



**RCA  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 8  
AGENDA DATE: Thu 08/18/2005  
PAGE: 1 of 2**

**SUBJECT:** Approve an ordinance authorizing negotiation and execution of an Economic Development Agreement and creating an economic development program for SAMSUNG AUSTIN SEMICONDUCTOR, L.L.C., including the following components: 1) a 10 year period of rebate of 100% of City property tax on a minimum \$2.5 billion investment in a 300 millimeter semiconductor fabrication plant, followed by an additional 10 year period with a rebate of 75% of City property tax if Samsung investment reaches \$3.5 billion; 2) rebate of building and construction fees in an amount not to exceed \$3 million; 3) waiver of costs and bonding requirement associated with electric infrastructure upgrades in an amount not to exceed \$5,779,000, and rebate of the costs associated with the installation of a thermal energy unit in an amount not to exceed \$500,000; 4) rebate of capital recovery fees in an amount not to exceed \$360,000, and rebate of costs associated with water quality upgrades in an amount not to exceed \$1,238,000.

**AMOUNT & SOURCE OF FUNDING:** Estimated amount of City incentives – over a 20 year period: \$58,525,194.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** Economic Growth and **DIRECTOR'S**  
**DEPARTMENT:** Redevelopment Services **AUTHORIZATION:** Sue Edwards

**FOR MORE INFORMATION CONTACT:** Sue Edwards, Director, Economic Growth and Redevelopment Services; Jubal Smith, Manager of Economic Development, EGRSO; David Lloyd, Assistant City Attorney

**PRIOR COUNCIL ACTION:** N/A

**BOARD AND COMMISSION ACTION:** N/A

**PURCHASING:** N/A

**MBE / WBE:** N/A

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The Economic Growth and Redevelopment Services Office recommends approval of the proposed ordinance, which authorizes negotiation and execution of an economic development agreement with Samsung Austin Semiconductor, L.L.C., ("Samsung") under which Samsung will invest at least \$2.5 billion in a new state of the art 300mm semiconductor fabrication facility adjacent to existing Samsung operations in the City of Austin and hire a minimum of 500 new full time employees and 200 new full time contracting employees to serve the new facility. City real and personal property tax would be rebated to Samsung for a period of 10 years, with a minimum investment by Samsung of \$2.5 billion. If Samsung invests \$3.5 billion by December 31, 2015 the agreement would be extended for an additional 10 years with a 75% abatement of real and personal property taxes on new investment made during either ten year period. Building and construction fees, capital recovery fees, costs associated with water quality facilities, and costs associated with the installation of a new thermal energy unit would also be rebated to Samsung. Fees related to electric infrastructure associated with the new electric load would be waived.



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**AGENDA ITEM NO.: 8  
AGENDA DATE: Thu 08/18/2005  
PAGE: 2 of 2**

All new development would occur adjacent to existing Samsung operations in the City of Austin and in the Desired Development Zone.

The total estimated amount of real and personal property tax rebated during the agreement over a 20 year period is \$47,648,194. The maximum amount of building and construction fees rebated during the agreement is \$3,000,000. The estimated total amount of electric infrastructure upgrade costs and bonding requirements waived is \$5,779,000. The maximum amount of thermal energy unit costs rebated is \$500,000. The maximum amount of capital recovery fees rebated is \$360,000. The maximum amount of water quality standard upgrade costs is \$1,238,000. The total estimated amount of city incentives is \$58,525,194 during the 20 year agreement.

**Exhibit A**

**August 10, 2005 draft**

**CITY OF AUSTIN / SAMSUNG AUSTIN SEMICONDUCTOR, L.L.C.,**

**CHAPTER 380**

**ECONOMIC DEVELOPMENT AGREEMENT**

This Chapter 380 Economic Development Agreement ("Agreement") is made and entered into by and between Samsung Austin Semiconductor, L.L.C., a Delaware limited liability corporation licensed to do business in Texas, its successors and assigns ("Samsung") and the CITY OF AUSTIN, TEXAS, a home rule city and municipal corporation ("City").

