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TRANSACTIONS DIVISION

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Texas Board of Legal Specialization

May 8, 2006

Susan Spataro, Travis County Auditor and
Christian Smith, Executive Manager, PBO
P. O. Box 1748
Austin, Texas 78767

RE: Samsung Economic Development Agreement

Dear Susan and Christian:

Enclosed for each of your files is a copy of the fully executed economic development agreement with Samsung. I have provided the other original to the County Clerk's office. Please forward a copy to any other individuals who you feel should have one.

Please call me (49176) if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Mary Etta Gerhardt".

Mary Etta Gerhardt
Assistant County Attorney

SAMSUNG

SAMSUNG AUSTIN SEMICONDUCTOR

12100 Samsung Boulevard
Austin, Texas 78754
TEL: (512) 672-1000

Writer's Direct Dial: 672-1008
Writer's Direct Fax: 672-1615

May 4, 2006

via hand delivery

Honorable Samuel T. Biscoe
Travis County Judge
314 West 11th Street, #520
Austin, Texas 78701

Re: Economic Development Agreement between Travis County and Samsung Austin
Semiconductor, L.L.C.

Dear Judge Biscoe:

Thank you for your assistance in bringing the Samsung project to Austin.

Enclosed please find two executed originals of the Economic Development Agreement Between
Travis County and Samsung Austin Semiconductor.

It was a pleasure working with you and your staff and I look forward to working with you in the
future.

Regards,

Teresa Burroff

Teresa Burroff
General Counsel

Enclosure

RECEIVED
COUNTY JUDGE'S OFFICE
06 MAY -4 PM 2:07

2:38 PM
MAY 08 2006
RECEIVED
COUNTY JUDGE'S OFFICE

ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN TRAVIS COUNTY AND
SAMSUNG AUSTIN SEMICONDUCTOR L.L.C.

This Economic Development Agreement ("Agreement") is entered into by and between Travis County, Texas, a political subdivision of the State of Texas ("County"), and Samsung Austin Semiconductor L.L.C., a Company organized under the laws of the State of Texas with headquarters in Austin, Texas, its successors and assigns ("Company"), the owner of the taxable real property in Travis County, Texas, located in the Manor Independent School District Reinvestment Zone, City of Austin, Texas ("Reinvestment Zone").

RECITALS

WHEREAS, Chapter of the TEXAS LOCAL GOVERNMENT CODE ("Chapter 381"), Subsection .004, authorizes counties to develop and administer community and economic development program(s) to stimulate business and commercial activity in a county, including a tax abatement agreement under certain conditions and subject to certain provisions of Chapter 312, TEXAS TAX CODE ("Chapter 312").

WHEREAS, Travis County has adopted the Travis County Economic Development Program Policy ("Policy"), included in this Agreement as Attachment A, under which certain economic development incentives may be offered to eligible applicants;

WHEREAS, the Manor Independent School District has designated the Reinvestment Zone and Company will make certain improvements to property and comply with certain performance requirements pursuant to this Agreement in that Reinvestment Zone.

WHEREAS, it is the intent of Travis County and Company that, as a result of Company's development under this Agreement, business and commercial activity in Travis County will be stimulated, and commercial activity will be encouraged, developed and stimulated, producing additional tax revenue, job opportunities, affordable housing and small business opportunities for Travis County;

WHEREAS, Company has stated that the Project described in this Agreement would not be completed as set forth without the herein granted County assistance.

WHEREAS, Company intends to construct a new semiconductor wafer manufacturing factory to be located at 12,100 Samsung Boulevard, Austin, Texas, 78753, such new facility to be located in the Reinvestment Zone.

WHEREAS, the investment by Company is estimated to be approximately \$3.5 billion.

WHEREAS, the Commissioners Court finds that the development set forth in this Agreement will result in substantial immediate and long-term benefit to Travis County and significant financial benefit to other taxing entities within Travis County and will promote state and local economic development, and that the development that is the subject of this Agreement will stimulate economic development within an area of Travis County that is or has been considered to be economically disadvantaged..

NOW, THEREFORE, in consideration of the hereinafter set forth agreements, covenants, reimbursements and payments, the amount and sufficiency of which are acknowledged, County and Company agree to the terms and conditions stated in this Agreement.

1.0 **DEFINITIONS.** In this Agreement,

1.1 "Ad Valorem Taxes" means those property taxes assessed by County on real and personal property located within Travis County.

1.2 "Affiliate of Owner" means all companies under common control with, controlled by, or controlling Company. For purposed of this definition, "control" means 50% or more of the ownership determined by either value or vote.

1.3 "Agreement Funds" means all money rebated to Company pursuant to the terms of this Agreement; also, the amount by which Ad Valorem taxes which have been paid by Company are rebated pursuant to the terms of this Agreement.

1.4 "Agreement Term" means that time period commencing on the date this Agreement is signed by both Parties ("Effective Date") and continuing until the Termination Date as defined in this Agreement.

1.5 "Commissioners Court" means Travis County Commissioners Court.

- 1.6 "Completion Date" means the date of issuance of the Certificate of Occupancy for the Project. The Parties agree at the Completion Date will occur on or before December 31, 2009.
- 1.7 "County Auditor" means Susan Spataro, the Travis County Auditor, or her successor.
- 1.8 "County Policy" or "Policy" means the Travis County Economic Development Program Policy Guidelines and Criteria, attached hereto as Attachment A.
- 1.9 "Effective Date" means the date that all parties have fully executed this Agreement.
- 1.10 "Effective Year Value" means the taxable value assessed by County for the purpose of the payment of Travis County Ad Valorem Taxes on the Eligible Property for the tax year including the Effective Date of the Agreement as set forth on the certified tax rolls of the County.
- 1.11 "Eligible Property" means all real and tangible personal property of the Project which is subject to assessment for Ad Valorem Taxation by County (excluding inventory, supplies and the purchase price of the real property) as more fully described in Attachment B.
- 1.12 "Improvements" means that development done by the Company as part of the Project to be constructed, expanded and renovated as set forth in this Agreement and allowed by County Policy. A list of the proposed Improvements is set forth on Attachment B hereto and made a part hereof.
- 1.13 "Ineligible Property" means that property not included in the definition of "Eligible Property."
- 1.14 "Is doing business" and "has done business" mean:
- 1.14.1 Paying or receiving any money or other valuable thing in exchange for personal services or for purchase or use of any property interest, either real or personal, either legal or equitable; or
- 1.14.2 Loaning or receiving a loan of money, services, or goods or otherwise creating or having in existence any legal obligation or debt;
- but does not include:
- 1.14.3 Any payments, receipts, loans, or receipts of a loan which are less than \$250.00 per calendar year in the aggregate; or
- 1.14.4 Any retail transaction for goods or services sold to a Key Contracting Person at a posted, published, or marked price available to the general public.
- 1.15 "Key Contracting Person" means any person or business listed in Exhibit A to the Ethics Affidavit attached to this Agreement and marked Attachment C.
- 1.16 "Parties" and "Party" means the County and/or Company.
- 1.17 "Payment Term" means that time period beginning on January 1, 2008, and ending on the Termination Date of this Agreement. The Parties acknowledge and agree that the Payment Term will begin January 1, 2008, rather than the first year after the Completion Date.
- 1.18 "Payment Year Value" means the taxable value determined by TCAD for the purpose of the payment of Travis County Ad Valorem Taxes on the Eligible Property for any tax year included in the Payment Term of this Agreement as set forth on the certified tax rolls of the County.
- 1.19 "PBO" means Travis County Planning and Budget Office.
- 1.20 "Phase One" means the initial ten years of the Payment Term which is the period of time that begins January 1, 2008, and expires on December 31, 2017.
- 1.21 "Phase Two" means the second ten years of the Payment Term (should Company elect to continue through the second ten years), beginning on January 1, 2018, and expiring on December 31, 2027.

1.22 "Project" means the proposed development as specifically described herein, including, without limitation, a 300mm Fab (a new semiconductor wafer manufacturing facility capable of producing semiconductor wafers approximately 300 millimeters in diameter) and retooling and upgrading of the existing wafer fabrication facility located on the land included in the Property and any additional or supporting improvements, facilities and equipment hereafter constructed on the Property pursuant to the terms of this Agreement, as more fully described in Attachment B.

1.23 "Property" means the land (real property) on which the Project will be developed as further described herein.

1.24 "Rebate" means the full or partial refund of Ad Valorem Taxes paid by Company on the Eligible Property.

1.25 "Reinvestment Zone" means the Manor Independent School District Reinvestment Zone, being the area contained in the Property as described herein.

1.26 "Required Number of Jobs" means for any calendar year during the Agreement Term the minimum number of full time jobs the Company is required to either create or maintain during that calendar year as stated in Subsection 5.1.1(b)(i).

1.27 "Subcontract" means any agreement between Company and another party to fulfill, either directly or indirectly, any of the requirements of this Agreement, in whole or in part.

1.28 "Subcontractor" means any party providing services required under this Agreement pursuant to an agreement between Company and that party, including contractor(s), subcontractor(s), and other subrecipient(s) of Company; and any party or parties providing services for Company which are required under the terms of this Agreement.

1.29 "TCAD" means the Travis Central Appraisal District.

1.30 "Termination Date" means the earlier to occur of

(a) December 31, 2027, or

(b) the date on which this Agreement Term is terminated pursuant to the other provisions of this Agreement.

1.31 "Two Year Period" means any two, consecutive calendar years during the Payment Term.

2.0 GENERAL TERMS

2.1 Authority.

2.1.1 Statutory Authorization. County is authorized to enter into this Agreement under TEXAS LOCAL GOVERNMENT CODE, Chapter 381, Section .004 (and other applicable provisions of TEXAS LOCAL GOVERNMENT CODE, Chapter 381, and other applicable statutes), and related County policy, in order to stimulate business and commercial activity in Travis County, Texas.

2.1.2 Reinvestment Zone. Company and County acknowledge and agree that Property is located within the Reinvestment Zone.

2.2 Purpose. The purpose of this Agreement is to grant benefits to Company in order to stimulate and encourage business and commercial activity in Travis County, to create more job opportunities, build the sales and property tax base and promote a partnership relationship with the private sector businesses that will bring capital intensive projects to Travis County.

2.3 Policy Application.

2.3.1 Findings. The Commissioners Court finds that the terms of this Agreement and the Property subject to this Agreement meet the applicable guidelines and criteria set forth in the Policy; and that the development of the Project that is the subject of this Agreement will result in substantial immediate and long-term financial benefit to Travis County and significant financial benefit to other taxing entities within Travis County. The Commissioners Court also finds that the development of the Project as described herein will stimulate economic development within an area of Travis County which is or has been considered to be economically disadvantaged as determined by the Commissioners Court.

2.3.2 Policy Conflict. Pursuant to the provisions of the Policy, the Commissioners Court may modify or waive those requirements of the Policy as determined to be necessary in order to enter into an agreement which will serve the public

interest an achieve the basic intent of the Policy. Accordingly, at any time there is a conflict between any provision of this Agreement and any provision of the Policy which cannot be resolved, the provision(s) of this Agreement will apply, unless prohibited by statute.

