

Freescale Semiconductor, Inc.

Project Summary

Company Overview

Founded in 2004 and headquartered in Austin, Texas, Freescale Semiconductor, Inc. (“Freescale”) is a global semiconductor company leading the charge to help bring the Internet of Things to life – a new world in which everyday objects not only connect but cooperate with each other, humans, environments and infrastructures. The company develops solutions to provide secure, efficient connections, safer and greener automobiles, and add intelligence to everyday items. As a leader in processing and sensing solutions, Freescale is driving a more innovative and connected world for the future. Freescale currently employs approximately 912 employees at its Ed Bluestein manufacturing facility and looks forward to being a part of the expanding Austin and Travis County business community.

Project Description

Over the next five (5) years, Freescale anticipates spending \$11 million to upgrade its equipment, expand and improve its facilities, and purchase new equipment for its Austin Technology and Manufacturing Center (“ATMC”) facility, located at 3501 Ed Bluestein Blvd, Austin, Texas. Specifically, Freescale plans to spend \$5 million on upgrades to its technology capabilities for wafer manufacturing and equipment and approximately \$6 million for ongoing maintenance of the existing buildings and infrastructure. The equipment and facility upgrades will ensure Freescale’s ATMC facility continues to be one of the most advanced semiconductor plants in the United States.

Enterprise Zone Definition

Any block group within the State of Texas that has a poverty rate of 20% or more, as determined by the U. S. Census Bureau during each decennial census is a state enterprise zone.

Requirements for Hiring Disadvantaged Workers

Projects may be physically located in or outside of the Enterprise Zone. If located within a zone, the company commits that at least 25% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. If located outside of the zone, the company commits that at least 35% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. Due to the fact that the site location is within a zone, the company would be required to commit that at least **25%** of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. However, no new hires are part of this project. See Employee Wages notes 1 and 2 below.

Project Parameters

- Facility Location
3501 Ed Bluestein Blvd
Austin, Texas 78721

Capital Investment (Total New: \$11 Million)

- Building Renovations/Renovation Costs – \$6M
- Manufacturing Equipment – \$5M

Timeline

- December 2015 – December 2020

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Employee Wages

- Total Number of Full-Time Jobs at the site. 912
- Total Number of Full-Time Jobs to be Retained for Program Benefit 500

| Job Category | Number of Jobs (employed by company) | Number of Jobs (vendor or contract) | Average Annual Wages | Percent to be Locally Hired |
|--------------|---|--|-------------------------|--------------------------------|
| Executive | 0 | 0 | N/A | N/A |
| Manager | 31 | 0 | \$162,000 | N/A |
| Supervisor | 21 | 0 | \$83,500 | N/A |
| Staff | 860 | 0 | \$75,000 | N/A |
| Entry Level | 0 | 0 | N/A | N/A |
| Total | 912 | 0 | N/A | N/A |

Note:

1. If Freescale retains all employees for 1820 hours per year per job, there is no requirement to hire from either the disadvantaged group or enterprise zone residents. However, if any employees are terminated or leave, at least **25%** of their “new employees” will have to meet economically disadvantaged, enterprise zone residence or veteran requirements.
2. The wages seen in the diagram above are base wages only.
3. Employees benefits received are as follows: Health Insurance, Dental Insurance, Retirement Plan, 401(k), Paid Leave, Counseling, Life Insurance, Prescription Drug Plan, Vision, Flexible Spending Accounts, Tuition Reimbursement, Disability and Wellness/Behavior Health Benefits.

Maximum Estimated State Sales & Use Tax Refund/ Computation

- \$1,250,000
- The State of Texas computes its Maximum Potential Refund based upon a company’s Capital Investment, Number of Jobs Created and/or Retained up to 500, and the Maximum Refund per Job Allocation (\$2,500 per job for a Single Enterprise Project Designation).

Sales and Use Tax (State and Local)

The Texas state sales and use tax rate is 6.25%, but the local taxing jurisdictions (cities, counties and special purpose districts, and transit authorities) may also impose sales and use tax up to 2% for a total maximum combined rate of 8.25%. For purposes of this program, it is the 6.25% portion of the tax that is used to provide a refund to corporations that apply for the Enterprise Zone program. The 2.0 % local tax is not affected, therefore no fiscal impact on the city.