**RECITALS**

WHEREAS, the City has adopted Ordinance No. \_\_\_\_\_, establishing and authorizing the City Manager to make economic development grants to Samsung in recognition of the positive economic benefits to the City through (i) Samsung locating and maintaining a 300 millimeter semiconductor fabrication plant in Austin, Texas, and (ii) Samsung's proposed new jobs and investment expansions to be located in the Desired Development Zone in Austin, Texas, [(i) and (ii) being the "Project"]]; and

WHEREAS, as part of the Project, Samsung will create between at least 500 new fulltime and 200 new contract manufacturing jobs; the 500 fulltime jobs shall be filled by December 31, 2009, and maintained throughout the term of the Agreement, which will promote state and local economic development and stimulate business and commercial activity in Austin; and

WHEREAS, as part of the Project, Samsung will invest at least \$2.5 billion by December 31, 2010 in real property improvements, and new equipment and machinery at its site in the City's Desired Development Zone; and

WHEREAS, if Samsung makes additional investments during the term of this Agreement, the term of the Agreement will be extended and the City will offer

additional incentives as described herein;

WHEREAS, the City desires to offer incentives to Samsung to enable Samsung to (i) expand its employment level, (ii) make new investment in new equipment and machinery and real property improvements, and (iii) carry out other parts of the Project in a manner proposed by Samsung;

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

1. Authority. The City's execution of this Agreement is authorized by Chapter 380 of the Texas Local Government Code and Ordinance No. \_\_\_\_\_ and constitutes a valid and binding obligation of the City. Samsung's execution and performance of this Agreement constitutes a valid and binding obligation of Samsung in the event Samsung proceeds with the Project. The City acknowledges that Samsung is acting in reliance upon the City's performance of its obligations under this Agreement in making its decision to invest its funds and expand employment in Austin.

2. Definitions.

**"300 mm Fab"** means the 300 millimeter semiconductor fabrication plant to be constructed by Samsung at 12100 Samsung Boulevard, Austin, Texas, and as delineated on the plat and outline drawing attached as Exhibit A.

**"Chapter 380 Payment"** means the amounts paid by the City to Samsung under the Program (defined below).

**"Effective Date"** is January 1, 2006.

**"Jobs"** means full-time positions that are filled with employees, except for vacancies due to replacement of employees in accordance with Section 4(a)(1).

**"Full-Time Job(s)"** means permanent full-time manufacturing jobs assigned to Samsung's 300 mm Fab.

**"Contract Manufacturing Jobs"** means non-permanent manufacturing jobs assigned to Samsung's 300 mm Fab.

**"Program"** means the economic development program for this Project

established by the City pursuant to Texas Local Government Code Chapter 380 and under the Ordinance to promote local economic development and stimulate business and commercial activity within the City.

3. Term. This Agreement shall become enforceable upon execution by the City and Samsung and shall be effective on the Effective Date. Unless terminated earlier in accordance with its terms, this Agreement shall terminate December 31, 2015; however, if Samsung has met the requirements of Sections 4(b) and 5(b) below, the term of the Agreement shall be extended to December 31, 2025.
4. Samsung Obligations. In consideration of the City's participation in the Program, Samsung agrees that the following performance guidelines shall apply:

(a) 300 mm Fab employment and Local Businesses.

(1) New Jobs. Samsung will create at least 500 new Full Time semiconductor manufacturing Jobs, and 200 new Contract semiconductor Manufacturing Jobs to be employed in its new 300 mm Fab plant, by December 31, 2009. After December 31, 2009, if the total number of the Full-Time Jobs at the 300 mm Fab falls below 500, this Agreement shall terminate. In the event of a voluntary or involuntary termination or elimination of a Full-Time Job, which termination or elimination causes the number of Full-Time Jobs to fall below 500, Samsung shall continue to receive the incentives set out in Section 5 below, provided the required number of such Jobs is re-established within ninety (90) days of the termination or elimination.

(2) Samsung will continue its efforts to maintain a diverse and well represented workforce that reflects the City of Austin. During the term of the Agreement, Samsung will work with its local employment recruiting agency to enhance recruiting of potential minority job applicants. Samsung will hold a recruiting fair for new hires for the 300 mm Fab in underrepresented areas of the city and work with the Texas Workforce Commission to assist in the recruitment and hiring of individuals who are representative of the City of Austin.

(3) Samsung will contractually require its general contractor and major subcontractors to hold recruiting fairs in areas of the city that

are traditionally underrepresented and to strive to utilize a diverse workforce for any work performed at Samsung.

(4) In the construction of the facilities which are the subject of the Economic Development Agreement, Samsung, will endeavor to acquire goods and services in a manner based on the goals set out in the City's Minority and Women Business Enterprise regulations in City Code Chapter 2-9. If requested by Samsung, City staff in the Department of Small and Minority Business Resources will assist Samsung in identifying minority and women-owned businesses.

(5) In an effort to further stimulate and positively impact the local economy, Samsung will continue its current practice of utilizing local small businesses to provide goods and services for their local operations during the term of this Agreement.