2.4 Terms.

2.4.1 Agreement Term. County and Company acknowledge and agree that, unless earlier terminated by the Parties pursuant to the terms of this Agreement, this Agreement shall be effective commencing on the Effective Date, as defined herein, and continuing the Termination Date as such is defined herein.

2.4.2 Payment Term. Payment of rebate will take place upon compliance with all terms of this Agreement for the time period contained in the Payment Term which begins January 1, 2008, and continues through the Termination Date, as defined in this Agreement; provided, however, in recognition of the fact that Agreement Funds reimbursement are by necessity calculated and reimbursed after taxes have been assessed and paid to County, and therefore always in arrears, the Term of this Agreement shall be deemed to include the time necessary for reimbursement of any Agreement Funds to Company which extend beyond the period of time defined as the Agreement Term in Section 1.4.

2.5 Administration of Agreement. This Agreement shall be administered for Travis County by the Travis County Planning and Budget Office (PBO). Company shall provide County through PBO with all information required for County to determine and ensure compliance with every term of this Agreement, including those forms attached hereto.

3.0 ENTIRE AGREEMENT

3.1 All Agreements. All oral and written agreements between the Parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement, including the applicable terms of the Agreement, have been reduced to writing and are contained in this Agreement.

3.2 Attachments. The attachments enumerated and denominated below are hereby made a part of this Agreement, and constitute promised performances by Company in accordance with all terms of this Agreement.

- 3.2.1. Attachment A, Travis County Economic Development Program Policy
- 3.2.2. Attachment B, Description of Property and Project
- 3.2.4. Attachment C, Ethics Affidavit
- 3.2.5. Attachment D, Reporting Form

4.0 AGREEMENT FUNDS

4.1 Agreement Funds.

4.1.1 Rebate Basis. Subject to the terms and conditions set forth in this Agreement, in consideration of full and satisfactory performance of the requirements and obligations under this Agreement, County hereby grants Company a rebate as follows:

(a) Phase One. Eighty percent (80%) of the excess of the Payment Year Ad Valorem Taxes paid over the Effective Year Ad Valorem Taxes paid. Said rebate shall be computed as follows:

(Payment Year Ad Valorem Taxes Paid - Effective Year Ad Valorem Taxes Paid) X .8 =
Annual Reimbursement/Rebate by County

(b) Phase Two. Sixty-five percent (65%) of the excess of the Payment Year Ad Valorem Taxes paid over the Effective Year Ad Valorem Taxes paid. Said rebate shall be computed as follows:

(Payment Year Ad Valorem Taxes Paid - Effective Year Ad Valorem Taxes Paid) X .65 =
Annual Reimbursement/Rebate by County

Rebate/payment shall be based upon the extent that the Payment Year Value exceeds the Effective Year Value. The Rebate on tangible personal property located on the Property in each Payment Year is limited to tangible personal property OTHER THAN that tangible personal property that was located on the real property at any time before the Agreement Term, and OTHER THAN inventory or supplies.

4.1.2 Rebate Due Date. Until the Termination date, County shall reimburse Company annually the amount due under this Agreement with respect to a tax year according to the schedule set forth in Section 4.2.1.

4.1.3 Improvements. Incentives provided under this Agreement shall be granted for new facilities and structures and for the expansion or modernization of existing facilities and structures. Such Improvements shall be listed in detail (including kind, number and location) in the Attachment(s) to this Agreement.

4.1.4 Continuing Taxation. During the Agreement Term, the Company shall be subject to all County taxation not rebated under this Agreement, and to all other applicable taxation. Ad Valorem Taxes shall be payable in full on the Company's taxable property, with rebate to be paid by County pursuant to this Agreement as follows:

- (a) The taxable value of Ineligible Property as defined herein shall be fully taxable, with no rebate.
- (b) The Effective Year Value of the properties of the Company shall be fully taxable, with no rebate.
- (c) The value of Eligible Property shall be fully taxable with rebate by County to Company of Eighty Percent of that payment (if attributable to Phase One) or sixty-five percent (65%) of that payment (if attributable to Phase Two) as set forth in this Agreement.

4.2 Determination and Payment of Agreement Funds.

4.2.1 Agreement Funds Notice. For each tax year during the Payment Term of this Agreement, subject to performance by the Company of its obligations hereunder, County shall rebate and pay to Company by check or wire transfer the amount to be rebated from Ad Valorem Taxes paid by Company for said tax year according to the following procedure:

(a) Notice. On or before January 31 of each year during the Payment Term (beginning as shown below), Company shall notify TCAD, the Travis County Tax-Assessor Collector and PBO in writing of its calculation of the Agreement Funds due to the Company by Travis County for the immediately preceding tax year ("Agreement Funds Notice") using the format of the Reporting Form attached to this Agreement as Attachment D. The Agreement Funds Notice will show the amount of Ad Valorem Taxes paid by the Company for said tax year that are attributable to the Effective Year Value and the amount of Ad Valorem Taxes paid by the Company that are attributable to the Payment Year Value for that tax year and will include a completed Agreement Funds Notice, a copy of the tax bill and a copy of the evidence of payment issued by Company in payment of that bill. Initial submission of the Agreement Funds Notice and Payment shall proceed as follows, with each subsequent year reflecting the same schedule:

Start 20 Year Payment Term Jan. 1, '08	First Agreement Funds Notice/Samsung Pays 2008 Ad Valorem Taxes Jan. 31, '09	Sept. 30, '09 County Budget Based on 1/31/09 Notice	County Rebate for '08 to Be Paid By Nov.1, '09
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(b) Certification of Compliance.

(i) Annual Certification. The Reporting Form (Agreement Funds Notice) attached to this Agreement will also include Company's signature certifying that Company warrants to County that it is in full compliance with each of its obligations under this Agreement, including the number of jobs maintained by Company for the preceding year. Company shall provide such forms annually, and shall certify annually to County that Company is in compliance with all applicable terms of this Agreement.

(ii) Inability to Comply. If Company cannot certify complete compliance with the terms of the Agreement, Company shall include a full and complete explanation of the reasons for the failure to comply along with Company's plans to achieve compliance or reasons that compliance cannot be achieved. Upon receipt of such explanation, County may, at its sole discretion, agree to work with Company to develop a mutually agreeable amendment to this Agreement with which Company can comply, or terminate the Agreement by written notice given to the Company within ninety (90) days after the Agreement Funds Notice including the notice of inability to comply is given to the County.

(c) Access, Monitoring and Inspections.

(i) Access. Company shall provide access to and authorizes monitoring visits of the Project as necessary to determine compliance with this Agreement.

(ii) Inspection. County has the right to inspect the Project (see Sections 5.2.2 and 5.8.2) and pertinent records of Company as necessary to verify compliance. Inspections shall be preceded by at least seventy-two hours notice by telephone to the head of the Facility or other person designated by the Company, and may be attended by Company representatives. Visits and Inspections shall be conducted so as not to interfere with the business operations of Company and shall comply with Company safety standards. County acknowledges and agrees that the work of constructing and installing the Project is of highly sensitive nature and, therefore, County agrees that it will not make any type of recording or photographic record of the interior of the facility and agrees to keep all information relating to its contents confidential to the maximum extent allowed by law. Inspections/monitoring visits will be made by the Executive Manager of PBO (or his designee, with Company's approval), and will be limited to review of those reports and information necessary to verify Company's compliance with the requirements of this Agreement.

(iii) Monitoring. In order to verify compliance with employment requirements, County will be provided access on site to those original reports submitted by Company to the Texas Workforce Commission and any and all other data used by Company as the basis for certification of the number of FTE's, the average salary, and the investment made pursuant to the requirements of the Agreement. Supporting documentation will be made available at the Company's Austin location in a format that allows for easy review by County (magnetic tapes will not be considered acceptable format). Company acknowledges and agrees that County may make ongoing inspections/monitoring visits under these same conditions as specified in this Agreement throughout the Agreement Term to ensure ongoing compliance with the terms of this Agreement. Any additional review will be as mutually agreed to by County and Company, and strictly limited to that information necessary to confirm Agreement compliance. If County determines that the documentation provided is insufficient to adequately document the accuracy of the information or disputes the accuracy of the information, County reserves the right to require additional information as reasonably necessary to complete the final review and approval of the information submitted and to withhold approval of the Agreement Funds Notice until such additional information is made available pursuant to this Section 4.2.1.

4.2.2 Rebate Amount. Upon verification by County of the amount shown in the Agreement Funds Notice and other reporting information provided by Company to County under this Agreement, County shall grant and pay to the Company Agreement Funds by rebating to Company an amount equal to the Annual Reimbursement/Rebate by County computed as stated in 4.1.1.

4.2.3 Material Issues in Agreement Funds Notice. If County identifies any material issues in the Agreement Funds Notice, County will advise Company of such material issues that are identified in the verification process within 30 days of receipt of the Agreement Funds Notice and other reporting information to allow Company to correct/complete such Agreement Funds Notice. Should Company and County be unable to agree to the completion/correction of the Agreement Funds Notice within thirty (30) days of receipt of the notice by Company of material issues, County will grant Company benefits based on Company's representation of information, subject to the mutual agreement by the Parties as to the completion/correction of the Agreement Funds Notice. Upon resolution of the dispute, should the amount granted to Company initially be greater than that amount due as a result of the completed/corrected Notice, Company will refund to County the excess amount within Sixty (60) days of determination of that amount. County will provide TCAD and Company necessary notice of confirmation of the granting of Agreement Funds as claimed in the Notice within 30 days of receipt of the complete and correct Agreement Funds Notice and other relevant reporting information.

4.2.4 Final Reduction. The final grant of Agreement Funds by County to Company pursuant to this Agreement shall be based on the Agreement Funds Notice relevant to the last year of the Agreement Term. Upon County's paying of said final payment as described in this Section 4.2.4, this Agreement shall terminate.

5.0 COMPANY PERFORMANCE

5.1 Components of Project Development. Company shall remodel, develop, complete and maintain the Project described in this Agreement as follows:

5.1.1 Required Components. The following components of the Project must be completed pursuant to the terms of this Agreement in order for Company to receive and retain the full amount of Agreement Funds:

(a) Property.

(i) Description. The Project shall include the development, completion and maintenance of a new 300mm Fab on a portion of the Property, as set forth in Subsection 5.1.1(d) of this Agreement, such

portion of the Project to be described more fully in Attachment B to this Agreement. Further, the Project is and will be located within the Reinvestment Zone and the Land is the entire area contained in the Reinvestment Zone, and more fully described in Attachment B attached hereto and made a part hereof.

(ii) Ownership. Company warrants that the Land is owned by Company, is not located in an improvement project financed by tax increment bonds and does not include any property that is owned or leased by a member of the Commissioners Court.

(iii) Usage. Company warrants that the Property will continue to be used during the Agreement Term as described herein in order to continue the encouragement of development of the Property during the Agreement Term.

(b) Jobs.

