

Economic Development Policy Update: Community Engagement Summary Report

Economic Development Policy Company Meetings Summary

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Company Meetings Summary

Meeting Goal:

The final phase of stakeholder engagement in response to [Resolution No. 20170302-034](#) invited companies who currently are, or previously were, engaged in a Chapter 380 contract with the City of Austin. City staff sought to share the spirit of the policy revision with these contract holders and receive input on the company's experience negotiating and implementing the contract in accordance with the Chapter 380 policy in its current state. Attendees in these meetings varied, including City of Austin Economic Development Department staff, Greater Austin Chamber of Commerce representative who may have had knowledge of the incentive negotiation, and company representatives in leadership roles in operations, facility management, etc.

Economic Development Policy Update: Community Engagement Report
Conversation with The Advisory Board Company, October 17, 2017
Company Representatives: Katherine (Kate) Whitesell & Michele Joyce
City of Austin Attendees: David Colligan & Julia Campbell, Economic Development Department

Executive Summary:

The conversation with The Advisory Board Company resulted in the following take-aways:

- Joyce Ramirez (no longer with the company) owned the City of Austin relationship when the contract was first negotiated. Therefore this conversation was geared more toward the compliance experience rather than the negotiation terms.
- The compliance piece was reasonable, the City of Austin is helpful in reporting and requirements fit well within the company's existing policies, procedures and priorities.

Meeting Notes:

- The contract negotiation predates Michele's and Katherine's time at The Advisory Board Company. Joyce Ramirez owned the City of Austin relationship, but is no longer with the company
- They were, however, involved in activities, events and hiring occurring in Austin.
- Michele handles the compliance piece but never had the ability to work with the City of Austin because Joyce would report back to the City of Austin, the documentation Michele had pulled to support the program. Hiring, job fairs, activities, diversity events, veteran hiring, one-off events, specific tech events were gauged towards whatever activity had taken place within the timeframe.
- *Who is going to be the primary contact for compliance moving forward?:*
 - Kate in the legal department at The Advisory Board Company.
- *Do you know the amount of time spent on reporting out information?:*
 - In the beginning, it was a robust request and considered labor-intensive. But ultimately the reporting process evolved to be not very long at all because we developed systems to track it over time.
 - None of the City of Austin reporting requirements or compliance work is written in their HR personnel's job descriptions, so the only thing that's considered burdensome is some additional job fairs that may not have been attended by staff without the contract.
- They are provided with very good guidance by working with Terry on City of Austin staff and she always knows what right documentation was and what the next step was. There has been clear communication, clean and direct and the workload was reasonable.
- *Would you be open to other opportunities to engage with the City?*
 - Joyce's perspective on the recruiting was that this program fit really well within the company's practices and culture already, so would be open to that.
- *Describe your experience working with the SMBR department – MBE/WBE goals:*
 - No specific feedback provided on goals laid out.

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Conversation with Apple on July 19, 2017

Company Representatives:

Steve Kester, Senior Manager Government Affairs, Central and Southeastern US, Apple

Sheila Bayley, Senior Tax Manager, Apple

Tony Soriano, Facility Manager, Apple

Chamber of Commerce Representatives: Charisse Bodisch, Austin Chamber & Tina Cannon, Austin Chamber

City of Austin Attendees: David Colligan & Julia Campbell, Economic Development Department

Executive Summary:

The conversation with Apple resulted in the following take-aways:

- Apple is currently overperforming on their contract with the City of Austin.
- Frustrations are mostly with the Capitol legislation during the special session, not specifically with the City of Austin or anything under our control.
- Engagement with the Chamber has been a positive element of the process as they serve as a reliable local guide.
- Friction within the government, having City of Austin and County as separate negotiating entities is difficult to navigate. Apple would prefer a unified single point of contact. Chapter 380 contract negotiation would have been streamlined with a single application form plus a single negotiation from the County, City and State, not three separate meetings.
- Initially there were some questions about non-financial elements of the contract (diversity and inclusion). There were some problems with the reporting mechanisms and they did not have any clear guidance on what the goals were. The goals for the non-financial terms could be clearer.

Meeting Notes:

David Colligan, City of Austin EDD:

- David opened the meeting by providing a brief overview of the City's intention to review the current Chapter 380. David invited Steve to share his experience with the City of Austin's incentive process back in 2010.

