

**CHAPTER 380 BUSINESS EXPANSION AGREEMENT  
BETWEEN THE CITY OF AUSTIN  
AND ASTUTE ELECTRONICS INC.**

This Economic Development Agreement ("Agreement") is made and entered into as of January 9, 2020 ("Effective Date") by and between Astute Electronics Inc. ("Company"), a Corporation, with its principal place of business in Astute House, Rutherford Close, England, and the City of Austin, a home-rule municipal corporation situated in Hays, Travis and Williamson Counties, Texas ("City").

**RECITALS**

The City is authorized by Chapter 380 of the Texas Local Government Code to create programs for the grant of public money to promote state and local economic development and to stimulate local business and commercial activity in the City.

The City has authorized the creation of a Business Expansion Program under Chapter 380 of the Texas Local Government Code, which authorizes the City to make a grant of money to the Company to (i) make capital investments known as Astute Electronics expansion and (ii) create new full-time jobs / internships / apprenticeships in the City of Austin and (iii) provide other community benefits ((i), (ii), and (iii) together are the "Project").

The City may negotiate with the Company upon credible evidence that the incentive will either fill a gap that creates desirable outcomes for the City, or that the incentive addresses a competitive position around a relocation or expansion project that is considering viable alternative sites outside of the City.

The Project will further state and local economic development and stimulate business and commercial activity in Austin. The Company accepts the City's grant and agrees to accomplish the Project, the terms of which are the subject of this Agreement.

**WHEREAS**

The Company provides credible evidence that the incentive, if received, will either fill a gap that creates desirable outcomes for the City of Austin, or addresses a competitive position around a relocation or expansion project that is considering viable alternative sites outside of the City of Austin;

The Company is in a targeted industry, as identified by the City;

The Company is involved in a leading-edge technology; and

The Company has fewer than 50 employees worldwide.

**AGREEMENT**

The City and the Company agree as follows:

## 1. Company's Obligations

### 1.1 Compliance with Minimum Requirements:

- 1.1.01 Compliance with all Laws: In their application to participate in the City's Chapter 380 Business Expansion Program, Company certified that it is in compliance with all federal, state and local laws, rules and regulations. Company shall re-certify annually that it has complied and will continue to comply with all federal, state and local laws, rules and regulations. Evidence of noncompliance may be grounds for terminating the Agreement.
- 1.1.02 Compliance with City Regulations.
- a. For the construction of the Company's leasehold improvements, or the construction or remodeling of any future facilities in the City's planning jurisdiction during the term of this Agreement, the Company will comply with all City Code regulations, including water quality regulations in effect at the time any site plan application is filed, unless the Company has negotiated an agreement with the City to comply with overall impervious cover limits and provide the currently required water quality controls. This means the Company will not assert possible vested rights defined in Chapter 245 of the Texas Local Government Code to avoid compliance with water quality regulations during the term of this Agreement. If, during the term of this Agreement, a development does not comply with water quality regulations in effect at the time any site plan application is filed for such development, the City may terminate this Agreement under section 3.11(b).
  - b. If the Company is cited with a City Code environmental violation for the subject of the agreed incentivized project during the term of the Agreement, the City of Austin reserves the right to negotiate a cure period in which payment of the incentive will be withheld and, failure to cure the violation results in termination of the incentive agreement in accordance with Section 3.07.
- 1.1.03 Compliance with the City of Austin's Minority-Owned Business Enterprise and Women-Owned Business Enterprise Procurement Program. Company will have the right to subcontract for the provision of any improvements and services associated with the Project. The Contractor is strongly encouraged to comply with the City's Minority Business Enterprise/Women's Business Enterprise (MBE/WBE) procurement program, in City Code Chapters 2-9A, 2-9B, 2-9C, and 2-9D, when contracting for work associated with the Project. The existence of a subcontract will not relieve Company of any responsibility or liability to the City under this Agreement. Otherwise, Company may not assign, transfer, or convey any of its duties and responsibilities under this Agreement to another party without the advance written approval of the City and execution by such part of a written agreement with the City under which such party agrees to be bound by the duties and obligations of Company under this Agreement.
- 1.1.04 Anti-Harassment and Anti-Discrimination Practices. Company's written anti-harassment and anti-discrimination practices for its business operations and

work environment in Austin are attached as Exhibit "C". Company shall re-certify annually that it has complied with these practices and will continue to adhere to them. Evidence of noncompliance may be grounds for terminating the Agreement.

1.1.05 City of Austin Living Wage.

- a. Throughout the term of this Agreement, the Company shall ensure that all full-time employees and contract employees working in the City of Austin are paid no less than the City Living Wage, which is currently \$15.00 per hour, or as may be subsequently amended annually by the City.
- b. The City shall notify the Company whenever the City Living Wage rate is amended by City Council. The Company shall begin paying its Austin-Based Employees no less than the amended Living Wage within 30 calendar days of either the effective date of the amended Living Wage or the date the City notified the Company of the amended Living Wage, whichever is later.

1.1.06 Health Benefits.

- a. Throughout the term of this Agreement, the Company shall:
  1. Provide health insurance benefits to all employees in New Full-time Jobs and extend benefits to spouses and domestic partners of its employees in New Full-time Jobs and dependents of those spouses and domestic partners; or
  2. Facilitate access to health insurance coverage, such as providing a stipend to purchase insurance on the healthcare exchanges, for its employees in New Full-time Jobs and their spouses and domestic partners and dependents of those spouses and domestic partners.
- b. Benefits extended to employees' domestic partners and their dependents shall be the same benefits extended in the same manner as benefits extended to employees' spouses and their dependents.

1.1.07 Texas Government Code Chapter 2264. In accordance with Chapter 2264 of the Texas Government Code, the Company agrees not to knowingly employ any person who is not lawfully admitted for permanent residence to the United States or who is not authorized under law to be employed in the United States ("Undocumented Worker").

- a. During the term of this Agreement, the Company shall notify City of any complaint brought against the Company alleging that the Company has employed Undocumented Workers.
- b. If the Company, or a branch, division or department of the Company is convicted of a violation under 8 U.S.C. Section 1324a(f), the total amount of economic development grants it has received, together with interest at the rate of five percent (5%) from the date of each payment of an economic development grant, shall be repaid by the Company to the City

not later than the 120<sup>th</sup> day after the date the City notifies the Company of the violation.

- c. The City shall recover court costs and reasonable attorney's fees incurred if it prevails in an action brought pursuant hereto to recover past economic development grants and interest. The Company shall not be liable for a violation of Chapter 2264 by a subsidiary, affiliate, or franchisee, or by a person with whom the Company contracts.

1.1.08 Property Tax Protests. If the Company or an Affiliate protests the value of the real or business personal property comprising the Project, and the property valuation is reduced as a result of a successful property tax protest, then the Project shall be re-evaluated to determine whether it is still revenue-positive for the City. If it is determined that the Project is no longer revenue-positive for the City, then the City may adjust the amount of the incentive to make the Project revenue positive. Protests merely for reasons to correct information, such as clerical or typographical errors, are permitted and not prohibited by this subsection.

1.1.09 Certificate of Compliance and Inspection.

- a. Beginning January 31, 2021 and continuing each year thereafter during the term of this Agreement, the Company shall deliver to the City, on or before January 31 of each year, a Certificate of Compliance utilizing the form attached as Exhibit "D".
- b. In the Certificate of Compliance, the Company shall warrant to the City that it is in full compliance with each of its obligations under this Agreement.
- c. If at the time the Company delivers its Certificate of Compliance to the City, the value of any property comprising the Project is contested, the Company shall inform the City which property parcel(s) are contested. If the Company fails to notify the City and the City learns that the value of any property parcel comprising the Project was contested at the time the property taxes were paid, this Agreement will terminate immediately, and the Company will not be eligible for any further Chapter 380 incentives under this Agreement.
- d. The City, and/or its representative(s), including third-parties contracted by the City, has the right to inspect all relevant records of the Company as are reasonably necessary to verify compliance with all requirements of this Agreement. Inspections shall be preceded by at least two weeks' notice in writing to the Company.

## 1.2 Project Specifications

1.2.01 Anticipated Job Creation Schedule for New Full-time Jobs. The Company anticipates creating and retaining New Full-Time Jobs that employ Austin Residents as follows:

- a. 6 New Full-time Jobs before December 31, 2020;

- b. 14 cumulative New Full-time Jobs before December 31, 2021;
- c. 22 cumulative New Full-time Jobs before December 31, 2022; and
- d. 36 cumulative New Full-time Jobs before December 31, 2023.

1.2.02 Obligation to Create and Retain New Full-time Jobs that Employ Austin Residents. The Company shall create at least 29 New Full-Time Jobs that employ Austin Residents, located at the Company's Austin facility, by December 31, 2023.

1.2.03 New Full-time Job Creation and Retention Annual Obligations:

- a. In order to receive a Chapter 380 payment for performance during 2020, the Company must create at least 5 New Full-time Jobs, in addition to the Existing Full-time Jobs required to be retained in section 1.2.05 below, before December 31, 2020;
- b. In order to receive a Chapter 380 payment for performance during 2021, the Company must create at least 11 cumulative New Full-time Jobs, in addition to the Existing Full-time Jobs required to be retained in section 1.2.05 below, before December 31, 2021;
- c. In order to receive a Chapter 380 payment for performance during 2022, the Company must create at least 18 cumulative New Full-time Jobs, in addition to the Existing Full-time Jobs required to be retained in section 1.2.05 below, before December 31, 2022;
- d. In order to receive a Chapter 380 payment for performance during 2023, the Company must create at least 29 cumulative New Full-time Jobs, in addition to the Existing Full-time Jobs required to be retained in section 1.2.05 below, before December 31, 2023; and
- e. In order to receive a Chapter 380 payment for performance during 2024, the Company must retain at least 29 cumulative New Full-time Jobs, in addition to the Existing Full-time Jobs required to be retained in section 1.2.05 below, before December 31, 2024.
- f. If the Company does not create and/or retain the required number of New Full-time Jobs during any year, the Company forfeits that year's Chapter 380 payment.

1.2.04 Pay Schedule for Employees in New Full-time Jobs.

- a. The Company shall pay each New Full-time Employee no less than the City Living Wage, which is currently \$15.00 per hour, or as may be subsequently amended annually by the City.
- b. The City shall notify the Company whenever the City Living Wage rate is amended by City Council. The Company shall begin paying its New Full-time Employees no less than the amended Living Wage within 30 calendar days of either the effective date of the amended Living Wage or the date the City notified the Company of the amended Living Wage, whichever is later.

1.2.05 Retain Existing Full-time Jobs:

- a. The Company shall retain at least 4 full-time jobs at Astute Electronics Inc., which is currently located in Austin, throughout the term of this Agreement. To count towards satisfaction of this provision, each retained job must be a full-time job performed in the City of Austin by an employee of Astute Electronics Inc. who was employed by Astute Electronics Inc. as of the Effective Date of this Agreement (the "Existing Job").
- b. If on December 31 of any year during the term of this Agreement the number of Existing Jobs retained is less than 4, the number of New Full-Time Jobs required under sections 1.2.02 and 1.2.03 shall be increased job for job by the amount of the deficit in Existing Jobs.

1.2.06 Capital Investment Schedule. The Company shall expand its local operations within the City of Austin full-purpose limits. The Company shall ensure that after the Effective Date of this Agreement, and before December 31, 2020, the Company or its landlord, or owner of the real property at which the Project is located, has invested at least \$1,545,000 in business personal property.

**1.3 Community Benefits Compliance.** The Company shall demonstrate compliance annually with each of the following requirements.

1.3.01 Talent Development.

- a. By December 31, 2020, the Company shall provide a career ladder for at least 40% of the Project's Austin-Based Employees, including at least 25% of those employees whose salary is less than the median salary of the Project's Austin-Based Employees
- b. By December 31, 2020, the Company shall provide employer-paid educational opportunities offered to at least 50% of the Project's Austin-Based Employees whose salary is less than the median salary of the Project's Austin-Based Employees.
- c. By December 31, 2020, the Company shall provide at least three weeks of paid leave to any Austin-Based Employee upon the birth or adoption of a child.

1.3.02 Diversity, Inclusion & Equity. The Company shall have written policies and procedures regarding diversity, inclusion and equity in hiring and workplace culture.

1.3.03 Connection to Underserved Communities.

- a. The City recognizes the following zip codes as underserved communities: 78702, 78721, 78723, 78724, 78741, 78742, 78744, 78752, 78753, and 78758.
- b. By December 31, 2020, the Company shall incentivize its employees to volunteer annually for job training and employment outreach opportunities offered to residents of underserved communities.

1.3.04 Civic Engagement. The Company shall provide all its Austin-Based Employees paid time off to vote in elections.

1.3.05 Sustainable Business Practices

- a. The Company shall offer recycling and organics diversion at all facilities to all employees, customers, and tenants. The Company shall implement several practices or policies to support zero waste beyond the minimum requirements of the city Universal Recycling Ordinance.
- b. The Company shall incentivize employees' use of Alternative Transportation Modes by providing the following benefits to all New Full-time Employees.
  1. Secure bicycle parking that is conveniently located;
  2. Teleworking and alternate work schedules that compress work weeks and/or use flexible start and end times to encourage travel outside of the peak congested periods;
  3. Transportation information such as:
    - a. transportation options tailored by the specific office location in all employee handbooks and presented as part of new employee orientation,
    - b. one-on-one commute route planning assistance,
    - c. information provided on company website, in the break rooms, and in internal newsletters;
  4. A dedicated staff member available to coordinate programming and be a transportation resource to all Austin-Based Employees.

**1.4 Compliance with Additional Obligations.** The Company's Project is located outside of downtown Austin in a high frequency transit corridor; Transit Oriented Development; or Regional Center, Town Center, Job Center, or Neighborhood Center identified in the Growth Concept Map in the Imagine Austin Plan; and/or locate within 1/4 mile of a rail or bus stop that is accessible by safe pedestrian and bicycle routes.

## 2 City's Obligations

2.1 Economic Development Incentive. Subject to Section 3.02 (Payments Subject to Future Appropriations), during the Term of this Agreement, provided the Company has demonstrated compliance with its obligations under this Agreement, City shall pay to the Company annual Chapter 380 payments as prescribed in this section 2.

