

THIS IS A PROPOSED DRAFT AND WILL BE REPLACED BY THE FINAL, SIGNED ORDINANCE OR RESOLUTION ADOPTED BY CITY COUNCIL.

AN ORDINANCE

AUTHORIZING A 15-YEAR CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT WITH MICROSOFT, INC. (“MICROSOFT”) FOR THE REIMBURSEMENT OF 40% OF MICROSOFT’S REAL AND PERSONAL PROPERTY TAXES ON NEW PROPERTY IMPROVEMENTS.

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WHEREAS, Microsoft is ranked 35th on the 2013 Fortune 500 list and is a worldwide leader in software development, services, and solutions; and

WHEREAS, on January 18, 2007, City Council approved a 10-year, 100% Tax Abatement Agreement with Microsoft to locate a data center in San Antonio resulting in Microsoft’s initial investment of \$550 million and the creation of 75 high-paying jobs; and

WHEREAS, Microsoft is currently considering San Antonio and other sites in the Southwest for a new data center project consisting of an investment of \$250M in real and personal property over five years and the creation 20 high wage jobs (the “Project”); and

WHEREAS, Microsoft is seeking a Chapter 380 Economic Development Agreement to assist in deferring costs associated with undertaking and completing the Project; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, the City is authorized to create a program to grant funds to promote state or local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, in accordance with City Ordinance No. 100684, the City created an Economic Development Program (the “Program”) for the purpose of making grants available for economic development projects that the City finds will accomplish the purpose and goals of Chapter 380; and

WHEREAS, the City finds that the goals of Chapter 380 will be met by assisting Microsoft in undertaking and completing the Project and has identified economic development funds for use in carrying out this purpose; **NOW THEREFORE:**

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

SECTION 1. The terms and conditions of an Economic Development Agreement (the “Agreement”) with Microsoft are hereby approved. The City Manager, or her designee, is authorized to execute said Agreement in accordance with this Ordinance. A copy of the

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Agreement in substantially final form is set out in “**Attachment I**” and made a part of this Ordinance. A final copy of the Agreement shall be attached when executed.

SECTION 2. Payment in the form of a reimbursement which will be broken out in annual payments up to 15 years is authorized to Microsoft with a Cost Center and General Ledger to be determined by the Office of Budget and Management. Annual payments to Microsoft shall not exceed the amount equal to 40% of the previous year’s ad valorem taxes remitted to the City for a period not to exceed 15 years and at such time funds are authorized to be encumbered.

SECTION 3. The financial allocations in this Ordinance are subject to approval by the Chief Financial Officer (CFO), City of San Antonio. The CFO may, subject to concurrence by the City Manager or the City Manager’s 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 4. This Ordinance shall become effective immediately upon its passage by eight (8) votes or more and upon ten (10) days following its passage if approved by fewer than eight (8) votes.

PASSED AND APPROVED this ___th day of November, 2013.

M A Y O R

Julián Castro

ATTEST:

APPROVED AS TO FORM:

Leticia M. Vacek, City Clerk

Michael D. Bernard, City Attorney