(i) Total Number of Jobs. When referring to "jobs" created by Company pursuant to this Agreement, that reference will mean new FTE's (Full Time Equivalents), each of which job will reference a "Full Time Employee" defined as a position designated by Company as a full time position receiving full time benefits, and filled no less than ten (10) out of the twelve (12) months of the year for which the Agreement Funds Notice is being made. Company and County agree that this definition of FTE does not allow Company to claim credit under this Agreement for part time positions and that the jobs reported pursuant to this Agreement will be jobs directly related to the Project and working from the Property as soon as space is completed, but no later than December 31, 2009. The Company agrees to create the following number of new full time equivalent jobs (said full time jobs to include both Company employees and contract employees), in addition to the jobs existing on the Property as of October 1, 2005, by the respective dates set forth in the following table:

<u>Cumulative Total Number of New Full Time Jobs</u>	<u>Date by which Created</u>
500	12-31-2008
700	12-31-2009

The Parties agree that the total number of jobs (both employee and contract) existing on the Property as of the October 1, 2005 is 994.

The number of new jobs shown above for each time period noted will be the "Required Number of Jobs" for that time period. After December 31, 2009, Company shall maintain at least 700 full time jobs (the "Required Number of Jobs" for said remainder of the Agreement Term), in any combination of employee and contract and without regard to the date of hire, at the Property for the balance of the Agreement Term. During the Payment Term of this Agreement, Company shall make available to County appropriate records of the Company supporting the number and classification of employees and contractors working at the Property.

(ii) Job Maintenance. During any calendar year of the Payment Term, if Company fails to maintain the Required Number of Jobs set forth in Section 5.1.1(b)(i), then:

(I) If the number of jobs maintained for that year is not less than Eighty Percent (80%) of the total Required Number of Jobs, then, as a penalty, the amount of annual Agreement Funds to be rebated by County to Company for that year shall be decreased to the product of the amount Company would have been entitled to receive under this Agreement had it maintained the Required Number of Jobs for that year multiplied by a fraction, the numerator of which is the actual number of jobs maintained by the Company for that year and the denominator of which is the Required Number of Jobs for that year. As an example, should Company maintain 600 jobs in the year 2016, the amount of the Agreement Funds for that year would be 85.71428% (600/700) of the Agreement Funds that would have been rebated to Company had it maintained the Required Number of Jobs for 2016; or

(II) If the number of jobs maintained for that year is less than Eighty Percent (80%) of the total Required Number of Jobs, then, Company will be considered out of compliance with this Agreement which shall be subject to Termination under Section 8.0 of this Agreement.

(iii) Excess Jobs. If Company creates full time jobs greater than the Required Number of Jobs in any calendar year during the Payment Term, Company shall not receive a credit for the excess over the Required Number of Jobs applicable for that year.

(iv) Average Salary. Average annual salary of the Required Number of Jobs will be approximately \$60,000.00 (but in no event lower than \$54,000.00) per year with benefits.

(c) Value.

(i) Increased Value. Company shall complete development of the Project as described in this Agreement so that the taxable value of the Company's Eligible Property for Travis County Ad Valorem taxation purposes at the Completion Date of the entire Project equals at least \$ 500 million more than the Effective Year Value.

(ii) Investment. Company shall invest at least 3.5 billion dollars in real property improvements, facilities and structures, business personal property and non-capital expenditures at the Project no later than December 31, 2009. The minimum investment as of December 31, 2008 (the first year of the Payment Term) will be at least \$ four hundred million dollars (\$ 400,000,000.00), with the remaining amount invested no later than December 31, 2009.

(d) Construction.

(i) Commencement. Company shall issue a notice to proceed to a contractor to commence remodeling and construction of improvements on the Property no later than January 1, 2007, and shall diligently pursue such construction to completion as set forth in this Agreement. In the event that Company fails to complete construction of the Project by December 31, 2009, this Agreement shall be terminated and shall be of no further effect.

(ii) Completion. A Certificate of Occupancy for the entire Project as set forth in this Agreement shall be obtained by Company no later than December 31, 2009. Inspections shall take place as necessary to ensure compliance with the Agreement prior to the Completion Date. Throughout the Agreement Term, the requirements of all applicable County and City of Austin codes and ordinances must be met. The Completion Date shall be the date such Certificate of Occupancy is issued, and the beginning of the twenty-year Payment Term during which Agreement Funds will be earned by Company shall be as set forth in Section 1.17.

(e) Environmental Attention. The Project will be completed and maintained in a manner which preserves and respects the natural environment by maintaining green space as set forth in the plan of development presented to and approved by the City of Austin, as evidenced by certificates of occupancy from the City of Austin. Company shall not violate any federal, state, or local legislation and/or regulation(s) which prohibit or regulate deleterious effects on the environment within the Project. This Property may NOT be located over an environmentally sensitive aquifer or contributing zone, and Company hereby certifies that Property is not located over an environmentally sensitive aquifer or contributing zone..

(f) Minority Participation. Company shall use good faith efforts (and shall encourage its agents and contractors to use good faith efforts) to take reasonable steps to ensure HUBs ("Historically Underutilized Businesses") the maximum opportunity to be Subcontractors under this Agreement. Company may retain a third party consultant specializing in outreach to qualified HUB business enterprise Subcontractors and consultants.

5.1.2 Goal Components. The following components of the Project are goals that Company agrees to make a good faith effort to attain:

(a) Land Use. Development shall consist of commercial workplace to be utilized as a semiconductor manufacturing factory.

(b) Parking. Development will be completed in a manner which includes adequate parking.

(c) Community Improvement. County acknowledges the active participation by Company in community development activities which contribute to the development and improvement of Travis County in areas beyond those directly related to business and the economy. Company agrees to make commercially reasonable efforts to continue such participation related to local education, job training, and job mobility through activities such as financial contributions to local schools and volunteer work within the community.

5.2 Reports.

5.2.1 Annual Report.

(a) Annual Report Filing. Beginning the end of the first year of the Payment Term, Company shall provide an annual report (and/or other reports as reasonably requested by County) reflecting the fulfillment of all requirements of this Agreement in a format provided by County and included in this Agreement as Attachment D, "Reporting Form." Company shall provide the Chief Appraiser of TCAD ("Appraiser"), the Travis County Tax Assessor-Collector and PBO any and all information necessary for administration of this Agreement, including a completed reporting form (Attachment D - "Reporting Form - Agreement Funds Notice") within a reasonable time after the end of each calendar year in the Payment Term, allowing adequate time for Company to collect the data and submit to County the resulting report which will reflect information related to the previous 12-month period (or other time period as specified).

(b) Other Information. The Reporting Form shall include the information necessary to meet applicable requirements under TEXAS TAX CODE. The Appraiser of TCAD shall annually determine (i) the taxable value pursuant to the terms of this Agreement and (ii) full value without rebate under this Agreement. The Appraiser shall record both the rebated taxable value and the full taxable value in the appraisal records. The full taxable value figure listed in the appraisal record shall be used to compute the amount of rebated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that provides for recapture under this Agreement. Each year, the Company shall furnish the Appraiser with such information outlined in TEXAS TAX CODE, Chapter 22, as may be necessary for the administration of the rebate specified herein. Company shall be entitled to appeal any determination of the Appraiser in accordance with the provisions of the TEXAS TAX CODE.

5.2.2 County Monitoring of Reports. County retains the right to monitor and audit the findings in all reports provided or made available to the County under this Agreement as necessary to confirm compliance with the terms of this Agreement (see Section 5.8.2). Company shall retain all reports made by third parties related to this Agreement and allow County reasonable access to such reports if County requests the opportunity to review such reports. County will only request such review upon reasonable cause to question the accuracy of the Report submitted by Company to County.

5.2.3 Report Information. The following general information, as applicable for each year in a reporting period will be included with the Report:

- (a) documentation to show commencement date and completion date
- (b) total value of completed Project (as certified by TCAD for Travis County Ad Valorem Taxation)
- (c) total number of full time equivalent employees [see Section 5.1.1(b)] and date of hire for each reported FTE
- (d) average salary of FTE's
- (d) information showing the amount of County Ad Valorem Taxes paid by Company and the amount of Agreement Funds reimbursed by County to date.
- (e) other information as necessary to support compliance with terms of this Agreement, including Section 5.1(f).
- (f) certification as to accuracy of report and compliance with the terms of the Agreement.

5.2.4 Job Data. The Report shall also include data showing the number of full time equivalent ("FTE") jobs created and maintained as a result of the Project and the average salary for those FTE's, including that information specifically set forth in the Reporting Form (Attachment D). Company shall create and maintain such records as necessary for County to audit performance under this requirement, including documentation which supports that information shown in the Reporting form and any other information reasonably necessary to calculate FTEs as related to performance under this

Agreement. As provided in Section 5.8.2, County may require such other documentation as reasonably deemed necessary to support reported employment efforts of Company as required under this Agreement.

5.2.5 Ad Valorem Taxes. The Reporting Form shall include information showing the amount of Travis County Ad Valorem Taxes due for payment by Company, the amount by which the Ad Valorem taxes would be rebated as a result of compliance with the applicable terms of this Agreement and other information as specified in the form attached as Attachment D.

5.3 Company Authority. Company warrants that Company has the authority to enter into this Agreement and that the person signing this Agreement on behalf of the Company is duly authorized to do so.

5.4 Accuracy of Information. Company will use commercially reasonable efforts to ensure that all reports, data and information submitted to County will be accurate, reliable and verifiable according to the terms of this Agreement. Approval by County of such information shall not constitute nor be deemed a release of the responsibility and liability of Company, its employees, agents or associates for the accuracy and competency of their reports, information documents, or services, nor shall approval be deemed to be the assumption of such responsibility by County for any defect, error, omission, act or negligence or bad faith by Company, its employees, agents, or associates.

5.5 Increased Value. Company understands that the cost of its new capital investment in property subject to Travis County Ad Valorem Taxation upon completion of the entire Project must equal at least 3.5 billion dollars, with a resulting increase in taxable value of the property subject to Travis County Ad Valorem Taxation shall be at least Five Hundred Million Dollars (\$500,000,000.00).

5.6 W-9 Taxpayer Identification Form. Company shall provide County with an Internal Revenue Service Form W-9 Request for Taxpayer Identification Number and Certification that is completed in compliance with the Internal Revenue Code, its rules and regulations, and a statement of entity status in a form satisfactory to the County Auditor before any Agreement Funds may be paid to the Company.

5.7 Indemnification and Claims.

5.7.1 INDEMNIFICATION. Company agrees to and shall indemnify and hold harmless County, its officers, agents, and employees, from and against any and all claims, losses, damages, negligence, causes of action, suits, and liability of every kind, including all expenses of litigation, court costs, and attorney's fees ("Claim"), for injury to or death of any person, for any act or omission by Company, or for damage to any property, arising out of or in connection with the work done by Company under this Agreement, whether such injuries, death or damages are caused by Company's sole negligence or the joint negligence of Company and any other third party.