2.1.01 The City's total obligation to the Company under this Agreement shall not exceed:

- a. \$1,332 for the Company's performance through December 31, 2020; plus

- b. \$3,108 for the Company's 2021 performance; plus
- c. \$4,884 for the Company's 2022 performance; plus
- d. \$7,992 for the Company's 2023 performance; plus
- e. \$7,992 for the Company's 2024 performance.
- f. The City's total obligation to the Company under this Agreement shall not exceed \$25,308.

2.1.02 For the Company's annual obligations performed after the Effective Date of this Agreement and continuing through December 31, 2024, by October 31 of the following year, provided the Company has complied with its obligations under this Agreement, the City shall pay the Company the lesser of:

- a. the maximum payment for that year according to section 2.1.01 above, or
- b. \$185 for each Austin Resident employed by the Company in a New Full-Time Job as of December 31 of the applicable year.

2.2 Schedule for Incentive Payments. Provided the Company has demonstrated compliance with the terms of this Agreement, and the prior year value of no Project property parcel was contested as of January 31 of the year following the applicable year, a Chapter 380 Payment shall be paid to the Company by the City on an annual basis for the preceding year, on or before October 31<sup>st</sup>. The first Chapter 380 Payment shall be based on the Company's performance during 2020, and shall be paid on or before October 31, 2021, provided the Company has demonstrated compliance with the terms of this Agreement, and the Year1 value of no Project property parcel was contested as of January 31, 2021. The last Chapter 380 Payment shall be based on the Company's performance during 2024, and shall be paid on or before October 31, 2025, provided the Company has demonstrated compliance with the terms of this Agreement, and the 2024 value of no Project property parcel was contested as of January 31, 2025.

### 3. General Terms

3.01 Term. This Agreement shall become enforceable upon execution by the City and the Company. Unless this Agreement is terminated earlier in accordance with Section 3.07 or 3.11, or the Company is engaged with the City to demonstrate the Company's compliance under this Agreement, or the value of any Project property parcel is contested as of December 31, 2024, the Company's obligations to perform under this Agreement shall be completed on December 31, 2024 and the City shall make its final payment to the Company under this Agreement on or before October 31, 2025, provided the Company has demonstrated compliance with the terms of this Agreement. If, as of December 31, 2024, the value of any Project property is contested, the Project will be evaluated after the value of all Project property has been settled. If the City finds that the Project is still revenue-positive to the City, the City's final payment will be made after compliance during 2024 has been demonstrated by the Company.



- 3.02 Payments Subject to Future Appropriation. This Agreement shall not be construed as a commitment, issue, pledge or obligation of any specific taxes or tax revenues for payment to the Company.
- a. All payments or expenditures made by the City under this Agreement are subject to the City's appropriation of funds for such payments or expenditures to be paid in the budget year for which they are made.
  - b. The payment(s) to be made to the Company, or other expenditure(s) under this Agreement, if paid, shall be made solely from annual appropriations of the City as may be legally set aside for the implementation of Article III, Section 52a of the Texas Constitution, Chapter 380 of the Texas Local Government Code, or any other economic development or financing program authorized by statute or home-rule powers of the City under applicable Texas law, subject to any applicable limitations or procedural requirements.
  - c. In the event the City does not appropriate funds in a given fiscal year for payments due or expenditures under this Agreement, the City shall not be liable to the Company for such payments or expenditures unless and until appropriation of the necessary funds is made; provided, however, that the Company, in its sole discretion, shall have the right, but not the obligation, to terminate this Agreement and shall have no obligations under this Agreement for the year in which the City does not appropriate the necessary funds and the remainder of the Term.
  - d. To the extent there is a conflict between this Section and any other language or covenant in this Agreement, this Section shall control.
- 3.03 Offset for Taxes Owed. The Company acknowledges that the City has provided notice of Article VIII, Section 1 of the Austin City Charter which prohibits the payment of any money to any person who is in arrears to City of Austin for taxes, and of § 2-8-3 of the Austin City Code concerning the right of City of Austin to offset indebtedness owed City of Austin.
- 3.04 Right to Audit. The Company agrees that the representatives of the Office of the City Auditor, or other authorized representatives of the City, shall have access to, and the right to audit, examine, or reproduce, any and all records of the Company related to the performance under this Agreement. The Company shall retain all such records for a period of three years after final payment on this Agreement or until all audit and litigation matters that the City has brought to the attention of the Company are resolved, whichever is longer. The Company agrees to refund to the City any overpayments disclosed by any such audit. The Company shall include this section in all subcontractor agreements entered into in connection with this Agreement.
- 3.05 Representations and Warranties. The City represents and warrants to the Company that the economic development program and this Agreement are within its authority, and that it is duly authorized and empowered to establish the economic development program and enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. The Company represents and warrants to the City that it has the requisite corporate authority to enter into this Agreement.

3.06 INDEMNIFICATION, HOLD HARMLESS, AND DUTY TO DEFEND.

- a. IN THIS SECTION, THE FOLLOWING TERMS HAVE THE MEANINGS ASSIGNED BELOW:
1. "INDEMNIFIED PARTY" IS THE CITY AND THE CITY'S OFFICERS, ELECTED AND APPOINTED OFFICIALS, EMPLOYEES, AGENTS, REPRESENTATIVES, SUCCESSORS AND ASSIGNS.
  2. "INDEMNIFYING PARTY" IS THE COMPANY, ITS OFFICERS, AGENTS, EMPLOYEES, SUBCONTRACTORS, SUCCESSORS AND ASSIGNS.
- b. THE INDEMNIFYING PARTY SHALL INDEMNIFY, HOLD HARMLESS, AND DEFEND THE INDEMNIFIED PARTY AGAINST ANY AND ALL LOSSES, DAMAGES, LIABILITIES, DEFICIENCIES, CLAIMS, CAUSES OF ACTION, JUDGMENTS, SETTLEMENTS, INTEREST, AWARDS, PENALTIES, FINES, COSTS OR EXPENSES, INCLUDING PROFESSIONAL FEES AND ATTORNEYS' FEES, THAT ARE INCURRED BY THE INDEMNIFIED PARTY ARISING OUT OF ANY DIRECT OR THIRD PARTY CLAIM OF:
1. BREACH OR NON-FULFILLMENT OF ANY PROVISION OF THIS AGREEMENT BY THE INDEMNIFYING PARTY;
  2. ANY FALSE REPRESENTATION OR WARRANTY MADE BY THE INDEMNIFYING PARTY IN THIS AGREEMENT OR IN THE INDEMNIFYING PARTY'S PROPOSAL/RESPONSE LEADING TO THIS AGREEMENT;
  3. ANY NEGLIGENT OR MORE CULPABLE ACT OR OMISSION OF THE INDEMNIFYING PARTY, INCLUDING ANY RECKLESS OR WILLFUL MISCONDUCT, RELATED TO THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT;
  4. BODILY INJURY; DEATH OF ANY PERSON; OCCUPATIONAL ILLNESS OR DISEASE; LOSS OF SERVICES, WAGES, OR INCOME; OR DAMAGE TO REAL OR PERSONAL PROPERTY CAUSED BY THE NEGLIGENT OR MORE CULPABLE ACTS OR OMISSIONS OF INDEMNIFYING PARTY, INCLUDING ANY RECKLESS OR WILLFUL MISCONDUCT; OR
  5. ANY FAILURE OF THE INDEMNIFYING PARTY TO COMPLY WITH ANY APPLICABLE FEDERAL, STATE, OR LOCAL LAWS, REGULATIONS, OR CODES RELATED TO THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT.

**THE INDEMNIFYING PARTY'S OBLIGATIONS UNDER THIS SECTION ARE NOT EXCUSED IN THE EVENT A CLAIM IS CAUSED IN PART BY THE ALLEGED NEGLIGENCE OR MORE CULPABLE ACTS OR OMISSIONS OF THE INDEMNIFIED PARTY, INCLUDING ANY RECKLESS OR WILLFUL MISCONDUCT.**

- c. THE INDEMNIFIED PARTY SHALL GIVE THE INDEMNIFYING PARTY WRITTEN NOTICE (A "CLAIM NOTICE") OF ANY CLAIM RECEIVED RELATED

TO THIS AGREEMENT. THE INDEMNIFYING PARTY'S DUTY TO DEFEND APPLIES IMMEDIATELY. THE INDEMNIFIED PARTY'S FAILURE TO PROVIDE A CLAIM NOTICE TO THE INDEMNIFYING PARTY DOES NOT RELIEVE THE INDEMNIFYING PARTY OF ITS DUTY TO INDEMNIFY, HOLD HARMLESS AND DEFEND THE INDEMNIFIED PARTY.

- d. THE INDEMNIFIED PARTY MAY SELECT ITS OWN LEGAL COUNSEL TO REPRESENT ITS INTERESTS. THE INDEMNIFYING PARTY SHALL:
    - 1. REIMBURSE THE INDEMNIFIED PARTY FOR ITS COSTS AND ATTORNEY'S FEES IMMEDIATELY UPON REQUEST, AS THEY ARE INCURRED, AND
    - 2. REMAIN RESPONSIBLE TO THE INDEMNIFIED PARTY FOR ANY LOSSES INDEMNIFIED UNDER THIS SECTION.
  - e. THE INDEMNIFYING PARTY SHALL GIVE PROMPT, WRITTEN NOTICE TO THE INDEMNIFIED PARTY OF ANY PROPOSED SETTLEMENT OF A CLAIM THAT IS INDEMNIFIABLE UNDER THIS SECTION. THE INDEMNIFYING PARTY MAY NOT, WITHOUT THE INDEMNIFIED PARTY'S PRIOR, WRITTEN CONSENT, SETTLE OR COMPROMISE ANY CLAIM OR CONSENT TO THE ENTRY OF ANY JUDGMENT REGARDING WHICH INDEMNIFICATION IS BEING SOUGHT UNDER THIS SECTION.
  - f. MAINTENANCE OF THE INSURANCE REQUIRED BY THIS AGREEMENT SHALL NOT LIMIT THE INDEMNIFYING PARTY'S OBLIGATIONS UNDER THIS SECTION. THE INDEMNIFYING PARTY SHALL REQUIRE ALL SUBCONTRACTORS TO INDEMNIFY THE CITY IN THE SAME MANNER AS PROVIDED IN THIS SECTION.
- 3.07 Event of Default. If either the City or the Company should fail in the performance of any of its obligations under this Agreement, such failure or omission to perform shall constitute an "Event of Default" under this Agreement. Except as otherwise provided in this Agreement, when an Event of Default occurs, the non-defaulting party shall provide the defaulting party with written notice of the alleged Event of Default (pursuant to Section 3.13, below), and allow the defaulting party a minimum period of 90 calendar days after the receipt of this notice to cure such Event of Default, prior to terminating this Agreement, instituting an action for breach of contract or pursuing any other remedy for the event of default.
- 3.08 Entire Agreement. This Agreement contains the entire agreement between the Parties. All prior negotiations, discussions, correspondence, and preliminary understandings between the parties and others relating to the Parties' obligations are superseded by this Agreement. This Agreement may only be modified, altered or revoked by written amendment signed by the City and the Company.
- 3.09 Binding Effect. This Agreement shall be binding on and inure to the benefit of the Parties, their respective successors and assigns.
- 3.10 Assignment. Except as provided below, the Company may not assign its rights or obligations under this Agreement to a third party without prior written approval of the City. The City's approval of the assignment shall not be unreasonably withheld,

conditioned or delayed. Notwithstanding anything to the contrary, the Company may assign all or part of its rights and obligations under this Agreement without the prior consent of the City to an affiliate of the Company in which the Company owns at least a fifty percent (50%) interest, or to a third party lender advancing funds for the acquisition, construction or operation of the Company's Astute Electronics. The Company shall use best efforts to notify the City of any pending assignments when an assignment under this section is imminent and immediately upon completion or closing of such an assignment.

3.11 Termination.

- a. Termination by the Company for convenience. In the event the Company elects not to proceed with the Project as contemplated by this Agreement, the Company shall notify the City in writing, and this Agreement and the obligations on the part of both Parties shall be deemed terminated and of no further force or effect.
- b. Termination for Cause. If either Party to this Agreement fails to meet its obligations under this Agreement, and the non-defaulting party provides notice of the Event of Default as set forth in Section 3.07, above, and the Event of Default is not cured within the 90 calendar day cure period, this Agreement may be terminated by the non-defaulting party after expiration of the 90 calendar day cure period.

3.12 Force Majeure. No party shall be liable or responsible to the other, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement, when and to the extent such failure or delay is caused by or results from the following force majeure events ("Force Majeure Events"): (a) flood, fire, earthquake, hurricane, tornado, or other 'acts of God;' (b) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest; (c) national or regional emergency; (d) other similar events beyond the control of the party impacted by the Force Majeure Event (the "Impacted Party"). The Impacted Party shall give notice, by email or telephone, confirmed promptly in writing, within five business days of the Force Majeure Event to the other party, stating how long the occurrence is expected to continue. The Impacted Party shall use diligent efforts to end the failure or delay and ensure the effects of the Force Majeure Event are minimized. The Impacted Party shall resume the performance of its obligations as soon as reasonably practicable. In the event that the Impacted Party's failure or delay remains uncured for a period of 90 days, the other party may terminate this Agreement upon 15 days' written notice.

