BUSINESS INCENTIVE AGREEMENT BETWEEN THE CORPUS CHRISTI B CORPORATION AND TEXAS A&M UNIVERSITY – CORPUS CHRISTI

re: LONE STAR UNMANNED AIRCRAFT SYSTEMS CENTER

This Business Incentive Agreement for Capital Investments and the Creation and Retention of Jobs ("Agreement") is entered into between the **Corpus Christi B Corporation** ("Corporation") and **Texas A&M University – Corpus Christi**, a member of The Texas A&M University System, an agency of the State of Texas, on behalf of its Lone Star Unmanned Aircraft Systems Center ("TAMU-CC").

WHEREAS, the Texas Legislature in Chapter 501 et seq. of the Local Government Code (Development Corporation Act of 1979) (the "Act") empowered local communities with the ability to adopt an optional local sales and use tax as a means of improving the economic health and prosperity of their citizens;

WHEREAS, on November 8, 2016, residents of the City of Corpus Christi, Texas ("City") passed Proposition 1, Adopt Type B Sales Tax to Replace Expiring Portion of Type A Sales Tax, which authorized the adoption of a sales and use tax to be administered by a Type B Corporation at the rate of one-eighth of one percent to be imposed for 20 years with use of the proceeds for (1) 50% to the promotion and development of new and expanded enterprises to the full extent allowed by Texas law, (2) $500,000 annually for affordable housing, and (3) the balance of the proceeds for the construction, maintenance and repair of arterial and collector streets and roads;

WHEREAS, the 1/8th cent sales tax authorized by passage of Proposition 1 was subsequently enacted by the City Council and filed with the State Comptroller of Texas, effective April 1, 2018, to be administered by the Corpus Christi B Corporation Board;

WHEREAS, the Corpus Christi B Corporation exists for the purposes of encouraging and assisting entities in the creation of jobs for the citizens of Corpus Christi, Texas;

WHEREAS, Section 501.073 of the Act requires the City Council to approve all programs and expenditures of the Corporation;

WHERAS, Section 501.103 of the Act authorizes expenditure of Type B Corporation funds for certain infrastructure improvements, including site improvements, that promote or develop new and expanding business enterprises within the City;

WHERAS, Section 501.101(2)(K) of the Act authorizes expenditure of Type B Corporation funds for projects that are for the creation and retention of primary jobs and found by the Board to be

required or suitable for the development of primary job training facilities for use by institutions of higher education;

WHEREAS, TAMU-CC is a four-year State university located within the City of Corpus Christi;

WHEREAS, TAMU-CC has already invested $2,300,000.00 into the purchase of the building and proposes to invest approximately $9,300,000.00 over a five-year period, including the funding provided under this Agreement and create two full-time jobs with an estimated annual average salary of $120,000;

WHEREAS, on August 27, 2021, the Board determined that it is in the best interests of the citizens of Corpus Christi, Texas that business development funds be provided to TAMU-CC, through this Agreement with TAMU-CC, to be used by TAMU-CC to expand the Lone Star Unmanned Aircraft Systems Center ("LSUASC"), which will result in job training that will give our citizens the knowledge and skills required for the jobs of the future (the "Project"). With these improvements, it is anticipated the Project will result in at least five (5) drone-related companies relocating to the Corpus Christi community with initial job projections of 100-150 full-time employees. New jobs will pay wages that are at least equal to the prevailing wage for the applicable occupation in the local labor market.

In consideration of the covenants, promises, and conditions stated in this Agreement, Corporation and TAMU-CC agree as follows:

1. *Effective Date*. The effective date of this Agreement ("Effective Date") is the latest date that either party executes this Agreement or the date of City Council approval, whichever is later.

2. *Term*. The term of this Agreement is for five years beginning on the Effective Date.

