

TAX ABATEMENT AGREEMENT

C 75283
2013-0403

This **TAX ABATEMENT AGREEMENT** ("Agreement") is made by and between the **CITY OF HOUSTON, TEXAS**, a municipal corporation and home-rule city ("City"), and **CYRUSONE LLC**, a Delaware limited liability company authorized to transact business in the State of Texas ("CyrusOne"). The City and the CyrusOne may be referred to singularly as "Party" and collectively as the "Parties." Capitalized terms have the meanings defined in the first section of this Agreement.

RECITALS

WHEREAS, the creation and retention of job opportunities in the City is paramount to the City's continued economic development; and

WHEREAS, in accordance with the requirements of Section 44-127(a)-(c) of the Code, CyrusOne desires to expand, operate, and construct an "other basic industry facility" as defined in Section 44-121 of the Code to be occupied and used as a flagship data center that provides data storage capacity to its clients; and

WHEREAS, in accordance with Section 44-123 of the Code, CyrusOne filed a written application for tax abatement dated June 4, 2012; and

WHEREAS, the City Council finds that it is reasonably likely that this Agreement will contribute to the retention, expansion, and creation of primary employment and will attract major investment in the Zone that would be a benefit to property within the Zone and that would contribute to the economic development of the City; and

WHEREAS, the City Council finds that the Improvements are practical and are of benefit to the area within the Zone and to the City; and

WHEREAS, the City Council finds that this Agreement will have no substantial potential adverse effect on the provision of City services or on the tax base; and

WHEREAS, CyrusOne has represented that the Improvements will be designed, constructed and installed in the Facility according to all applicable federal, state, and local environmental regulations; and

WHEREAS, the City Council finds that the terms of this Agreement meet the applicable requirements of Chapter 44, Article IV, of the Code;

NOW, THEREFORE, for and in consideration of the covenants and mutual promises stated herein, the Parties agree as follows:

1. Definitions

As used in this Agreement, the following capitalized terms have the meanings assigned to them below:

"Abated Property" means improvements made subsequent to this Agreement to the Real Property and tangible personal property described in the Exhibits attached hereto, including the following types of property: buildings, structures, fixed machinery and equipment, site improvements, office space, and related fixed improvements necessary to the operation and administration of the Facility.

"Abatement Period" means the ten (10) year time period that begins on the Effective Date of Abatement.

"Agreement" means this Tax Abatement Agreement between the City and CyrusOne LLC.

"Agreement Effective Date" means the date upon which City Council approves this Agreement.

"Base Year Value" means \$2,612,730.00, which is the sum of the assessed value of all taxable property in the Zone as of January 1, 2012, plus the agreed upon value of all taxable property constructed or installed in the Zone after January 1, 2012, but before the Agreement Effective Date.

"Chapter 44" means Article IV, Tax Abatement, of the Code, as amended.

"City Council" means the City Council of the City of Houston, Texas.

"Code" means the Code of Ordinances of the City of Houston, Texas, as amended.

"Department" means the City's Office of the Mayor, Economic Development, or its successor.

"Director" means the Chief Development Officer of the Department, or his or her designee, or any person who may be designated in writing by the Mayor to perform the functions delegated to the Director in this Agreement, but only for so long as the designations remain in effect.

"Effective Date of Abatement" means the January 1st immediately following the date that the last certificate of occupancy for the Improvements is issued by the City.

"EXHIBIT 1" attached to this Agreement and made a part hereof is a boundary map of the Real Property site.

"EXHIBIT 2" attached to this Agreement and made a part hereof is a legal description of the Real Property site.

"EXHIBIT 3" attached to this Agreement and made a part hereof describes the Abated Property.

"EXHIBIT 4" attached to this Agreement and made a part hereof includes financial information, e.g. a project summary and economic impact analysis, related to the Abated Property.

"Facility" means an other basic industry facility as defined in Section 44-121 of the Code.

"HCAD" means the Harris County Appraisal District.

"Improvements" means buildings, structures, fixed machinery and equipment, site improvements, office space and related fixed improvements necessary to the operation and administration of the Facility, and tangible personal property that are developed, constructed, or installed in the Zone by or on behalf of CyrusOne and its affiliates subsequent to the Agreement Effective Date.