3.13 Notice. Any notice and/or statement required or permitted to be delivered shall be deemed delivered by actual delivery, by facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses:

*To the Company:*

Astute Electronics Inc.  
Attn: Dane Reynolds, Vice President of Operations  
7719 Wood Hollow Drive  
Suite 201  
Austin Texas, 78731

Phone: 512-524-2999  
Re: Chapter 380 Business Expansion Agreement

*To the City:*

City of Austin  
Attn: City Manager  
301 West 2<sup>nd</sup> Street  
Austin, Texas 78701  
(P.O. Box 1088, Austin, Texas 78767)  
Phone: (512) 974-2200  
Fax: (512) 974-2833

*with copies to:*

City of Austin  
Attn: Director, Economic Development Department  
301 West 2<sup>nd</sup> Street  
Austin, Texas 78701  
Phone: (512) 974-7802  
Fax: (512) 974-7825

City of Austin  
Attn: City Attorney, Law Department  
301 West 2<sup>nd</sup> Street, 4th Floor  
Austin, Texas 78701  
Phone: (512) 974-2268  
Fax: (512) 974-2894

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

- 3.14 Attorney's Fees. In consideration of the award and execution of this Agreement and in consideration of the City's waiver of its right to attorney's fees, the Company knowingly and intentionally waives its right to attorney's fees under Section 271.153 of the Texas Local Government Code in any administrative proceeding, alternative dispute resolution proceeding, or litigation arising out of or connected to this Agreement.
- 3.15 Cumulative Remedies. All rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the parties, or otherwise.
- 3.16 Election of Remedies; No Waiver. Neither the exercise of nor the failure to exercise a right or to give notice of a claim under this Agreement shall constitute an election or waiver of remedies or limit a party in any manner in the enforcement of any other remedies that may be available to the party, whether at law or in equity.
- 3.17 Interpretation. Each of the Parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall be interpreted as

being drafted by both Parties in conjunction with the other, neither more strongly for, nor against any party.

- 3.18 Applicable Law and Venue. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas. Venue for any dispute arising under this Agreement shall lie in the state courts of Travis County, Texas.
- 3.19 Change in Law. Any alterations, additions, or deletions to the terms of the Agreement that are required by changes in federal or state law or regulations are automatically incorporated into the Agreement without written amendment, and shall become effective on the date designated by such law or regulation.
- 3.20 Severability. In the event any provision(s) of this Agreement is deemed illegal, invalid or unenforceable under present or future law(s) by a court of competent jurisdiction, it is the intention of the Parties that the remainder of this Agreement shall not be affected. It is also the intention of the Parties that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision will be substituted by written amendment to this Agreement which is legal, valid or enforceable and similar in terms to the provision deemed to be illegal, invalid or unenforceable.
- 3.21 Survival of Obligations. All provisions of this Agreement that impose continuing obligations on the parties, including but not limited to warranty, indemnification, limitation of liability, and confidentiality, shall survive the expiration or termination of this Agreement.
- 3.22 Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.
- 3.23 No Third Party Beneficiaries. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party.
- 3.24 Independent Contractor. The parties intend that the Company is and shall be an independent contractor. The parties do not intend for this Agreement to create an employer/employee relationship, a partnership, joint enterprise, or a joint venture. The parties intend that this Agreement does not provide the Company or its employees with any benefits, rights, or privileges afforded to City employees and that the Company is responsible for paying its own taxes.
- 3.25 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. The City, its past, current and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with the Astute Electronics or the design, construction or operation of any portion thereof.
- 3.26 Public and Confidential Information. All records and information provided to the City and its representatives to verify compliance with this Agreement, including monthly and annual reports shall be considered public information, and shall be available for public inspection, and may be posted on the City's website without further advance notice to the Company. Other information provided by or on behalf of the Company

under or pursuant to this Agreement that the Company considers as proprietary shall be maintained as confidential to the extent allowed by law. If proprietary financial or trade secret information is requested under the Texas Public Information Act, the City shall follow the standards set out in the Act and under the Texas Attorney General's procedures for such requests, and the Company shall be responsible for defending the confidentiality of such information.

3.27 Required Anti-Boycott Israel Provision. Pursuant to *Amawi v. Pflugerville Independent School District*, 373 F.Supp.3d 717 (W.D. Texas 2019), the State of Texas is preliminarily enjoined from enforcing this provision. However, if that injunction is lifted, this provision will apply to the Agreement:

- a. Pursuant to §2270.002, Texas Government Code, the City is prohibited from entering a contract with a value of \$100,000 or more with a company for goods or services unless the contract contains a written verification from the company that it does not boycott Israel and will not boycott Israel during the term of the contract.
  1. "Boycotting Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business with Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.
  2. A "company" means a for-profit organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly-owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit and have 10 or more full-time employees. Sole proprietorships are excluded from this definition.
- b. Pursuant to this statutory requirement, the Company provides this written verification that, if the Company is a company as defined above, it does not boycott Israel and will not boycott Israel for the term of this Agreement.
- c. The Company's obligations under this Section, if any exist, will automatically cease or be reduced to the extent that the requirements of Texas Government Code Chapter 2270 are subsequently repealed, reduced, or declared unenforceable or invalid in whole or in part by any court or tribunal of competent jurisdiction or by the Texas Attorney General, without any further impact on the validity or continuity of this Agreement.

3.28 Electronic Signatures. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic Signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures, pursuant to the Texas Uniform Electronic Transactions Act, Tex. Bus. & Com. Code §322.001 *et seq.*

3.29 Counterparts. This Agreement may be executed in several identical counterparts by the Parties on separate counterparts, and each counterpart, when so executed and delivered, shall constitute an original instrument, and all such separate counterparts combined shall constitute one (1) original agreement.

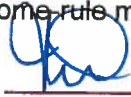
EXECUTED by the authorized representatives of the Parties on the dates indicated below.

**Astute Electronics Inc.**  
a Corporation

By:   
Dane Reynolds  
Vice President of Operations

Date: January 8th, 2020

**CITY OF AUSTIN,**  
a home-rule municipal corporation

By:   
Veronica Briseno  
Director, Economic Development Dept.

Date: January 9, 2020

Approved as to form and substance:

  
Ron Pigett, Assistant City Attorney

**EXHIBITS:**

- Exhibit "A": Chapter 380 Business Expansion Program Guidelines
- Exhibit "B": Chapter 380 Business Expansion Program Definitions
- Exhibit "C": Anti-Harassment and Anti-Discrimination Practices
- Exhibit "D": Certificate of Compliance



CITY OF AUSTIN  
ECONOMIC DEVELOPMENT  
**Business Expansion  
Program Guidelines**  
A Chapter 380 Program

City of Austin Economic Development Department

2018 – 2023

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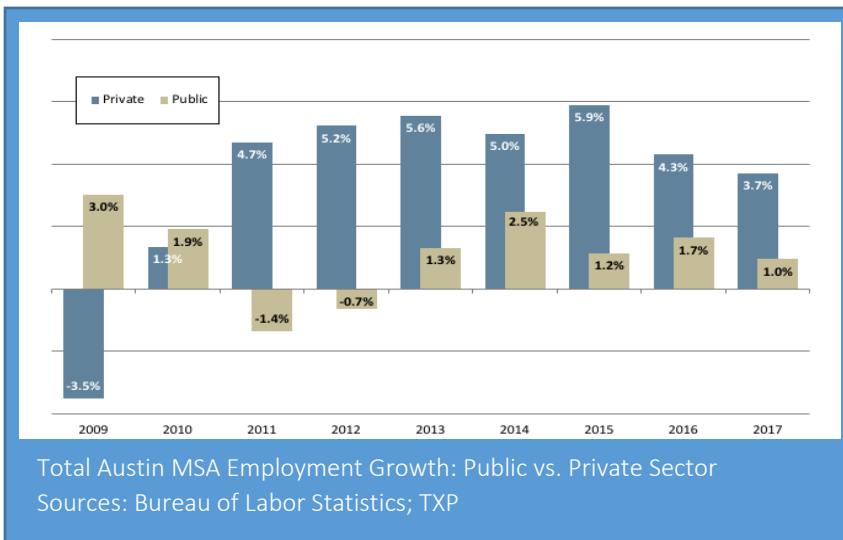
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## Context to City Program Development

### Recent Economic Trends:

In both absolute and percentage terms, the rate of growth in the Austin metro area (MSA) fell slightly during 2017, but the pace and level of growth remain among the most expansive in major metro areas in the country. Job growth (as measured by the employer survey) was slightly slower last year with 32,300 net new jobs added, the growth rate of 3.2% was off from 3.8% during 2016.

Most of this growth remains in the commercial sectors of the economy, reflecting continued population increases, while consumer spending has stabilized in recent quarters. Meanwhile, patent activity in the Austin MSA rose slightly from 2016 to 2017 (4,179 patents issued last year, up from 4,036), while venture capital in the region moved past \$1 billion in 2017. Tourism remains a growing element of the local economy, as annual hotel revenue in the City has doubled over the past ten years. Housing markets remain tight, and prices continue to rise.



While overall economic growth remains positive, wages have not kept pace with job growth, particularly on the lower end of the pay scale. According to the Texas Workforce Commission (TWC), average weekly wages in Travis County climbed from \$1,040 in 2011 to \$1,190 last year, a gain of slightly less than 15%.

As wages have fallen behind, costs have risen rapidly, especially for housing. The American Community Survey indicates that median monthly housing costs in the City increased almost 24% from 2011-

2016, well beyond wage growth. In that same vein, Texas A&M's Real Estate Research Center, using Austin Board of Realtors data, reports that the median price of a local home sold rose from \$215,000 in 2011 to \$323,000 last year, a gain of over 50%. Given the above, it's not surprising that A&M ranks Travis County as the least affordable housing market among Texas' major urban areas.

Slowing job growth puts focus on continued job creation, especially at a time when competition is intense. City economic development policy should be broad enough to foster the expansion of existing local business, support local entrepreneurs, and accommodate incentivizing selected relocations. However, the character of the jobs created and those who have access to them matters, as recent job growth without commensurate wage increases means that many in Austin are under-employed, which makes rapidly rising costs even more burdensome. Partially as a result, poverty remains largely intractable in Austin. For example, during 2010, those who were at 100% of the poverty rate accounted for 18.4% of Austin's population; after five years of strong overall economic growth, that figure had only improved to 18.0%. At the same time, there are a significant number who continue to face employment barriers. Of those adults age 16-64 listed at 100% of the poverty level, 68.7% reported having worked at some point during 2015, an implied unemployment rate of more than 30%. In addition, there are more

than 75,000 people in the City who report having a disability, as well as many who are in recovery from substance abuse or who have had a recent experience with the criminal justice system. It is these populations, those who are under-employed, chronically unemployed, and outside the labor force, who are in most need of economic development assistance.

In sum, Austin remains among the most prosperous communities in the nation, but the benefits of this prosperity have not been equitably distributed. As a result, a significant focus of the programs to be created is on the creation of better jobs paying better wages across industries, occupations, skill sets and communities. Under the authority granted by the State of Texas's Chapter 380 statute, the City of Austin seeks to develop programs that address this need, while also strengthening the local economy and tax base, sustaining economic activity and building resilience against national economic downturns. The following program guidelines have been developed relating to incentives to employers for both existing firms in the area and possible relocations. Please see the associated Economic Development Guiding Principles document for more information on how program criteria and process has been developed.

## Business Expansion Program Portfolio Structure

### Program Values & Priority Goals:

The Business Expansion Program Portfolio seeks to address the following general priorities as identified by community need, Austin City Council objectives, community strategic direction and current market conditions:

- High priority consideration given for jobs that provide above industry standard compensation for middle-skill workers;
- Heightened efforts are made to maximize meaningful labor force participation for Targeted Hiring populations (see page 12) and those facing socio-economic hardships that act as barriers for accessing local employment opportunities;
- Area of focus is on connecting the City's values for accessibility to employment and quality working environments to small and local business with expansion opportunities;
- Business expansion projects that yield benefits to the community beyond local tax base contribution, and;
- The City regulatory environment as it relates to business growth and development could be offset.

### Minimum Requirements for Business Expansion Program Portfolio Qualification:

Outlined below are the Minimum Requirements for proposal consideration within any of the Business Expansion Program Portfolio Categories. The below list reflects requirements that appear in each of the Business Expansion Program Portfolio Categories, however projects may comply differently with some requirements depending on the General Eligibility criteria outlined for each specific Category:

- Project provides 'But For' statement: Applicant must provide credible evidence that the incentive either fills a gap that creates desirable outcomes, or that the project addresses a competitive position around a relocation or expansion project that is considering viable alternative sites outside of Austin.
- Applicants to all Chapter 380 grant and loan programs shall be required to sign and comply with a City-provided form specifying the entity is in compliance with all federal, state and local laws and authorities. Evidence of noncompliance may be grounds for terminating the agreement. At its discretion, the City may work with the recipient to develop a plan and timeline for becoming compliant.
- Incentive recipients will comply with all City Code requirements, including environmental requirements, in effect at the time the Chapter 380 agreement is executed. Absent a negotiated agreement with the City, an incentive recipient shall not petition for potential vested rights under any provision of Chapter 25 of the City Code, or Chapter 245 of the Texas Local Government Code, for the Chapter 380 project that is the subject of the agreement. Incentive recipients agree to comply with City environmental requirements on all future development that is the subject of the agreement. If the recipient is cited with a City Code environmental violation for the subject of the agreed incentivized project during the term of the agreement, the City of Austin reserves the right to negotiate a cure period in which payment of the incentive will be withheld and, failure to cure the violation results in termination of the incentive agreement in accordance with the standard termination provisions in the Chapter 380 agreements;
- Project complies with the City of Austin's MBE/WBE Ordinance through the Minority-Owned and Women-Owned Business Enterprise Procurement Program;

