



Recommendation for Action

File #: 20-1370, **Agenda Item #:** 82.

2/6/2020

Posting Language

Approve a resolution to nominate SHI International Corp. for designation by the Governor's Office of Economic Development and Tourism as a single Texas Enterprise Project in accordance with Chapter 2303 of the Texas Government Code.

Lead Department

Economic Development.

Fiscal Note

This item has no fiscal impact

Prior Council Action:

October 18, 2007 - Council approved Ordinance No. 20071018-008 electing to participate in the Texas Enterprise Zone Program.

November 4, 2010 - Council approved Ordinance No. 20101104-046 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.

November 14, 2019 - Council approved Resolution No. 20191114-009 nominating SHI International Corp. as an enterprise project.

For More Information:

Veronica Briseno, Director/Economic Development Dept. 512-974-7802, Dusty McCormick, Economic Development Liaison, 512-974-6390.

Additional Backup Information:

This resolution will nominate SHI International Corp. as a single Enterprise Zone Project under the Texas Enterprise Zone Act. SHI International Corp. is constantly growing in response to the needs of its customers in all sectors and verticals. SHI has transformed itself from a \$1 million "software-only" regional reseller into a \$10 billion global provider of information technology products and services. From software and hardware procurement to deployment planning, configuration, data center optimization, IT asset management and cloud computing, SHI offers custom IT solutions for every aspect of a customer's environment. Privately held and under the guidance of their current ownership since 1989, SHI grew exponentially in size and scope without merger or acquisition. Its organic growth and three decades of stability are a direct result of backing a highly skilled and tenured sales force with software volume licensing experts, hardware procurement specialists and certified IT services professionals. SHI supports customers globally from 35 plus offices around the world, including the United States, Ireland, which is an extension of its global European support, Canada, United Kingdom, France and Hong Kong.

The primary business site for this request is located at 3828 Pecana Trail, Austin, Texas 78749. SHI employs 977 employees and will construct a new 250,000 square foot, four story divisional headquarters in Austin. Over the next five years, SHI plans to invest \$25 million into the construction and build out of the new divisional headquarters facility. The project will include \$15 million for building construction and \$10 million in furniture,

fixtures, and equipment. The new divisional headquarters will position SHI with the ability to expand their operations and better support their growing customer base. SHI will retain 500 full time jobs for benefit, which meets the definition of a “retained job” in accordance with Texas Government Code 2303.401. Due to the project being considered “outside the zone”, SHI also commits to hiring thirty-five percent (35%) economically disadvantaged persons, veterans and or enterprise zone residents for its new or replacement personnel at the Pecana Trail facility, for certified jobs over the next five years. If designated as an Enterprise Zone Project, SHI would be eligible for a refund of State sales and use tax based on the employment criteria and the amount of the capital spent at the qualified business site. The Texas Legislature currently authorizes 105 state designations each biennium. The City is eligible to receive up to nine (9) Enterprise Projects designations based on availability and competitiveness of the project every two (2) years.

Lastly, this RCA is being resubmitted for council approval due to a minor error found on the November 14, 2019 council approved resolution which was left uncorrected prior to the Enterprise Zone application being submitted. As a result of the submission to the Governor’s Office, we received a Deficiency Letter providing us a limited time period to correct the deficiency. Thus, EDD felt it in our best interest to resubmit a new RCA to repair that deficiency. If not corrected by the due date, SHI’s Enterprise Zone application would likely be rejected for its uncorrected deficiency.