"Ordinance" means City Ordinance No. 2013-_____ adopted on _____, 2013¹ creating the Zone.

"Permanent employee" means an individual who works for, and is an employee of, either CyrusOne or an affiliate of CyrusOne, works a minimum of thirty-five (35) hours in a seven-day period, and reports to work in the Zone, excluding any contract employee, seasonal employee, or part-time employee.

"Real Property" means the land in the Zone and all improvements existing prior to the Agreement Effective Date, which land is or will be owned by CyrusOne. The Real Property is more specifically described on **EXHIBIT 1**.

"Zone" means the CyrusOne Reinvestment Zone, which is more particularly described in the Ordinance.

2. Authorization

This Agreement is authorized by Chapter 44, Article IV of the Code, which establishes the property tax abatement program for properties in designated reinvestment zones, and by the Ordinance.

3. Property

The street addresses and HCAD tax account numbers of the Real Property and the Improvements are listed on **EXHIBIT 2**.

4. Representations and Warranties

(a) CyrusOne represents that it owns or will own the Real Property

(b) CyrusOne represents that the execution and delivery of this Agreement has been duly authorized by all requisite actions of its partners that are necessary for it to have force and effect and that the person signing this Agreement on behalf of CyrusOne is authorized to do so.

(c) CyrusOne represents and warrants that construction or installation of the Improvements described in **EXHIBIT 3** will begin after the Agreement Effective Date. CyrusOne represents that the Real Property is comprised of approximately 5.98 acres of land.

(d) CyrusOne represents that, to the best of the knowledge of Sylvia Kang and any other employee of CyrusOne who has participated in the negotiation or internal analysis of this Agreement, no interest in the Real Property or the Improvements is held

¹ City Secretary to insert ordinance number and date adopted by City Council.

or leased by a member of the City Council or a member of the City's Planning Commission.

(e) CyrusOne represents and warrants that it will invest a minimum of \$10,000,000.00 in constructing and installing the Improvements in the Zone by the Effective Date of Abatement and \$90,000,000.00 by the end of 2017. If, at the end of 2017, CyrusOne has not invested at least 70% of the \$90,000,000.00 investment commitment, or \$63,000,000.00, the City will reduce the tax abatement percentage to 40%.

(f) CyrusOne represents and warrants that by January 1, 2014, CyrusOne and its affiliates, collectively, will employ, and will continue to employ throughout the Abatement Period, at least three (3) Permanent Employees in the Zone and by January 1, 2017, will employ, and will continue to employ throughout the Abatement Period, at least five (5) Permanent Employees in the Zone whose employment position on the Effective Date of Agreement either does not exist or exists outside the State of Texas.

(g) CyrusOne represents that developing, constructing, and installing the Improvements in the Zone are necessary because its existing facilities cannot efficiently and economically provide the required capacity needed by CyrusOne and its affiliates when reasonable allowance is made for necessary improvements to the existing facilities.

(h) CyrusOne represents and warrants that it will construct and operate the Facility as described in **EXHIBIT 3**.

(i) CyrusOne represents and warrants that the Improvements will be constructed, installed, and operated in accordance with all applicable federal, state, and local environmental laws and regulations.

5. Terms of the Agreement

(a) CyrusOne shall cause the Improvements to be developed, constructed and installed substantially in conformity with the description, plans, and specifications described in **EXHIBIT 3** and applicable provisions of the City of Houston Building Code ("Building Code"). In case of any conflict between **EXHIBIT 3** and the Building Code, the Building Code shall prevail. In addition, during the Abatement Period, CyrusOne shall comply with Chapter 42 of the Code, if applicable (platting regulations), and all other laws and regulations applicable to the construction and installation of the Improvements.

(b) Upon completion of the construction and installation of the Improvements, CyrusOne shall use the Facility or cause the Facility to be used for the proposed uses specified in this paragraph during the Abatement Period; provided, however, the Director may approve a change from those proposed uses, if the Director determines that the change is consistent with Chapter 44 and with the City's general purpose of encouraging development or redevelopment of the Zone during the Abatement Period. The proposed use of the Facility (unless the Director approves a change in use) is to construct and operate a flagship data center to provide data processing storage capacity to clients in the U.S. Central region and parts of Central and South America, pursuant to and to the extent described in **EXHIBIT 4**.