Steve Kester, Apple:

- 2011 original agreement was crafted to expand American operations. Apple currently occupies 1 to 3 campuses in Austin, currently integrating and upgrading campuses. Estimated employment at 6,000 (5,000 on main campus plus 500 offsite)
- Apple has exceeded all City of Austin and State milestones, north of \$350M for "greening" of the facility and other new business needs (such as the relocation of the entire Mapping team from CA to Austin.) Additionally, Apple has exceeded headcount and wages were hit in 2015 for the projected 2023 target.
- Currently, Austin is the base of operations for all aspects of supply/demand processing for North and South America. Additionally, Austin houses Finance consisting of AppleCare, retail contact center (approximately 2,500 people), Travel, HR, some Sales and Design Engineering.
- Austin maintains a cost advantage and desirable talent pool (although hiring is getting more difficult for them.) and they are looking to move more units to Austin.
- Call Center employees: most have their high school diploma, but most other employees in the campus have their college degree plus MBAs, engineering degrees, PhD's, etc.
- Governor Perry was Apple's original recruiter via representing Texas presence in California. This year marks 25th year in Texas.
- Frustrations are mostly with the Capitol legislation during the special session, not specifically with the City of Austin or anything under Austin's control.

- Engagement with the Chamber has been a positive element of the process as they serve as a reliable local guide.
- Friction within the government, having City of Austin and County as separate negotiating entities is difficult to navigate. Apple would prefer a unified single point of contact.
- Chapter 380 contract negotiation would have been streamlined with a single application form plus a single negotiation from the County, City and State, not three separate meetings.
- Apple's perspective on the addition of the 3rd party economic impact analysis is positive. They support this requirement because it helps communicate multiplier effects that are relevant, and good for the education of council members to be familiar with trickle down benefits.

David Colligan, City of Austin:

- Question: What was your experience with the compliance process?

Steve Kester, Apple:

- Answer: The overall experience includes elements of consistency and interpretation. On-site audits are very flexible, and they appreciate the shared auditor with the county. The City of Austin/County auditor plus the 3rd party auditor provides the level of confidentiality their business needs.
- Example of flexibility: in year one of the contract, they were uncertain of the interpretation of the contract, so they allowed for a practice year.
- Compliance is generally time-consuming but they are understanding.
- Consistency is key through annual reporting.
- Agreement terms provide room for confusion. Initially there were some questions about non-financial elements of the contract (diversity and inclusion). There were some problems with the reporting mechanisms and they did not have any clear guidance on what the goals were. The goals for the non-financial terms could be clearer. For example, by ordinance they should work with MBE/WBE for suppliers, workforce and other contracts, but many in town cannot support Apple's scale. Their work-around for this was to find creative ways to include minority and women-owned businesses to work with Apple at the large scale they need.
- An offered suggestion is to have the annual report ready to go before the first negotiation that would provide a starting off point.
- There are approximately a dozen Apple employees involved in compliance in one way or another. Operations is involved in implementation of the contract.
- Impact is significant. When Apple hires, decisions for the specific job location is made because of City of Austin contracts.
- Exceeded goals for hiring because of unprecedented growth rate in the company. Apple's hypothesis was that companies who are growing at a slower clip would experience a very difficult time complying with ongoing job requirements.

Charisse Bodisch, Chamber of Commerce:

- Question: What about the cost of compliance?

Steve Kester, Apple:

- Answer: Not a significant element since those elements are built into the corporate structure for things like transportation, supplier diversity and other issues that can be related directly to contract criteria.
- Other companies would likely resist given the cost to comply and may make the requirements a "hard sell."
- Admittedly, the entire negotiation process was very difficult. They need business flexibility (customizable contract for each company and individual business practices.)
- A single compliance and audit process to combine state, county and city would significantly reduce the inefficiency and burden on the company on the compliance side.

Julia Campbell, City of Austin:

- Question: Has the city of Austin lived up to its end of the relationship? (Outside the Economic Development Department)

Steve Kester, Apple:

- Answer: Technical hiring and workforce programs are difficult to connect with and they are still in development. Overall, though, yes.
- Mobility concerns choke off other areas of town for potential growth and this needs to be addressed.
- Austin policy needs to capture opportunity from any state tax policy changes.
- Texas continues to lose competition to the southeast and the southwest.

