ASSIGNMENT AND ASSUMPTION
TAX PHASE-IN AGREEMENT

This Assignment and Assumption of Tax Phase-In Agreement (this "Assignment") is entered into effective as of February 1, 2016, by and between MAXIM INTEGRATED PRODUCTS, INC. ("MAXIM"), a Delaware corporation, and TJ TEXAS INC. ("TJ TEXAS"), a Delaware corporation authorized to transact business in Texas and a wholly owned subsidiary of Tower Semiconductor, Ltd. Together, MAXIM and TJ TEXAS may be referred to, herein, as "the Parties." Capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement (defined below).

RECITALS

A. The City of San Antonio ("CITY"), a municipal corporation governed by the laws of the State of Texas, and MAXIM entered into that certain Tax Phase-In Agreement (as amended, the "Agreement") authorized by City Ordinance No. 100069, passed and approved on December 9, 2004, and attached hereto as **Exhibit A**.

B. On February 15, 2007, the Parties amended the Agreement in accordance with City Ordinance No. 2007-02-15-0181 to increase the required Personal Property Investment from $50 million to $82 million and to abate Real Property Improvements taxes on a required $4.2 million Real Property Improvement.

C. On June 9, 2011, the Parties again amended the Agreement in accordance with City Ordinance No. 2011-06-09-0491 to reduce the amount of abated taxes from 100% to 85% and to lower the Full-Time Job requirement from 800 to 575.

D. Effective as of January 31, 2016, MAXIM and CITY again amended the Agreement (the Third Amendment") in accordance with City Ordinance No. 2016-04-07-_____ to increase the Full-Time Job requirement from 575 to 600 and increase the wage requirement for Full-Time employees at the Facility.

E. On February 1, 2016, TJ TEXAS purchased (the "Purchase") the 178 acre Facility located at 9651 Westover Hills Boulevard from MAXIM.

F. In connection with the Purchase the Parties now seek to enter into this Assignment in accordance with Article 6, Paragraph P of the Agreement.

G. Pursuant to the Agreement, any assignee must be bound by all terms and/or provisions and representations of the Agreement as a condition of such assignment.

AGREEMENTS

For and in consideration of the premises and mutual covenants and agreements of the Parties hereinafter set forth, together with other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, MAXIM, as assignor, and TJ TEXAS, as assignee, agree as follows:

1. <u>Assignment to and Assumption by Assignee</u>. MAXIM hereby ASSIGNS, TRANSFERS, CONVEYS AND DELIVERS unto TJ TEXAS all of MAXIM's right, title and interest in, to and under the Agreement, as amended through February 1, 2016, including, without limitation, the Third Amendment. TJ TEXAS hereby ACCEPTS the assignment as provided above, and hereby covenants and agrees to ASSUME all duties and obligations to be performed and/or discharged by MAXIM under the Agreement.

2. <u>Guarantee from MAXIM in favor of CITY</u>: MAXIM, in consideration of the CITY consenting to this Assignment, does hereby unconditionally guarantee ("Guarantee") the payment of all amounts due CITY with respect to the recapture of abated taxes under the Agreement. MAXIM also agrees that CITY is not first required to enforce against TJ TEXAS or any other person or entity any liability, obligation or duty guaranteed by this Guarantee before seeking enforcement thereof against MAXIM. A lawsuit may be brought and maintained against MAXIM by CITY to enforce any liability, obligation or duty guaranteed by the Guarantee without the necessity of joining TJ TEXAS or any other person or entity in the lawsuit. Notwithstanding the forgoing, the Parties acknowledge and agree unconditionally that the Guarantee guarantees payment by MAXIM of the recapture by the CITY of up to 100% of all abated real and personal property taxes under the Agreement, and does not in any way affect, change, alter or amend the lien rights of CITY and rules of priority and security under state law.