3. *Performance Requirements and Conditions.*

   a. TAMU-CC agrees to use these funds to pay for the creation of certain infrastructure improvements allowed under Section 501.103 of the Texas Local Government Code needed for the Project and for costs related to primary job training as allowed under Section 501.101 of the Texas Local Government Code.

   b. TAMU-CC agrees to provide the Corporation with a sworn certificate by an authorized representative of TAMU-CC, certifying the amount used for infrastructure improvements.

   c. TAMU-CC agrees to complete the Project in accordance with the description provided in its proposal, which is attached here to as **Exhibit A** and to continue operating and maintaining the LSUASC throughout the term of this Agreement.

c. TAMU-CC will provide the Corporation with a detailed list of infrastructure expenditures each year within 30 days of the anniversary of the Effective Date until construction is complete.

d. During the term of this Agreement, TAMU-CC will create at least two (2) new full-time jobs at TAMU-CC in relation to this Agreement, within the City Limits of the City of Corpus Christi and maintain all such jobs for the full term of the Agreement. A "job" is defined as a full-time employee, contractor, consultant, or leased employee who has a home address in the Corpus Christi Metropolitan Statistical Area ("MSA").

e. During the term of this Agreement, TAMU-CC will invest at least $7,000,000.00 in the Project, in addition to the funding provided under §4.a in this Agreement. At least $4,000,000.00 will be invested in eligible infrastructure costs, job training program costs and/or economic development as authorized by the Act.

f. TAMU-CC will complete all construction of the Project and obtain a permanent Certificate of Occupancy from the City's Development Services Department by June 30, 2024 (See, Exhibit B).

h. TAMU-CC will display signage that states that TAMU-CC is a recipient of Type B funding. This signage will be created at TAMU-CC's own expense and will be displayed in a location that is visible to a visitor to the facility.

4. *Grant Award.*

a. The Corporation will grant TAMU-CC the amount not to exceed $4,000,000.00 subject to appropriations as described in paragraphs 20 and 21 below.

b. The Corporation will reimburse TAMU-CC for the costs incurred by TAMU-CC related to the Project. TAMU-CC shall submit to the Corporation documentation reasonably satisfactory to the Corporation of costs incurred by TAMU-CC related to the Project and the Corporation shall provide reimbursement within 60 days of receipt of such documentation. The amount reimbursed by the Corporation may not exceed $4,000,000.

5. *Utilization of Local Contractors and Suppliers.* TAMU-CC agrees to exercise reasonable efforts in utilizing local contractors and suppliers in the construction of the Project, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency in the normal course of business, with a goal of 50% of the total dollar amount of all construction contracts and supply agreements being paid to local contractors and suppliers. For the purposes of this section, the term "local" as used to describe manufacturers, suppliers, contractors, and labor includes firms, businesses, and persons who reside in or maintain an office within a 50-mile radius of Nueces County. TAMU-CC agrees, during the construction of the Project and for four years after Completion, to maintain written records documenting the efforts of TAMU-CC to comply with the Local Requirement, and to provide an annual report to the City Manager or designee, from which the City Manager or designee shall

determine if TAMU-CC is in compliance with this requirement. Failure to substantially comply with this requirement, in the sole determination of the City Manager or designee, shall be a default hereunder.

6. *Utilization of Disadvantaged Business Enterprises ("DBE").* TAMU-CC agrees to exercise reasonable efforts in utilizing contractors and suppliers that are determined to be DBEs, including minority business enterprises, women-owned business enterprises and historically-underutilized business enterprises. In order to qualify as a business enterprise under this provision, the firm must be certified by the City, the Regional Transportation Authority or another governmental entity in the jurisdiction of the home office of the business as complying with state or federal standards for qualification as such an enterprise. TAMU-CC agrees to a goal of 30% of the total dollar amount of all construction contracts and supply agreements being paid to DBEs, with a priority made for DBEs which are local. TAMU-CC agrees, during the construction of the Project and for four years after Completion, to maintain written records documenting the efforts of TAMU-CC to comply with the DBE Requirement, and to provide an annual report to the City Manager or designee, from which the City Manager or designee shall determine if TAMU-CC is in compliance with this requirement. Failure to substantially comply with this requirement, in the sole determination of the City Manager or designee, shall be a default hereunder. For the purposes of this section, the term "local" as used to describe contractors and suppliers that are determined to be DBEs, including minority business enterprises, women-owned business enterprises and historically-underutilized business enterprises includes firms, businesses, and persons who reside in or maintain an office within a 50 mile radius of Nueces County.