- If applicable to a project with capital expenditures in the form of construction:
  - All construction workers hired for construction of the project will be provided Workers Compensation Insurance and OSHA 10 Training;
  - All construction work on the project must comply with the City's established prevailing wage program that is used on City of Austin public works projects;
  - The project will ensure all employees are paid no less than the City's living wage and as it may be adjusted annually, including full-time employees and contract employees, and if applicable to a project with capital expenditures in the form of construction, construction workers hired for construction work will be paid at least the City's living wage.
- Company may protest property tax valuation, however in the event the tax valuation of the property has been lowered as a result of a successful protest, the City will evaluate the impact of the new valuation on the net fiscal position of the City and may reduce the incentive amount to reflect the lowered property value;
- Company provides written policies to support anti-harassment and anti-discrimination practices for business operations and work environment in the City. Applicants to all Chapter 380 grant and loan programs shall be required to sign and comply with a City-provided form specifying non-discrimination and anti-harassment policies and practices. Evidence of noncompliance may be grounds for terminating the agreement. At its discretion, the City may work with the recipient to develop a plan and timeline for becoming compliant;
- The City living wage must be paid to the Austin-based employees of the business receiving incentives, and there will be no waiver or exception process for this wage requirement. This requirement applies in addition to and not as a substitute for the requirement for firms to provide wages above the industry median wage.
  - Economic incentives shall only be granted to higher-wage firms for providing community benefits other than high wage jobs;
  - For economic incentives provided to higher-wage firms, economic incentives shall only be granted to those firms for providing other community benefits other than high wage jobs. Such community benefits could include, but would not be limited to, achieving the goal of the Workforce Master Plan: bringing Austinites up from below 200% of the federal poverty line into jobs that lift them above that standard;
- Company provides company-sponsored health insurance benefits for all new full-time employees, or Company provides a written explanation of how it is facilitating access to health insurance coverage for its employees (such as providing a stipend to purchase insurance on the healthcare exchanges) that is deemed to adequately satisfy the provision of the health insurance requirement;
  - Company extends those health insurance benefits stated above to domestic partners of employees and their dependents. The company's policy should reflect the definition of a domestic partner as an individual who lives in the same household and shares the common resources of life in a close, personal, intimate relationship with an employee if under Texas law the individual would not be prevented from marrying the employee on account of age,

consanguinity or prior undissolved marriage to another. A domestic partner may be of the same, or opposite, gender as the employee;

## Incentives to Employers Categories

To achieve the Business Expansion Program Portfolio Values and Priority Goals, the following program guidelines are organized into three broad categories:

**Category 1: Existing Local Expansions**

**Category 2: Opportunity for Employment**

**Category 3: External Relocations**

### *Category 1: Existing Local Expansions*

#### **Category Values & Priority Goals:**

The Existing Local Expansions category of the Business Expansion Program Portfolio seeks to connect employment and quality working environments to small and local business with expansion opportunities, addresses rising costs and access to capital/financing for businesses, facilitates filling market gaps in the provision of certain goods and services in Targeted Areas, provides relief from the City's regulatory environment as it relates to business growth and development, and in turn provides benefits to the community beyond local tax base contribution. Potential users of this program will span a wide range, from small/local firms, to "mom-and-pop" shops, to growing start-ups, to large corporations looking to grow locally.

#### **General Eligibility:**

The Company will comply with Minimum Requirements as stated in the Business Expansion Program Portfolio Qualifications and includes the following additional eligibility requirements, as stated below:

- The company has a registered and operational location within the City of Austin;
- The company can receive incentives for either internships or full-time positions (defined as working at least 1,500 hours annually). All positions must pay at least the City's Living Wage;
- Small Projects: 5-24 Jobs Created: The Company will create between 5 and 24 full-time jobs that employ Austin residents (defined as any individual having a permanent address within the Austin MSA before starting date of employment);
- Medium Projects: 25-74 Jobs Created: Projects creating 25 to 74 full-time jobs that employ Austin residents (defined as any individual having a permanent address within the Austin MSA before starting date of employment);
- Large Projects: 75 and Above Jobs Created: Projects creating more than 75 full-time jobs that employ Austin residents (defined as any individual having a permanent address within the Austin MSA before starting date of employment).

#### **Exceptions:**

There are no available Exceptions to the Eligibility Requirements Category 1 Projects: Existing Local Expansions

#### **Cost-Benefit Analysis:**

Staff will include a cost-benefit analysis in the consideration of the project and the analysis will be factored in to the resulting Project Score (see "Project Score") that informs the level of incentive available to the project. For

some projects, depending on the complexity and anticipated impact, the City may determine that an outside or third-party cost-benefit analysis is necessary. Measures for the Cost-Benefit Analysis could include, but are not limited to, construction and development costs, net new jobs additions, hiring timeline, wages, facility costs that impact water and electricity infrastructure and other project-related financial information. A net fiscal position for the City will be determined from this analysis to help inform the level of appropriate investment, coupled with other program criteria measures and Score Card (see “Project Score”). The cost-benefit tool and resulting value is not the sole determinant of the value of the total potential incentive offer.

### **Return on Investment (ROI) Including Community Benefits:**

It is anticipated that not all qualifying projects that participate in this Existing Local Expansions program will produce a net positive fiscal impact for the City of Austin. This program is intended to support economic development value outside a revenue-positive fiscal impact for the City, but all projects must have at least a revenue-neutral fiscal impact for the City, focusing on providing additional resources for existing, local firms in the Austin market who seek to hire local residents. Given the rising cost of doing business and increased financial pressure on existing, local businesses, this program does not contain a requirement for projects to provide the City with a revenue-positive fiscal position to make a financial incentive offer.

Return on Investment that includes Community Benefits seeks to assign a “value” to elements of a project outside the sales and property tax based financial profile. These Community Benefits are another factor in determining the level of appropriate investment for the City to realize those community benefits, outside of tax revenue. Below is a list of Community Benefits that are considered “valuable” in the overall analysis of the proposed project in this Category:

- **Talent Development:** Demonstrate accessibility and delivery of employment opportunities to the economically disadvantaged and the Targeted Hiring population (see pg. 12). Demonstrate the advancement of employee skills by offering a career ladder, educational opportunities, and training such as apprenticeships, paid internships, coop learning, work-study, etc.
  - Collaborate with local schools for talent pipeline development through programs that include recruitment, internships, apprenticeships, and education of opportunities in the industry.
  - Other community benefit programs could include tuition reimbursement, parental leave/childcare programs, coordination with colleges and community colleges, workshop training, workforce development and upskilling.
- **Hiring:** Demonstrate recruitment and retention efforts, defined by hiring and employee development practices that produce equity measures to provide pathways for underrepresented minorities and racial/gender disparities.
- **Diversity, Inclusion & Equity:** Demonstrate diversity, inclusion, and equity practices and/or policies at the executive level, in the leadership profile, across the workforce and illustrate the presence of affinity groups, promotional efforts and equitable support of those groups to actively engage the workforce.
- **Neighborhood Connection:** Employer growth that affects the neighborhood or community the business services by creating jobs near workers, delivering goods or services to the surrounding community, offering training opportunities for neighborhood residents, delivers or integrates workforce housing development and includes other community solidification elements, such as communal green space and parks, local volunteer opportunities for employees, participating in local arts and culture organizations, and involvement in other initiatives that amplify Austin’s neighborhood culture.



- Local Partnerships: Partner and/or engage with local groups, non-profits, schools and small businesses to align with local values and needs. These partnerships could demonstrate any of the following:
  - Enhance relationships with local organizations and support local culture;
  - Develop and participate in neighborhood groups;
  - Promote industry diversity, encourage entrepreneurship and support small businesses through collaboration and partnership;
- Sustainable Business Practices: Engaging in zero waste and resource recovery initiatives such as recycling and/or reuse programs, mitigation of existing impact such as operations that move the community closer to net zero greenhouse gas emissions goal, and operations that are in line with the reductions mandated in the climate plan (25% reduction every 10 years), and, getting to zero by 2050. Actively engaging in environmentally friendly and sustainability-focused business operations including lowering vulnerability to drought and flood risks. Participation in the City of Austin’s Mobility Plan (if applicable), and encouraging employees of the company to participate in sustainability measures. Additional measures could include a Disaster or Emergency Preparation plan.
- Civic Engagement: Actively encouraging employees to register to vote, providing at least two hours off with compensation for employees to vote, or other programs to increase the civic engagement and democratic participation of its employees, customers, and/or nearby residents.

Return on Investment Including Community Benefits is not a requirement for participation in the program. Instead, the Community Benefits are additional measurements the City of Austin uses to determine valuable impact on the community beyond tax revenue generated from the project’s construction and job creation.

#### **Bonus Qualifiers:**

Bonus Qualifiers are a factor of the overall Project Score and could include but are not limited to:

- The company is in a targeted industry, as identified by the City of Austin.
  - The company will garner extra bonus qualifiers if the primary business activity of the incentivized project is defined as manufacturing;
  - The company will garner extra bonus qualifiers if involved in leading edge technology;
  - The company will garner extra bonus qualifiers if operations involve the use of waste or discarded material as a primary feedstock and will reuse, repair, remanufacture, or recycle that material, or otherwise enable the diversion of a waste material from the landfill/incineration through its core business activities;
- The company is defined as a Small Business by Small Business Administration guidelines (500 or less employees). The company will garner extra bonus qualifiers if it is a Small Business that employs less than 50 employees;
- The company will generate 100 or more new, full-time jobs;
- The company is in a lower wage sector but chooses to pay their employees above the City living wage;
- The company is cooperatively owned, managed, has a democratic form of representation for their workforce, or builds their projects using workers that have democratic forms of representation in their workplace;
- The company will (or already has) participated in the Human Rights Campaign Corporate Quality Index and receive a favorable score above 80% and is actively taking measures to achieve a score of 100% before the term of the incentive agreement is complete;

- The company will locate in a high frequency transit corridor, Transit Oriented Development, or Regional Center, Town Center, Job Center or Neighborhood Center identified in the Growth Concept Map in the Imagine Austin Plan and/or locate within 1/4 mile of a rail or bus stop that is accessible by safe pedestrian and bicycle routes;
  - The company will garner extra bonus qualifiers by incentivizing employees use of alternative transportation modes through Transportation Demand Management strategies such as carpooling, flextime work schedules, and subsidizing transit costs for employees;
  - The company will garner extra bonus qualifiers by offering workforce housing support or an annual stipend program to help alleviate the rising cost of living burden on employees, especially those below the Company's median salary;
- The company will commit to obtaining LEED certification silver or above for construction development of the project, if applicable;
- The company's development, if applicable, scores above a 9 out of 12 on the City of Austin's Carbon Impact Statement;
- The company will source procurement of art and installations from the local creative economy, such as local artists;
- The company will create a program that engages members of the local music and arts community to enrich the working environment for its employees, such as workplace concerts, performances, purchases, promotion programs, etc.;
- The company will provide an on-site day care facility for employees that may be open to the public, and/or provide subsidized daycare for employees.
  - The company will garner extra bonus qualifiers if the onsite daycare facility is made open to the public.

### **Project Score:**

A Total Project Score will be determined based off the following criteria:

- Minimum Requirements
- General Eligibility
- Cost-Benefit Analysis
- Return on Investment Including Community Benefits
- Bonus Qualifiers

### **Project Score Thresholds:**

- Project Score 0 – 50: No City incentive participation. A minimum Project Score of 50 is required for City investment.
- Project Score 51 – 79: City incentive participation negotiable up to a maximum of 35% for property tax reimbursements and up to 2% of wages (see "Incentives Provided"). Other/Operational Support in the form of City resources and services can be considered in this score range (see "Process: Step 4: City Resources").
- Project Score 80 – 100: City incentive participation negotiable up to 50% for property tax reimbursements and up to 3% of wages (see "Incentives Provided"). Other/Operational Support in the form of City resources and services can be considered in this score range (see "Process: Step 4: City Resources").

### **Incentives Provided:**

A firm may receive either a “per job” payment or a portion of incremental property tax liability associated with the expansion.

**Per Job Incentive Allowance:** Annually, the City will return a share of the gross income paid to workers in the newly created positions based on the Per-Job Allocation Schedule outlined below. The total incentive amount will be estimated at the time of the agreement execution and will be capped at that amount. If the cap is reached before the end of the agreement term, the agreement is deemed complete.

Project Score	Max % of Annual Wages Per Job Incentive Allowance	Per Job Cap (Annual)
0-50	None	N/A
51-79	1% - 2%	\$1,800
80-100	2.01% - 3%	

Notes on Per-Job Allocation Schedule:

- Assumes an annual work rate of 1,500 hours
- Maximum number of years allowed for per job incentive allowance: 5 years
- Per job incentives are only available to current local residents of the City of Austin
- Other/Operational Support in the form of City resources and services can be considered in the Project Score range of 51-100 (see “Process: Step 4: City Resources”)

**Property Tax Reimbursement:** Annually, the City will return a share of the property tax liability (not to exceed, in the aggregate, 50% of the net present value of the total estimated tax liability over five years.) Property tax reimbursements will be made based on the below Property Tax Reimbursement Allocation Schedule. The total incentive amount will be estimated at the time of the agreement execution and will be capped at that amount. If the cap is reached before the end of the agreement term, the agreement is deemed complete. As stated above, if the business successfully protests and lowers its property tax valuation, the reimbursement from the City may be reduced proportionately.

Project Score	Max Property Tax Reimbursement (% of net present value of the total estimated tax liability over 5 years)
0-50	0%
51-79	10% - 35%
80-100	36% - 50%

## Category 2: Targeted Hiring

### Category Values & Priority Goals:

The Targeted Hiring category of the Business Expansion Program Portfolio seeks to provide pathways for business expansions that focus on delivering compensation for middle-skill job creation, maximize meaningful labor force participation for populations that face unusual individual challenges to employment that act as barriers for accessing local employment opportunities, and in turn provide benefits to the community beyond local tax base contribution. Potential users of this program will span a wide range, from small/local firms, to mom-and-pop shops, to growing start-ups, to large corporations looking to grow locally.

### General Eligibility:

The Company will comply with Minimum Requirements as stated in the Business Expansion Program Portfolio Qualifications to include the following additional eligibility requirements, as stated below:

- The company creates one or more “apprenticeships” (position that is a combination of one-the-job training and related instruction from a supervisor in anticipation and preparation for a permanent job in the applicable company), or “internships” (positions of no more than two years that typically are made available to students);
- The company creates one or more full-time jobs, hiring and retaining the same individual for each job from the local population facing economic and socio-economic barriers to employment. This following list serves only as an example of populations and barriers and does not exclude other populations and barriers:

#### Targeted Hiring population:

- individuals without a high-school diploma or GED or transitioning from GED/high-school equivalent programs;
- individuals experiencing homelessness, transitioning from homelessness or residents of Permanent Supportive Housing (PSH) and other publicly funded housing programs to include Housing Choice Voucher Programs;
- individuals served by other local, state, or federal social services contracts;
- individuals with a past criminal justice system experience;
- individuals transitioning from drug, alcohol or other treatment programs;
- those who either lack sustained labor force experience or those returning to the labor force from a sustained absence; and
- individuals with a disability that has been identified by a qualified third-party service provider engaged in workforce development and supportive services as a barrier to employment.