5.7.2 Claims Notification. If any claim, or other action, including proceedings before an administrative agency is made or brought by any person, firm, corporation, or other entity against Company or County relating to the enforcement of this Agreement, the Party with notice of the Claim shall give written notice to the other Party of the Claim, or other action within three (3) working days after being notified of it or the threat of it; the name and address of the person, firm, corporation or other entity that made or threatened to make a Claim, or that instituted or threatened to institute any type of action or proceeding; the basis of the Claim, action or proceeding; the court or administrative tribunal, if any, where the Claim, action or proceeding was instituted; and the name or names of any person against whom this Claim is being made or threatened. This written notice shall be given in the manner provided in the "Notice" provision of this Agreement. Except as otherwise directed, the Party with notice of the Claim shall furnish to the other Party copies of all pertinent papers received by that Party with respect to these Claims or actions.

5.8 Miscellaneous Responsibilities.

5.8.1 Change in Identity. Company shall notify County immediately, and in advance where possible, of any significant change affecting the Company. Where that change involves a change of Company's name or identity, that change must be submitted in writing and approved by County in the form of a written amendment pursuant to Section 3.0. Where such change involves a change in ownership or control, Company shall provide County with timely written notice pursuant to Section 10.0.

5.8.2 Employment Records and Investment Certification. In order to verify compliance with employment, salary and investment requirements, Company will Provide County with an annual written certification (attached to the Report) by Company's Chief Financial Officer of the following:

- (i) Number of FTE's

- (ii) Average Salary
- (iii) Amount of investment pursuant to this Agreement

Company agrees to provide County access at Company's Austin location at the time of submission of the certification and as needed to any and all supporting documentation which was utilized in making the determinations reported in the certification as to the number of FTE's, the average salary and the amount of investment by the Chief Financial Officer. This supporting documentation will be made available at Company's Austin location in a format that allows for easy review by County.

If County determines that the documentation provided is insufficient to adequately document the accuracy of the information or disputes the accuracy of the information, County reserves the right to require additional information as necessary to complete the final review and approval of the information submitted and to withhold approval of the Agreement Funds Notice until such additional information is made available pursuant to this Section 5.8.2.

5.8.3 Record Maintenance. Company shall maintain all records and reports required under this Agreement for a period of three years after the termination date, or until all evaluations, audits and other reviews have been completed and all questions or issues, including litigation, are resolved satisfactorily, whichever occurs later.

6.0 AMENDMENTS

6.1 Written Amendments Only. Unless specifically provided otherwise in this Agreement, any change to the terms of this Agreement or any attachments to it shall be made in writing and signed by both Parties. An amendment may only be approved by the Parties if the terms and provisions of the amendment reflect provisions which could have been included in the original Agreement under the Policy.

6.2 Acknowledgments as to Amendments. It is acknowledged by Company that no officer, agent, employee or representative of County has any authority to change the terms of this Agreement or any attachments to it unless expressly granted that authority by the Commissioners Court under a specific provision of this Agreement or by separate action by the Commissioners Court. Verbal discussion or other indications of changes to this Agreement will NOT be effective.

6.3 Submission. Company shall submit all requests for all changes, alterations, additions or deletions of the terms of this Agreement or any attachment to it to PBO, Attention: Christian Smith, Executive Manager (or his successor in office) with a copy to the County Judge, Samuel T. Biscoe, or his successor in office. This Agreement shall be administered by PBO, and all information provided by Company to County shall be provided through PBO.

7.0 COMPLIANCE

7.1 Federal, State and Local Laws. Company shall provide all services and activities performed under the terms of this Agreement in compliance with the Constitutions of the United States and Texas and with all applicable federal, state, and local orders, laws, regulations, rules, policies, and certifications governing any activities undertaken during the performance of this Agreement. Company shall meet all applicable requirements of County and City codes and ordinances, rules and regulations and permit requirements, and all necessary inspections will take place in a timely manner. Company will make all hiring decisions in compliance with the Civil Rights Act of 1964 and the Americans With Disabilities Act of 1990 and will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, age or handicapping condition in accordance with the Company's policies.

7.2 Law and Venue. This Agreement is governed by the laws of the State of Texas and all obligations under this Agreement shall be performable in the City of Austin, Texas or in Travis County, Texas. It is expressly understood that any lawsuit, litigation, or dispute arising out of or relating to this Agreement will take place in State Court in Travis County and the City of Austin. The Parties acknowledge and agree that each Party shall be responsible for any attorneys' fees incurred by that Party relating to this Agreement.

7.3 Immunity or Defense. Section 6.2 notwithstanding, Company expressly understands and agrees that, neither the execution of this Agreement nor the conduct of any representative of County shall be considered to be a waiver of, nor shall it be deemed to have waived, any immunity or defense that would otherwise be available to it against claims arising in the exercise of its governmental powers and functions, nor shall it be considered a waiver of sovereign immunity to suit. Company and County shall have all remedies and defenses allowed by law.

7.4 Failure to Comply. Commissioners Court may cancel or modify this Agreement, as set forth herein, if Company fails to comply with the Agreement.

8.0 TERMINATION/DEFAULT

8.1 Termination. Grounds for and/or results of termination of this Agreement may include, but are not limited to, the following:

8.1.1 Election Not to Proceed Prior to Rebate. In the event Company elects not to proceed with the Project as contemplated by this Agreement prior to the first receipt by Company of Agreement Funds, Company shall notify County 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.

8.1.2 Phase One/Phase Two Termination Option. The Parties agree that Company shall have the option at the end of Phase One to elect not to proceed with Phase Two. Company shall notify County in writing no later than July 1 of the last year of Phase One of Company's election to either terminate the Agreement effective that December 31 or to continue the Agreement for an additional ten (10) years through Phase Two. If Company elects not to proceed with Phase 2 and provides notice according to this Section 8.1.2, then County shall make payment to Company for Year 10 pursuant to this Agreement, the Agreement will be terminated with no penalty or recapture, and all obligations of Company and County shall cease.

8.1.3 Successful Completion. This Agreement will terminate upon completion of the performance of the respective terms and conditions of the Agreement by both Parties or upon termination pursuant to the terms of this Agreement.

8.1.4 Failure to Comply.

(a) County Termination. This Agreement may terminate, at the election of the County, upon Company's failure to comply with required terms as set forth herein and such failure extends beyond any cure period provided therefor. If Company is believed by County to be in default, County shall notify Company in writing, and if such default is not cured within thirty (30) days after said notice (or such other period of time provided in this Agreement), then this Agreement may be terminated. County and Company may agree in writing to extend the time period for cure. In the event that the cure is not completed as required by this Agreement or otherwise as is satisfactory to County and thereafter this Agreement is terminated by County, County shall have the right to recapture all of the money rebated to Company for the two years prior to that year pursuant to Section 8.2, and no further Agreement Funds shall be payable by County to Company and this Agreement shall be of no further force or effect.

(b) Termination by Company. If County fails to comply with obligations of County under this Agreement, and fails to cure after notice and opportunity to cure has been given as in Section 8.1.4(a), then this Agreement may be terminated by Company without prejudice to any other right or remedy which Company or County may possess.

8.1.5 Judicial Finding. This Agreement may be terminated by either County or Company if the rebate agreed to be made by the County herein is found to be invalid or illegal by a court of competent jurisdiction and said judicial decision is not overturned on appeal or is no longer subject to appeal. In the event that this Agreement is terminated under this Section 8.2.4, County shall have the right to recapture all of the money rebated to Company under this Agreement to the extent but only to the extent that said judicial decision specifically or in effect requires said rebate to be refunded to the County, as determined by County, and there is no other lawful manner, as determined by County, by which the County can reimburse, pay or credit Company with the amount of said rebate that is refunded as a result of said judicial decision.

8.2 Recapture.

8.2.1 Recapture of Rebated Amounts. In the event that this Agreement is terminated for any reason including failure to make agreed upon Improvements, prior to full performance of all requirements by Company, County shall recapture and Company shall pay to County an amount equal to all taxes rebated under the terms of this Agreement for the two years prior to the year of termination, no further Agreement Funds shall be payable by County to Company and this Agreement shall be of no further force or effect.

8.2.2 Required Performance. Company agrees to meet the following requirements as of the respective dates set forth below:

(a) by the Completion Date, completion of the Project [Section 5.1.1(a)], and

(b) by the respective dates stated in Section 5.1.1(b), create the Required Number of Jobs with the average salary as set forth in Section 5.1.1(vi) and

(c) by the dates set forth in Section 5.1.1(c), have made an investment of at least 3.5 billion dollars [or the amount specified in Section 5.1.1(c)] in new Improvements, facilities and tangible personal property.

(d) satisfactory completion of all other applicable terms of this Agreement.

8.2.3 **Failure to Cure.** If, at any time, Company fails to meet the requirements of this Agreement and fails to cure any failure where the opportunity for cure is provided, then County shall give Company written notice of such failure to comply with notice of termination and all future obligations of County shall cease. Upon receipt of such notice of termination, Company shall, within ninety (90) days, refund to County all Agreement Funds that have been paid by County for the two (2) years prior to such termination, and Company acknowledges that the Agreement will then be terminated and all future obligations of County shall cease.

8.2.4 **Failure to Pay Other Ad Valorem Taxes.** In addition to other events resulting in termination of this Agreement, in the event that Company allows its ad valorem taxes owed to the City, County, Austin Community College and/or any school district or other local taxing entity to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, County may terminate this Agreement and Company shall refund to County all Agreement Funds that have been paid by County for the two (2) years prior to such termination, and Company acknowledges that the Agreement will then be terminated and all future obligations of County shall cease.

9.0 **MISCELLANEOUS PROVISIONS.**

9.1 **Independent Contractor.** The parties expressly acknowledge and agree that Company is an independent contractor and assumes all of the rights, obligations and liabilities applicable to it as an independent contractor. No employee of Company shall be considered an employee of County or gain any rights against County pursuant to County's personnel policies. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party. The relationship of County and Company under this Agreement is not and shall not be construed or interpreted to be a partnership, joint venture or agency. The relationship of the Parties shall be an independent contractor relationship. Neither Party shall have the authority to make any statements, representations or commitments of any kind, or to take any action which shall be binding on the other Party.

9.2 **Agreement Limitation.** This Agreement sets out the agreements and obligations between County and Company only, and does not obligate County in any way nor create any third party beneficiary rights as between County and any of Company's Subcontractors, nor to any other third party. County shall not under any circumstances be liable to Company's creditors or Subcontractors for any reimbursements under this Agreement.

9.3 **Representations and Warranties.** The County represents and warrants to Company that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement unless otherwise ordered by a court of competent jurisdiction. Company represents and warrants to County that it has the requisite authority to enter into this Agreement.

10.0 **NOTICES**

10.1 **Requirements.** Except as otherwise specifically noted herein, any notice required or permitted to be given under this Agreement by one party to the other shall be in writing and shall be given and deemed to have been given immediately if delivered in person to the address set forth in this section for the party to whom the notice is given, or on the third day following mailing if placed in the United States Mail, postage prepaid, by registered or certified mail with return receipt requested, addressed to the party at the address hereinafter specified.