7. *Sales Tax Sourcing.* TAMU-CC shall, except where not reasonably possible to do so without significant added expense, substantial inconvenience, or sacrifice in operating efficiency in the normal course of business, utilize, or cause its contractors to utilize, Separated Building Materials and Labor Contracts for all taxable building material contracts related to the Project in the amount of $100,000 or more, to site payment of the sales tax on building materials for the Project to the location of the Project.

8. *Living Wage Requirement.* In order to count as a permanent full-time job under this agreement, the job should provide a "living wage" for the employee. The target living wage under this agreement is that annual amount equal or greater than poverty level for a family of three, established by the U.S. Department of Health and Human Services Poverty Guidelines, divided by 2,080 hours per year for that year.

9. *Health Insurance.* To qualify for this incentive, TAMU-CC shall certify that it has offered a health insurance program for its employees and that, for all jobs included in the total for purposes of meeting the jobs requirement, a health insurance program was offered throughout the term of the Agreement. The health insurance program(s) must comply with all applicable laws.

10. *Warranties.* TAMU-CC warrants and represents to Corporation the following:

a. TAMU-CC is an institution of higher education duly organized, validly existing, and in good standing under the laws of the State of Texas and has all corporate power and authority to carry on its business as presently conducted in Corpus Christi, Texas.

b. TAMU-CC has the authority to enter into and perform, and will perform, the terms of this Agreement to the best of its ability.

c. TAMU-CC has timely filed and will timely file all applicable local, State, and Federal tax reports and returns required by laws to be filed and all taxes, assessments, fees, and other governmental charges, including applicable ad valorem taxes, have been timely paid, and will be timely paid, during the term of this Agreement.

d. TAMU-CC has received a copy of the Act and the Corpus Christi B Corporation Guidelines & Criteria for Granting Business Incentives (See, Exhibit B) and acknowledges that the funds granted in this Agreement must be utilized solely for purposes authorized under State law and by the terms of this Agreement.

e. The person executing this Agreement on behalf of TAMU-CC is duly authorized to execute this Agreement on behalf of TAMU-CC.

f. TAMU-CC does not and agrees that it will not knowingly employ an undocumented worker. If, after receiving payments under this Agreement, TAMU-CC is convicted of a violation under 8 U.S.C. Section 1324a(f), TAMU-CC shall repay the payments received under this Agreement to the Corporation (or City if the Corporation has been dissolved), with interest at the Wall Street Journal Prime Rate, not later than the 120th day after the date TAMU-CC has been notified of the violation.

11. *Compliance with Laws*. During the Term of this Agreement, TAMU-CC shall observe and obey all applicable laws, ordinances, regulations, and rules of the Federal, State, county, and city governments.

12. *Non-Discrimination*. TAMU-CC covenants and agrees that TAMU-CC will not illegally discriminate nor permit illegal discrimination against any person or group of persons, with regard to employment and the provision of services at, on, or in the Project, on the grounds of race, religion, national origin, marital status, sex, age, disability, or in any manner prohibited by the laws of the United States or the State of Texas.

13. *Force Majeure*. If the Corporation or TAMU-CC are prevented, wholly or in part, from fulfilling its obligations under this Agreement by reason of any act of God, unavoidable accident, acts of enemies, fires, floods, governmental restraint or regulation, other causes of force majeure, or by reason of circumstances beyond its control, then the obligations of the Corporation or TAMU-CC are temporarily suspended during continuation of the force majeure. If either party's obligation is

affected by any of the causes of force majeure, the party affected shall promptly notify the other party in writing, giving full particulars of the force majeure as soon as possible after the occurrence of the cause or causes relied upon.