*\* In addition, other individuals who are considered to have challenges in regular employment may be included in the hiring population upon City receipt of, and agreement with, the justification for inclusion.*

- The appropriate level of annual hours worked will be determined on an individual basis, likely in consultation between the firm, the City, and a qualified third-party;
- The hiring firm pays or exceeds the City’s living wage for all employees and incentivized positions;
- The company will encourage and support the use of alternative transportation modes;

### **Cost-Benefit Analysis:**

Staff will include a cost-benefit analysis in the consideration of the project and will be factored in to the resulting Project Score (see “Project Score”) that informs the level of incentive available to the project. For some projects, depending on the complexity and anticipated impact, the City may determine that an outside or third-party cost-benefit analysis is necessary. Measures for the Cost-Benefit Analysis could include, but are not limited to construction and development costs, net new jobs additions, hiring timeline, wages, facility costs that impact water and electricity infrastructure and other project-related financial information. A net fiscal position for the City will be determined from this analysis to help inform the level of appropriate investment, coupled with other program criteria measures and Score Card (see “Project Score”). The cost-benefit tool and resulting value is not the sole determinant of the value of the total potential incentive offer.

### **Return on Investment (ROI) Including Community Benefits:**

It is anticipated that many projects that qualify for the Category 2: Opportunity for Employment program criteria will not produce a revenue-positive fiscal position for the City. This program is intended to support economic development value outside a revenue-positive fiscal impact for the City, but in no event will the value be less than roughly equivalent to the value that the City is paying, focusing on providing new opportunities for the intended segments of the Austin workforce. As an example, the combination of new revenue and avoided social services costs suggests that the City could realize as much as \$3,000 in net gain per job created for those in a Targeted Hiring population (see pg. 12). Therefore, this program does not contain a requirement for projects to provide the City with a tax revenue-positive fiscal position to make a financial incentive offer.

Return on Investment that includes Community Benefits seek to assign a “value” to elements of a project outside the financial profile. These Community Benefits are another factor in determining the level of appropriate investment for the City to realize those community benefits, outside of revenue. Return on Investment Including Community Benefits are not requirements for participation in the program. Instead, they are additional measurements the City of Austin uses to determine valuable impact on the community beyond tax revenue generated from the project’s construction and job creation. Below is a list of Community Benefits that are considered “valuable” in the overall analysis of the project in this Category:

- **Talent Development:** Demonstrate accessibility and delivery of employment opportunities to the economically disadvantaged and the Targeted Hiring population (see pg. 12). Demonstrate the advancement of employee skills by offering a career ladder, educational opportunities, and training such as apprenticeships, paid internships, coop learning, work-study, etc.
  - Collaborate with local schools for talent pipeline development through programs that include recruitment, internships, apprenticeships, and education of opportunities in the industry.
  - Other community benefit programs could include tuition reimbursement, parental leave/childcare programs, coordination with colleges and community colleges, workshop training, workforce development and upskilling.
- **Hiring:** Demonstrate recruitment and retention efforts, defined by hiring and employee development practices that produce equity measures to provide pathways for underrepresented minorities and racial/gender disparities.
- **Diversity, Inclusion & Equity:** Demonstrate diversity, inclusion, and equity practices and/or policies at the executive level, in the leadership profile, across the workforce and illustrate the presence of affinity groups, promotional efforts and equitable support of those groups to actively engage the workforce.

- **Neighborhood Connection:** Employer growth that affects the neighborhood or community the business services by creating jobs near workers, delivering goods or services to the surrounding community, offering training opportunities for neighborhood residents, delivers or integrates workforce housing development and includes other community solidification elements, such as communal green space and parks, local volunteer opportunities for employees, participating in local arts and culture organizations, and involvement in other initiatives that amplify Austin’s neighborhood culture.
- **Business Type:** Incentives will be targeted and extra incentives will be considered for businesses and employers that are cooperatively owned or managed or who have democratic forms of representation for their workforce, or who build their projects using workers that have democratic forms of representation in their workplace.
- **Business Sector:** Incentives will be targeted and additional incentives will be considered for businesses and employers in lower wage sectors who choose to pay their employees above the City living wage.
- **Civic Engagement:** Actively encouraging employees to register to vote, providing at least two hours off with compensation for employees to vote, or other programs to increase the civic engagement and democratic participation of its employees, customers, and/or nearby residents.

**Project Score:**

A Project creating accessible opportunity for the intended audience will be deemed “acceptable” and staff will move forward with transaction development when the partner is able to agree to the terms provided and provide information that supports delivery of intended outcomes:

- Minimum Requirements
- General Eligibility
- Cost-Benefit Analysis

Projects that are not able to agree or provide information that properly addresses the criteria above will be deemed “not acceptable” and will not continue in the process.

**Incentives Provided:**

A company that meets required criteria may receive a cash allocation from the City, on a reimbursement basis, under the following schedule for each position.

**Allocation Schedule (per position, annually):**

	If Engage Qualified 3 <sup>rd</sup> Party	If Engage Qualified 3 <sup>rd</sup> Party + Housing Stipend	If Company Alone	If Company Alone + Housing Stipend
Year 1	\$2,000	\$3,000	\$1,000	\$2,000
Year 2	\$1,900	\$2,900	\$950	\$1,950
Year 3	\$1,800	\$2,800	\$900	\$1,900
Year 4	\$1,700	\$2,700	\$850	\$1,850
Year 5	\$1,600	\$2,600	\$800	\$1,800

**Engaging with Qualified Third Parties:** In 2016, the City received an average of \$2,215 in taxes and fees per job in Austin (\$1,440 when taxes alone are considered). Moreover, the City administers a range of means-tested social services programs that in some way address poverty. A total of 35 programs with FY

2015-16 annual budgets totaling \$16.5 million in client service spending were identified, serving just over 19,350 clients for an average of approximately \$855/client. The activities of these programs were broadly related to workforce development, transitional housing, victim services/violence prevention, childcare, and financial literacy. However, the process of finding, training, placing, and supporting these individuals after employment is not easy, and may be challenging for firms that are not accustomed to dealing with these populations and/or are not organizationally prepared to implement an effort of this type. As a result, private entities are encouraged to engage qualified third-parties (initially defined as those organizations who are already providing analogous or related services to public sector clients in Texas and approved by the City in its sole discretion) to facilitate the successful placement and retention of employment candidates.

**Additional Housing Stipend Allocation:** In an effort to alleviate the rising cost of living burden for employees, private entities are encouraged to provide a “Housing Stipend” to employees within the City of Austin, especially those beneath the Company’s median salary. This amount assumes the average cost of a one-bedroom or efficiency unit within the City of Austin is currently at an estimated \$1,000 per month. This additional allocation is equivalent of a stipend equal to one-month’s rent per employee per year for up to five years. Should the company offer such a stipend to their employees, especially those beneath the Company’s median salary, they would be eligible for consideration for an additional incentive allocation equivalent to \$1,000 per employee, per year up to five years, above their baseline incentive allocation amount.

### *Category 3: External Relocations*

#### **Category Values & Priority Goals:**

The External Relocations category of the Business Expansion Program Portfolio seeks to provide strategic interventions and investments that attract outside employers relocating and expanding within the local market to grow and hire in Austin by providing needed capital/financing and support, potentially offsetting costs associated with the City regulatory environment as it relates to business growth. This program could help provide new employment opportunities for local residents, solidify neighborhood employment centers and activity corridors, and yield numerous community benefits beyond traditional increases to the tax base for the City. The potential users of this program could include established businesses with operations currently outside the City, newcomers with proven track records and growth trajectories in target industries, and those that offer alignment with Austin's strategic direction.

#### **General Eligibility:**

The Company will comply with Minimum Requirements as stated in the Business Expansion Program Portfolio Qualifications to include the following additional eligibility requirements, as stated below:

- The company does not currently have a significant presence within the City of Austin or if there is already a significant presence, the project delivers a new division or operation into Austin. Significant presence is defined as at least 5 full-time jobs that are currently based and operational within the City of Austin;
- The company will create at least 75 new full-time jobs (defined as working at least 1,500 hours annually) paid at or above the City's living wage;
- The company and the industry within which they operate demonstrate business growth and stability.

#### **Exceptions:**

There are no available Exceptions to the eligibility requirements for Category 3 Projects: External Relocations.

#### **Cost-Benefit Analysis:**

Staff will include a cost-benefit analysis in the consideration of the project and will be factored in to the resulting Project Score (see "Project Score") that informs the level of incentive available to the project. For some projects, depending on the complexity and anticipated impact, the City may determine that an outside or third-party cost-benefit analysis is necessary. Measures for the Cost-Benefit Analysis could include, but are not limited to, construction and development costs, net new jobs additions, hiring timeline, wages, facility costs that impact water and electricity infrastructure and other project-related financial information. A net fiscal position for the City will be determined from this analysis to help inform the level of appropriate investment, coupled with other program criteria measures and Score Card (see "Project Score"). The cost-benefit tool and resulting value is not the sole determinant of the value of the total potential incentive offer.

#### **Return on Investment (ROI) Including Community Benefits:**

The External Relocation Category allows for the City of Austin to receive a net positive fiscal impact to support economic development values in the community. Given the nature of qualifying projects within this Category being required to provide a new job increase of a minimum of 75 new jobs in Austin, this Category contains a requirement for a revenue-positive fiscal position for the City to make a financial incentive offer.



However, a net positive fiscal return for projects in this Category is not the only way a project can demonstrate its value on the community. Return on investment includes Community Benefits that seeks to assign a “value” to those elements of a project outside the financial profile. These Community Benefits are another factor in determining the level of appropriate investment for the City to realize those community benefits, outside of revenue. Below is a list of Community Benefits that are considered “valuable” in the overall analysis of the project in this Category:

- Industry Diversification: Seed new investment in a new industry to potentially create a new cluster or bring additional types of industries to Austin;
- Gaps in Needed Services/Goods: Provide goods/services to under-served communities within Austin;
- Hiring: Demonstrate recruitment and retention efforts, defined by hiring and employee development practices that produce equity measures to provide pathways for underrepresented minorities and racial/gender disparities.
  - Diversity, Inclusion & Equity: Demonstrate diversity, inclusion, and equity practices and/or policies at the executive level, in the leadership profile, across the workforce and illustrate the presence of affinity groups, promotional efforts and equitable support of those groups to actively engage the workforce.
  - Employment Opportunity: Promote equity and decrease barriers to employment. Include in the hiring plan new employment opportunities and retention efforts for Targeted Hiring populations in Category 2 of the Business Expansion Program (see pg. 12). This produces a more balanced economy, reduces poverty, and equalizes income across demographics and other economic segregations;
  - Talent Development: Demonstrate accessibility and delivery of employment opportunities to the economically disadvantaged and the Targeted Hiring population (see pg. 12). Demonstrate the advancement of employee skills by offering a career ladder, educational opportunities, and training such as apprenticeships, paid internships, coop learning, work-study, etc.
    - Collaborate with local schools for talent pipeline development through programs that include recruitment, internships, apprenticeships, and education of opportunities in the industry.
    - Other community benefit programs could include tuition reimbursement, parental leave/childcare programs, coordination with colleges and community colleges, workshop training, workforce development and upskilling.
  - Quality of Life Enhancements: Demonstrating willingness to create benefits for the workforce and proximate residents, such as focusing hiring on local workers, enveloping and/or subsidizing wrap-around services such as parental leave, childcare programs, sick leave, FMLA and other quality of life enhancements;
- Mobility Solutions: Participation in solutions that offset traditional transportation impacts of the project, such as roadway congestion, neighborhood parking, transit needs and pedestrian/bike developments.
- Neighborhood Connection: Employer growth that affects the neighborhood or community the business services by creating jobs near workers, delivering goods or services to the surrounding community, offering training opportunities for neighborhood residents, delivers or integrates workforce housing development and includes other community solidification elements, such as communal green space and parks, local volunteer opportunities for employees, participating in local arts and culture organizations, and involvement in other initiatives that amplify Austin’s neighborhood culture.

- Sustainable Business Practices: Engaging in zero waste and resource recovery initiatives such as recycling and/or reuse programs, mitigation of existing impact such as operations that move the community closer to net zero greenhouse gas emissions goal, and operations that are in line with the reductions mandated in the climate plan (25% reduction every 10 years), and, getting to zero by 2050. Actively engaging in environmentally friendly and sustainability-focused business operations including lowering vulnerability to drought and flood risks. Participation in the City of Austin's Mobility Plan (if applicable), and encouraging employees of the company to participate in sustainability measures. Additional measures could include a Disaster or Emergency Preparation plan.
- Local Partnerships: Partner and/or engage with local groups, non-profits, schools and small businesses to align with local values and needs. These partnerships could demonstrate any of the following:
  - Enhance relationships with local organizations and support local culture;
  - Develop and participate in neighborhood groups;
  - Promote industry diversity, encourage entrepreneurship and support small businesses through collaboration and partnership;
- Civic Engagement: Actively encouraging employees to register to vote, providing at least two hours off with compensation for employees to vote, or other programs to increase the civic engagement and democratic participation of its employees, customers, and/or nearby residents.

Return on Investment Including Community Benefits are not requirements for participation in the program. Instead, they are additional measurements the City of Austin uses to determine valuable impact on the community beyond tax revenue generated from the project's construction and/or job creation.