10.2 **County Address.** The address of County for all purposes under this Agreement shall be:

Honorable Samuel T. Biscoe (or his successor in office)
County Judge
P.O. Box 1748
Austin, Texas 78767

With copies to (registered or certified mail with return receipt is not required):

Honorable David Escamilla (or his successor in office)
Travis County Attorney
P.O. Box 1748
Austin, Texas 78767
ATTENTION: Civil Transactions

and

Cyd Grimes, Purchasing Agent (or her successor)
Travis County Purchasing
P. O. Box 1748
Austin, Texas 78767

10.3 Company Address. The address of the Company for all purposes under this Agreement and for all notices hereunder shall be:

General Counsel
Samsung Austin Semiconductor L.L.C.
12,100 Samsung Blvd.
Austin, Texas 78753
RE: Economic Development Agreement

with copy to:

R. G. Converse
Fulbright & Jaworski L.L.P.
24th Floor
600 Congress Avenue
Austin, Texas 78701

10.4 Change of Address. Each party may change the address for notice to it by giving notice of the change in compliance with Section 10.0. Any change in the address shall be reported to County within fifteen (15) days of the change.

10.5 Change of Name. If a change of name is required by Company, in addition to the requirements of Section 5.8.1, Company shall notify County in writing immediately pursuant to this Section 10.0. Company acknowledges that no change in the obligation of or to Company will be recognized by County until that change is approved by the Commissioners Court pursuant to this Section 10.5 and Section 5.8.1.

11.0 PROHIBITIONS

11.1 County Forfeiture of Agreement. As to payment of Agreement Funds, if Company has done business with a Key Contracting Person as listed in Exhibit "A" to Attachment C to this Agreement during the 365 day period immediately prior to the date of execution of this Agreement by Company or does business with any Key Contracting Person at any time after the date of execution of this Agreement by Company and prior to full performance of this Agreement, Company shall forfeit all County benefits of this Agreement and County shall retain all performance by Company and recover all considerations, or the value of all consideration, granted to Company pursuant to this Agreement.

11.2 Conflict of Interest. Company shall ensure that Company will not take any action that would result in any person who is an employee, agent, consultant, officer, or elected or appointed official of County who exercises or has exercised any functions or responsibilities with respect to activities performed pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect to it, or the proceeds under it, either for him or herself or those with whom he or she has family or business ties, during his or her tenure or for one year thereafter.

11.3 Solicitation. Company warrants that no persons or selling agency was or has been retained to solicit this Agreement upon an understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial selling agencies maintained by Company to secure business. For breach or violation of this warranty, County shall have the right to terminate this Agreement without liability, or, in its discretion to, as applicable, add to or deduct from the consideration, or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

11.4 Gratuities. County may cancel this Agreement if it is found that gratuities in the form of entertainment, gifts, or otherwise were knowingly offered or given by Company or any agent or representative to any County official or employee with a view toward securing favorable treatment with respect to the performing of this Agreement. In the event this Agreement is cancelled by County pursuant to this provision, the County shall be entitled, in addition to any other rights and remedies, to recover from Company a sum equal in amount to the cost incurred by Company in providing such gratuities.

11.5 Limitation. The Parties understand and agree that the above prohibitions do not apply to any ceremonial gift which might be offered by Company and accepted by County or a County representative in an open and public event to commemorate the decision to locate the Project on the Property to commence construction of the Project so long as such offering and acceptance does not violate applicable law.

12.0 ASSIGNABILITY

12.1 **Assignment.** This Agreement may not be assigned to a new company without prior written approval of County. Company may assign to a subsidiary corporation or other affiliate entity without approval of County, so long as Company shall remain responsible and obligated to County for the performance of its obligations under the Agreement. Written notice of such assignment shall be provided to County prior to the assignment. No assignment shall be approved if the assignor or assignee are indebted to County for Ad Valorem Taxes or other obligations.

12.2 **Binding Agreement.** Subject to Section 12.1, this Agreement shall be binding upon the successors, assigns, administrators, and legal representatives of the parties to this Agreement.

13.0 INTERPRETATIONAL GUIDELINES

13.1 **Computation of Time.** When any period of time is stated in this Agreement, the time shall be computed to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday or a day that County has declared a holiday for its employees these days shall be omitted from the computation.

13.2 **Numbers and Gender.** Words of any gender in this Agreement shall be construed to include any other gender and words in either number shall be construed to include the other unless the context in the Agreement clearly requires otherwise.

13.3 **Headings.** The headings at the beginning of the various provisions of this Agreement have been included only to make it easier to locate the subject matter covered by that section or subsection, and are not to be used in construing this Agreement.

14.0 OTHER PROVISIONS

14.1 **Survival of Conditions.** Applicable provisions of this Agreement shall survive beyond termination or expiration of this Agreement until full and complete compliance with all aspects of these provisions has been achieved where the parties have expressly agreed that those provisions should survive any such termination.

14.2 **Non-Waiver of Default.** One or more acts of forbearance by any Party to enforce any provision of this Agreement or any reimbursement, payment, act or omission by any Party shall not constitute or be construed as a waiver of any breach or default of any other Party which then exists or may subsequently exist.

14.3 **Reservation of Rights.** If any Party to this Agreement breaches this Agreement, the other Party(ies) shall be entitled to any and all rights and remedies provided for by the Texas law and any applicable Federal laws or regulations. All rights of either Party under this Agreement are specifically reserved and any payment, reimbursement, act or omission shall not impair or prejudice any remedy or right to said Party under it. The exercise of or failure to exercise any right or remedy in this Agreement or in accordance with law upon the other Party's breach of the terms, covenants, and conditions of this Agreement, or the failure to demand the prompt performance of any obligation under this Agreement shall not preclude the exercise of any other right or remedy under this Agreement or under any law, nor shall any action taken or not taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies.

14.4 **Severability.** Subject to Subsection 8.1.5, if any portion of this Agreement is ruled invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision thereof and the remainder of it shall remain valid and binding and as if such invalid, illegal or unenforceable provision had never been contained in this Agreement.

14.5 **Dispute Resolution.** When mediation is acceptable to all parties in resolving a dispute arising under this Agreement, as a condition precedent to filing any lawsuit, the parties agree to mediate said dispute with the Dispute Resolution Center of Austin, Texas, as the provider of mediators for mediation as described in the TEX. CIV. PRAC. AND REM. CODE, Section 154.023. Unless all parties are satisfied with the result of the mediation, the mediation will not constitute a final and binding resolution of the dispute. All communications within the scope of the mediation shall remain confidential as described in TEX. CIV. PRAC. AND REM. CODE, Section 154.073, unless all parties agree, in writing, to waive said confidentiality.

14.6 **Force Majeure.** Neither Party shall be financially liable to the other Party for delays in performance or failures to perform under this Agreement caused by force majeure (i.e. those causes generally recognized under Texas law as constituting impossible conditions). Such delays or failures to perform shall extend the period of performance until these exigencies have been removed. The Party seeking to avail itself of this clause shall notify the other Party within five (5) business days or otherwise waive the right as a defense, unless notification is impractical under the circumstances, in which case notification shall be done in as timely a manner as possible. Company agrees that breach of this provision entitles County to reduce or stop granting of Agreement Funds or immediately terminate this Agreement pursuant to applicable Agreement provisions.

14.7 Multiple Originals. This Agreement may be executed by the parties in multiple counterparts, each one being considered an original for any purpose.

TRAVIS COUNTY

SAMSUNG AUSTIN SEMICONDUCTOR L.L.C.

By: Samuel T. Biscoe
Samuel T. Biscoe
County Judge
Date: 2-1-06

By: [Signature]
Printed Name: Hee Kyun Park
Title: President
Date: 2/3/11/06

ATTACHMENT A

TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM POLICY
CHAPTER 28
TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM POLICY
GUIDELINES AND CRITERIA

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CHAPTER 28
TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM POLICY
GUIDELINES AND CRITERIA

Adopted by Order of the Commissioners Court: August 30, 2005.

28.001 Authorization.

(a) **General Authorization.** The Travis County Commissioners Court ("Commissioners Court") is authorized to develop and administer a program to stimulate business and commercial activity in Travis County pursuant to LOCAL GOVERNMENT CODE, Chapter 381 [specifically, Sections 381.004(b) and 381.004(g)], and other applicable statutes.

(b) **Tax Abatement Resolution.** Travis County has adopted a Resolution stating that Travis County elects to become eligible to participate in tax abatement under LOCAL GOVERNMENT CODE, Section 381.004(g), and applicable portions of TAX CODE, Chapter 312.

28.002 Purpose and Method.

(a) **General Purpose.** The purpose of this Policy is to establish the guidelines and criteria under which Travis County can develop and administer a program to stimulate and encourage business activity in Travis County in order to create more job opportunities, build the sales and property tax base and promote a partnership relationship with the private sector businesses that will bring capital intensive projects to Travis County.

(b) **Method.** The purpose of this Policy is also to establish guidelines and criteria for economic development utilizing both a rebate and abatement approach to tax incentives. This Policy establishes guidelines and criteria under which the County may enter into tax rebate and tax abatement agreements as a part of the County's Economic Development Program established under this Policy in order to further the economic development of Travis County.

28.003 Definitions. Under the Travis County Economic Development Program Policy ("Policy"), these words have the following meaning:

(a) **"Abatement"** means the full or partial release from payment of ad valorem taxes on certain real and tangible personal property under this Policy.

(b) **"Abatement/Payment Term"** means that time period beginning on the Completion Date and ending on the Termination Date of the Agreement. If the Commissioners Court approves completion of a Project in phases, then the Abatement/Payment Term will begin with the Completion Date of the first phase.

(c) **"Abatement/Payment Year Value"** means the value assessed by the Travis County Appraisal District ("TCAD") for the purpose of the payment of Travis County Ad Valorem Taxes on the Property for any tax year included in the Abatement/Payment Term of the Agreement.

(d) **"Ad Valorem Taxes"** means those property taxes assessed by the by TCAD on eligible property within Travis County.

(e) **"Agreement"** means a contract entered into under this Policy between the County and Company.

(f) **"Agreement Funds"** means all money paid to or abated for a Company pursuant to the terms of the Agreement entered into under this Policy; also, the amount by which Ad Valorem taxes which would have been paid by Company is abated or rebated pursuant to the terms of the Agreement.

(g) **"Agreement Term"** means that time period commencing on the date the Agreement is signed by all parties (also "Effective Date") and continuing until the Termination Date (as defined herein and/or in the Agreement).

(h) **"Company"** means the authorized individual or business entering into an Agreement with County under this Policy.

(i) **"Completion Date"** means the date of issuance of the Certificate of Occupancy for the Project. If the County approves completion of the Project in phases, there may be a different Completion Date for each approved phase; however, the Abatement/Payment Term will begin running as of the Completion Date of the first phase.

(j) **"Economically Disadvantaged Individual"** means an individual who:

- (i) for at least three months before employment with a qualified business was unemployed; or
- (ii) receives public assistance benefits, such as welfare payments, food stamp payments and local approved medical assistance, based on need and intended to alleviate poverty; or
- (iii) is economically disadvantaged as defined by the Job Training Partnership Act, Sec. 4(8) [129 USC, Sec. 1503(8)]; or
- (iv) is an individual with a disability, as defined by 29 USC, Sec. 706(8); or
- (v) is an inmate as defined by TEXAS GOVERNMENT CODE, Section 498.001; or
- (vi) is entering the workplace after being confined in a facility operated by the institutional division of the Texas Department of Criminal Justice or under contract with the Texas Department of Criminal Justice, or such facility operated by Travis County; or
- (vii) has been released by the Texas Youth Commission and is on parole, if state law provides for such a person to be on parole; or
- (viii) meets the current low income or moderate income limits developed under the U. S. Housing Act of 1937, Sec. 8 (42 USC sec. 1437f, et seq.).

