

Economic Development Proposal

National Instruments

February 2013

+ Economic Development Proposal

- The purpose of today's briefing is to present the following:
 - An overview of National Instruments and the economic development proposal.
 - A review of the economic development matrix criteria and score.
 - A summary of the WebLOCI fiscal impact analysis.
 - A compilation of the anticipated benefits and expectations which will be established by this economic development agreement.
 - A proposed timeline for future City Council action.



Background

National Instruments Corporation

- National Instruments (NI) is a public company, was founded in 1976, and is headquartered in Austin.
- NI designs, manufactures, and sells measurement and automation products for general, commercial, industrial, and scientific applications worldwide. NI sells or licenses application software and modular hardware that create measurement, automation, and embedded systems.
- NI has 14 U.S. and 45 global locations, with approximately 6,850 total employees.
- For 14 consecutive years, NI has been recognized by Fortune Magazine as one of the “Top 100 Best Companies to Work For”.

+ Economic Development Proposal

What criteria and analysis were used?

■ Economic Development Matrix

- The matrix is a scoring tool that assesses firms using the following five categories of criteria:
 - Overall economic and fiscal impact.
 - Linkages to the local economy.
 - Infrastructure impact.
 - Character of jobs and labor force practices.
 - Quality of life and cultural vitality.

■ WebLOCI fiscal impact analysis

- WebLOCI is a tool that over 300 chambers of commerce and local governments use to determine the fiscal impact of an economic development project.
- Developed in 1999 by Georgia Institute of Technology.

+ Economic Development Matrix

What is the score for this project?

- National Instruments (NI) scored 90 out of 100.
- The score is reflective of the following:
 - NI will enhance its Austin campus through new construction of a 300,000 sq. ft. research and development facility on 8.5 acres.
 - This \$80 million investment will result in the creation of 1,000 new full-time jobs in Austin over the next 10 years.
 - NI offers employees a comprehensive benefits package including health insurance, same sex partner benefits, tuition reimbursement, career paths, and other assistance.
 - NI contributes resources to science and engineering education programs that have benefitted 3,500 Central Texas youth.

+ WebLOCI Fiscal Impact Analysis

The financial benefits and costs of this project.

- The fiscal impact analysis represents only direct benefits and costs as a result of the investment and jobs created.
- Total direct benefits over a 10-year period = \$25.6 million.
- Total costs over a 10-year period = \$18 million.*
- The recommended economic development grant is equal to 50% of the actual incremental real and personal property taxes generated by the project over 10 years.
- Total net benefit ($\$25.6 - \18) = \$7.6 million (rounded).

* This cost figure is net cost which includes a performance-based economic development grant estimated at \$1,667,575.



Science and Engineering

National Instruments Continuing Contributions

Excerpt from letter written by Dr. James Truchard (CEO and Cofounder of National Instruments) on enhancing science and engineering education:

“We invest heavily in programs that engage students with technology and prepare them to become the innovators of tomorrow. Through our collaboration with LEGO®, for example, millions of students, starting at age 6, are learning how to build and program robots using NI LabVIEW software. We also partner with FIRST (For Inspiration and Recognition of Science and Technology) to provide technology, mentorship, and support across each level of the organization’s student robotics competitions.”

In January 2013, Dr. Truchard pledged a personal \$10 million donation to the University of Texas to help pay for the planned Engineering Education and Research Center.



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National Instruments Continuing Contributions

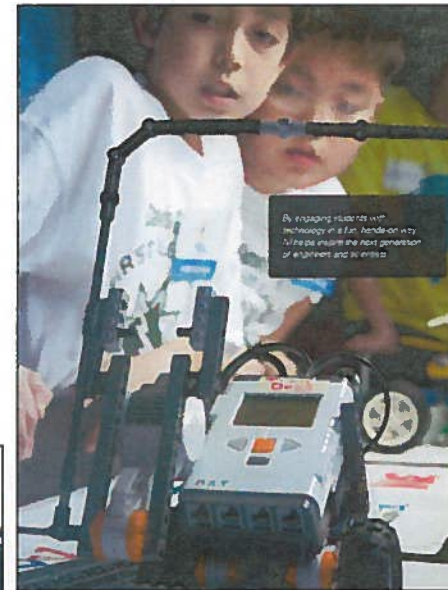
National Instruments investments in local school, university, and community outreach programs:

- Austin Pre-freshman Engineering Program (AusPrEP) at Huston-Tillotson University
- Saturday Science, Technology, Engineering and Mathematics (STEM) Program at Huston-Tillotson University
- Girlstart Afterschool Program
- Breakthrough Austin
- Educate Texas Program
- Boys & Girls Club Tech Program
- Austin Children's Museum TechReach Program
- For Inspiration and Recognition of Science and Technology (FIRST) Robotics Program



Science and Engineering

National Instruments Continuing Contributions





Economic Development Agreement

What are the contractual obligations?

National Instruments – Performance Obligations

- Retain 2,440 full-time jobs.
- Invest \$47 million in real property improvements and \$33 million in business personal property.
- Create 1,000 new full-time jobs with an average annual wage of \$72,223.
- Work with local organizations to expand pool of diverse candidates in employment recruitment efforts.
- Continue local STEM outreach efforts, including providing services to at least 1,000 students each year.
- Abide by a supplier diversity policy.
- Comply with the standards and principles of the City's ordinance for minority-owned and women-owned business enterprises ("M/WBE Program Ordinance") in the design and construction of its new \$80 million facility.
- Conduct commercially reasonable efforts to achieve LEED certification.

+ Economic Development Agreement

What are the contractual obligations?

City of Austin – Performance Obligations

- Provide a 10 year performance-based economic development grant, payable on an annual basis.
- The total estimated value of this grant is \$1,667,575 over the duration of the agreement.
- The City is not obligated to make a grant payment for any year in which the City has determined that National Instruments has failed to fulfill an obligation or condition applicable to the Company.

+ Next Steps

- Today – Set the public hearing for the March 7th City Council meeting so that the public may comment on the proposed Economic Development agreement between National Instruments and the City of Austin.
- March 4th – Online public comments from www.austintexas.gov/economicgrowth will be transmitted to City Council.
- March 7th – A public hearing will be conducted followed by a City Council vote.