#### **Bonus Qualifiers:**

Bonus Qualifiers are a factor of the overall Project Score and could include but are not limited to:

- The company is in a targeted industry, as identified by the City of Austin.
  - The project is relocating a headquarters operation or it represents the "headquarters" of a new product line or service for the company;
  - The company will garner extra bonus qualifiers if the primary business activity of the incentivized project is defined as manufacturing;
  - The company will garner extra bonus qualifiers if involved in leading edge technology;
  - The company will garner extra bonus qualifiers if operations involve the use of waste or discarded material as a primary feedstock and will reuse, repair, remanufacture, or recycle that material, or otherwise enable the diversion of a waste material from the landfill/incineration through its core business activities;
- The company is defined as a Small Business by Small Business Administration guidelines (500 or less employees). The company will garner extra bonus qualifiers if it is a Small Business that employs less than 50 employees;
- State economic development funds are available for the firm;
- The company will generate 500 or more new, full-time jobs or more;
  - The company will garner extra bonus qualifiers if it fills at least a cumulative 75% new, full-time jobs with City of Austin residents (defined as any individual having a permanent address within the City of Austin before starting date of employment and not having worked for the company prior to the effective date of the agreement);
  - The company will garner extra bonus qualifiers if it is in a lower wage sector but chooses to pay their employees above the City living wage;

- The company will garner extra bonus qualifiers if it is cooperatively owned, managed, has a democratic form of representation for their workforce, or builds their projects using workers that have democratic forms of representation in their workplace;
- The company will (or already has) participated in the Human Rights Campaign Corporate Quality Index and receive a favorable score above 80% and is actively taking measures to achieve a score of 100% before the term of the incentive agreement is complete;
- The company will locate in a high frequency transit corridor, Transit Oriented Development, or Regional Center, Town Center, Job Center or Neighborhood Center identified in the Growth Concept Map in the Imagine Austin Plan, and/or locate within 1/4 mile of a rail or bus stop that is accessible by safe pedestrian and bicycle routes (**Bonus does not apply to any project locating in the Downtown Area**);
  - The company will garner extra bonus qualifiers by incentivizing employees use of alternative transportation modes through Transportation Demand Management strategies such as carpooling, flextime work schedules, and subsidizing transit costs for employees;
  - The company will garner extra bonus qualifiers by offering workforce housing support or an annual stipend program to help alleviate the rising cost of living burden on employees, especially those below the Company's median salary;
- The company will commit to obtaining LEED certification silver or above for construction development of the project, if applicable;
- The company's development, if applicable, scores above a 9 out of 12 on the City of Austin's Carbon Impact Statement;
- The company will source procurement of art and installations from the local creative economy, such as local artists;
- The company will create a program that engages members of the local music and arts community to enrich the working environment for its employees, such as workplace concerts, performances, purchases, promotion programs, etc.;
- The company will provide an on-site day care facility for employees that may be open to the public, and/or provide subsidized daycare for employees.
  - The company will garner extra bonus qualifiers if the onsite daycare facility is made open to the public.

### Project Score:

A Total Project Score will be determined based off the following criteria:

- Minimum Requirements
- General Eligibility
- Cost-Benefit Analysis
- Return on Investment Including Community Benefits
- Bonus Qualifiers

### Project Score Thresholds:

- Project Score 0 – 50: No City incentive participation. A minimum Project Score of 50 is required for City investment.
- Project Score 51 – 79: City incentive participation negotiable up to a maximum of 35% for property tax reimbursements and up to 2% for wages (see "Incentives Provided"). Other/Operational Support in the form of City resources and services can be considered in this score range (see "Process: Step 4: City Resources".)

- Project Score 80 – 100: City incentive participation negotiable up to 50% for property tax reimbursements and up to 3% for wages (see “Incentives Provided”). Other/Operational Support in the form of City resources and services can be considered in this score range (see “Process: Step 4: City Resources”).

**Incentives Provided:**

A firm may receive either a “per job” payment or a portion of incremental property tax liability associated with the relocation.

**Per Job Incentive Allowance:** Annually, the City will return a share of the gross income paid to workers in the newly created positions based on the Per-Job Allocation Schedule outlined below. The total incentive amount will be estimated at the time of the agreement execution and will be capped at that amount. If the cap is reached before the end of the agreement term, the agreement is termed complete.

Project Score	Max % of Annual Wages Per Job Incentive Allowance	Per Job Cap (Annual)
0-50	None	N/A
51-79	1% - 2%	\$1,800
80-100	2.01% - 3%	

Notes on Per-Job Allocation Schedule:

- Assumes an annual work rate of 1,500 hours
- Per job incentives are only available to current local residents of the City of Austin
- Other/Operational Support in the form of City resources and services can be considered in the Project Score range of 51-100 (see “Process: Step 4: City Resources”)

**Property Tax Reimbursement:** Annually, the City will return a share of the property tax payment (not to exceed 50% of the net present value of the total estimated tax liability over 10 years.) Property tax reimbursements will be made based on the below Property Tax Reimbursement Allocation Schedule. The total incentive amount will be estimated at the time of the agreement execution and will be capped at that amount. If the cap is reached before the end of the agreement term, the agreement is deemed complete. If the Project successfully protests and lowers its property tax valuation, the reimbursement from the City may be reduced proportionately.

Project Score	Max Property Tax Reimbursement (% of net present value of the total estimated tax liability over 10 years)
0-50	0%
51-79	10% - 35%
80-100	36% - 50%

## Process

Projects seeking partnership with the City of Austin through the Business Expansion Program Portfolio will follow this general administrative process:

### **Step 1: Applicants Complete the Online Application**

The Online Application is the first opportunity for a Company to request consideration for a Chapter 380 incentive through the Economic Development Department with the City of Austin. It is imperative the Applicant self-select for appropriate Minimum Requirement and General Eligibility criteria. This Online Application is not the Final Business Expansion Program Category Application, but rather serves as the initial introduction of the project seeking alignment with the City of Austin’s Business Expansion Program Category.

### **Step 2: Project Introduction & Application Review**

In a timely manner, staff will review the Online Application. If City staff so determines, the Applicant may be invited to discuss the Online Application with Economic Development staff in person or via conference call. This meeting is an opportunity for both parties to discuss the project, review the initial application and make any needed adjustments to the application if the intention is to submit the application for formal consideration (see Step 3.) Economic Development staff will make inter-Departmental connections within the City of Austin to help facilitate the Application in the event other Departments or programs will be involved in the project.

### **Step 3: Submit Final Business Expansion Program Category Application**

If adjustments are made to the original Online Application during Step 2, Applicants are requested to amend the documentation and re-submit as a “Final Business Expansion Program Category Application” for formal consideration by City staff. If the City does not request any adjustments, or the applicant chooses not to make any adjustments, the City will treat the initial application as a final application and advise the applicant of its determination of whether the initial application is acceptable as a final application or not.

### **Step 4: Project & Application Analysis**

After the Final Business Expansion Application submission, the City will review the Final Application and determine whether Minimum Requirements and General Eligibility criteria are met and measure program qualifications, fiscal impact and determine a Project Score.

**Bundling Programs:** It is possible for projects to qualify for more than one program within the Chapter 380 Policy portfolio of programs. In those cases, potential agreement terms pursuant to the project details will be determined by City staff. If City staff has not done so already by this point, inter-Departmental connections within the City will be made to help facilitate the Application in the event other Departments or programs will be involved in the project. For a project that qualifies for more than one program, a blended Project Score may be created to

measure overall impact weighted against total costs. In this case, the blended score and methodology will be determined by City staff managing the programs involved.

**City Resources:** Other/Operational Support Grants to include, but not limited to, City resources such as expedited permitting, dedicated ombudsman services, development fee waivers, transportation and public works resources and other City services. These resources can be included in or in lieu of a financial or non-financial incentive package for projects that score above 51. It is at this time that City staff would engage with the Department that manages those services to determine feasibility of support delivery for this project and ensure it aligns with the project timeline.

#### **Step 5: Project Status – Accepted or Declined**

Applicants will be informed of the status of their application in a timely manner after the Final Business Expansion Application is submitted. If the project has been approved for further processing, City staff will communicate directly with the Applicant to inform them to expect the process going forward (see Step 6).

#### **Step 6: Proposal Execution**

The following processes will be followed for varying levels of incentive package proposal valuations:

**City Manager Authority Approval:** For total incentive package proposals that are valued below City Manager Spending Authority, and if the company agrees to move forward with the City’s proposal, Applicants will be informed to expect a formal letter of “Program Acceptance” from the Program’s Department including the City’s Chapter 380 Business Expansion Category agreement proposal and stipulated conditions upon which the company must agree. The agreement is executed by both parties and begins with the Compliance process.

**City Council Approval:** For incentive package proposals that are valued above City Manager Spending Authority but below a total \$5,000,000\* net benefit value for the City or less than a \$200,000,000\* project Capital Investment Value, and if the company agrees to move forward with the City’s proposal, a Chapter 380 Business Expansion Program Category agreement is drafted by City staff and submitted for City Council approval on the next regular Council Meeting Agenda date. The proposal will not be approved on a "consent" vote by Council to allow the public an opportunity to speak on behalf of the item. If Council approves of the proposal, the agreement is executed by both parties and begins with the Compliance process.

**City Council and Public Hearing Approval:** For incentive package proposals that are valued above a total \$5,000,000\* net benefit value for the City or more than a \$200,000,000\* project Capital Investment Value, and if the company agrees to move forward with the City’s proposal, the following process is followed:

- The Chapter 380 Business Expansion Program Category proposal is placed on the Council agenda as a time-certain agenda item with a staff presentation on the proposal. The public can comment on the Chapter 380 Business Expansion proposal at this Council meeting.
- The Chapter 380 Business Expansion Program Category proposal, application, evaluation documents, analysis and proposed contract are announced in a press release and made

available to the public at the time of the Agenda posting. All of this information is posted to the Economic Development Department's page on the City website.

- An online comment portal is setup to collect public comments for a minimum of five business days, unless special circumstances are required. All comments received are forwarded to the City Council prior to the second Council meeting.
- The second City Council meeting includes a public hearing and City Council action.

## Stewardship

City staff is committed to the following values in the administrative implementation and stewardship of the Chapter 380 Business Expansion Program Portfolio:

**Efficient, Inviting, and Responsive to Market Needs:** The Chapter 380 Program is a visible, accessible opportunity for the City to use public funds to encourage private entities to discover new ways to improve the Austin community and improve business endeavors. This process must be efficient and expeditious to match the rapid pace of the business environment and minimize delay. Every effort will be made to build in appropriate timelines, clearly communicate expectations on those timelines, and carry out an efficient process of the Chapter 380 application steps.

**Transparency:** The Chapter 380 Business Expansion Program Portfolio will comply with best practice transparency measures, including producing timely and accurate reporting on all Chapter 380 agreements, supporting documentation, compliance reports, and ongoing payment information available on the City's website or other communication outlet. All final agreements and project information will be made available to the public via online portal immediately and openly after approval.

**Compliance and Third Party Assessment:** All Chapter 380 agreements are performance-based, meaning the company must demonstrate its compliance annually to receive that year's payment. No upfront incentives are allowed through the above mentioned programs. Every year, the Economic Development Department reviews the company's compliance with the agreement requirements, and an independent, third-party reviews the department's annual review. If both annual reviews confirm compliance, then the company is deemed to have fulfilled its annual obligations, and the payment is made for that year. All payment information will be available on the [Economic Development Department Open Portal website](#).

## Reassessment

The Business Expansion Program Portfolio will follow a regular reassessment process to include the following elements:

**Five-Year Program Reassessment:** The Business Expansion Program Portfolio, will run with a standard five-year term to allow for changes in Austin's economic environment, community needs and shifting policy directives. Program Values and Priority Goals identified in each of the Business Expansion Categories will be examined on a five-year term to ensure proper connection with the current Austin Strategic Direction priorities. At the end of the five-year term, the program will be reassessed by City staff to determine if adjustments need to be made to the program evaluation method, criteria, process, administration, or whether the program's current structure achieves the intended priority goals. Staff will provide a briefing

to the City Council on the results of the five-year reassessment. Council must approve the continuation of and/or any changes to the program after the reassessment is complete. Staff will continue to operate and administer programs until Council action. Reassessment will include an overview of performance measured against the program's priority goals (annual and five-year) as well as City of Austin executive leadership input and community feedback. Community stakeholders will be consulted for feedback during this reassessment process. Suggestions and identification of new needs will be solicited on a five-year basis to recalibrate program priority goals to match community needs, Council objectives, and changes in Strategic Direction.

**Term of Agreements & Grandfathering:** Agreements made within the Business Expansion Program Portfolio are not subject to the five-year maximum term. Typically 5-10 years, the term of those agreements is made to best reflect the project's timeline, investment, and job creation schedule and the City will honor those agreements until the termination of the agreement. In the event a program is allowed to sunset or program criteria is changed to reflect shifting conditions, existing agreements will be grandfathered for the remainder of the term of the project agreement unless otherwise agreed to by the parties in a written amendment to the agreement. The City Manager is able to propose a longer or shorter term for an agreement should the City have a competitive justification or business need for such action. All agreements must contain standard City termination provisions for economic development agreements, including Payments Subject to Future Appropriation and Event of Default clauses.

**Market Conditions: "High-Impact" Projects:**

High-impact projects, unique developments, and market competitive or other non-conforming projects will be considered on a case-by-case basis and within the context of the current market conditions at the time of project application. City staff will analyze those conditions and projects and determine if a recommendation for incentive proposal is achievable through current programs. If it is determined that the non-conforming project is attractive, justifiable, and can provide significant community value given current market conditions, and does not fit within the structure of a current program outline, special consideration may be made to create a program to support such a project depending on feasibility and City financial bandwidth.

**Public Input:** The Business Expansion Program Portfolio has been created with the intention to meet a specific community need and outline priority goals. If both the program and projects contained are not successful, underperforming and/or the community need is not being met, then a thoughtful reassessment of the program's structure or existence should be evaluated in a timely manner to address delivery of outcomes. As a part of this reassessment, public input is of tremendous importance. Community stakeholders will be consulted for feedback during this process. Suggestions and identification of new needs will be solicited on a five-year basis to recalibrate program priority goals to match community needs, Council objectives, and changes in Strategic Direction.

**Annual Update & Reporting:** An annual assessment will be made for the "effectiveness" of the programs and projects in reaching the intended goals. Program Metrics and Project Metrics are tracked on an annual basis that will be shared publicly. Metrics focus on Austin's Strategic Direction outcomes and general performance measurements could include but are not limited to (see following page):



Affordability Measurements  
Workforce Impacts  
Other Strategic Direction Measurements

**Project Metrics:**

Metrics by Program Criteria  
New Jobs Created  
Jobs Retained  
Job Types  
Revenue Impacts  
Community Benefits Achieved  
Capital Investment  
Other Strategic Direction Measurements

**Program Metrics:**

Number of Applications Received/Accepted  
Community Preservation  
Catalytic Event Affects  
Equity Measures  
Transportation Impact

Specific goals for each of the Program and Project metrics will be identified during the rule promulgation and development process to occur in the first year of this program. This process to determine specific goals that will be carried forward in future years will include stakeholder input, consideration of best practice programs, and appropriate goals based on determined annual program budget allocations.

