




MEMORANDUM

TO: Mayor and City Council

FROM: Rebecca Giello, Interim Director 
Economic Development Department

DATE: July 8, 2019

RE: Error in Austin American Statesman Opinion Piece-Commentary: The bait and switch of Austin economic development

The purpose of this memorandum is to provide information regarding an error in the July 5, 2019, opinion article submitted by Nathan Jensen, which can be found at [Austin American Statesman Opinion page](#). The opinion article, "Commentary: The bait and switch of Austin economic development," states Dropbox was forced to repay all of the City's incentives with interest after it failed to create the promised jobs by 2014. This is not accurate.

Dropbox did terminate its agreement with the City, but no repayment to the City was required or made. The City's Chapter 380 economic incentives program is structured as pay-for-performance, meaning annual economic incentive payments are made only after compliance is demonstrated. A company's obligation must be demonstrated to and affirmed by City staff and is evaluated by an independent reviewer as part of the process before an economic incentive payment is made. Dropbox did not receive an incentive payment from the City; thus, the company was not required to repay the City.

According to online information offered by the Governor's Office,
https://gov.texas.gov/uploads/files/business/TEF_Listing_as_of_5.31.19.pdf,

Dropbox did repay money to the State for economic incentives the State paid in advance.

For information regarding the Chapter 380 economic incentive agreements administered by the Economic Development Department, please contact Rebecca Giello, Interim Director, 512.974.3045.

xc: Spencer Cronk, City Manager
J. Rodney Gonzales, Assistant City Manager
Jessica King, Interim Communications Director