(b) 300 mm Fab Investment. By December 31, 2010, Samsung will invest at least \$2,500,000,000 in new real property improvements, and new equipment and machinery for a new 300 millimeter semiconductor fabrication plant to be located at 12100 Samsung Boulevard, Austin, Texas. 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 this Agreement. If Samsung invests at least \$3,500,000,000 by December 31, 2015, and remains in compliance with all requirements of the Agreement, then the term and incentives offered under this Agreement will be extended as set out herein.

(c) Compliance with City Regulations. For the construction or remodeling of the 300 mm Fab and related facilities 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, Samsung will comply with all City Code regulations, including water quality regulations in effect at the time any site plan application is filed, unless Samsung has negotiated an agreement with the City to comply with overall impervious cover limits and provide the currently required water quality controls. This means Samsung 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, Samsung 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.

(d) Certificate of Compliance. At the time that Samsung delivers to City the annual Property Tax Notice required under Section 5 (c) below, Samsung shall also deliver to City a Certificate of Compliance, under which Samsung warrants to the City that it is in full compliance with each of its obligations under this Agreement, including the number of new Semiconductor Jobs maintained by Samsung for the preceding year pursuant to Section 4(a)(1) above. City has the right to inspect the facilities and pertinent records of Samsung to verify compliance with all requirements of this Agreement. Inspections shall be preceded by at least seventy-two hours notice by telephone to Samsung.

(e) Failure to Meet Obligations. In the event that Samsung fails to fulfill its obligations under the performance guidelines in paragraphs 4 (a)(1), 4(b) and 4(c) above, after receipt of notice and expiration of the cure period described in Section 8 of this Agreement, such event shall be cause for automatic termination of this Agreement, and City shall not be required to pay, and Samsung shall not be entitled to, any further payments under this Agreement.

5. City Obligations.

(a) Property Tax Incentive. As consideration for Samsung's creating and maintaining the new manufacturing jobs as described in Section 4(a)(1) and making the minimum investment described in Section 4(b), and complying with the other provisions in the Economic Development Agreement, then for a period of ten years, beginning January 1, 2006 and ending December 31, 2015, ("the first ten year period"), City will rebate 100% of property tax on personal property acquired after the effective date of the Agreement, and the incremental increase in value of real property and improvements which are owned or leased by Samsung and located at the Samsung site and dedicated to, or to be used in, the new 300 millimeter semiconductor Fabrication plant, as indicated on the attached Exhibit A. Exhibit A includes a plat of the property on which the 300 mm Fab is to be constructed, and dimensions of the structure.

**(b) Incentives for additional investment.**

If Samsung achieves an investment of at least \$3.5 billion by December 31, 2015, then for a period of ten years beginning January 1, 2016 and ending December 31, 2025 ("the second ten year period"), City will rebate 75% of property tax on the value of personal property acquired after the effective date of the Agreement, and the incremental increase in the value of real property and improvements, made during either 10 year period. In order to remain eligible for the incentive under this paragraph 5(b), Samsung must continue to comply with all terms of the Economic Development Agreement, and must invest at least an additional \$500 million in new machinery and equipment at its Austin operations by December 31, 2020. If Samsung does not invest the additional \$500 million by December 31, 2020, then the Agreement shall terminate and no further Chapter 380 payments shall be made to Samsung. In order to properly identify property which is eligible for rebate of city taxes, Samsung will work with TCAD to create separate TCAD accounts for both new real property improvements, and personal property acquired after the effective date of the Agreement.

**(c) Schedule for Chapter 380 Payments.** With respect to the tax rebate described in subsections 5(a) and 5(b) above, on or before March 1<sup>st</sup> of each year during the term of this Agreement, Samsung shall notify the City in writing of the amount of property tax paid by Samsung to the County tax collector or its successor (the "Property Tax Notice"). The Chapter 380 Payments with respect to the property taxes shall be based on the amount stated in the Property Tax Notice. Both real property and personal property Chapter 380 Payments shall be paid to Samsung by the City on an annual basis for the preceding year, on or before October 30<sup>th</sup> following the tax year for which they were paid. For example, the first Chapter 380 Payments shall be based on taxes paid for the calendar year 2006, and shall be paid on or before October 30, 2007, and the last Chapter 380 Payments for the first ten year period of tax rebates shall be based on taxes paid for the calendar year 2015, and shall be paid on or before October 30, 2016. Chapter 380 Payments for the second ten year period of rebates, if applicable, shall be paid on the same schedule, with the last payment due on or before October 30, 2026. If, after the October 30 payment date of any year, Samsung is required to pay more property tax on the certified appraised value of eligible property than the amount stated in the Property Tax Notice for the year preceding the applicable October 30 payment date, then Samsung shall notify the City in writing of the amount of additional property tax paid by



Samsung to the County tax collector or its successor (the "Additional Property Tax Notice"), and the City shall pay Samsung the amount stated in the Additional Property Tax Notice at the same time as the next payment is due to Samsung under this Section 5(c). A summary explanation and examples of schedules for rebates of taxes and fees under this Agreement is attached as Exhibit C.