Tina Cannon, Chamber of Commerce:

- Question: Would you recommend engaging in a Chapter 380 agreement to another company?

Steve Kester, Apple:

- Answer: Yes, but they would advise to be prepared for the compliance work.

Steve Kester, Apple (final thoughts):

- Suggestion for recruitment tool, consider offering sales tax reduction or exemption (either short or long term). This requires proper advertisement of the available program and need to work with the Department of Revenue to make it easy to comply, but this would be a very effective tool and competitive for companies relocating or moving business units.
- Overall, the process is dependent on consistency, flexibility, understanding the business's needs, informed 3rd party support, and a proper/efficient negotiation between the City of Austin and the company.

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Conversation with athenahealth July 28, 2017

Company Representatives: Jack Nye, Vice President, athenahealth

Chamber of Commerce Representatives: Tina Cannon, Austin Chamber

City of Austin Attendees: Julia Campbell, Economic Development Department & Mike O'Connor, City of Austin EDD

Executive Summary:

The conversation with athenahealth resulted in the following take-aways:

- Nothing negative to say about the EDD, the only issue was permitting procedure, which held up the construction of their new office and caused many problems. The fire inspection, in particular, seemed “almost punitive.”
- How did a Massachusetts company come to have such a large Austin office? “There is an athena in Austin because of subsidies.” State and City incentives helped, but also very important was the sense that government officials were “as excited about we were.”
- Parking, traffic and affordability become a problem when a company cannot hire because potential employees are unwilling to put up with those sorts of quality of life issues. It is at that point when it might consider another location.
- Jack shared his appreciation for the Chamber and the City. The *Statesman's* coverage of community push-back had worried him a bit. He was surprised at the resistance that emerged to the incentives because they were a relatively small company. (“We weren’t Merck.”)

Meeting Notes

- Julia opened by saying that the City’s purpose in asking for the meeting was to get athenahealth’s impression of its experience with the negotiation, implementation and compliance processes of the City’s 380 incentive programs.
- Jack said that he has nothing negative to say about the EDD. The only problem he mentioned about the entire process was with permitting, which held up the construction of their new office and caused many problems. The fire inspection, in particular, seemed “almost punitive.”
- He did mention problems with other entities outside the government purview. The *Statesman*, in particular, came up more than once. He referred to an editorial in the paper voicing the opinion that the City should not give incentives to athenahealth, though he did not say how it specifically affected the company’s decision to establish a presence in Austin.
- Jack told the story of how a Massachusetts company came to have such a large Austin office. His overall point was that “There is an athena in Austin because of subsidies.”
- Jack had originally moved to Austin on his own. He had grown up in Texas and wished to return; the company allowed him to work as a remote employee. Eventually his area within the company grew; he was able to hire a small number of employees and had to rent a space to house them. Jack expected to reach perhaps 30 employees and to rent 1000 square feet. The company at the time was developing a major space in San Francisco and had no reason to establish a big presence in Austin. Jack was looking at “silver boxes” downtown but was also considering the Research Boulevard area, on the premise that most of his employees lived in the northwest suburbs.
- Jack’s real estate agent gave him a tour of Seaholm. The space was much bigger than he needed, and he was curious about the renovations as much as anything else. He saw it and was quite taken with it. The company’s Director of Facilities was on the tour and was equally impressed. Though it was not at all what they were looking for, the Seaholm space would give the company the opportunity to work in a building with character and history and to invest in Austin itself. athenahealth might be willing to consider going in a direction it had not originally considered because of the unique character of Seaholm itself.