(c) CyrusOne shall allow City employees access to the Facility for the purpose of inspecting the Improvements to ensure that the Improvements are completed, installed, and maintained in accordance with the terms of this Agreement. All inspections will be made only after giving CyrusOne at least twenty-four (24) hours' advance notice, and will be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of CyrusOne and in accordance with CyrusOne's safety and security procedures. The above shall not act as a limitation on the City's ability to perform any other inspections or to enter the Facility pursuant to the Code, the Building Code, or other applicable laws, rules or regulations. CyrusOne shall maintain the Improvements in good repair and condition during the Abatement Period.

(d) CyrusOne shall provide and cause its affiliates to provide City employees reasonable access to any relevant records requested and necessary for the purpose of conducting an audit of the Facility to ensure compliance with this Agreement. Any such audit shall be made only after giving CyrusOne at least seven (7) days' advance notice, and will be conducted in such a manner as to not unreasonably interfere with the operation of the Facility. Documents and materials provided to the City by CyrusOne or its affiliates in connection with any audit or other inspections under this Agreement which contain information that is, or which themselves are, confidential or proprietary to CyrusOne shall not be removed from the Facility nor shall the information contained in them be used or disclosed by the City other than for the sole purpose of determining CyrusOne's compliance with the terms and conditions of this Agreement, unless disclosure is otherwise required by state or federal law.

(e) In the event that the City receives any request for information pursuant to the Texas Open Records Act or similar provision of federal law, the City agrees to promptly give CyrusOne notice of that request. If CyrusOne, for itself or one or more of its affiliates, advises the City that it believes that the right of the City to withhold such information from disclosure is allowed by the Texas Open Records Act or other applicable state or federal statute, rule or regulation, the City agrees to withhold the information or to immediately request an opinion from the Texas Attorney General or other appropriate public official with authority under law to render such decision on the right of the City to withhold said information. If the decision rendered is to the effect that disclosure is not required to be made, then the City agrees to withhold disclosure of said information unless authorized by CyrusOne to be disclosed. The City agrees that during any period after request but before the rendering of a decision by the Texas Attorney General or other appropriate public official regarding the obligation of the City to make disclosure of information deemed confidential, proprietary or both by CyrusOne, it will not disclose the requested information unless ordered to do so by a court of competent jurisdiction.

(f) CyrusOne shall not assign this Agreement without the written approval of the City Council, which approval shall not be unreasonably withheld; provided that the Director may consent to the assignment of this Agreement if the assignment is to an affiliated entity of CyrusOne and CyrusOne is in compliance with all terms of this Agreement. In addition, any assignment must comply with the provisions of Section 44-134 of the Code.

(g) Not later than February 1st of each year during the Abatement Period, CyrusOne shall submit to the Director and the Chief Appraiser of HCAD a statement of the number of Permanent Employees CyrusOne and its affiliates collectively employ in the Zone. The employee count submitted shall correspond to the employee count reported by CyrusOne in its "Employer's Quarterly Report" to the Texas Workforce Commission. The employee count submitted by CyrusOne shall be used to determine abatement eligibility for that year and be subject to audit, if requested by the Director, pursuant to the provisions of subsection (h) of Section 44-133 of the Code. CyrusOne, if requested by the Director, shall have an independent audit prepared of the employment/employee count documentation and shall submit the audit to the Director for use in complying with the requirements of this subsection. Not later than March 31st of each year during the Abatement Period, the Director shall certify to the Chief Appraiser of HCAD whether CyrusOne is in compliance with the employment requirements of this Agreement.

(h) This Agreement may be amended at any time upon the mutual written consent of the Parties hereto, subject to approval by City Council.

(i) Not later than April 30th, or May 15th if an extension is granted by HCAD of each year during of the Abatement Period, CyrusOne shall file the appropriate form with HCAD to qualify for the tax abatement granted under this Agreement for that year. In addition, not later than April 15th, or May 15th if an extension is granted by HCAD, of each year during the Abatement Period, CyrusOne shall render to HCAD the value of all taxable personal property, including the tangible personal property included in the Improvements, located in the Zone on the preceding January 1st.