(d) Austin Energy Services, Infrastructure and Fee Waivers. Austin Energy will purchase, install and energize new equipment in Austin Energy's Dessau Substations, as shown on Austin Energy's proposed preliminary one-line drawing attached as Exhibit B, to meet Samsung's increased capacity needs related to the 300 mm Fab as follows:

(1) New load related to the 300 mm Fab is projected by Samsung to be less than 80 MVA. The City will design and build a dual feed infrastructure to serve the 300 mm Fab such that there will be adequate capacity available to operate the 300 mm Fab, in the event of a loss of a single transformer; and therefore Austin will waive (1) the Initial Assessment Fee of \$4,000, (2) the Facilities Design and Construction Fee up to \$4,025,000, as provided for in City Ordinance No. 040913-05 related to the construction of the dual feed infrastructure in the Economic Development Agreement, and (3) the Deposit or Bond for Infrastructure Improvements (Section 15-9-5, City Utility Service Regulations), in an amount up to \$1,750,000.

(2) Austin Energy will build the improvements to include two 80 MVA transformers, switchgear sets, circuit switchers and associated duct bank within Dessau Substation, and up to 2000 circuit feet of cable to the Samsung's point of connection as well as the engineering services, labor and auxiliary equipment needed to complete installation.

(3) Austin Energy will make arrangements for the temporary power required for the 300 mm Fab prior to the completion of the work.

(4) Austin Energy agrees to complete the work related to the Dessau substation (1) for the first 80 MVA transformer and related facilities, within 12 months of the execution of this Agreement, or the receipt of written notice to proceed from Samsung, whichever date is later; and (2) for the second 80 MVA transformer and related

facilities, within 15 months of the execution of this Agreement, or the receipt of written notice to proceed, whichever date is later.

(5) In addition, in order to improve the overall efficiency of the facility, Austin Energy will reimburse Samsung up to \$500,000 for costs associated with the completed construction of a thermal energy storage system that qualifies for the Thermal Energy Storage Rider.

(6) Samsung shall be required to receive written approval from Austin Energy prior to the construction of the thermal energy storage system. Failure to receive prior approval will result in no payment by Austin Energy for those improvements.

If, within the first 10 year period, Samsung does not achieve an additional 480,000,000 kWh per year load, served by Austin Energy generation and related to the 300 mm Fab, and if Samsung does not maintain that load through at least the year 2020, Samsung shall reimburse the City for all Austin Energy costs and expenses, including overhead, incurred or paid by Austin Energy for or relating to the 300 mm Fab, upon a written request by the City, no later than thirty days after such request. Upon request of Samsung, Austin Energy will provide Samsung a complete written accounting of all costs, expenses and overhead incurred by Austin Energy for or relating to the 300 mm Fab. Austin Energy agrees to provide the same or similar electrical infrastructure to meet Samsung's needs for future expansion and Samsung agrees to meet the same or similar performance measures for any new electricity load for future expansions.

(e) Permit Fee Rebates.

The City will provide up to \$3 million in rebates for building and related construction inspection fees, and site plan fees, to Samsung for the construction of the 300 mm Fab and related facilities. Rebates of fees are subject to compliance with all terms of the Economic Development Agreement, and are reimbursed at the same time as the rebates of property taxes. Samsung must submit request for reimbursement of fees paid during prior calendar year at the same time that request for rebate of tax is submitted, in order for City to budget funds for next fiscal year.

(f) Capital Recovery Fee Rebates.

The City will rebate up to \$360,000 in capital recovery fees paid by Samsung and related to the construction of the 300 mm Fab and related facilities. Rebates of fees are subject to compliance with all terms of the Economic Development Agreement, and are reimbursed at the same time as the rebates of property taxes. Samsung must submit request for reimbursement of fees paid during prior calendar year, at the same time that request for rebate of tax is submitted, in order for City to budget funds for next fiscal year.