14. *Assignment.* TAMU-CC may not assign all or any part of its rights, privileges, or duties under this Agreement without the prior written approval of the Corporation and City. Any attempted assignment without approval is void, and constitutes a breach of this Agreement.

15. *Events of Default by TAMU-CC.* The following events constitute a default of this Agreement by TAMU-CC:

a. The Corporation or City determines that any representation or warranty on behalf of TAMU-CC contained in this Agreement or in any financial statement, certificate, report, or opinion submitted to the Corporation in connection with this Agreement was incorrect or misleading in any material respect when made.

b. Any judgment is assessed against TAMU-CC or any attachment or other levy against the property of TAMU-CC with respect to a claim remains unpaid, undischarged, or not dismissed for a period of 120 days.

c. TAMU-CC makes an assignment for the benefit of creditors.

d. TAMU-CC files a petition in bankruptcy or is adjudicated insolvent or bankrupt.

e. If taxes owed by TAMU-CC become delinquent, and TAMU-CC fails to timely and properly follow the legal procedures for protest or contest.

f. TAMU-CC changes the general character of business as conducted as of the date this Agreement is approved by the Corporation.

g. TAMU-CC fails to comply with one or more terms of this Agreement.

16. *Notice of Default.* Should the Corporation or City determine that TAMU-CC is in default according to the terms of this Agreement, the Corporation or City shall notify TAMU-CC in writing of the event of default and provide 60 days from the date of the notice ("Cure Period") for TAMU-CC to cure the event of default.

17. *Results of Uncured Default by TAMU-CC.* After exhausting good faith attempts to address any default during the Cure Period, and taking into account any extenuating circumstances that might have occurred through no fault of TAMU-CC, as determined by the Board of Directors of the Corporation, the following actions must be taken for any default that remains uncured after the Cure Period.

a. TAMU-CC shall immediately repay all funds paid by Corporation to them under this Agreement.

b. TAMU-CC shall, to the extent authorized by law, pay Corporation reasonable attorney fees and costs of court to collect amounts due to Corporation if not immediately repaid upon demand from the Corporation.

c. Upon payment by TAMU-CC of all sums due, the Corporation and TAMU-CC shall have no further obligations to one another under this Agreement.

d. Neither the City, the Corporation, nor TAMU-CC may be held liable for any consequential damages.

18. *No Waiver.*

a. No waiver of any covenant or condition, or the breach of any covenant or condition of this Agreement, constitutes a waiver of any subsequent breach of the covenant or condition of the Agreement.

b. No waiver of any covenant or condition, or the breach of any covenant or condition of this Agreement, justifies or authorizes the nonobservance on any other occasion of the covenant or condition or any other covenant or condition of this Agreement.

c. Any waiver or indulgence of TAMU-CC's default may not be considered an estoppel against the Corporation.

d. It is expressly understood that if at any time TAMU-CC is in default in any of its conditions or covenants of this Agreement, the failure on the part of the Corporation to promptly avail itself of the rights and remedies that the Corporation may have, will not be considered a waiver on the part of the Corporation, but Corporation may at any time avail itself of the rights or remedies or elect to terminate this Agreement on account of the default.

19. *Limitation of Liability.* TAMU-CC specifically agrees that Corporation shall only be liable to TAMU-CC for the actual amount of the money grants to be conveyed to TAMU-CC, and shall not be liable to TAMU-CC for any actual or consequential damages, direct or indirect, interest, attorney fees, or cost of court for any act of default by Corporation under the terms of this Agreement. Payment by Corporation is strictly limited to those funds so allocated, budgeted, and collected solely during the grant term of this Agreement. Corporation shall use its best efforts to anticipate economic conditions and to budget accordingly. However, it is further understood and agreed that, should the actual total sales tax revenue collected for any one year be less than the

total amount of grants to be paid to all contracting parties with Corporation for that year, then in that event, all contracting parties shall receive only their pro rata share of the available sales tax revenue for that year, less Corporation's customary and usual costs and expenses, as compared to each contracting parties' grant amount for that year, and Corporation shall not be liable to for any deficiency at that time or at any time in the future. In this event, Corporation will notify TAMU-CC in writing of the shortfall as soon as reasonably practicable, and provide all supporting documentation, as requested.