(k) **"Effective Date"** means the date that all parties to an Agreement entered into pursuant to this Policy have fully executed the Agreement.

(l) **"Effective Year Value"** means the value assessed by TCAD for the purpose of the payment of Travis County Ad Valorem taxes on the Property for the tax year including the Effective Date of the Agreement.

(m) **"PBO"** means the Travis County Planning and Budget Office.

(n) **"Project"** means the proposed development as specifically described by the Company in the application/request for incentives and the Agreement.

(o) **"Property"** means the land (real property) on which the Project will be developed.

(p) **"TCAD"** means the Travis Central Appraisal District.

(q) **"Termination Date"** means the end of the time period specified under the Agreement.

28.004 Guidelines and Criteria The Commissioners Court will use the following criteria as specified herein as a baseline for evaluation of applications and other requests for economic incentives which may be provided under this Policy:

(a) **Required Elements.** The following must be included in any Agreement entered into under this Policy, and terms in the Agreement must state that compliance with these requirements is mandatory:

(i) **Commissioners Court Finding.** An agreement cannot be entered into unless the Commissioners Court finds: that the terms of the agreement and the Property subject to the agreement meet the applicable guidelines and criteria set forth in this Policy; and that the development of the Project will result in substantial immediate and long-term financial benefit to Travis County and significant financial benefit to other taxing entities within Travis County.

(ii) **Maximum Incentive Amount.** In no event will the percentage of the tax abatement or rebate exceed 80%.

(ii) **Ownership.** The Company must own or plan to own the Property in order to enter into an Agreement under this Policy. Incentives will not be granted relative to leased property. Property that is owned or leased by a person who is a member of the Commissioners Court is excluded from abatement/rebate under this Policy, and Company will warrant that none of the Property subject to the agreement is owned or leased by a member of the Commissioners Court.

(iii) **Improvements.** Incentives provided under this Policy shall be granted for new facilities and structures and for the expansion or modernization of existing facilities and structures. New development at an existing site may be

considered for benefits under this Policy. In order for expansion or modernization to qualify for incentives, such expansion or modernization must be accomplished to such an extent that substantial value is added to the ad valorem tax base, and cannot be cosmetic only in nature.

(iv) Description of Improvement Terms. The agreement must list the kind, number and location of all proposed improvements of the Property.

(v) Access. The agreement must provide for access and authority for County employees to enter the Property and inspect to ensure that the improvements or repairs are made according to the terms of the Agreement, and that the Company is in compliance with all other terms and conditions of the Agreement. Representatives of Company shall be permitted to attend the inspections. The inspections shall be preceded by twenty-four (24) hours notice, shall be conducted so as not to interfere with the business operations of the Company, and shall comply with the Company's reasonable safety standards. County may make ongoing inspections/ monitoring visits under these same conditions throughout the Agreement Term to ensure ongoing compliance.

(vi) Usage. The agreement must limit the uses of the Property consistent with the general purpose of encouraging development or redevelopment of the Property during the Agreement Term.

(vii) Recapture. The agreement must provide for recapture of property tax revenue lost as a result of the Agreement if: the Company fails to make the improvements or repairs as provided by the Agreement; the agreement is terminated, with recapture pursuant to Section 28.004(i); and under other applicable provisions of this Policy.

(viii) Terms. The agreement must contain each term of the Agreement.

(ix) Annual Certification. The Agreement must require the Company to certify annually to the Commissioners Court that the Company is in compliance with the applicable terms of the Agreement.

(x) Failure to Comply. The agreement must provide that the Commissioners Court may cancel or modify the agreement if the Company fails to comply with the Agreement.

(xi) Legal Compliance. The agreement must include provisions requiring that all applicable County and City codes and ordinances must be met and inspection take place in a timely manner; that the Company will make all hiring decisions in compliance with the Civil Rights Act of 1964 and the Americans With Disabilities Act of 1990; and that the Company will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, age or handicapping condition.

(xii) Environment. The agreement must require that all Projects shall be completed and maintained in a manner which preserves and respects the natural environment by maintaining green space as set forth in a plan approved by the governmental entity having jurisdiction, as evidenced by written documentation from that entity. Company shall not violate any federal, state or local legislation and/or regulations which prohibit or regulate deleterious effects on the environment within the Project. The Property may NOT be located over an environmentally sensitive aquifer or contributing zone.

The above requirements [Section 28.004(a)(i) - (xii)] will NOT be subject to waiver or change.

(b) **Requirements With Discretionary Elements.** While the following elements will be required in each agreement under this Policy, the Commissioners Court may, at its sole discretion, limit or waive the extent to which each is applied.

(i) Minimum Capital Investment. Subject to the discretionary ability of the Commissioners Court as set forth in this Policy, the Company's new capital investment (value of property subject to Travis County Ad Valorem taxation) must be no less than One Hundred Million Dollars (\$100,000,000.00). The purchase price of Property will not be included in this total capital investment amount. There MUST be substantial capital investment made by any company in order to participate in the Economic Development Program established under this Policy; however, the minimum amount may be waived to an extent determined by the Court under certain circumstances as approved by the Court as determined on a case by case basis.

(ii) Employment

(A) Minimum. Subject to the discretionary ability of the Commissioners Court as set forth in this Policy, within twelve (12) months of the Completion Date, the Project must create at least 500 new, permanent, full-time equivalent jobs. The Project must result in the creation of a substantial number of new, full-time jobs in the County within a specified time period; however, the minimum number may be waived and the time period changed to an extent determined by the Court under certain circumstances as approved by the Court on a case by case basis.

(B) Increased Incentive Levels. Consideration for maximum abatement/rebate amounts may be given to Projects which will create new, permanent full-time equivalent jobs which will be filled by individuals which meet the criteria to be deemed an Economically Disadvantaged Individual or which meet criteria for certain salary and/or educational/training requirements ("Career Development Employees") as defined in this Policy and under the terms of the Agreement. Terms of the Agreement will define the specific requirements related to these employment requirements in a manner which will encourage the hiring of individuals at a level which will bring persons out of poverty and into a career path with potential for upward mobility leading to self-sufficiency.

(iii) Current Developments. Consideration of proposals for incentives under this Policy shall be granted only for Projects where no specific development-related action, as determined by the Commissioners Court, has taken place prior to such consideration. The intent of the Policy is to attract new investment and development to Travis County, not to grant benefits to development already underway. The existence of an approved Master Plan will NOT be considered to be "specific development-related action" so as to exclude an applicant under this Policy.

(c) **Additional Criteria for Consideration in Granting Approval and Determining Maximum Incentive Amounts.**

The application or other submission for consideration under this Policy must include evidence of the Company's ability to comply with all applicable terms of this Policy. In reviewing the Company's application/request for economic development incentives under this Policy, the Commissioners Court will give weight (both as to approval and amount of incentive) to proposals which include elements for additional community development, including the following:

- (i) Minority Participation/HUB Participation. Company shall use good faith efforts (and shall encourage its agents and contractors to use good faith efforts) to take reasonable steps to ensure HUBs ("Historically Underutilized Businesses," as defined under the applicable County policy) the maximum opportunity to be subcontractors for the Project.
- (ii) Housing - availability of affordable housing, as defined by County.
- (iii) Public Transportation - availability, access and accompanying amenities. As applicable, Company shall coordinate and cooperate with relevant transportation entities to maximize availability within the Project of public transportation opportunities and amenities, such as sidewalks.
- (iv) Open space for gathering, public seating, etc.
- (v) Environmental attractiveness
- (vi) Commitment to clean air initiatives
- (vii) Parking
- (viii) Number of acres involved in the development
- (ix) Amount of square footage to be included in the completed development
- (x) Other public benefits to be derived from the development of the Project
- (xi) Use of innovative design practices, including esthetic consideration, landscaping, architecture, etc.
- (xii) Best Practice Design. Plans to complete the project utilizing best practices in urban design as established by professionals in that area in the community, and shall include adequate parking.
- (xiii) Location. The proposed development will take place within a geographic location of Travis County that has been determined to be a historically economically disadvantaged area, as determined by the Commissioners Court, and that the development will result in business development, job creation and retention, community improvement, cultural and educational advancement, and enhancement of quality of life.
- (xiv) Additional Community Improvement. Company will be considered for the maximum incentive amount authorized under this Policy based upon Company's proposal and compliance with the base agreement requirements for amount of investment, improvements, employment, etc., and requirements for performance in other areas as agreed to, including the following:

- provision of a high level of benefits to all employees, including: medical, dental, employee assistance, life insurance, short and long-term disability, dependent care, tuition reimbursement, stock participation, sabbatical leave, vacation, sick leave, flexible spending, 401K savings plans, etc.
- creation of a significant number of jobs which require educational levels and provide salary that would effectively encourage the hiring of low-income workers into jobs which will create or lead to self-sufficiency.
- provision of services to encourage/ensure upward mobility of low-income workers once hired.
- provision of effective training and educational opportunities for employees and potential employees.
- willingness to recruit and hire locally and to promote the local company workforce from within.
- commitment to work with local workforce development entities.
- commitment to work with local educational institutions (K-12, community colleges, universities, etc.) to assist in development of curriculum which will enhance training for real jobs existing within the industry.
- commitment to reimburse employees for educational and training costs related to upward mobility.
- commitment to community participation in the forms of: volunteer work, including school mentoring; contributions to local educational institutions, particularly to fund purchase of equipment related to job training and contribution of such equipment; provision of speakers, written materials and other assistance related to job training, etc.,
- creation of summer jobs for interns and local education professionals.
- provision of services to low-income and at-risk youth.
- provision of other services or contributions to the community related to economic development as agreed to by the parties.

(d) **Waiver of Requirements and Limitations.**

(i) **Waiver.** The Commissioners Court retains the option of considering proposed projects for receipt of incentives under this Policy which do not meet certain requirements of this Policy as deemed necessary by the Commissioners Court, so long as the Commissioners Court finds that the Project as proposed will encourage, develop and stimulate economic development, producing additional tax revenue, job opportunities, affordable housing and/or small business opportunities for Travis County and so long as the proposal meets those requirements set forth in Section 28.004(a).

(ii) **Limitations.** The adoption of this Policy does not:

- limit the discretion of the Commissioners Court to decide whether to enter into a specific agreement;
- limit the discretion of the Commissioners Court to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for an agreement under this Policy; or
- create any property, contract or other legal right in any person to have the Commissioners Court consider or grant a specific application or request for an agreement under this Policy.

- prevent the continued negotiation and completion of agreements approved by the Commissioners Court in principal under the previous Economic Development Policy.

