

AN ORDINANCE 100070

APPROVING TERMS AND CONDITIONS AND AUTHORIZING EXECUTION OF AN INCENTIVE FUND GRANT AGREEMENT WITH MAXIM INTEGRATED PRODUCTS, INC. PROVIDING UP TO \$1,500,000 FROM THE ECONOMIC DEVELOPMENT INCENTIVE FUND FOR CUSTOMIZED JOB TRAINING; APPROVING EXCEPTIONS; APPROPRIATING FUNDS; AND PROVIDING FOR PAYMENT.

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WHEREAS, Maxim Integrated Products, Inc. (hereinafter "Maxim") is a publicly-held company and a worldwide leader in design, development, and manufacturer of linear and mixed-signal integrated circuits; and

WHEREAS, the company was founded in 1983 and employs more than 7,500 people at its headquarters in Sunnyvale, California and at facilities worldwide; and

WHEREAS, Maxim manufactures approximately 5,000 types of analog and mixed-signal integrated circuits (ICs), more than any other company in the industry, introducing an average of 500 new products per year with revenues expected to reach \$3.8 billion by 2007; and

WHEREAS, thousands of electronics manufacturers use Maxim's products in computers and peripherals, industrial controls, telecommunications and networking equipment, military systems, medical devices, instrumentation and video displays; and

WHEREAS, in October 2003, Maxim informed City staff that it was considering the purchase and future use of the former Philips Semiconductor facility with plans to retrofit the existing 300,000 square-foot facility situated on the 178.5 acre site to manufacture 8-inch semiconductor wafers; and

WHEREAS, Maxim purchased the facility in November 2003 for \$40 million with plans to invest an additional \$50 million in facility improvements and equipment; and

WHEREAS, by December 31, 2007, Maxim will also create a total of 500 new full-time jobs and has to date hired 235 people, 80 percent of whom previously worked for Sony or Philips; and

WHEREAS, the Maxim jobs would entail working in production, equipment and process engineering, automation and management, among other areas; and

WHEREAS, the semi-conductor industry is presently in the midst of the longest economic downturn in its history, so Maxim is seeking a grant from the Economic Development Incentive

Fund (the "EDIF") in the amount of \$1.5 million to achieve every available cost-minimizing opportunity to aid the Westover Hills facility as a viable business unit; and

WHEREAS, the EDIF Guidelines (the "Guidelines") require that the 500 jobs mentioned above be created within one year and that the maximum incentive amount, based on investment, be limited to \$750,000 and would thus require an exception to the Guidelines; and

WHEREAS, the grant of funds in the amount of \$1.5 million from the EDIF fund would leverage an additional \$1.5 million in grant funds from the State Enterprise Fund to support the project; and

WHEREAS, the City's funding would help defray the costs of training the local workforce for Maxim's high-paying jobs; to be paid to Maxim on a reimbursement basis at a rate of \$3,000 per job created, up to 500 jobs, through December 31, 2008 as more particularly described in Attachment I; and

WHEREAS, granting these funds is in compliance with Chapter 380 of the Texas Local Government Code; and

WHEREAS, the project supports the City's *Strategic Plan for Enhanced Economic Development* by encouraging the attraction of new businesses to the community while promoting growth in the targeted industry of manufacturing and technology, as well as retaining and creating high-paying jobs for our community; and

WHEREAS, the City Council also finds that it is in the best interest of the City of San Antonio to approve an Incentive Fund Grant Agreement with Maxim in the amount of \$1.5 million to induce the desired and beneficial economic development in the area and to approve exceptions to the Guidelines; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby approves the terms and conditions of an Incentive Fund Grant Agreement with Maxim Integrated Products, Inc. to provide up to \$1,500,000 from the Economic Development Incentive Fund for customized job training as described in the copy of the signed Agreement attached hereto and incorporated herein for all purposes as Attachment I.

SECTION 2. The City Council also hereby approves the exceptions to the Economic Development Incentive Fund Guidelines for the job creation date and funding level.

SECTION 3. The Interim City Manager or his designee is authorized to execute the Agreement in Section 1 within 60 days from the effective date of this ordinance.

SECTION 4. Funds in the amount of \$1,500,000.00 are authorized to be encumbered in cost center 1604010001, General Ledger 5201040 entitled "Fees to Professional Contractors", Fund

29059000 entitled "Economic Development Initiatives" payable to Maxim Integrated Products, Inc. when periodic purchase orders are issued.

SECTION 5. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the Interim City Manager or his designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts and Fund Numbers as necessary to carry out the purpose of this Ordinance.

SECTION 6. This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED AND APPROVED this 9th day of December, 2004.

ATTEST:

Leticia M. Meit
City Clerk

[Signature]
M A Y O R
EDWARD D. GARZA

APPROVED AS TO FORM:

[Signature]
for City Attorney

Agenda Voting Results

Name: 6 C.

Date: 12/09/04

Time: 06:02:24 PM

Vote Type: Multiple selection

Description: An Ordinance approving terms and conditions and authorizing execution of an Incentive Fund Grant Agreement with Maxim Integrated Products, Inc. providing up to \$1,500,000 from the Economic Development Incentive Fund for customized job training; approving exceptions; appropriating funds; and providing for payment

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
JOEL WILLIAMS	DISTRICT 2		x		
RON H. SEGOVIA	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5		x		
ENRIQUE M. BARRERA	DISTRICT 6		x		
JULIAN CASTRO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8	Not present			
CARROLL SCHUBERT	DISTRICT 9		x		
CHIP HAASS	DISTRICT_10		x		
MAYOR ED GARZA	MAYOR	Not present			