragraph shall control.

6. Additional Terms. Other terms and conditions deemed necessary, advisable or required by the City Attorney and the City Manager.