- Jack emphasized that state and city incentives helped, but also very important was the sense that government officials were “as excited as we were.”
- Julia asked what units were housed in Austin. Jack responded that it was research and development. Approximately half of the employees are software developers. Other coding is done in Watertown (MA), but that is primarily maintaining existing products. The innovation is done here in Austin. Jack is currently hiring three times as many developers in Austin as they are in Watertown.
- Jack stated that athenahealth moved to Austin in 2015. They have five research and development centers and want to shrink that number through consolidation. To that end, they have ceased investing in the Atlanta and San Francisco centers and are expanding the one in Austin.
- Julia asked how many people work for athenahealth in Austin. Jack said that the number is 185 plus five interns.
- Tina stated that the Chamber’s primary function in 380 negotiations is to lobby. She asked Jack what had gone right and wrong during the process. He reiterated his appreciation for the Chamber. She asked if there were any specific policy issues to which he would want to draw the City’s and/or Chamber’s attention. Jack replied that the City was great. The *Statesman* had worried him a bit. He was surprised at the resistance that emerged to the incentives because they were a relatively small company. (“We weren’t Merck.”)
- Tina noted that one criticism of incentive agreements is that they do not provide local employment, as companies just move the people they already had to the new location. She asked how much hiring athenahealth does locally. Jack said that only four people moved to Austin. The company is hiring as fast as it can, and that it is all done locally. They recruit at local colleges and universities. He said that is getting harder to do in light of all the competition for coders, but nonetheless estimated that 90% of their hires were local.
- Jack is excited about the Dell Medical School. He hopes that Austin can replicate the interaction of healthcare and tech that centers around the Harvard Medical School in the Boston area, where athenahealth HQ is located.
- Tina asked Jack if he would do the 380 process again. “Absolutely,” was his reply.
- Julia brought up the fact that the City’s contract with athenahealth was no longer active, even though the company continued to comply with the State’s agreement. Jack said that the problem is that athenahealth has many variable salary agreements in which compensation depends a great deal on bonuses. He said that athenahealth got together with the State and worked out the numbers to make it clear that the variable salaries actually were in compliance, but they had not made that extra effort with the City.
- Jack emphasized that he is paying competitive salaries because the tight labor market will not allow him not to, so he does not think that there is a substantive issue of the salaries not being appropriately high. athenahealth is “not trying to get away with anything.”
- Tina asked whether Jack had any negative experiences with the compliance process with the City. Julia pointed out that the agreement was only active for one year, so the company probably didn’t have much experience with compliance. Jack agreed.
- Jack returned to an earlier question as to whether anything outside of the purview of EDD had caused any problems. He mentioned that they had problems with the original landlord, but things had improved under the new one. [The new landlord is Clarion Partners, though all participants struggled to remember the name at the time.]
- He said that now that athenahealth had moved in and occupied the space for a while, the “only negative thing” about his experience relates to transit. The company runs a shuttle to the MetroRail stop by the Convention Center. People with families cannot afford to live in the city. Because the company has not yet hired to full capacity, parking is not yet an issue. But Jack said that they are already planning for the time when it will be. He hopes to unveil a parking plan within the year. One thought he had is to allot each employee a transportation allowance or stipend: the employee could redeem it as a parking space, a transit pass or cash.
- Julia asked Jack if he could expand on this idea in terms that are more directly relevant to what EDD might be able to help with. In that context, the bottom line would be whether any of these things would make a company less willing to come to, or stay in, Austin.

- Jack suggested that parking, traffic and affordability become a problem when a company cannot hire because potential employees are unwilling to put up with those sorts of quality of life issues. It is at that point when it might consider another location.
- Julia told Jack that if he was interested in reinstating the agreement with the City by doing something similar to what the company had done with the State, she would be happy to connect the appropriate people at athenahealth with their counterparts at her office. Jack said he would talk to the appropriate people in his office and get her the information.

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Conversation with Hanger Orthotics, July 18, 2017

Company Representatives: Thomas Hartman, SVP General Counsel and Secretary, Hanger Orthotics

Chamber of Commerce Representatives: Charisse Bodisch, Austin Chamber & Tina Cannon, Austin Chamber

City of Austin Attendees: David Colligan & Julia Campbell, Economic Development Department

Executive Summary:

The conversation with Hanger resulted in the following take-aways:

- Balance of equity (meaning the even distribution and availability of jobs) is a noble pursuit, but Hanger's advice is not to let the pendulum swing too far in that direction.
- Hanger is currently overperforming on their contract and growth trajectory is expected to continue.
- The City of Austin and Chamber of Commerce were more engaged with Hanger during negotiations than other cities. Engagement, in this case, was defined as talking to Hanger about their business needs, while other cities were too focused on their local narrow agenda.
- During contract negotiation and prior to council approval, Hanger couldn't guarantee domestic partner benefits, so in order to move forward with the contract, they worked to include it into their HR policies. The only reason this worked was because Hanger had the means and resources to be flexible with their own HR policies.
- Contract compliance process is reasonable and accommodating.
- Consider writing contracts with auditing in mind to ensure more successful contracts and maintaining active agreements.

