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CITY OF AUSTIN AND ATI- WIRELESS
ECONOMIC DEVELOPMENT AGREEMENT

STATE OF TEXAS §
COUNTY OF TRAVIS §

This Economic Development Agreement ("Agreement") is entered into between the City of Austin ("City") and ATI-Wireless, a division of Austin Technology Incubator, a project of the University of Texas at Austin.

WHEREAS, the City seeks to foster economic development and job creation in the high technology segment of the City's economy; and

WHEREAS, the City has previously provided funding to Austin Technology Incubator, a non-profit entity of the University of Texas, which provides assistance and expertise to start up Austin area high technology oriented firms, and these services help to maintain Austin as a high technology center; and

WHEREAS, ATI-Wireless is a division of Austin Technology Incubator, intended to support developing Austin-area high technology firms that specialize in wireless technology, and the City desires to support the efforts of ATI-Wireless; and

WHEREAS, ATI-Wireless desires to work with the City to attain its economic development job creation goals in the high technology segment of the local economy; and

WHEREAS, City support for ATI-Wireless as provided in this Agreement is an economic development program of the City, and is intended to assist in the development of the City as a wireless technology center; and

WHEREAS, the grant of public funds provided herein serve the City's goals of promoting local economic development, stimulating local business and commercial activity, and elimination of unemployment and underemployment, authorized under Texas Local Government Code Sections 380.001 and 380.002;

NOW THEREFORE, the City and the University of Texas-Austin, acting through its affiliated entity ATI-Wireless, hereby agree to the following terms and conditions:

1. Findings. The above recitals are adopted as findings.
2. Payment and Scope of Work. The City shall pay to ATI-Wireless four quarterly payments of \$12,500 each, for a total not to exceed FIFTY THOUSAND DOLLARS (\$50,000). Each quarterly payment shall be made within 30 days of receipt of the quarterly reports to be delivered by ATI-Wireless to City under Section 3 below. ATI-Wireless agrees to accept this funding for the purpose of providing strategic business consulting services to new high technology startup companies which have been admitted into

the ATI Wireless program. Strategic business consulting services include, but are not limited to, market strategy, market validation, product strategy, fund raising, customer acquisition, and hiring of key management. These services will be provided during the City's fiscal year 2006, in accordance with the Scope of Work attached as Exhibit A. Payments to be made by the City under this Agreement shall be made from current revenues available to the City.

3. Report. On a quarterly basis, ATI-Wireless shall provide written reports to the City which will summarize, for the prior quarter, the progress and development of the firms with which it works, including the number of jobs created, the level of technical and professional services provided to each firm and the disposition of the City funding accepted hereunder. A quarterly report is due on or before sixty (60) days following the end of each quarter. Quarters end on the following dates: December 31, 2005, March 31, 2006, June 30, 2006, and September 30, 2006.
4. Term. The term of this Agreement shall be from October 1, 2005, through December 31, 2006. The provisions of Section 3 shall survive the termination of this agreement.
5. Communications. All communications with the City initially shall be directed to Jim Butler, Economic Growth and Redevelopment Department, City of Austin, P.O. Box 1088, Austin, Texas 78767.

All communication with ATI-Wireless shall be directed to Erin Defosse, Director, ATI-Wireless, 3925 West Braker Lane, Austin, Texas 78759.

Either party may designate a different address at any time upon written notice to the other party.

6. Amendment. The Agreement may be amended only by an agreement in writing, signed by the parties hereto. All prior or contemporaneous understandings and agreements related to the subject matter hereof are merged herein.
7. No Assignment. This Agreement is not assignable.
8. Default. If either the City or Owner should default in the performance of any obligations of this Agreement, the other party shall provide such defaulting party written notice of the default, and a minimum period of thirty (30) days to cure such default, prior to instituting an action for breach or pursuing any other remedy for default.
9. Termination. In the event Austin Technology Incubator or ATI-Wireless do not proceed to provide the services as contemplated by this Agreement, ATI - Wireless shall notify the City in writing, and return to the City any

funds provided hereunder, and this Agreement and the obligations on the part of both parties shall be deemed terminated.

10. Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in the State courts of Travis County, Texas.
11. No Third Party Beneficiaries; No Joint Venture. It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties; and further that the Agreement does not confer any rights, privileges or causes of action upon any third party. The City, its past, present and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with the University of Texas, Austin Technology Incubator, or ATI-Wireless operations.

IN WITNESS WHEREOF, the following duly authorized representatives of the parties have executed this Agreement to be effective from October 1, 2005.

For CITY OF AUSTIN, TEXAS

For UNIVERSITY OF TEXAS-AUSTIN
Austin Technology Incubator, and
ATI-Wireless

By: _____
Laura Huffman
Assistant City Manager

By: _____
Erin Defosse
Director, ATI-Wireless

Date: _____

Date: _____

EXHIBIT A
SCOPE OF WORK

EXHIBIT A



**FISCAL YEAR 2005-2006
City of Austin/ ATI Wireless Agreement
SCOPE OF WORK-
PROGRAM OBJECTIVES
AND REQUIREMENTS**

**V1.1
1 DECEMBER 2005**

Background

The City of Austin is providing ATI Wireless, a program of the IC2 Institute at The University of Texas at Austin, with \$50,000 during the City's 2005-2006 Fiscal Year in order to help the City achieve its overall economic development program objectives. Below are specific performance measures that ATI Wireless expects to be able to achieve with the City's financial support.

Job Creation

Over the years ATI has proven its ability to leverage its relationship with the City of Austin to create significant levels of economic growth. Since 1989 the City of Austin invested approximately \$250,000 in ATI. In that same period ATI incubated 150 companies that combined created over 3,000 direct jobs and over 7,000 indirect ones, generated over \$1.5 billion in revenues, and produced an estimated \$2,600,000 in tax revenue for the City.

ATI Wireless intends to generate levels of return which are proportionally equal to or greater than those experienced by the City through its initial funding of ATI. Specifically, during the City's 2005-2006 Fiscal Year, ATI Wireless will :

- admit 2 new wireless companies into the program that,
- together with existing ATI companies, account for over 30 jobs

Marketing and Networking

To foment the overall growth of the wireless industry in Austin and help create additional momentum for the establishment of new companies, ATI Wireless will embark on a marketing and education campaign. These efforts will highlight Austin as a center of entrepreneurial activity in the wireless industry, attract entrepreneurs to the region, and enable these entrepreneurs to develop the relationships they need to grow their businesses. Specifically, during the City's 2005-2006 Fiscal Year, ATI Wireless will

- Hold at least 2 networking events and 2 educational/training events focused on the wireless industry
- Showcase ATI Wireless and its companies at WCIT 2006, the Texas Wireless Symposium, and national/international events such as CTIA and vertical industry specific conferences, and promote Austin as a wireless technology center.
- Produce and distribute ATI Wireless-specific marketing collateral
- Update and maintain a new web site with a focus on wireless
- Generate media coverage locally and nationally
- Operate one or more wireless technology test-bed systems to allow startups to test out new applications and services and generate media attention

Operations

In order to execute on its program objectives, ATI Wireless will build upon its existing operational infrastructure by

- Recruiting and maintaining an advisory board of industry experts that will mentor its member companies
- Establishing one or more partnerships with leading corporations and/or venture capital firms in the wireless industry

Services to ATI Wireless Companies

The quarterly performance measures that will be used to determine release of payments from the City to ATI Wireless are the following:

- 1) Each quarter ATI Wireless companies will be provided with a personalized and in-depth 1-2 hour strategic business review and milestone setting meeting with ATI Wireless staff, one or more ATI Wireless advisory board members and/or one or more industry or academic leaders for the purpose of accelerating their time to success.**
- 2) Each quarter ATI Wireless companies will be given access to MBA student intern resources that will be tasked jointly between the companies and ATI Wireless staff for the purpose of conducting projects that the companies believe will accelerate their time to success.**
- 3) Each quarter ATI Wireless companies will be given access to business seminars that provide educational content that will help them accelerate their time to success.**