(g) Permitting; Inspections. The City shall work with Samsung to expeditiously process building and related permit applications, and to expedite inspections of construction and related activity at the 300 mm Fab. The City will provide one dedicated on-site inspector to be available during normal City work hours.

(h) Water Quality Facilities. The City will reimburse Samsung for the cost, up to \$1,238,000, of construction of water quality facilities necessary for the 300 mm Fab ( as delineated on Exhibit A), to be in full compliance with City storm water quality regulations in effect at the time of application for site plan.

(i) Payments Subject to Future Appropriation. This Economic Development Agreement shall not be construed as a commitment, issue or obligation of any specific taxes or tax revenues for payment to Samsung. All payments or expenditures made by the City, including Austin Energy, under this Economic Development Agreement are subject to the City's appropriation of funds for such payments or expenditures to be paid in the budget year for which they are made. The payments to be made to Samsung, or other expenditures under the Agreement, 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 or expenditures under this Economic Development Agreement, the City shall not be liable to Samsung for such payments or expenditures, and Samsung, in its sole discretion, shall have the right but not the obligation to rescind this Economic Development Agreement. To the extent there is a conflict between this paragraph and any other language or covenant in this Economic Development Agreement, this paragraph shall control.

6. Mutual Assistance. City and Samsung will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions in order to put each other in the same economic condition contemplated by this Agreement regardless of any changes in public policy, the law or taxes or assessments attributable to Samsung facilities.
7. Representations and Warranties. The City represents and warrants to Samsung that the Program and this Agreement are within its authority, and that it is duly authorized and empowered to establish the Program and enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Samsung represents and warrants to City that it has the requisite authority to enter into this Agreement.
8. Default. If either the City or Samsung should default in the performance of any obligations of this Agreement, the other party shall provide such defaulting party written notice of the default, and a minimum period of thirty (30) days after the receipt of such notice to cure such default, prior to instituting an action for breach or pursuing any other remedy for default.
9. Attorney's Fees. In the event any legal action or proceeding is commenced between the City and Samsung to enforce provisions of this Agreement and recover damages for breach, the prevailing party in such legal action shall be entitled to recover its reasonable attorney's fees and expenses incurred by reason of such action, unless prohibited by law.
10. Entire Agreement. This Agreement contains the entire agreement between the parties. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement. This Agreement may only be amended, altered or revoked by written instrument signed by the City and Samsung.

11. **Binding Effect.** This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns.
12. **Assignment.** Except as provided, Samsung may not assign all or part of its rights and obligations to a third party without prior written approval of the City, which approval shall not be unreasonably withheld or delayed; provided, however, that the City may elect not to approve an assignment of rights and obligations of this Agreement, if the third party acquiring such rights and obligations will not maintain the global headquarters of Samsung, or the acquiring third party, in the City. Notwithstanding anything to the contrary, Samsung may assign all or part of its rights and obligations without the prior consent of the City to a third party lender advancing funds for the acquisition, construction or operation of Samsung facilities.
13. **Termination.** In the event Samsung elects not to proceed with the Project as contemplated by this Agreement, Samsung shall notify the City in writing, and this Agreement and the obligations on the part of both parties shall be deemed terminated and of no further force or effect.
14. **Notice.** Any notice and or statement required and permitted to be delivered shall be deemed delivered by actual delivery, facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses:

**Samsung:** Samsung Austin Semiconductor, L.L.C.  
12100 Samsung Boulevard  
Austin, TX 78754  
Attn:

Re: Economic Development Agreement  
with copies to:

**City:** City Manager  
301 West 2<sup>nd</sup> Street  
Austin, Texas 78701  
(P.O. Box 1088, Austin, Texas 78767)  
Phone: (512) 974-2200

with copies to:

Director, Economic Growth and  
Redevelopment Services  
301 West 2<sup>nd</sup> Street  
Austin, Texas 78704  
Phone: (512) 974-7820

City Attorney  
301 West 2<sup>nd</sup> Street  
Austin, Texas 78701  
(P.O. Box 1546, Austin, Texas 78767)  
Phone: (512) 974-2268  
Facsimile: (512) 974-2894

Either party may designate a different address at any time upon written notice to the other party.

15. Interpretation. Each of the parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, however its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any party.
16. Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in the State courts of Travis County, Texas.
17. Severability. In the event any provisions of this Agreement are illegal, invalid or unenforceable under present or future laws, and in that event, it is the intention of the parties that the remainder of this Agreement shall not be affected. It is also the intention of the parties of this Agreement that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.
18. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or

meaning of the various and several paragraphs.