Meeting Notes:

David Colligan, City of Austin EDD:

- David opened the meeting by providing a brief overview of the City's intention to review the current Chapter 380. David invited Thomas to share his experience with the City of Austin's incentive process back in 2010.

Thomas Hartman, Hanger:

- Hanger entered into negotiations with the City of Austin in 2009 to craft a Chapter 380 agreement. At that time, Chapter 380 agreements had the traditional application for chip manufacturers and plants that produced blue collar jobs. However, the need for a balanced ecosystem was evident, indicating the need for higher-wage jobs.
- Hanger presented an opportunity for a balanced ecosystem, by providing high-wage, high-educational attainment jobs for a headquarters operation.
- Hanger exceeded year one job obligation numbers at 133, and they maxed-out at 250. Hanger's footprint has grown to exceed 300 to date, approximately.
- Hanger overspent on their investment plan because the nature of a headquarters operation resulted in the growth of individual business units.
- Since Hanger's agreement in 2010, Austin is better now at recruiting individual business units of companies, not necessarily their headquarters relocations (for example, Apple, GM, etc.)
- Balance of equity (meaning the even distribution and availability of jobs) is a noble pursuit, but Hanger's advice is not to let the pendulum swing too far in that direction.
- The state offered Hanger \$1.5M plan plus the City of Austin's \$500,000. The difference being that the State's offer was "up-front" payment, versus the COA \$50K/year, therefore without the state agreement the city's offer was not as attractive and by itself wouldn't have been enough to recruit.
- However, the City of Austin and Chamber of Commerce was more engaged with Hanger during negotiations than other cities. Engagement, in this case, was defined as talking to Hanger about their business needs, while other cities were too focused on their local narrow agenda.

- It may be interesting to run an analysis to compare business unit contracts versus plant/HQ contracts. By looking at the contract projected job numbers versus the actual, Hanger’s hypothesis was that you could see the HQ operations performed better over time, since business needs often change and if they do, HQ is usually the one to be affected (expand).
- Agreements have been redone since the Hanger agreement was crafted, and despite those changes, the City of Austin has done a very good job sticking to the terms set out in the agreement.
- City of Austin auditors (contract compliance officers) are reasonable, but not to the extent that they lack the desire for exact compliance, however they are flexible and very accommodating.
- The State’s auditors are less reasonable, they treat the agreement like it was written today (though the environment and priorities have changed quite a bit since the Hanger agreement was written, plus the administrators and political climate within which they operate has also changed.)
- The City of Austin’s goal should be to ask ourselves “What goal are we trying to accomplish?” (For example, attract green businesses and if so how do we define them, attract headquarters only, or decide it doesn’t matter who we recruit and just attract all industries equally, etc.) Then, hone in on what we ask for versus what we offer.
- Hanger supports the MBE/WBE ordinance and its effect on their requirement for RFPs (this helps support local business, access and requirements.)
 - This process was streamlined when the MBE/WBE was moved to its own section in the contract.

David Colligan, City of Austin:

- Question: *Are the MBE/WBE goals fair?*

Thomas Hartman, Hanger:

- Answer: There is no basis to compare, so not sure. It is tough to tell because each city is different, so the City should decide for themselves what’s fair.

Tina Cannon, Chamber of Commerce:

- Question: *What did you think of the Council process at the time? (At-large)*

Thomas Hartman, Hanger:

- Answer: Hanger met with all the Council Members individually. Randy Shade in particular focused on benefits extension to domestic partners. Hanger, at the time, couldn’t guarantee it, so they decided to push internally for partner benefits with their own internal insurance brokers to find an insurance plan that offered that. They now extend those benefits and it is a part of their company culture. The only reason that worked was because Hanger had the means and resources to be flexible with their own HR policies.

Thomas Hartman, Hanger:

- City of Austin did a good job acting as a proxy for the greater MSA. That was appreciated that other proximate cities were included.
- Interests across the local community should be aligned. Hanger is plugged into multiple MECA chambers in order to recruit top talent locally.
- No NGOs were opposed to Hanger’s incentive agreement as far as they knew.