(e) **Commissioners Court Determination.** This Policy sets forth the minimum guidelines and criteria to be considered in any application/request for receipt of benefits under this Policy. However, nothing in this Policy confers any right to receive benefits under this Policy, nor does this Policy in any way limit the authority of the Commissioners Court to grant or refuse to grant any application/request submitted under this Policy. Each application/request will be considered on a case-by-case basis, and the decision by the Commissioners Court will be final.

(f) **Incentive Amount.**

(i) Rebate. The Commissioners Court may grant Company a payment equal to up to 80% (as described herein) of the difference between the Ad Valorem taxes paid by the Company on the Effective Year Value and the Ad Valorem Taxes assessed and/or paid on the Abatement/ Payment Year Value reflecting the improvements made by the Company pursuant to the agreement and this Policy. The percentage amount will be determined based upon the amount of public economic benefit determined by the Commissioners Court to be derived from the Project as presented by the Company in its application/request and other criteria as set forth under this Policy. The formula for the County's annual payment shall be:

$$\text{(Abatement/Payment Year A.V. Taxes - Effective Year A.V. Taxes) X \% of Incentive = County Annual Payment/Abatement}$$

A Company MUST acknowledge and agree in the agreement that, should that the payment/ rebate/abatement method of the agreement be found to be invalid by a court of competent jurisdiction: (1) the agreement will be terminated; (2) all amounts paid/rebated/abated to Company will be paid back to County pursuant to this Policy and the agreement; and (3) County will be released and from any and all liability of any kind related to the agreement.

(ii) Abatement. The Commissioners Court may grant Company exemption from taxation on a portion of the value of the real property or of tangible personal real property located on the real property, or both, on the condition that the Company make specific improvements or repairs to the Property and meet other requirements pursuant to this Policy and the agreement terms.

(iii) Rebate/Abatement - Base. The rebate/abatement of real property shall be based upon the extent that the value for the year of rebate/abatement exceeds the value of the year in which the agreement is executed. The rebate/abatement of tangible personal property located on the real property in each year is limited to tangible personal property OTHER THAN that tangible personal real property that was located on the real property at any time before the agreement term, and OTHER THAN inventory or supplies.

(iv) Amount. Company may be granted a rebate on or abatement of ad valorem taxation in an amount equal to the following, based upon the amount of the Company's investment:

Investment	% Rebate/Abatement
100 million	up to 50%
101-500 million	up to 75%
over 500 million	up to 80%

In no event will any economic incentive be granted in a percentage exceeding 80%.

(g) **Term.** The Agreement Term shall be as set forth in the specific agreement entered into under this Policy. The Payment Term under an agreement for rebate shall not exceed a period of twenty (20) years; The Abatement Term under an agreement for tax abatement shall not exceed a period of ten (10) years. The Abatement portion of the agreement for tax abatement may take effect on January 1 of the net tax year after the date the improvements or repairs are substantially completed.

(h) **Compliance With Law.** The development of any Project under this Policy must be done in a manner which meets all applicable Federal, State, County and City laws, codes, ordinances, rules and regulations and permit requirements.

(i) **Completion/Termination.**

(i) Completion. An Agreement under this Policy will be considered completed and will terminate at the end of the term specified in the Agreement or when any cause for termination has occurred pursuant to this Policy and/or the terms of the Agreement.

(ii) **Early Termination.** In the event of termination of any Agreement entered into under this Policy prior to the completion of all terms of any Agreement, pursuant to this Policy and/or the Agreement, County shall notify Company of termination and all future obligations of County under the Agreement shall cease. Upon notice of termination, Company shall refund to County any and all Agreement Funds paid to Company or exempted from payment by Company up to the time of termination pursuant to the terms of the Agreement.

(iii) **Default/Cure.** If Company is determined by County to be in default, County shall notify Company in writing, and if such default is not cured within thirty (30) days of notice, then the agreement may be terminated. County and Company may agree in writing to extend the time period for cure. In the event that the cure is not completed in a manner that is satisfactory to County and the agreement is terminated by County, County shall have the right to recapture all of the money paid to Company under a rebate agreement or exempted from payment by Company under an abatement agreement.

(iv) **Recapture.** In the event that the Company either (1) allows its ad valorem taxes owed to the City, County, Austin Community College and/or any school district or other local taxing entity to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) is in default according to the terms and conditions of the agreement and fails to cure within the time period allowed; or, (3) if the payment/ rebate/ abatement portion of the agreement is ruled invalid by a court of competent jurisdiction, the agreement then may be terminated and all taxes previously abated or rebated by virtue of the agreement will become due and payable no later than sixty (60) days after termination. County shall give Company written notice of recapture under this provision and refund shall be paid no later than thirty (30) days after such notice is given or sixty (60) days after termination, whichever comes last. County shall have all remedies for the collection of the recaptured tax revenue as provided generally in the Tax Code for collection of delinquent property taxes. County, at its sole discretion, has the option to provide a payback schedule.

(j) **Taxation.** Throughout the Agreement Term, the Company shall be subject to all applicable taxation.

(k) **Reports.** Company shall provide such report(s) as determined necessary by County to document and ensure compliance with the terms of the Agreement. Such reports shall be submitted to the Travis County Planning and Budget Office ("PBO") Executive Manager in the format provided by County. County will have the right to monitor and audit findings in all reports as necessary to confirm compliance with the terms of this Policy and the Agreement. Company will certify the authenticity and accuracy of each report submitted under the Agreement.

(l) **Reinvestment Zone - Abatement Agreements.** Under Section 381.004(g), TEXAS LOCAL GOVERNMENT CODE, The Commissioners Court is authorized to develop and administer an economic development program utilizing tax abatement agreements with certain terms which are to be governed, to the extent practicable, by Sections 312.204, 312.205 and 312.211 of the TEXAS TAX CODE; also, in administering tax abatement the Commissioners Court is authorized to act as if it were a governing body of a municipality. Pursuant to that provision, the Commissioners Court will, when practicable and allowed by law, designate a Reinvestment Zone pursuant to Section 312.201, TEXAS TAX CODE, or will utilize a Reinvestment Zone created by another authorized taxing entity. Where designation of a Reinvestment Zone is determined not to be practicable, the Commissioners Court will review and evaluate the Property being proposed for development utilizing the criteria set forth for establishing a Reinvestment Zone under Chapter 312, TAX CODE, to determine that the Property does substantially meet the guidelines and criteria for establishing said Reinvestment Zone.

28.005 Application/Request for Incentives.

(a) **Applicant.** Any present or potential owner of taxable real property in Travis County may make application/request for incentives under this Policy by filing an application with PBO or through other means as acceptable to the County.

(b) **Application.** Company should provide a completed application to County, in a form acceptable to County, at the earliest possible date, either initially, or prior to negotiation of the agreement. That application shall consist of a written request which includes:

(i) A statement of the expected total capital investment to be made.

(ii) A statement setting forth proposals relevant to the applicable requirements of this Policy.

(iii) A general description of the new improvements to be undertaken, with a description list of the improvements and property for which incentives are requested.

(iv) A legal description of the Property to be included, total acreage involved and a map showing the Property and intended improvements.

(v) A time schedule for undertaking and completing the proposed improvements. This schedule shall include the expected date of commencement of construction and the expected date of completion of construction. Completion of any Project in phases will only be allowed when specifically authorized by the Commissioners Court. If the Commissioners Court approves completion of the Project in phases, the above dates will be specified as to each phase. The Agreement will contain limitations on the time periods in which the Company must commence and complete the Project.

(vi) Description of other benefits to Travis County as a result of the proposed development.

(c) **Additional Information.** Travis County may request additional information as a part of the application process as deemed necessary in order to fully evaluate the application/request and may waive certain requirements where deemed unnecessary to properly evaluate the request.

28.006 Process.

(a) **Review of Application/Request for Incentives.** The application/request for incentives will be reviewed by County, and may be placed on the Commissioners Court agenda for public discussion of the application/request and related matters.

(b) **Agreement Approval.** An agreement proposed under this Policy will be placed on the agenda of the Commissioners Court and may be approved by an affirmative vote of the majority of the members at a regularly scheduled meeting of the Commissioners Court.

28.007 Agreement Terms and Provisions. Any Agreement entered into under this Policy shall include statements indicating the requirement of full compliance with the provisions of this Policy, and such other terms and conditions as deemed necessary by the Commissioners Court and agreed to by the Company.

28.008 Termination. Subject to Section 28.004(i), agreements entered into under this Policy are subject to termination as follows:

(a) **Event(s) of Termination.** An Agreement under this Policy may terminate or be terminated for the following reasons:

(i) Company and County successfully complete all terms and conditions of the Agreement.

(ii) Company fails to comply with required terms of the Agreement.

(iii) The payment/rebate/abatement method of the agreement is found invalid by a court of competent jurisdiction.

(b) **Refund/Recapture.** If the Agreement is terminated under the terms of this Policy and/or the Agreement, Company shall refund to County all Agreement Funds that have been paid to Company or abated from payment by Company pursuant to the terms of this Policy and/or the Agreement.

28.009 Administration.

(a) **PBO.** Agreements entered into pursuant to this Policy shall be administered by PBO.

(b) **TCAD.** Valuation of Property shall be determined by TCAD annually.

(c) **Information.** Company shall provide County through PBO with all information required for County to determine and ensure compliance with every term of the Agreement.

28.010 General Provisions

(a) **Assignment.** Agreement may be assigned to a new Company only with prior written approval of County. Company may assign to a subsidiary corporation or other affiliate entity without approval of County, so long as Company shall remain responsible and obligated to County for the performance of its obligations under the Agreement. Written notice of such assignment shall be provided to County prior to the assignment. No assignment shall be approved if the assignor or assignee are indebted to County for Ad Valorem taxes or other obligations.

(b) **Agreement Amendment.** Amendment of any Agreement under this Policy can only be made by written instrument signed by all parties, and only so long as the terms and provisions of the amendment reflect provisions which could have been included in the original Agreement under this Policy. Requests for amendments shall be submitted to PBO.

28.011 Sunset Provision.

(a) **Duration.** This Policy is effective upon the date of approval by the Commissioners Court and will remain in force for two years. At the end of two years, the Court may modify, renew or eliminate this Policy. If the Commissioners Court does not take action to renew or modify this Policy, the Policy will be terminated at the end of the two year period. Action taken (or not taken, resulting in the Policy's termination) under this provision will not impact any agreements or obligations already in effect under this Policy. Such agreements and/or obligations will continue in full force and effect until completed or terminated.

(b) **Policy Changes.** During the two year period of effect of this Policy under 28.011(a), this Policy may be amended or repealed only by a four-fifths vote of the Commissioners Court.