19. No Third Party Beneficiaries. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party.
20. No Joint Venture. It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The City, its past and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with Samsung facilities or the design, construction or operation of any portion of the facilities.
21. Exhibits. The following Exhibits "A", "B" and "C" are attached and incorporated by reference for all purposes:

<u>Exhibit "A":</u>	Plat and Drawing with outline of 300 mm Fab
<u>Exhibit "B":</u>	Austin Energy Oneline Drawing
<u>Exhibit "C":</u>	Summary of Schedules and Examples for Rebates of Taxes and Fees

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

EXECUTED by the authorized representatives of the parties on this the \_\_\_\_ day  
of \_\_\_\_\_, 2005.

**Samsung Austin Semiconductor,  
L.L.C.**  
a Delaware limited liability corporation

By:

By:  
Printed Name:  
Title:

Date:

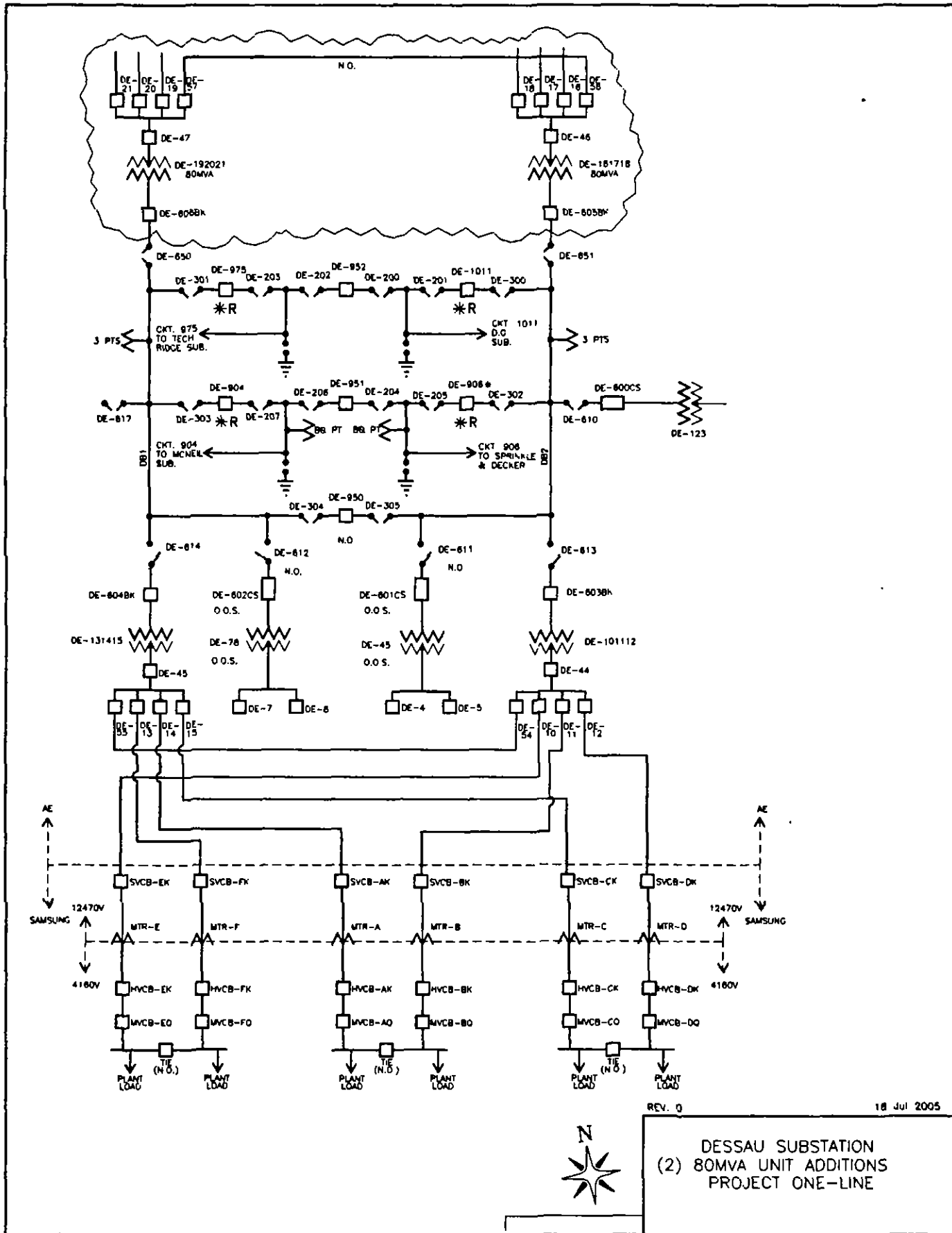
**CITY OF AUSTIN, TEXAS,**  
a home-rule city and municipal  
corporation