At the end of the five-year period of the program, those Annual Reports will be reviewed and used as supporting documentation to make the decision to sunset, phase-out or revise the program structure.



**Exhibit B**  
**Chapter 380 Business Expansion Program Definitions**



Chapter 380 Business Expansion Incentive Program

Index of Definitions

2019

#	Term	Definition
1	Affinity Group	A group of individuals meeting on a routine or semi-routine basis who share a common ethnic and/or cultural background or interest for the purpose of mutual learning, support, and/or professional growth.
2	Alternative Transportation Modes	Refers commuting modes other than driving alone in a car. Examples include public transportation, carpooling, biking and walking.
3	Applicant	Company, firm, entity or organization who has submitted a formal application for consideration of the City of Austin's Chapter 380 Business Expansion incentive program.
4	Apprenticeship	A full-time position (with benefits) that is a combination of on-the-job training and related instruction from a supervisor in anticipation of and preparation for a permanent job in the company.
5	Austin MSA	Austin Metro Statistical Area as defined by the Bureau of Labor Statistics.
6	Austin Resident	Any individual having a Permanent Address within the Austin Metro Statistical Area prior to being hired by the company.
7	Austin-Based Employees	All employees of the company receiving incentives who work in the City of Austin.
8	Bonus Qualifier	Refer to the full list of Bonus Qualifiers on the Scoring Matrix.
9	But For Statement	A statement required by all incentive applicants that provides credible evidence that the incentive either fills a gap that creates desirable outcomes for the City or that the Project addresses a competitive position around a relocation or expansion that is considering viable alternative sites outside Austin.
10	Business	A firm, company, corporation, establishment, agency, institution, organization, enterprise or collective of same engaged in commercial activity. See also "Small Business"
11	Career Ladder	The progression of jobs in an organization from lowest-paid with least responsibility to highest-paid with most responsibility, by which employees are provided opportunities to move to higher-paying and higher-level positions within the organization.
12	City of Austin Resident	See "Austin Resident"
13	Community Benefits	Talent Development (all Categories) Hiring (all Categories) Diversity, Inclusion & Equity (all Categories) Neighborhood Connection (all Categories) Civic Engagement (all Categories) Local Partnerships (Categories 1 & 3) Sustainable Business Practices (Categories 1 & 3) Business Type (Category 2) Business Sector (Category 2) Industry Diversification (Category 3) Filling Gaps in Needed Goods/Services (Category 3) Employment Opportunity (Category 3) Quality of Life Enhancements (Category 3) Mobility Solutions (Category 3)
14	Company	A firm, business, corporation, establishment, agency, institution, organization, enterprise or collective of same engaged in commercial activity.
15	Compliance Process	Post-execution performance process by which terms and conditions are demonstrated by the company and verified by City of Austin staff and confirmed by a third party reviewer.
16	Contract Payment	An economic development incentive payment made to a company under the City's Chapter 380 Business Expansion incentive program.

#	Term	Definition
17	Cooperatively Owned or Managed business	A business owned or managed such that membership in the cooperative is voluntary and open, the business is democratically controlled by the members, and members participate economically in the business.
18	Current Local Resident of the City of Austin	See "Austin Resident"
19	Diversity	Demonstrated by respect for individual differences in race, ethnicity, gender, gender identity, sexual orientation, age, social class, physical ability or attributes, religious or ethical values system, national origin, and political beliefs.
20	"Diversity, Inclusion and Equity Practices"	Organizational practices with a specific intent to increase diversity, inclusion and equity within an organization.
21	Domestic Partner	An individual of the same or opposite gender as the employee who lives in the same household and shares the common resources of life in a close, personal, intimate relationship with an employee if under Texas law the individual would not be prevented from marrying the employee on account of age, consanguinity or prior undissolved marriage to another.
22	Downtown	the area bounded by Martin Luther King, Jr. Boulevard, Interstate Highway 35, Lady Bird Lake and Lamar Boulevard, as defined by the Downtown Commission Bylaws 2016
23	Economic Development Value	Refer to Page 3 of the Chapter 380 Policy document. <a href="http://www.austintexas.gov/sites/default/files/files/Chapter_380_Policy_2018.pdf">http://www.austintexas.gov/sites/default/files/files/Chapter_380_Policy_2018.pdf</a>
24	Economically Disadvantaged	An individual who earns less than 200 percent of the Federal poverty line and whose ability to compete in the free market has been impaired or a barrier exists to achieve regular employment as compared to others in the community.
25	Educational Opportunities	The chance to receive classroom or online instruction through an accredited institution, paid for by the employer.
26	Equity	The practice of dealing fairly and equally with all employees.
27	Equity Measures	Measures that track the extent to which the composition of an organization's workforce reflects the composition of the community in terms of race, ethnicity, and gender.
28	Evaluation Tool	See "Matrix"
29	Exception	A deviation from Program rules. The Chapter 380 Business Expansion Program allows no Exceptions.
30	Exchange Value	Refer to Page 3 of the Chapter 380 Policy document. <a href="http://www.austintexas.gov/sites/default/files/files/Chapter_380_Policy_2018.pdf">http://www.austintexas.gov/sites/default/files/files/Chapter_380_Policy_2018.pdf</a>
31	Extra Bonus Qualifier	A bonus qualifier that is worth at least one additional point more than a "Bonus Qualifier" in the Project Score. Refer to the full list of Bonus Qualifiers on the Scoring Matrix.
32	Full-time Employees	People hired by a company in a Full-Time Job who are considered employees, not contractors, under federal and state employment and labor laws and for federal and state tax purposes.
33	Full-time Job	A job occupied by an employee of the company who worked or was paid for at least 1,500 hours in a calendar year.
34	Full-time Positions	see Full-time Job
35	High-Wage Jobs	A job paying at least 50% more than the overall average wage, as defined by the most recent American Community Survey 1-year estimate.
36	Higher Value Project	A Project for which the total Incentive Amount does not exceed the City Manager's spending authority at the time the Project is approved. "Value" in this case is defined as activity that produces "Community Benefits." See also, Community Benefits.
37	Housing Stipend	Additional compensation to an employee whose compensation rate is below the median salary of the Company, provided annually, of an amount equal to \$1,000 or equivalent to one month's rent.
38	Incentive	An allocation of money paid by the City to a company/entity that qualifies. Performance-based reimbursement of a portion of property taxes or a percentage of wages paid to employees. For job-creation based incentives, pro-rated payments for payroll incurred.
39	Incentive Agreement	A contractual agreement between two parties (the City of Austin, and company) that outlines a job creation schedule and milestones, capital investment requirements, and other performance requirements that must be demonstrated prior to the payment of the Incentive.
40	Incentive Allocation	Amount of money estimated to be paid under the Chapter 380 Business Expansion program to a company based on the company's compliance with the terms of their contract agreement.
41	Incentive Amount	The total dollar value of the loan or grant an Incentive Recipient is eligible to receive under a Chapter 380 agreement.

#	Term	Definition
42	Incentive Proposal / Economic Incentive Proposal / Incentive Package / Incentive Package Proposal	The total dollar value of the loan or grant, plus any additional operational support, the City of Austin is willing to provide to an Incentive Recipient under a Chapter 380 agreement, which is presented to the Incentive Recipient and the Austin City Council for consideration.
43	Incentive Recipient	An entity that receives or has received economic development incentives under the City's Chapter 380 Business Expansion program.
44	Inclusion	The achievement of a work environment in which all individuals are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to the organization's success.
45	Internship	A full-time or part-time, paid position with or without benefits of no more than two years duration, typically made available to students.
46	Large Project	Project that creates more than 75 Full-time Jobs that employ Austin Residents.
47	Leading Edge Technology	New and advancing technology or process that have not yet been widely adopted throughout an industry.
48	Living Wage	(1) The City of Austin Living Wage approved most recently by City Council; (2) The minimum hourly wage that the City of Austin may pay its own employees in a given year.
49	Local Resident	See "Austin Resident"
50	Lower Wage Sector	Employees in occupational groupings that make on average an hourly wage that falls below the City's Living Wage.
51	Matrix	The evaluation tool used to score Chapter 380 Business Expansion projects based on the program guidelines.
52	Median Salary	The median value of the firm or Project's range of annual salary values.
53	Medium Project	Project that creates between 25 - 74 Full-time Jobs that employ Austin residents.
54	Middle-Skill Worker	Someone performing a Middle-Skill Job.
55	Middle-Skill Job	A job that requires more education and training than a High School diploma, but less than a four-year college degree.
56	Net Present Value	A value in the present of a sum of money, compared to a future value it will have when it has been invested at a rate of 8%.
57	New Full-time Employee	A person who is hired by the company after the execution of a Chapter 380 agreement in a "New Full-Time Job" and is considered an employee, not a contractor, under federal and state employment and labor laws and for federal and state tax purposes.
58	New Full-time Job	A full-time position that was created by a company after the execution of a Chapter 380 agreement, performed in the City of Austin by an employee of the company, in which the employee is paid at least the City's current Living Wage and the employee either (1) worked or was paid for at least 1,500 hours in a calendar year, or (2) worked or was paid for at least 30 hours per week for each week worked at the company.
59	Per-Job Payment	A Chapter 380 grant which is calculated and awarded based on the number of new Full-time Jobs that a company will create.
60	Permanent Address	A person's principal permanent home.
61	Prevailing Wage	Prevailing wage refers to the federal and state law that requires public entities to establish certain wage rates. It applies to construction workers on contracts awarded by the public entity for public works projects and is described in Chapter 2258 of the Texas Government Code and the City has approved Ordinance No. 20030508-031, adopting the federal Davis Bacon wage rate schedule. The same prevailing wage rate schedule adopted by the City would be paid by the Company for all construction it funds unless an exception was approved.
62	Private Partner(ship)	A for-profit entity engaged in a signed agreement, contract, or other formal partnership arrangement with the City of Austin.
63	Project / Chapter 380 Project / Incentivized Project	The addition of jobs and/or capital investment for which a company is applying to a City of Austin Chapter 380 Business Expansion program for assistance.
64	Qualified Third Party / Qualified 3rd Party	Established organizations providing services to "targeted hiring populations" (see definition). Organizations should have active public agency contracts for services or be otherwise approved by the City in its sole discretion.

#	Term	Definition
65	Registered and Operational Location within the City of Austin	A business that is registered with either the Travis County Clerk or Texas Secretary of State, and which is open for business from clients at physical location within the full purpose City limits of Austin, Texas.
66	Score Card / Scoring Matrix	See "Matrix"
67	Significant Presence	At least five Full-time Jobs that are currently based and operational within the City of Austin OR having one or more registered and operational locations in Austin and none outside Austin.
68	Small Project	Project that creates between 5 - 24 Full-time Jobs that employ Austin residents.
69	Small Business	A business headquartered in the United States, and having 500 or fewer employees worldwide that meets the Small Business Association's threshold for annual sales revenue.
70	Targeted Hiring Population	<p>Example of targeted hiring populations and barriers and does not exclude other populations and barriers:</p> <ul style="list-style-type: none"> <li>o individuals without a high-school diploma or GED or transitioning from GED/high-school equivalent programs;</li> <li>o individuals experiencing homelessness, transitioning from homelessness or residents of Permanent Supportive Housing (PSH) and other publicly funded housing programs to include Housing Choice Voucher Programs;</li> <li>o individuals served by other local, state, or federal social services contracts;</li> <li>o individuals with a past criminal justice system experience;</li> <li>o individuals transitioning from drug, alcohol or other treatment programs;</li> <li>o those who either lack sustained labor force experience or those returning to the labor force from a sustained absence; and</li> <li>o individuals with a disability that has been identified by a qualified third-party service provider engaged in workforce development and supportive services as a barrier to employment.</li> </ul> <p>* In addition, other individuals who are considered to have challenges in regular employment may be included in the hiring population upon City receipt of, and agreement with, the justification for inclusion.</p>
71	Tax Reimbursement Payment	A refund of taxes paid that a firm is eligible for after demonstration of satisfactory performance under the Chapter 380 agreement.
72	Under-served community	A segment of a community experiencing barriers to or lacking access to goods or services.
73	Wages	The fixed amount paid by an employer to an employee on a regular basis.
74	Work-Study	Part-time employment for undergraduate, graduate, or professional students with financial need while they are enrolled in school that allows students to earn money to help pay educational expenses.
75	Workforce Housing	Quality housing that is affordable to all employees of the company and is either owned or leased by company employees.

<b>Exhibit C</b> <b>Anti-Harassment and Anti-Discrimination Practices</b>
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The following Anti-Harassment and Anti-Discrimination Practices are outlined in Astute Electronic Inc.'s Employee Handbook:

**Policy Against Proscribed Harassment and Discrimination**

We are committed to maintaining a respectful, courteous work environment free of unlawful discrimination and harassment, and we are committed to taking all reasonable steps to prevent it and address it. We will not tolerate harassment relating to any characteristic protected under applicable law by any worksite employee, contractor, vendor, customer, or visitor. Protected characteristics include age, race, color, national origin, gender (including pregnancy, childbirth or medical condition related to pregnancy or childbirth), gender identity or expression, sexual orientation, religion, physical or mental disability, medical condition, genetic information, marital status, veteran status, military status, or any other characteristic protected by federal, state, or local law. In addition to any disciplinary action we may take, up to and including termination of employment, offenders may also be personally liable, in the event of litigation, for damages and attorney's fees and other costs of litigation. Except where otherwise indicated, the term "harassment," as used in this policy, refers to behavior that is related to any characteristic protected under applicable law and that is personally offensive, intimidating, or hostile, or interferes with work performance, regardless of whether it rises to the level of violating the law. In other words, this policy is stricter than the law, in that this policy defines prohibited harassment more broadly than does the law.