Tina Cannon, Chamber of Commerce:

- Question: *Have there been any ancillary businesses that have popped up as a result of the relocation of the headquarters to Austin?*

Thomas Hartman, Hanger:

- Answer: Ottobach moved their US headquarters to Austin because of Hanger. They are Hanger’s biggest client.
- The State’s concern was looking for spending in Texas – Hanger currently does 10s of millions in contracts in Texas that they didn’t do in Maryland.

- Hanger spurs spending in the city of Austin as well, through hosting many meetings locally that affects the HOT tax, delivery services to relocate people and increased use of the airport.
- Chapter 380 agreements can't be for a certain size of company (large, or small). A top-down strategy will result in trickle-down, and a bottom up may mean picking winners and losers.
- The City of Austin should consider funding incubators with Chapter 380 money.
- The current Austin unemployment rate is currently at 3.3%, so what exactly is the problem we are trying to solve? [Charisse Bodisch: we are hoping to make changes to this policy to carry forward into the future.]
- A contract is static and should be void of current political climate or interpretations (as the State does)
- Contract language "to your best effort" is better than other language that may result in failure to receive money if they do not comply. Leave that flexibility in.
- Hanger's largest trouble is hiring senior people (Dallas and Houston are the top two places these people come from.)
- Hanger's advice to the City of Austin is to avoid recruiting target industries (such as Life Sciences), but expand the definition of target industry to include related industries (such as Healthcare Service providers like Hanger.)
- Hanger is ultimately held accountable for the behaviors in the contract, M/WBE is managed well and goals for the numbers need to be met only if they have control over them directly.
- One mistake Hanger made was the estimation of project spending. It included three categories, leasehold improvements, FF&E and M&E. The problem was forecasting to split up equipment but the City of Austin very reasonably helped allocate that split accurately after the fact. They planned on buying a building generator for their server, but decided it was more economical to rent one therefore it decreased their M&E and FF&E estimate, but increased their ability to build out the downstairs space which was not originally in the project scope.
- Compliance is incredibly well-organized and includes what they need, a well-designed checklist and sound methodology.
- Advice is to write agreements with auditing in mind. A contract is useless if neither side gets what they want because the contract is unachievable or difficult to comply with.

Charisse Bodisch, Chamber of Commerce:

- Question: *What is your perspective on the cost of compliance and what is involved?*

Thomas Hartman, Hanger:

- Answer: Time-spent of FTE's for audits is not a problem.
- Before resolution was passed to require construction living wage, then Hanger would have said no to \$50,000/year incentive. UNLESS, it was the total \$500,000 up front.
- Austin as an attractive city has other values, but they were not necessarily enough. Don't back-weight the performance, keep the contracts performance based. Look at each application on its own merits.
- Administration of contract is equally if not more important than negotiating the contract.
- The Chamber is more organized than any other chamber anywhere and presented the right collaboration between Chamber and City of Austin.

David Colligan, City of Austin:

- Question: *What level of transparency have you experienced?*

Thomas Hartman, Hanger:

- Answer: "I trust Terry Franz. I trust her to do the right thing and she is straightforward."

David Colligan, City of Austin:

- Question: *Earlier you said to "look at each application on its own merits." Can you clarify that?*

Thomas Hartman, Hanger:

- Answer: Look at the facts and features with individual profiles. Some companies fire then rehire in order to count those new hires as new jobs for compliance. Vet those companies first to ensure compliance (the most important factor.)

David Colligan, City of Austin:

- Question: *Has the City of Austin (not just Economic Development) lived up to its end of the relationship? .*

Thomas Hartman, Hanger:

- Answer: Lived up to all expectations in the contract. It's perceived as a win-win for City of Austin and Hanger, both. Austin's challenges at the city level are due to Texas's growth. Managing expansion is harder than managing shrink and managing short term work against long term goals at the city level is mixed (for example transportation). The focus for the City of Austin should shift from "Keep Austin Weird" to "Keep Austin Austin."

David Colligan, City of Austin:

- Question: *Are there any challenges for Hanger on the horizon that would hinder growth?*

Thomas Hartman, Hanger:

- Answer: Recruitment for top talent remains a challenge but has turned out okay due to a few lucky finds. However, entry to mid-level is the most difficult range to hire for (\$70K/yr - \$200K/yr) in IT, Finance, Accounting and other technical positions.

Additional Comments, Thomas Hartman, Hanger:

- MBE Goals: perhaps consider having a number for headquarters operations and a number for small companies to achieve.
- Small Business Goals: perhaps considering the dollar impact for small business project, consider loans in partnership with local bank to co-loan. This would make it easier for small companies to apply and would de facto support the local banking industry as well.