(j) On or before January 1st of each year the Agreement is in effect, CyrusOne shall provide the Director a sworn statement/affidavit attesting to the number of permanent employees, contract employees and part-time employees of CyrusOne and its affiliates as of the immediately preceding December 1st, who report to work in the Zone.

(k) Contract employees and part-time employees may be used to comply with CyrusOne's contractual obligation to create/retain jobs on a full-time equivalency basis for any number of jobs; provided that full-time equivalent jobs shall only be used to satisfy CyrusOne's contractual obligation if CyrusOne maintains a minimum of three (3) permanent employees who work within the Zone.

(l) Commencing January 1, 2014, and on or before January 1st of each subsequent year during the Abatement Period, the chief financial officer, tax director, or other corporate officer, of CyrusOne shall provide the Director sworn statement/affidavit attesting that CyrusOne is and has been in compliance with all provisions of this Agreement during the prior year.

(m) A chief financial officer, tax director, or other corporate officer, of CyrusOne who cannot attest to the sworn statement/affidavit required by paragraph (l) above on any January 1st shall provide the Director with a written statement identifying any provision of the Agreement with which CyrusOne is not or has not been in full compliance.

(n) Failure by the chief financial officer, tax director, or any corporate officer of CyrusOne to timely provide the Director with either the sworn statement/affidavit

required by paragraph (l) above or the statement required by paragraph (m) above will result in automatic default under this Agreement for which no notice of default or opportunity to cure shall be required.

(o) CyrusOne shall have the option and right at any time during the Abatement Period to give the City written notice ("Termination Notice") that CyrusOne has elected to terminate this Agreement and its right to tax abatement on the Improvements effective as of the year in which the Termination Notice is given by CyrusOne; provided, however, at the time the Termination Notice is given by CyrusOne, no event of default shall exist which has not been cured. Upon the giving of a Termination Notice by CyrusOne and subject to the proviso of the preceding sentence, this Agreement and all rights and obligations of the Parties shall cease and terminate and CyrusOne shall not be entitled to any tax abatement pursuant to this Agreement for the year in which the Termination Notice is given by CyrusOne and for all years remaining in the Abatement Period.

6. Tax Abatement

(a) The Base Year Value is \$2,612,730.00.

(b) In consideration of CyrusOne's commitment to invest at least \$90,000,000.00 in the Improvements in the Zone, the City agrees to grant CyrusOne a fifty percent (50%) abatement of the ad valorem taxes on the Improvements in the Zone during the Abatement Period. The tax abatement will apply to the appraised value up to \$72,000,000.00 and is capped at that value. Any value in excess of \$72,000,000.00 will not be subject to the abatement. In addition, the abatement of the ad valorem taxes granted by this Agreement is specifically subject to the rights of the holders of outstanding bonds of the City as of the effective date of this Agreement. The Abatement Period begins on the January 1st following the date on which the final certificate of occupancy for the Improvements is issued by the City ("Effective Date of Abatement"). In no case shall the Abatement Period, inclusive of the construction period, exceed ten (10) years from the Effective Date of Abatement.

(c) From the Agreement Effective Date to the Effective Date of Abatement, ad valorem taxes levied on ineligible property, as that term is defined in Section 44-127(e) of the Code, including the Real Property, shall be fully payable to the City.

(d) From the Effective Date of Abatement to the end of the Abatement Period:

(1) Ad valorem taxes levied on "ineligible property," as that term is defined in Section 44-127(e) of the Code, including the Real Property, shall be fully payable to the City.

(2) Ad valorem taxes levied on the Base Year Value of "eligible property," as that term is defined in Section 44-127(d) of the Code, shall be fully payable to the City.

(3) Fifty percent (50%) of the ad valorem taxes levied on the Improvements, as determined each year, shall be fully payable to the City.

(e) The City shall enter into only one tax abatement agreement for the Facility described in this Agreement during the existence of the Zone.