Make a point of paying attention to others' reactions and stated requests and preferences, respecting their wishes, and treating them in a professional manner, regardless of gender, race, religion, nationality, age, sexual orientation, sexual identity or expression, or other protected characteristic.

**Reporting and Investigating**

Proscribed Harassment If you believe anyone is harassing you based on a protected characteristic, or harassing another individual in the workplace, we encourage you, if comfortable doing so, to tell the harasser in clear language that the behaviors or advances are unwelcome or unwanted and must stop. The individual may not realize the behavior is objectionable and a simple communication may effectively end the behavior. However, if you are not comfortable engaging in such communication or the behavior does not stop following such communication, you should immediately report your concern to your manager, any other company manager or official, your TriNet HR Representative or the TriNet Solution Center. Report the facts of the incident, including what happened, when, where, how often, and the names of the accused and any witnesses. Managers should immediately report any suspected incidents of harassment of others to a TriNet HR Representative. All claims of proscribed harassment will be investigated in a timely, objective, and thorough manner as confidentially as possible. All worksite employees are expected to cooperate fully in any investigation. If it is determined that prohibited harassment has occurred, the appropriate corrective action, up to and including termination of employment of the offending worksite employee, will be taken along with any additional steps necessary to prevent further violations of this policy.

**Protection against Retaliation**

Neither the company nor the law will tolerate any form of retaliation against any worksite employee who opposes discrimination or prohibited harassment, makes a complaint, or participates in any manner in an internal investigation or an investigation, proceeding, or hearing conducted by a state or federal agency or court. If you believe that you have experienced or witnessed retaliation, you should immediately report your concern to your manager, any other manager or officer, a TriNet HR Representative or the TriNet Solution Center. Any worksite employee who engages in retaliation will be subject to disciplinary action, up to and including termination of employment, as well as possible legal consequences.

## Exhibit C

### Anti-Harassment and Anti-Discrimination Practices

#### Standards of Performance and Conduct

Like other organizations, we require order and discipline to succeed and to promote efficiency, productivity, and cooperation among worksite employees. For this reason, we think it is helpful to identify some examples of types of conduct that are impermissible and that may therefore lead to disciplinary action, possibly including immediate discharge:

- Refusing to accept appropriate work assignments or refusing to perform tasks assigned by a supervisor in the appropriate manner.
- Refusing to follow your manager's work instructions or directions, or engaging in insubordination.
- Conducting personal business, including outside employment, on working time or with company equipment, supplies, materials, or products, without management approval.
- Possessing or using weapons, dangerous or unauthorized materials, liquor (unless authorized), or illicit drugs in the workplace. (This is not to be read as interfering with a legal right, in those states that recognize such a right, to store lawfully possessed firearms in one's vehicle while it is in an employer-provided parking area.)
- Sleeping or being impaired by alcohol, illegal drugs, or intoxicants while on company property, while on duty, or while operating a vehicle or potentially dangerous equipment leased or owned by the company.
- Falsifying information, including time or expense reports; intentionally "punching" another worksite employee's time card; removing or destroying any time-keeping record without authorization.
- Damaging, destroying, removing without authority, or failing to return any property (physical or intellectual) belonging to the company, fellow worksite employees, customers, or anyone on company property.
- Fighting, horseplay, practical jokes, or other unsafe conduct that could endanger any worksite employee, contractor, customer, or vendor of or visitor to the company.
- Violence, threats of violence or intimidation, bullying, or coercing any worksite employee, contractor, customer, or vendor of or visitor to your company, including by use of abusive or vulgar language.
- Engaging in any unlawful harassment or discrimination against a co-worker, customer, or vendor.
- Engaging in illegal activities or conduct that poses a health or safety hazard, including smoking in non-smoking areas.
- Soliciting or accepting gratuities from customers or vendors.
- Holding unauthorized gatherings in work areas during working time, or admitting unauthorized persons into the work place, unless allowed to do so by law.
- Releasing without authorization Confidential Information as defined in this handbook.
- Violation of any company rule, practice, or policy, including any policy in this handbook. • Unsatisfactory performance of job duties



<p style="text-align: center;"><b>Exhibit C</b> <b>Anti-Harassment and Anti-Discrimination Practices</b></p>
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**Military Duty**

If you join a branch of the Armed Forces of the United States or you are a member of a reserve component of the U.S. Armed Forces or the National Guard, you may be entitled to take a leave. The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) provides enhanced leave rights and job protections for worksite employees absent for military duty. USERRA prohibits discrimination in employment and retaliation against any person who was, is, or applies to be a member of a uniformed service, or who performs or has an obligation to perform service in a uniformed service. A number of state laws also provide leave rights for worksite employees requiring time off for military duty. For further details concerning USERRA, or a similar state law, please consult your TriNet HR Representative.



**Exhibit D**  
**Certificate of Compliance**  
**Astute Electronics Inc**  
**Reporting Year: January 1 through December 31, \_\_\_\_\_ Year \_\_\_ of 5**

**1.0 Compliance with Minimum Requirements**

**1.1 Compliance with all Laws.** Astute Electronics Inc certifies that it has, throughout the term of the Agreement, complied and will continue to comply with all federal, state, and local laws, rules and regulations.

Yes  No

**1.2 Compliance with City Regulations.**

1.2.01 For the construction of the Company's Project, or the construction or remodeling of any future facilities in the City's planning jurisdiction during the term of this Agreement, has the Company complied with all City Code regulations, including water quality regulations in effect at the time any site plan application was filed, unless the Company has negotiated an agreement with the City to comply with overall impervious cover limits and provide the currently required water quality controls?

Yes  No

1.2.02 Has the Company asserted possible vested rights defined in Chapter 245 of the Texas Local Government Code to avoid compliance with water quality regulations during the term of this Agreement?

Yes  No

**1.3 Minority-Owned Business Enterprise and Women-Owned Business Enterprise Procurement**

Describe the actions taken by Astute Electronics Inc throughout the year ended December 31, \_\_\_\_\_ to comply with the City's Minority Business Enterprise / Women's Business Enterprise (MBE/WBE) procurement program.

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**1.4 Anti-Harassment and Anti-Discrimination Practices.**

1.4.01 The Company agreed to comply with its written anti-harassment and anti-discrimination practices for its business operations and work environment in Austin.

Describe the actions taken by Astute Electronics Inc throughout the year ended December 31, \_\_\_\_\_ to comply with this obligation.

---

1.4.02 Is the Company committed to compliance with its written anti-harassment and anti-discrimination practices for its business operations and work environment in Austin throughout the term of the Agreement?

Yes  No

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**1.5 City of Austin Living Wage.** Has the Company ensured that all its full-time employees and contract employees working in the City of Austin are paid no less than the City Living Wage, which is currently \$15.00 per hour throughout the year ended December 31, \_\_\_\_\_?

Yes  No

**1.6 Health Benefits.**

1.6.01 Throughout the term of this Agreement, has the Company provided health insurance benefits to all employees in New Full-time Jobs and extended benefits to spouses and domestic partners of its employees in New Full-time Jobs and dependents of those spouses and domestic partners?

Yes  No

1.6.02 If the response to 1.6.01 is “No”, has the Company, throughout the term of this Agreement, facilitated access to health insurance coverage, such as providing a stipend to purchase insurance on the healthcare exchanges, for its employees in New Full-time Jobs and their spouses and domestic partners and dependents of those spouses and domestic partners?

Yes  No

1.6.03 Throughout the term of this Agreement, have the benefits extended to employees’ domestic partners and their dependents been the same benefits extended in the same manner as benefits extended to employees’ spouses and their dependents?

Yes  No

**1.7 Texas Government Code Chapter 2264.** Throughout the term of this Agreement, has the Company complied with its obligations to:

1.7.01 not knowingly employ any person who is not lawfully admitted for permanent residence to the United States or who is not authorized under law to be employed in the United States (“Undocumented Worker”); and

1.7.02 notify the City of any complaint brought against the Company alleging that the Company has employed Undocumented Workers?

Yes  No

**1.8 Property Tax Protests.**

1.8.01 During the year ended December 31, \_\_\_\_\_, has the Company or an Affiliate protested the value of the real or business personal property comprising the Project?

Yes  No

If not, skip to Section 2.

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1.8.02 Was any property value reduced as a result of the protest?

\_\_\_ Yes

\_\_\_ No

1.8.03 Provide the Property ID for each parcel whose value was protested in the year ended December 31, \_\_\_\_\_.

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**2.0 Job Creation and Retention**

**2.1 New Full-time Jobs Created and Retained.** How many New Full-time Jobs did Astute Electronics Inc create and retain throughout the year ended December 31, \_\_\_\_\_?

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**2.2 Existing Full-time Jobs Retained.** How many Existing Full-time Jobs did Astute Electronics Inc retain throughout the year ended December 31, \_\_\_\_\_?

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**3.0 Capital Investment**

**3.1** To date the City has verified Astute Electronics Inc's business personal property investment of \$\_\_\_\_\_.

**3.2** Between January 1, \_\_\_\_\_ and December 31, \_\_\_\_\_ Astute Electronics Inc has invested \$\_\_\_\_\_ in business personal property improvements at the Project.

**4.0 Transportation and Mobility.**

Between January 1, \_\_\_\_\_ and December 31, \_\_\_\_\_ the Company provided the following transportation benefits to all New Full-time Employees:

\_\_\_ Secure bicycle parking that is conveniently located;

\_\_\_ Teleworking and alternate work schedules that compress work weeks and/or use flexible start and end times to encourage travel outside of the peak congested periods;

\_\_\_ Transportation information such as transportation options tailored by the specific office location in all employee handbooks and presented as part of new employee orientation; one-on-one commute route planning assistance; and information provided on company website, in the break rooms, and in internal newsletters;

\_\_\_ A dedicated staff member available to coordinate programming and be a transportation resource to all Austin-Based Employees.

**Exhibit D**  
**Certificate of Compliance**  
**Astute Electronics Inc**  
**Reporting Year: January 1 through December 31, \_\_\_\_\_ Year \_\_\_ of 5**

**5.0 Community Benefits**

**5.1 Talent Development**

5.1.01 The Company agreed to begin providing a career ladder for at least 40% of the Project's Austin-Based Employees, including at least 25% of those employees whose salary is less than the median salary of the Project's Austin-Based Employees by December 31, 2020.

Describe the actions taken by Astute Electronics Inc throughout the year ended December 31, \_\_\_\_\_ to comply with this obligation.

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5.1.02 The Company agreed to begin offering employer-paid educational opportunities to at least 50% of the Project's Austin-Based Employees whose salary is less than the median salary of the Project's Austin-Based Employees by December 31, 2020.

Describe the actions taken by Astute Electronics Inc throughout the year ended December 31, \_\_\_\_\_ to comply with this obligation.

---

5.1.03 The Company agreed to begin providing at least three weeks of paid leave to any Austin-Based Employee upon the birth or adoption of a child by December 31, 2020.

Describe the actions taken by Astute Electronics Inc throughout the year ended December 31, \_\_\_\_\_ to comply with this obligation.

---

**5.2 Diversity, Inclusion and Equity**

The Company agreed to have written policies and procedures regarding diversity, inclusion and equity in hiring and workplace culture.

Describe the actions taken by Astute Electronics Inc throughout the year ended December 31, \_\_\_\_\_ to comply with this obligation.

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**5.3 Connection to Underserved Communities.** The City recognizes the following zip codes as underserved communities: 78702, 78721, 78723, 78724, 78741, 78742, 78744, 78752, 78753, and 78758.

The Company agreed, by December 31, 2020, to incentivize its employees to volunteer annually for job training and employment outreach opportunities offered to residents of underserved communities.

**Exhibit D**  
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Describe the actions taken by Astute Electronics Inc throughout the year ended December 31, \_\_\_\_\_ to comply with this obligation.

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**5.4 Civic Engagement.** The Company agreed to provide all its Austin-Based Employees paid time off to vote in elections.

Describe the actions taken by Astute Electronics Inc throughout the year ended December 31, \_\_\_\_\_ to comply with this obligation.

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**5.5 Sustainable Business Practices**

The Company agreed to offer recycling and organics diversion at all its facilities to all employees, customers, and tenants, and to implement several practices or policies to support zero waste beyond the minimum requirements of the City's Universal Recycling Ordinance.

Describe the actions taken by Astute Electronics Inc throughout the year ended December 31, \_\_\_\_\_ to comply with this obligation.

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**6.0 Additional Compliance.**

The Company agreed to locate the Project outside of downtown in a high frequency transit corridor, Transit Oriented Development, or in a Regional Center, Town Center, Job Center, or in a Neighborhood Center identified in the Growth Concept Map in the Imagine Austin Plan; and/or within 1/4 mile of a rail or bus stop that is accessible by safe pedestrian and bicycle routes.

Describe the actions taken by Astute Electronics Inc throughout the year ended December 31, \_\_\_\_\_ to comply with this obligation.

---

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**7.0 Chapter 380 Payment Request**

- 7.1 Number of New Full-time Jobs from section 2.1: \_\_\_\_\_
- 7.2 Number of Existing Full-time Jobs from section 2.2: \_\_\_\_\_
- 7.3 Chapter 380 Payment Request for year ended December 31, \_\_\_\_\_: (Number from 7.1 x \$185): \_\_\_\_\_

**8.0 Certification.** I, the authorized representative for Astute Electronics Inc, hereby certify that the above information is correct and accurate pursuant to the terms of the Agreement. I further certify that Astute Electronics Inc complied fully with all of the terms of the Chapter 380 Economic Development Agreement during the year ended December 31, \_\_\_\_\_, and I understand that providing a false statement of failure to comply with the agreement may subject Astute Electronics Inc to not receiving incentive payments, or to the City seeking remedies, or termination of the Agreement.

\_\_\_\_\_  
Signature Printed Name

\_\_\_\_\_  
Title (Chief Financial Officer or equivalent) Date

BEFORE ME, the undersigned authority, this day personally appeared \_\_\_\_\_

and by oath stated that the facts herein stated are true and correct.

SWORN TO AND SUBSCRIBED BEFORE ME on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of Texas