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Conversation with HID Global, September 7, 2017

Company Representatives: Dave Stewart, Vice President, Operations Integration, HID Global & Kevin Teehan, Executive Global Operations & Compliance, Corporate Strategy & Business, HID Global

Chamber of Commerce Representatives: Tina Cannon, Chamber of Commerce

City of Austin Attendees: Julia Campbell, Economic Development Department

Executive Summary:

The conversation with HID Global resulted in the following take-aways:

- HID Global reached out anonymously to Charisse Bodisch within the Chamber, and ultimately Charisse's personable nature was the main reason HID Global came to Austin.
- Charisse maintained that strong relationship and the City's Economic Development staff was helpful too, therefore their first impression and initial engagement with Austin as a city was a comfortable interaction.
- The perception was that the City's incentive process, however, was less than pleasant and highly political.
 - One particular interaction with a Council member was extremely combative, abusive and the Council member ultimately ended up apologizing for the interaction in a public setting.
- The M/WBE process was unpleasant as well. HID was told to conduct an open forum and invite MWBE businesses. When no businesses showed up to the event, the City then informed them they needed to redo the event and offer food. HID was unwilling to spend money and comply with this request and found the recommendation inappropriate.
- HID has complied with all other requirements. They volunteered for a monthly check-in with the City of Austin [SMBR] and built compliance into their operations.
- Without Charisse Bodisch, HID Global would not be in Austin, TX. The City was not at all welcoming and made it difficult from all sides.
- Austin was perceived to be competitive against Memphis, however ultimately Austin's onerous process was perceived as worth the effort.

Meeting Notes:

Julia Campbell, City of Austin EDD:

- Julia opened the meeting by providing a brief overview of the City's intention to review the current Chapter 380. Julia invited Kevin to share his experience with the City of Austin's incentive process.

Kevin Teehan:

- The Chamber went on a recruitment trip to California 3-4 years before HID's Austin project surfaced. Austin then was in the top 3 of 20. There was an early connection with the Chamber, but the ultimate decision to move to Austin was not necessarily connected to the trip.
- HID Global's CBRE Broker, Jonathan Sangster, an analyst with the firm, provided labor analytics, incentive analysis and introduced them back to the Chamber.
- HID Global reached out anonymously to Charisse Bodisch within the Chamber, and ultimately because of Charisse's personable nature, that was the main reason HID Global came to Austin.
- Charisse maintained that strong relationship and the City's Economic Development staff was helpful too, therefore their first impression and initial engagement with Austin as a city was a comfortable interaction.
- The Texas Enterprise Fund was both competitive and attractive (city and county)
- The perception was that the City's incentive process, however was less than pleasant and highly political.
 - One particular interaction with a Council member was extremely combative and abusive and the Council member ultimately ended up apologizing for the interaction in a public setting.

- HID's project was heavy manufacturing and complied with all necessary requirements. They decided ultimately to build rather than to lease and experienced what they called as a "disaster" when interacting with the City of Austin's permitting department.
- The M/WBE process was unpleasant as well. HID was told to conduct an open forum and invite M/WBE businesses. When no M/WBE businesses showed up to the event, the City [SMBR] then informed them they needed to redo the event and offer food. HID was unwilling to spend money and comply with this request and found the recommendation inappropriate.
- HID has complied with all other requirements. They volunteered for a monthly check-in with the city of Austin [SMBR] and built compliance into their operations.
- The supply chain monthly reporting process was already in place and therefore those requirements were smooth and achievable (for contracts over \$5K, which is nearly all of their business)
- There was not much structure around reporting expectations (all is in excel)
- They checked for SMBR against all bids over \$5K and sometimes this designation is a tie-breaker.
- Without Charisse Bodisch, HID Global would not be in Austin, TX. The city was not at all welcoming and made it difficult from all sides.
- Austin was perceived to be competitive against Memphis, however ultimately Austin's onerous process was perceived as worth the effort.
- HID Global is currently in expansion mode for professional hires and less manufacturing. 90% so far have been local hires. They are currently out of space for these types of jobs.
- They would be interest in workforce grant to develop a program with ACC for training program.
- HID would like to build on relationships with universities in the area