7. Default and Recapture

(a) Events of Default

CyrusOne shall be in default under this Agreement if any of the following occur at any time from the Agreement Effective Date until the expiration of the Abatement Period or such earlier date on which this Agreement may otherwise expire or otherwise be terminated:

(1) The Facility is completed and is occupied, but subsequently is wholly vacated or abandoned for any reason other than the occurrence of a fire, explosion, or other casualty or accident or natural disaster;

(2) CyrusOne fails to comply timely with job creation, investment or payment requirements stated in this Agreement;

(3) CyrusOne fails to comply timely with any material term of this Agreement;

(4) CyrusOne fails to file or submit any required report, statement or affidavit or to give any required notice pursuant to this Agreement; or

(5) Employees or designated representatives of the City determine pursuant to an inspection under Section 44-132 of the Code that CyrusOne has not complied with this Agreement.

(b) Notice

(1) If the Director determines that an event of default has occurred, the Director shall notify CyrusOne in writing at the address stated in the Agreement, and if the condition of default is not cured within sixty (60) days from the date of the notice, the City may take any one or more of the following actions set forth in Section 7(d) of this Agreement; provided, however, that the City shall only be required to give a sixty (60) day notice of default for failure to comply with job creation or investment requirements. CyrusOne's failure to comply with job creation or investment requirements is an "incurable default." Within such sixty (60) day notice period, CyrusOne shall be entitled to question the accuracy of the City's determination of the incurable default but shall not be entitled to cure the default. After the sixty (60) day notice period, if the City concludes that its determination of the incurable default is correct ("noticed incurable default"), then the City shall be entitled to pursue any one or more of the remedies set forth in Section 7(d) of this Agreement.

(2) If CyrusOne is in default under Section 7(a) of this Agreement, CyrusOne shall notify the City within ninety (90) days of the default and if the default is one that can be cured hereunder, the default shall be cured within sixty (60) days following the date of the notice of default. If CyrusOne fails to cure the curable default within such sixty (60) day period, then the City may pursue any one or more of the remedies listed in Section 7(d) of this Agreement.

(c) Cure

(1) In curing an event of default based on any of the items set forth in Section 7(a) of this Agreement, and assuming the event of default is curable and is not an incurable default, CyrusOne shall provide sufficient evidence to the Director that the default has been cured within sixty (60) days following the date of the notice of default.

Sufficient evidence shall include the providing of the information not timely provided and/or providing evidence of the completion of the act(s) not timely performed. The City shall have the right to ask for additional information to confirm the adequate cure of any default.

(d) City Remedies for Default

(1) In the event of a noticed incurable default or a curable default which has not been cured after notice and an opportunity to cure was given, no tax abatement shall be allowed for the calendar year in which the default occurs (and thereafter) and the City shall have the right to pursue any one or more of the following remedies: terminate the Agreement; terminate CyrusOne's right to any future abatement under the Agreement without terminating the Agreement; pursue any and all remedies allowed under the Agreement and under Texas law.

(2) In addition to the foregoing, in the event of a noticed incurable default or a curable default which has not been cured after notice and an opportunity to cure has been given, the City, in its sole discretion, may recover all or any part of the taxes abated at any time under the Agreement. CyrusOne shall pay to the City all such previously abated taxes within thirty (30) days of the City's written demand therefor. Any taxes or economic incentive not paid timely shall bear interest at the rate of twelve percent (12%) annually.

(3) Notwithstanding the foregoing, the Director and the City Attorney are hereby authorized to negotiate and enter into amendments and revisions to the Agreement under which there are noticed incurable defaults or curable defaults which have not been cured after notice and opportunity to cure has been given. In the foregoing circumstances, the Parties are also authorized to negotiate and enter into any other and further agreements they determine best protect the City's interests.

(e) The City's right and authority to pursue any default and to recover abated taxes granted under this Section 7 shall survive the amendment, revision, expiration, or termination of this Agreement.

8. Administration

(a) The Chief Appraiser of HCAD shall annually determine the taxable value of the Improvements listed in **EXHIBIT 3**. By January 1st of each year, CyrusOne shall furnish the City with such information as may be necessary for calculating the amount of tax abatement granted under this Agreement. Once the taxable values of the Improvements have been established and the amount of the tax abatement calculated, the Chief Appraiser of HCAD shall notify the affected jurisdictions that levy taxes on the Improvements of the amounts of the taxable values of the Improvements.