By:  
Toby Hammett Futrell  
City Manager



**Exhibit A**  
**Samsung to provide plat/drawing of 300 mm Fab site**

## **Exhibit B**



## **EXHIBIT C**

### **Incentive Program Methodology**

1. Samsung makes investment each year
2. TCAD appraises value of investment each year and records in separate TCAD account
3. Samsung pays property taxes each year on new investment
4. City budgets each year for incentive payment based on taxes paid for previous year
5. City makes economic development grant each year to Samsung based on taxes paid for previous year.

*Note: Fees paid by Samsung each year are granted back to Samsung each year in a similar fashion.*

### **Example Property Tax Grant**

December, 2005	Samsung invest in building, machinery and equipment
January 1, 2006	TCAD appraises Samsung fixed assets
December, 2006	Samsung pays property tax
March 1, 2007	Samsung informs COA via letter of taxes paid on new investment
June, 2007	COA prepares budget
October 30, 2007	COA pays economic development grant to Samsung

### **Example Fee Grant**

December, 2005	Samsung pays fee associated with new investment
March 1, 2006	Samsung informs COA via letter of payment
June, 2006	COA prepares budget
October 30, 2006	COA pays fee rebate to Samsung

*Note: Samsung will prepare a letter each year itemizing all payback items for the city's review.*

## **ORDINANCE NO.**

### **AN ORDINANCE CREATING AN ECONOMIC DEVELOPMENT PROGRAM AND AUTHORIZING AN ECONOMIC DEVELOPMENT AGREEMENT WITH SAMSUNG AUSTIN SEMICONDUCTOR, L.L.C.**

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

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

- (A) Samsung Austin Semiconductor, L.L.C. ("Samsung"), a corporation engaged in high technology production, is considering the construction of a 300 millimeter semiconductor fabrication facility ("300 mm Fab") in Austin, Texas.
- (B) Samsung has represented to the City that if the 300 mm Fab is constructed, it will add at least 500 new permanent jobs in Austin within four years.
- (C) Samsung will purchase additional new equipment, and has requested a rebate of property tax which will be owed on its property related to the 300 mm Fab.
- (D) Samsung will invest a minimum of \$2.5 billion in new equipment and machinery and real property improvements for the 300 mm Fab, to be located at the facilities in the desired development zone over a five year period, and Samsung may invest additional funds in further improvements and provide additional jobs over a 20 year period.
- (E) Samsung and the City have had a long and successful relationship. Samsung has provided many benefits to the City and its citizens and businesses, and the City welcomes Samsung's continued presence here. The 300 mm Fab and related jobs will (1) provide additional economic benefits to the City, (2) be a catalyst for economic development benefiting the entire community, (3) promote local economic development, and (4) stimulate business and commercial activity in the City.
- (F) Texas Local Government Code Chapter 380 (*Miscellaneous Provisions Relating to Municipal Planning and Development*) authorizes the City to establish local economic development programs.

##### **PART 2. An economic development program for Samsung is created under Texas Local**

Government Code Chapter 380 (*Miscellaneous Provisions Relating to Municipal Planning and Development*).

**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 Samsung that includes terms and conditions substantially similar to those in the attached Exhibit A, including waivers and rebates of taxes, costs and fees, and other terms and conditions deemed necessary, advisable or required by the city manager or city attorney.

**PART 4.** This ordinance takes effect on \_\_\_\_\_, 2005.

**PASSED AND APPROVED**

\_\_\_\_\_, 2005      §  
                                 §  
                                 § \_\_\_\_\_  
                                 Will Wynn  
                                 Mayor

**APPROVED:** \_\_\_\_\_  
                         David Allan Smith  
                         City Attorney

**ATTEST:** \_\_\_\_\_  
                         Shirley A. Brown  
                         City Clerk



**Austin City Code Amendment  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 9  
AGENDA DATE: Thu 08/18/2005  
PAGE: 1 of 1**

**SUBJECT:** Approve an ordinance repealing and replacing Article 10 of Chapter 2-1 of the City Code relating to the Austin-Travis County EMS Advisory Board.