ORDER OF THE TRAVIS COUNTY COMMISSIONERS COURT

AMENDING
TITLE III. FINANCES AND RISK MANAGEMENT

CHAPTER 28 - TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM POLICY
GUIDELINES AND CRITERIA

STATE OF TEXAS
COUNTY OF TRAVIS

Pursuant to Sections 1.0051 and 1.0052 of the Travis County Policies, Procedures, and Regulations Manual, be it hereby ORDERED that Chapter 28 is amended as follows:

1. Amend Section 28.002 by adding the following:

(c) **Waiver and/or Modification of Requirements.** The Commissioners Court retains the right to waive or modify any of the requirements of this Policy, with the exception of Section 28.004(a)(xii), which cannot be waived, by approving terms in an agreement entered into under this Policy that differ from the Policy when the Court determines that the waiver and/or modification is:

- necessary in order to serve the public interest,
- will allow an agreement which will continue to meet the intent of this Policy, and
- will not violate any applicable statutory requirements

2. Amend Section 28.004(a) by deleting the first sentence and substituting the following:

(a) **Required Elements.** The following elements are considered to be of vital importance in implementing the County policy related to economic development and, as such, should be included in any Agreement entered into under this Policy, with terms in the Agreement stating that compliance with these requirements is mandatory. However, upon findings by the Court in compliance with Section 28.002(c) of this Policy as amended above, the Court may waive and/or modify requirements as listed in this Section 28.004(a) as deemed necessary, except for the requirement under Section 28.004(a)(xii), which cannot be waived. With that limitation, the following requirements are recommended for every agreement entered into pursuant to this Policy:

3. **Applicable Law.** It is understood that any provision of the Policy that is based on statutory requirement, then that provision may be waived or modified only to the extent allowed by applicable law.

Date of Order: _____, 2005

TRAVIS COUNTY COMMISSIONERS COURT

Samuel T. Biscoe, County Judge

Ron Davis, Commissioner, Pct. 1

Karen Sonleitner, Commissioner, Pct. 2

Gerald Daugherty, Commissioner, Pct. 3

Margaret Gómez, Commissioner, Pct. 4

ATTACHMENT B

DESCRIPTION OF PROPERTY AND PROJECT

LEGAL DESCRIPTION OF PROPERTY

Lot One (1), Block A, JOURDAN CROSSING PHASE C, SECTION TWO (2), a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 96, pages 230-231, Plat Records of Travis County, Texas.

DESCRIPTION OF PROJECT

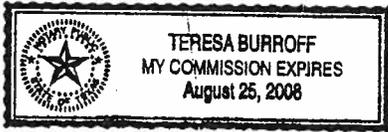
- 1) Tangible personal property and buildings not currently located on the Property as of January 1, 2006, permanent or non-removable components of buildings which are owned by the Company and which are not located on the Property as of January 1, 2006, and all property installed by Company on the Property after January 1, 2006, used in connection with the design, development, manufacturing, assembly and testing of semiconductor products, including but not limited to, buildings and improvements to the Property installed for the purpose of providing administrative and logistical support for such activities.
- 2) Assets owned by the Company which are not currently located on the Property as of January 1, 2006, such as process cooling water systems, HVAC systems, industrial waste treatment systems, process vacuum systems, security control systems, fire protection systems, shipping docks, chemical and ultra pure gas storage and distribution systems, piping, clean room systems, failure analysis laboratories and other systems useful for the design, development and manufacture of semiconductor products.
- 3) Machinery and equipment (whether personal property or real property) owned by the Company which are not located on the Property as of January 1, 2006, used to design, develop and manufacture semiconductor products, including assets and tools used in semiconductor device and circuit designing, photolithography, chemical mechanical polishing, thin film deposition, plasma etching, surface preparation and clean-up, ion implanting, metal deposition, rapid thermal processing, furnaces, testing and defect analysis, water processing, metrology and yield enhancing, bonding and packaging, designing and other assets used to design, develop and manufacture semiconductors, including assets to perform other processes, including processes which may be developed after the date of this agreement.
- 4) All assets and improvements owned by the Company which are not located on the Property as of January 1, 2006, that will be located on the Property and used in the administration and support, including indirect support, of the design, development and manufacture of semiconductors, which shall include but not be limited to include administrative offices and infrastructure, office equipment, furniture, computers, cafeterias, and other assets used to facilitate the work, safety, health and comfort of employees and other individuals present on the Property.
- 5) All future asset replacements and asset additions which are made during the Agreement Term.

ATTACHMENT C
ETHICS AFFIDAVIT

Date: 03/14/06
Name of Affiant: Hee Kyon Park
Title of Affiant: President
Business Name of Company: Samsung Austin Semiconductor, LLC
County of Company: TRAVIS

Affiant on oath swears that the following statements are true:

1. Affiant is authorized by Company to make this affidavit for Company.
2. Affiant is fully aware of the facts stated in this affidavit.
3. Affiant has read and fully understands the agreement and this affidavit.
4. Company has received the list of key contracting persons associated with this Agreement which is attached to this affidavit as Exhibit "A".
5. Affiant has personally read Exhibit "A" to this Affidavit.
6. Affiant has no knowledge of any key contracting person on Exhibit "A" with whom Company is doing business or has done business during the 365 day period immediately before the date of this affidavit whose name is not disclosed in the Invitation for Bids.



Signature of Affiant

Hee Kyon Park

Address:

SUBSCRIBED AND SWORN TO before me by Hee Kyon Park on March 14, 2006.
Notary Public, State of Texas

Typed or printed name of notary: Teresa Burroff
My commission expires: 8-25-08

**EXHIBIT A TO ATTACHMENT C
LIST OF KEY CONTRACTING PERSONS**

**LIST OF KEY CONTRACTING PERSONS
February 1, 2006**

CURRENT

Position Held	Name of Individual Holding Office/Position	Name of Business Individual is Associated
County Judge.....	Samuel T. Biscoe	
County Judge (Spouse)	Donalyn Thompson-Biscoe	MHMR
Executive Assistant	Cheryl Brown	
Executive Assistant	Dan Smith	
Executive Assistant	Vacant	
Commissioner, Precinct 1	Ron Davis	
Commissioner, Precinct 1 (Spouse)	Annie Davis	Seton Hospital
Executive Assistant	Chris Fanuel	
Executive Assistant	Felicitas Chavez	
Commissioner, Precinct 2	Karen Sonleitner	
Executive Assistant	Gretchen Vaden	
Executive Assistant	Ann Denkler	
Commissioner, Precinct 3	Gerald Daugherty	
Commissioner, Precinct 3 (Spouse)	Charlyn Daugherty	Commemorative Brands, Inc.
Executive Assistant	Robert Moore	
Executive Assistant	Martin Zamzow*	
Commissioner, Precinct 4	Margaret Gomez	
Executive Assistant	Edith Moreida	
Executive Assistant	Joe Vela	
County Treasurer.....	Dolores Ortega-Carter	
County Auditor	Susan Spataro	
Executive Manager, Administrative.....	Alicia Perez	
Executive Manager, Budget & Planning.....	Christian Smith	
Exec. Manager, Health/Human Services.....	Sherri E. Fleming*	
Executive Manager, TNR	Joseph Gieselman	
Travis County Attorney	David Escamilla	
First Assistant County Attorney	Randy Leavitt	
Executive Assistant, Civil Division	Jim Collins	
Director, Transactions Division	John Hille	
Attorney, Transactions Division	Tamara Armstrong	
Attorney, Transactions Division	Tom Nuckols	
Attorney, Transactions Division	Mary Etta Gerhardt	
Attorney, Transactions Division	Barbara Wilson	
Attorney, Transactions Division	Jim Connolly	
Attorney, Transactions Division	Tenley Aldredge	
Attorney, Transactions Division	Julie Joe	
Attorney, Transactions Division	Stacy Wilson*	
Purchasing Agent	Cyd Grimes, C.P.M.	
Assistant Purchasing Agent	Frank Holder	
Assistant Purchasing Agent.....	Bonnie Floyd, CPPB	
Purchasing Agent Assistant IV	Marvin Brice, CPPB	
Purchasing Agent Assistant IV	Lee Perry*	
Purchasing Agent Assistant IV	Vacant	
Purchasing Agent Assistant IV	Richard Villareal	
Purchasing Agent Assistant III.....	Jason Walker	
Purchasing Agent Assistant III.....	Michael Long, CPPB	
Purchasing Agent Assistant III.....	Rebecca Gardner	

CURRENT - continued

<u>Position Held</u>	<u>Name of Individual Holding Office/Position</u>	<u>Name of Business Individual is Associated</u>
Purchasing Agent Assistant III.....	Oralia Jones, CPPB	
Purchasing Agent Assistant III.....	Lori Clyde, CPPB	
Purchasing Agent Assistant III.....	Rosalinda Garcia	
Purchasing Agent Assistant III.....	Loren Breland	
Purchasing Agent Assistant III.....	Jorge Talavera*	
Purchasing Agent Assistant II.....	Donald E. Rollack	
Purchasing Agent Assistant II.....	Vacant	
Purchasing Agent Assistant II.....	Nancy Barchus*	
HUB Coordinator.....	Sylvia Lopez	
HUB Specialist.....	Betty Chapa	
HUB Specialist.....	Jerome Guerrero*	
Business Analyst II.....	Scott Worthington	

FORMER EMPLOYEES

<u>Position Held</u>	<u>Name of Individual Holding Office/Position</u>	<u>Date of Expiration</u>
Purchasing Agent Assistant III.....	Jimmy Ramirez, CPPB.....	01/21/06
Purchasing Agent Assistant IV.....	Jerry Raisch, CPPB.....	03/04/06
Executive Assistant.....	Barbara Cilley.....	05/02/06
Executive Assistant.....	Cheryl Aker.....	07/27/06
Purchasing Agent Assistant II.....	Manuel Perez.....	07/29/06
Purchasing Agent Assistant IV.....	Sylvia Gonzalez..	08/12/06

* - Identifies employees who have been in that position less than a year.

ATTACHMENT D- REPORTING FORM - AGREEMENT FUNDS NOTICE
TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM

REPORTING YEAR: _____

(YEAR _____ OUT OF 20)

Company shall complete the following pursuant to the applicable terms of the Agreement.

1. CONSTRUCTION COMMENCEMENT AND COMPLETION

A. Date remodeling construction on Project commenced:

B. Date Certificate of Occupancy Issued:

(no later than December 31, 2009)

2. VALUE OF IMPROVEMENTS

A. Total value of improvements (amount subject to Travis County Ad Valorem Taxation):
(This amount must equal at least the amount specified in Section 5.1.1(c) for Company
to receive benefits under the Agreement)

\$ _____

3. EMPLOYEES

A. Total Number of FTEs for the reporting year

[Must equal the numbers specified in Section 5.1.1(b)]

B. Average Salary for employees

[Must equal at least the amount specified in Section 5.1.1(b)(iv)]

\$ _____

- All employment figures must be collected and maintained by Company, certified as accurate by the Company as specified in this Agreement and supported by documentation as set forth in Section 5.8.2.

4. AGREEMENT BENEFITS

A. Travis County Ad Valorem Taxes Assessed for this Reporting Year:

\$ _____

B. Effective Year Travis County Ad Valorem Taxes Paid/Assessed:

\$ _____

C. Incremental Tax Value

(Difference between "A" and "B")

\$ _____

D. Agreement Benefits Claimed by Company

(Attach worksheet showing determination
pursuant to Agreement terms)

\$ _____

I, Company's authorized representative, hereby certify that the above information is correct and accurate pursuant to the terms of this agreement:

Printed Name: _____

Title: _____ Date: _____