

(R-2002-467)

RESOLUTION NUMBER R - 295554

ADOPTED ON OCT 08 2001

WHEREAS, IDEC Pharmaceuticals Corporation is one of San Diego's largest and most successful biotechnology firms, and is currently considering the purchase of a site for construction of a large headquarters/research and development complex; and

WHEREAS, the proposed site is located in the La Jolla (University Town Center) area of the University Community, a geographic area often referred to as the "Golden Triangle" because of the high concentration of biotechnology and high technology industries; and

WHEREAS, the retention of IDEC's headquarters/research and development activities in the City will substantially enhance the strength and viability of the "biotechnology cluster" in San Diego, thereby increasing the attractiveness of the City as a location for developing and marketing products based on high technology; and

WHEREAS, if IDEC pursues its aggressive investment strategy, phased in over ten (10) years, building new office/research and development buildings and making substantial investments in new research equipment to meet the requirements of the new technology, these new investments should result in the retention of approximately 400 existing jobs and the creation of almost 2,000 new administrative and research job opportunities, approximately \$20,000,000 in tax revenue to the City, and benefits to the local economy through hundreds of millions of dollars of payroll expenditures and increased local purchases of goods and services

such as in construction; and

WHEREAS, the City Council has adopted and recently updated Council Policy 900-12, which provides for flexible economic development incentives, and standards for their use, to attract and retain key San Diego industries; and

WHEREAS, the City Manager of the City of San Diego has reported to the City Council on economic development incentives that had been proposed to IDEC by the City, including, expedited permit processing, rebates on new sales/use taxes allocated to the City, reduced water and sewer capacity charges, an exemption from potential future potable water conservation measures, and a recommendation to reimburse IDEC for payment of Housing Impact Fees (City Manager Report No. 01-202); and

WHEREAS, Company has considered its expansion options and, for numerous reasons including the economic development incentives offered by City, County, and other local agencies, Company is primarily interested in establishing its headquarters and research and development facilities in the City of San Diego; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Council hereby finds, in its sole discretion, that the attraction of further investment from IDEC Pharmaceuticals would result in the retention and creation of quality jobs, tax revenue, and other economic benefits and is in the best interests of the City of San Diego.

BE IT FURTHER RESOLVED, that the Council hereby finds, in its sole discretion, that IDEC Pharmaceuticals proposes to invest substantial amounts for the purchase of industrial land, construction of new office and laboratory facilities, and new equipment used in conjunction with the expansion of research and development operations within the jurisdiction of the City of San

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BE IT FURTHER RESOLVED, that the City Manager is hereby authorized to negotiate and execute an Agreement with IDEC Pharmaceuticals to (a) Reimburse the Company for its expected future payment of Housing Impact Fees assessed and charged by the City for development of the project, following the Company's submission of documentation demonstrating that the City has received General Fund tax revenue exceeding the amount of the requested reimbursement, such reimbursement not to exceed \$614,000 in the aggregate; (b) Provide the sales/use tax rebates authorized through Council Resolution R-288034 for participation in the Business Cooperation Program; (c) Reduce by \$1,000 per equivalent dwelling unit [EDU] the normal charges of \$2,500/EDU for water and sewer capacity pursuant to Council Resolution R- 294831; and (d) provide a certificate of exemption from potential future mandatory water conservation measures which could be adopted in the event of drought or "water warning," on the property known as Lots 1 through 15 of Nobel Research Park pursuant to Council Resolution No. R-290822, amending Council Policy 400-09, and Ordinance No. O-18596 amending Section 67.3805 of the San Diego Municipal Code. Such Agreement shall be subject to the Council's annual review and approval during the adoption of the City's budget.

The Agreement shall contain the following provisions:

1. The maximum amount of the Housing Impact Fee reimbursement shall not exceed \$614,000, irrespective of the number, size, type, or use classification of the buildings ultimately constructed by IDEC at Nobel Research Park; and
2. The Housing Impact Fees will not be reimbursed until and unless IDEC

has provided to the City documentation demonstrating that the City has received General Fund tax revenues such as sales tax, use tax, property tax, business license tax, or some combination of such taxes which are directly attributable to the purchase, development, and use of the proposed headquarters/research and development complex to be constructed at the property currently known as Nobel Research Park; and

3. IDEC shall participate in the Business Cooperation Program by self-assessing California use taxes, and shall properly report and allocate, and/or cause to be properly reported and allocated, such sales and use taxes to the City of San Diego as the situs of the transaction, or adopting proprietary strategies and protocols which result in the City of San Diego receiving all or substantially all of the 1% local portion sales and use taxes associated with the development and its use; and

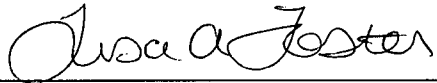
4. IDEC shall participate in the Guaranteed Water for Industry Program by utilizing reclaimed water in the cooling towers associated with the buildings to be constructed at Nobel Research Park, and by adopting the "Best Management Practices for Potable Water Conservation" for all of these same buildings, to the extent allowed by the Food and Drug Administration; and

5. The incentives authorized will not be provided to IDEC or any of its successors or assigns if the facility is not occupied, or will not be occupied by IDEC Pharmaceuticals, Inc. or a wholly-owned subsidiary of IDEC Pharmaceuticals, Inc.

BE IT FURTHER RESOLVED, that the City Auditor and Comptroller is authorized, upon the direction of the Financial Management Director, to appropriate sales, use, property, and/or business license tax revenues paid by Company to reimburse IDEC for Housing Impact Fees paid by or for IDEC.

BE IT FURTHER RESOLVED, that the Council of the City of San Diego hereby directs City Staff, acting by and through the City Manager, to take all actions necessary to implement this Agreement following its execution by City and Company.

APPROVED: CASEY QWINN, City Attorney

By 
Lisa A. Foster
Deputy City Attorney

LAF:jrl
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