



MEMORANDUM

TO: Mayor and City Council

FROM: Kevin Johns, Director
Economic Development Department *Kevin Johns*

DATE: April 13, 2017

SUBJECT: Community Impact Language in Agreement with Merck Sharp & Dohme Corporation

As you are aware, a public hearing and City Council consideration of an economic development agreement with Merck Sharp & Dohme Corporation (Merck) are scheduled for 4:00 PM today. Staff will be available to answer any questions at this time.

As you may recall from the April 6th City Council briefing regarding the potential Merck IT Hub locating in Austin, several council members requested staff include language in the agreement that would honor the company's intent to work with community partners in areas related to research, public health and workforce development. The company has agreed to include the following terms as a new subsection under Article I of the proposed agreement:

1.10 Community Impact Goals. Company has a history and reputation of making direct and indirect economic contributions, such as employment, workforce development, support of local businesses and local research and development. City desires Company to provide socioeconomic benefits to the community by partnering with local organizations that are focused on public health issues and concerns, as well as participate in Science, Technology, Engineering and Mathematics (STEM) programs by partnering with local entities similar to the samples described in their Business Information Form submitted to the City, as well as with local primary, secondary and post-secondary educational institutions, including Title 1 schools.

This subsection is not subject to section 3.04, Event of Default. However, Company understands the City has relied on these representations of the Company's intent when considering this Agreement, and will annually, starting in 2019, provide an overview of its local partnering activities including names of entities and description of the scope of the activities as part of its Certificate of Compliance submitted to the City. The 2019 overview will encompass activities from the Effective Date through the 2018 compliance period, ending December 31, 2018. The activities described in this subsection are not subject to inspection or audit. The City acknowledges that the Company's first report on the overview of its activities may be brief due to the amount of time the Company must expend on the extensive startup activities for the Project and the short time frame from the Effective Date to the date that the initial Certificate of Compliance is due.

To collect this report, staff has also added section 7.0 to Exhibit B (Certificate of Compliance) to the economic development agreement. This language will be posted as back up for Item 41 and staff will also provide a copy of this language to council during the discussion of Item 41.

If you have any questions regarding this request, please contact me at (512) 974-7802 or the Manager for Global Business Expansion, David Colligan at (512) 974-6381.

xc: Elaine Hart, Interim City Manager
Greg Canally, Interim Chief Financial Officer
David Colligan, Global Business Expansion Manager, EDD