

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

ORDINANCE

**APPROVING THE MUTUAL TERMINATION OF AN INDUSTRIAL
DISTRICT NON-ANNEXATION AGREEMENT (IDA) AND
AUTHORIZING A CHAPTER 380 TAX REBATE AGREEMENT BOTH
WITH HALLIBURTON ENERGY SERVICES, INC.**

* * * * *

WHEREAS, Halliburton Energy Services, Inc. (Halliburton) maintains an office near San Antonio at 4526 S Loop 1604, in the City's Extraterritorial Jurisdiction (ETJ) and in Emergency Services District (ESD) #6, which office is the main base for its Eagle Ford Shale operations and its designated Texas sales/use tax pay permit location; and

WHEREAS, in 2016, in order to retain Halliburton's presence, City Council approved a ten-year IDA with Halliburton which imposed certain job and wage requirements on Halliburton in return for which Halliburton made a one-time \$2 million payment into the City's workforce development fund, and continued annual \$1.5 million payments in lieu of taxes (PILOT); and

WHEREAS, the foregoing payments were calculated based on the estimated potential tax revenues to the City if the City had annexed Halliburton in 2016 and the City had provided a 60% property tax rebate incentive in accordance with its incentive guidelines; and

WHEREAS, under the terms of the IDA, City agreed to forgo annexation of the Halliburton property for ten (10) years and enter into a separate Fire Services Agreement; and

WHEREAS, after the City and Halliburton entered into the IDA, ESD #6 voted on and passed an additional 1.5% sales/use tax (effective October 1, 2017), resulting in Halliburton paying both the ESD's additional sales/use tax and the City's PILOT payment; and

WHEREAS, Halliburton and the City agree to mutually terminate the IDA, to allow Halliburton to reduce costs in order to retain its offices in San Antonio, which termination will also result in the automatic termination of the Fire Services Agreement with City; and

WHEREAS, Halliburton will petition for voluntary annexation of its property; and

WHEREAS, the parties desire to enter into an eight-year Chapter 380 Tax Rebate Agreement, effective upon annexation, rebating the portion of San Antonio's ad valorem taxes allocated to the City's maintenance and operations budget; and

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WHEREAS, subject to the terms of the 380 Agreement, Halliburton will maintain at least 500 full-time jobs, all of which must earn a minimum annual wage of \$25,750.40, and seventy percent (70%) of which must earn a minimum annual wage of \$47,400.00, additionally Halliburton will maintain the project site as its designated Texas sales/use tax direct pay permit location; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, the City of San Antonio (the "City") is authorized to establish and provide for the administration of one or more programs, including programs for making grants of public money 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 Halliburton;
NOW THEREFORE:

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

SECTION 1. The City Manager or her designee is authorized to (1) execute a Mutual Termination Agreement with Halliburton Energy Services, Inc. terminating the 2016 Industrial District Non-Annexation Agreement, and (2) execute a Chapter 380 Tax Rebate Agreement with Halliburton Energy Services, Inc. in accordance with this Ordinance. Copies of the Agreements, in substantially final form, are attached to this Ordinance as **Attachment I**.

Reserved for fiscal language

SECTION ____. 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 ____ day of February, 2019.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

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Leticia M. Vacek, City Clerk

Andrew Segovia, City Attorney

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ATTACHMENT I

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