Tax Structure

| | | |
|---------------|---|--------|
| Overall Tax | = | 8.25% |
| State Portion | = | 6.25% |
| Local Portion | = | 2.0 %* |

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Prior Council Action

- Chapter 380 Agreement

The City of Austin has never entered into a Chapter 380 Agreement with Freescale Semiconductor, Inc.

- Enterprise Zone Application

The City of Austin has never nominated Freescale Semiconductor, Inc. to the State of Texas as a Texas Enterprise Zone project.

Enterprise Zone Designation Period

- 5 Years

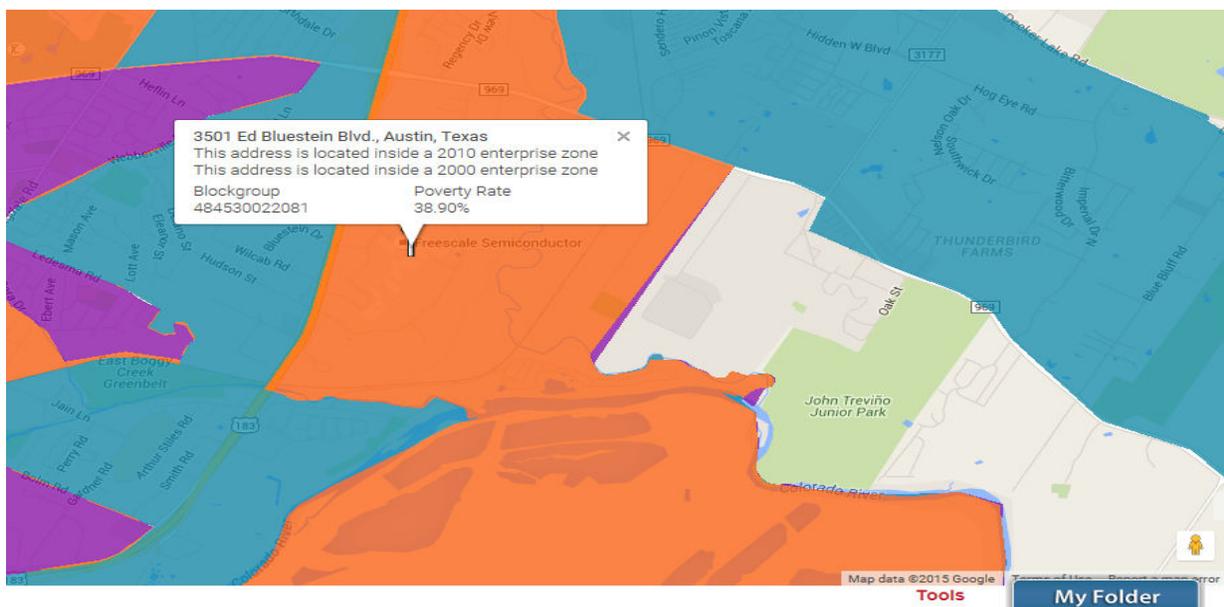
The Public Good (if approved)

1. The City of Austin would join our corporate partners in battling poverty, and in this case this would assist the disadvantaged in a zone suffering from 38.90% poverty according to the state's data of the last decennial census.
2. The City of Austin would send a signal that we appreciate all corporate partners who take advantage of this program to help our citizens who meet economically disadvantaged, enterprise zone residence or veteran requirements.
3. The City of Austin would support a program that requires no fiscal impact to the city.
4. The City of Austin would support capital investment within the Desired Development Zone rather than the Drinking Water Protection Zone.
5. The City of Austin would maximize our local effort to return state sales and use tax to our city, rather than allow those dollars to be sent to other cities in support of their corporations and/or local economies.

Project Location

- 3501 Ed Bluestein Blvd, Austin, Texas 78721

Site Map



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Project Summary

Transit Map



Bus Routes within 1.5 miles

- East #6 - 12th Street
- East #18 - Martin Luther King
- East #323 - Anderson/Johnny Morris