**AMOUNT & SOURCE OF FUNDING:** N/A

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** Emergency Medical  
**DEPARTMENT:** Services

**DIRECTOR'S  
AUTHORIZATION:** Richard Herrington

**FOR MORE INFORMATION CONTACT:** Richard Herrington, Executive Director, 972-7048

**PRIOR COUNCIL ACTION:** The Austin-Travis County EMS Advisory Board was created on January 17, 2002.

**BOARD AND COMMISSION ACTION:** N/A

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The Austin-Travis County EMS Advisory Board ("Advisory Board") was created by Travis County Commissioners and by the City Council on December 18, 2001 and January 17, 2002, respectively. The City and County revised the Advisory Board's membership requirements for the Fiscal Year 2005 Interlocal Agreement for Emergency Medical Services ("Interlocal Agreement") that was approved by the City Council and the Travis County Commissioners Court in December, 2004. Due to the changes in membership requirements, EMS is proposing a repeal of the current Advisory Board ordinance.

The new ordinance reflects the membership structure referenced in the Interlocal Agreement.

The Interlocal Agreement requires that the Advisory Board include representation from each type of organization that participates in the provision of emergency medical services in Travis County. The proposed board structure includes representatives from the following groups that are not included on the existing board:

Neighborhood Group Representative

Corporate First Responder Representative

Emergency Services District (ESD) Commissioner

**ORDINANCE NO.**

**AN ORDINANCE REPEALING AND REPLACING CHAPTER 2-1, ARTICLE 10 OF THE CITY CODE relating to the Austin – Travis County EMS Advisory Board.**

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

**PART 1.** Chapter 2-1, Article 10 of the City Code is repealed and replaced to read:

***ARTICLE 10. Austin – Travis County EMS Advisory Board.***

**§ 2-1-101 CREATION; MEMBERSHIP.**

(A) The Austin-Travis County EMS Advisory Board is created.

(B) The board shall be composed of nine members as follows:

- (1) a physician representative from the Travis County Medical Society Emergency Department/Emergency Medical Services Committee, appointed by the City Council;
- (2) the director of trauma surgery for the hospital that is designated by the Texas State Department of Health Services as the lead trauma hospital in Austin;
- (3) an emergency services district commissioner appointed by the Travis County Commissioner Court;
- (4) a local physician who is knowledgeable about emergency medical and trauma services, appointed by the Travis County Commissioners Court;
- (5) a Travis County representative appointed by the Travis County Commissioners Court;
- (6) a City of Austin representative appointed by the City Council;
- (7) a neighborhood group representative appointed by the City Council;



(8) a corporate response group representative appointed by the City Council; and

(9) a consumer who is informed about issues relating to Emergency Medical Services appointed by the Travis County Commissioners Court.

(C) The residency requirement of the Section 2-1-1 (*Residency Requirement*) is waived. A resident of the City of Austin or of Travis County is eligible to serve on the board.

#### **§ 2-1-102 TERMS.**

(A) The members of the board enumerated in Section 2-1-101(B)(1), (3), (5), (6), and (8) shall two-year terms beginning on November 1.

(B) The board members enumerated in Section 2-1-101(B)(2), (4), (7), and (9) shall serve three-year terms beginning on November 1.

(C) Except for the board member appointed in an ex officio capacity under Section 2-1-101(B)(2), board members may not serve more than two consecutive terms.

#### **§ 2-1-103 QUORUM.**

Five members of the board constitute a quorum for the conduct of business.

#### **§ 2-1-104 PURPOSE; DUTIES AND RESPONSIBILITIES.**

(A) The board shall consider and make recommendations to the City Council about the delivery of emergency medical services.

(B) The board shall review the performance of the EMS system from the perspective of each organizations participating in the system and shall make recommendations to City Council regarding:

(1) use of the assets and resources of the various organizations participating in the EMS system; and

(2) the placement of EMS stations to help promote high quality and efficient service throughout Austin and Travis County.

(C) The board may not exercise administrative control over the City of Austin Emergency Medical Services Department or an employee or that department.

**PART 2.** The terms of the initial nine members appointed are considered to begin on November 1, 2005, regardless of the actual date of appointment.

PART 3. This ordinance takes effect on \_\_\_\_\_, 2005.

**PASSED AND APPROVED**

\_\_\_\_\_, 2005      §  
                                 §  
                                 §      \_\_\_\_\_  
                                                 Will Wynn  
                                                 Mayor

**APPROVED:** \_\_\_\_\_  
                         David Allan Smith  
                         City Attorney

**ATTEST:** \_\_\_\_\_  
                         Shirley A. Brown  
                         City Clerk