(b) Upon completion of construction or installation of the Improvements, the Director shall annually evaluate the Facility to ensure compliance with this Agreement and prepare a report of any violations of this Agreement.

9. Compliance with Applicable Government Regulations

Except as specifically provided herein, nothing in this Agreement shall be construed to alter or affect the obligation of CyrusOne to comply with any ordinance, rule or regulation of the City, or laws and regulations of the State of Texas and the United States.

10. Merger

The Parties agree that this Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

11. Notices

All notices shall be in writing and unless hand-delivered, shall be sent by U.S. Mail certified, return receipt requested. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To CyrusOne: CyrusOne
 Attn: Thomas Bosse, VP, General Counsel
 1649 West Frankford Road
 Carrollton, Texas 75007

To the City: **Mailing Address:**
 Chief Development Officer
 Office of the Mayor, Economic Development
 P. O. Box 1562
 Houston, Texas 77251

Physical Address:
 Chief Development Officer
 Office of the Mayor, Economic Development
 901 Bagby, 4th Floor
 Houston, Texas 77002

Each Party may designate a different address by giving the other Party written notice ten (10) days in advance of such designation.

This Agreement has been executed by the Parties in multiple originals, each having full force and effect.

[Execution page follows]

CYRUSONE LLC

By: [Signature]
Name: Tom L Veronie
Title: VP Operational Governance

CITY OF HOUSTON, TEXAS

[Signature]
Mayor [Signature]

ATTEST:

By: [Signature]
Notary Public
County of Harris
State of Texas



ATTEST/SEAL:

[Signature]
City Secretary

COUNTERSIGNED:

[Signature]
City Controller [Signature]

DATE COUNTERSIGNED:

5-14-13

APPROVED:

[Signature]
Chief Development Officer,
Office of the Mayor, Economic
Development

APPROVED AS TO FORM:

[Signature]
Assistant City Attorney
L.D. File No. 0421300030001

EXHIBIT 2

LEGAL DESCRIPTION OF REAL PROPERTY SITE AND TAX ACCOUNT NUMBER(S)

Res A, Blk 1 at Spring Shadows, Sec 2, Beltway Eight Corporate Centre, adjacent to the existing facility at 5150 Westway Park Drive

Harris County Appraisal District Tax Account No.: 1246190010001

EXHIBIT 3

ABATED PROPERTY

The "Improvements," as that term is defined in the Tax Abatement Agreement to which this **EXHIBIT 3** is attached, are as follows (full description of buildings and improvements subject to abatement):

Access and Raised Flooring
Air Handling Units
Batteries
Building
Building Improvements
Cable Trays
Cage Fencing
Carpet
Chillers
Computers and peripherals
CRACs/CRAHs
Electrical cabling and busbars
Electrical wiring, switches, and equipment
Fire Protection Systems
Furniture, Fixtures, Equipment
Generators
HVACs
Land Improvements (sidewalks, roads, etc)
Leak Detection Equipment
Lightning Protection
Low Voltage Cabling
Network Backup
Network Equipment
PDUs
Plumbing
Powered Shell
Security Systems
Server Cabinets & Racks
Signage
Software
Switchboards
Transformers
Underground Utility Installations
UPSs
Other MACRs 5 year property not included above
Other MACRs 7 year property not included above
Other MACRs 15 year property not included above
Other 39 year real property not included above

EXHIBIT 4

PROJECT SUMMARY AND ECONOMIC IMPACT ANALYSIS

**Executive Summary of an Economic Impact Analysis of
Project Astros (CyrusOne, LLC)**

April 16, 2013



About the Firm

CyrusOne is a retailer of datacenter capacity headquartered in Houston. CyrusOne began operations in 2000 and was acquired by Cincinnati Bell in 2010 as a wholly-owned subsidiary. It now has 19 facilities with locations in Ohio, Texas, Arizona, Kentucky, Singapore and London. Its predominant operations are in the U.S. Cyrus One is seeking a flagship data center for the Central region of the U.S. This asset will also serve portions of Central and possibly South America. CyrusOne has already located one mega center in Carrollton, TX and is seeking a second. The states that are in direct competition for this data center are Texas, Iowa, Illinois, Nebraska and Colorado. CyrusOne is estimating \$90 million in capital investment (site improvements, building, equipment, furnishings, etc.) and 11 retained employees and 5 new employees.