3. <u>Notice</u>. This Assignment shall serve to amend the Notice provision in Article 9 of the Agreement as follows:

TO TJ TEXAS:

- (Whether personally delivered or mailed):

Attn

TO CITY:

- If mailed:

Economic Development Department
Attn: Director
P.O. Box 839966
San Antonio, Texas 78283-3966

- If by personal or overnight delivery:

Economic Development Department
Attn: Director
100 W. Houston Street
19th Floor
San Antonio, Texas 78205

4.   Agreement. This Assignment constitutes the entire agreement and understanding between the parties and supersedes all prior agreements and understandings, if any, concerning the subject matter hereof.

5.   Binding Effect. All of the terms, provisions, covenants and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, successors-in-interest, and assigns.

6.   Effective Date. This Assignment, according to the terms, provisions, covenants and conditions set forth herein, are effective as of February 1, 2016.

MAXIM INTEGRATED PRODUCTS, INC.,
a Delaware corporation

By: _____`_____

Print Name: _____

Its: _____

TJ TEXAS INC.,
a Delaware corporation

By: _____`_____

Print Name: _____

Its: _____

CITY OF SAN ANTONIO ACKNOWLEDGEMENT OF AND CONSENT TO ASSIGNMENT OF TAX PHASE-IN AGREEMENT AND AS BENEFICIARY OF THE GUARANTEE SET FORTH ABOVE IN PARAGRAPH 2:

_____

By: _____

Title: _____

Date: _____

Exhibit A
(Ordinance)

AN ORDINANCE **100069**

APPROVING THE TERMS AND CONDITIONS AND AUTHORIZING EXECUTION OF A TAX PHASE-IN AGREEMENT WITH MAXIM INTEGRATED PRODUCTS, INC. ("MAXIM") TO EXEMPT 100% OF AD VALOREM TAXES FOR 10 YEARS ON PERSONAL PROPERTY IMPROVEMENTS OF $50 MILLION; AND APPROVING AN EXCEPTION TO THE TAX PHASE-IN GUIDELINES TO ALLOW FOR A 10 YEAR VERSUS A 6 YEAR TERM OF THE AGREEMENT.

*   *   *   *   *

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 downtown in its history, so Maxim is seeking a tax phase-in to achieve every available cost-minimizing opportunity to aid the Westover Hills facility as a viable business unit; and

WHEREAS, as an incentive to reinvest in this facility and re-establish operations in San Antonio, Maxim has requested a 10-year, 100% tax phase-in on $50 million in personal property improvements, as more particularly described in Attachment I; and

WHEREAS, the project is eligible for an abatement term of up to 6 years since the site is located outside of Loop 410 and north of U.S. Highway 90, but due to the exceptional investment, Maxim seeks a 10-year term and requests City Council approve an exception to the City's Tax Phase-In Guidelines; and

WHEREAS, Maxim offers an excellent benefits package for employees and dependents, intends to actively recruit new employees from local colleges to expand its labor force and to hire economically disadvantaged individuals through Alamo WorkSource while also contributing to local schools or higher education in an effort to encourage interest in the technology industry; 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 a Tax Phase-In Agreement with Maxim to induce the desired and beneficial economic development in the area and to approve an exception to the Tax Phase-In Guidelines; **NOW THEREFORE:**
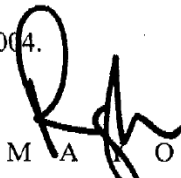
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby approves the terms and conditions of the Maxim Tax Phase-In Agreement for a 10-year, 100% abatement of ad valorem taxes on personal property improvements as more particularly described in the copy of the signed Agreement in Attachment I, attached hereto and incorporated herein. An exception to the Tax Phase-In Guidelines is also approved to allow for a 10 year, versus a 6 year, term of the Agreement.
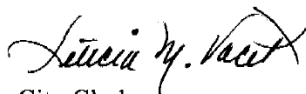
SECTION 2. The City Council also hereby authorizes the Interim City Manager or his designee to execute the Agreement described in Section 1 within 60 days.

SECTION 3. This ordinance shall be effective on and after the tenth (10th) day after passage hereof.
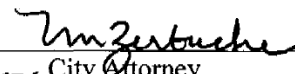
PASSED AND APPROVED this 9th day of December, 2004.

M A Y O R
EDWARD D. GARZA

ATTEST:

City Clerk

APPROVED AS TO FORM: _____
for City Attorney

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