The firm will be located in the following city and local taxing districts:

Location of firm: City of Houston

Taxing districts in which the firm is or will be located:

City:	City of Houston
County:	Harris County
School District:	Cypress Fairbanks ISD
Special Taxing District 1:	Harris County Flood Control District
Special Taxing District 2:	Port of Houston Authority
Special Taxing District 3:	Harris County Hospital District
Special Taxing District 4:	Harris County Education Department
Special Taxing District 5:	Lone Star College System
Special Taxing District 6:	Spring Branch Management District
Special Taxing District 7:	Metropolitan Transit Authority
Special Taxing District 8:	None
Special Taxing District 9:	None

Economic Impact Over the First Ten Years

The following are some of the economic impacts that the area can expect from the firm over the first ten years:

Some of the Economic Impacts of the Firm over the First Ten Years	
Total number of direct and indirect jobs to be created	36
Total salaries to be paid to direct and indirect workers	\$17,809,732
Total expected additional taxable sales and purchases	\$19,801,290
Firm's total property to be added to local tax rolls over the first ten years	\$75,579,255
Total property on local tax rolls in Year 10	\$82,166,105

Key model inputs:

Company will operate under NAICS 518210, Data Processing and Hosting

Company will hire 5 new employees and retain 11 employees with an average annual salary of \$65,000.

\$72.1 million to be spent on the building. New construction to be added to local tax rolls at an 80% appraisal rate.

\$17.9 million to be spent on furnishings, hardware, computers and equipment.

"Total property on local tax rolls in Year 10" is the value of land and building improvements at Year 10 assuming a 4% increase in value every year for 10 years. It also includes the value of furniture, fixtures, equipment, and machinery at Year 10 after being depreciated over 10 years.

25% of the people who will hold new indirect or induced jobs will move to Houston.

20% of workers moving to the City will have new homes built in the first year of their move.

50/50 percent split between labor and materials for construction costs.

\$142,130 in city building permit fees.

Annual utility bills will total \$120,600 in the first year and will increase by 3% every year.

10 telephone lines will be used at the facility.

The City of Houston will collect property taxes, sales tax, utility revenues and franchise fees, hotel occupancy tax, and applicable other taxes and fees from the firm and its employees'

Costs and Benefits for the City of Houston Over the First Ten Years

The City where the firm is located can expect the following costs and benefits from the firm and direct and indirect employees over the first ten years:

Net Benefits for the City of Houston Over the First Ten Years	
Benefits:	
Sales taxes collections	\$198,013
Property tax collections	\$3,911,038
Utility revenues and utility franchise fee collection	\$1,050,089
Hotel occupancy tax, building permit fee, misc taxes and user fees	\$146,114
Total benefits	\$5,303,255
Costs:	
Costs of providing municipal services to new residents	\$26,827
Costs of providing utility services to new and existing residents	\$113,842
Total costs	\$140,669
Net benefits	\$5,162,586

Net Benefits for All Local Taxing Districts Over the First Ten Years

The city, county, school district and special taxing districts where the firm is or will be located can expect the following costs and benefits from the firm and direct and indirect employees over the first ten years:

Net Benefits for the City, County, School District, and Special Taxing Districts Over the First Ten Years	
Benefits:	
Sales tax collections	\$427,193
Property tax collections	\$18,084,491
Utility revenues	\$118,586
Utility franchise fees	\$931,504
Hotel occupancy taxes	\$240
Misc taxes and user fees	\$6,789
Building permits	\$142,130
Additional state and federal school funding	\$486,371
Total benefits	\$20,197,304
Costs:	
Costs of providing services to new residents	\$31,754
Costs of providing city utility services to new and existing residents	\$113,842
Costs of providing services to new students	\$73,268
Reduction in state aid with the new and existing residential and commercial property on school district tax rolls	\$8,745,593
Total costs	\$8,964,457
Net benefits for city, county, school district and special taxing districts	\$11,232,847



GREATER HOUSTON PARTNERSHIP
houston.org