20. *Appropriations.* The parties mutually agree and understand that funding under this Agreement is subject to annual appropriations by the City Council; that each fiscal year's funding must be included in the budget for that year; and the funding is not effective until approved by the City Council.

21. *Notices.*

a. Any required written notices shall be sent mailed, certified mail, postage prepaid, addressed as follows:

TAMU-CC:

Texas A&M University – Corpus Christi
Attn: Vice President for Institutional Advancement
6300 Ocean Drive, Unit 5741
Corpus Christi, Texas 78412-5731

With an electronic copy to:

Texas A&M University – Corpus Christi
Attn: Contracts Administration
Email: contracts@tamucc.edu

Corporation:
Corpus Christi B Corporation
Attn.: Executive Director
1201 Leopard Street
Corpus Christi, Texas 78401

b. A copy of all notices and correspondence must be sent the City at the following address:
City of Corpus Christi
Attn.: City Manager
P.O. Box 9277
Corpus Christi, Texas 78469-9277

c. Notice is effective upon deposit in the United States mail in the manner provided above.

22 *Incorporation of other documents.* TAMU-CC's Proposal (Exhibit A), and The Type B Guidelines, as amended (Exhibit B), are incorporated into this Agreement.

23. *Amendments or Modifications.* No amendments or modifications to this Agreement may be made, nor any provision waived, unless in writing signed by a person duly authorized to sign Agreements on behalf of each party.

24. *Relationship of Parties.* In performing this Agreement, both the Corporation and TAMU-CC will act in an individual capacity, and not as agents, representatives, employees, employers, partners, joint-venturers, or associates of one another. The employees or agents of either party may not be, nor be construed to be, the employees or agents of the other party for any purpose.

25. *Captions.* The captions in this Agreement are for convenience only and are not a part of this Agreement. The captions do not in any way limit or amplify the terms and provisions of this Agreement.

26. *Severability.*

a. If for any reason, any section, paragraph, subdivision, clause, provision, phrase or word of this Agreement or the application of this Agreement to any person or circumstance is, to any extent, held illegal, invalid, or unenforceable under present or future law or by a final judgment of a court of competent jurisdiction, then the remainder of this Agreement, or the application of the term or provision to persons or circumstances other than those as to which it is held illegal, invalid, or unenforceable, will not be affected by the law or judgment, for it is the definite intent of the parties to this Agreement that every section, paragraph, subdivision, clause, provision, phrase, or word of this Agreement be given full force and effect for its purpose.

b. To the extent that any clause or provision is held illegal, invalid, or unenforceable under present or future law effective during the term of this Agreement, then the remainder of this Agreement is not affected by the law, and in lieu of any illegal, invalid, or unenforceable clause or provision, a clause or provision, as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable, will be added to this Agreement automatically.

27. *Venue.* Venue for any legal action related to this Agreement is in Nueces County, Texas.

28. *Sole Agreement.* This Agreement constitutes the sole Agreement between Corporation and TAMU-CC. Any prior Agreements, promises, negotiations, or representations, verbal or otherwise, not expressly stated in this Agreement, are of no force and effect.

29. *Survival of terms claims.* Termination of this Agreement will not release either party from any claim that accrued prior to the effective date of termination.

30. Limitations. The Parties are aware that there are constitutional and statutory limitations on the authority of TAMU-CC (a State agency) to enter into certain terms and conditions of this Agreement, including, but not limited to, those terms and conditions relating to liens on TAMU-CC's property; disclaimers and limitations of warranties; disclaimers and limitations of liability for damages; waivers, disclaimers and limitations of legal rights, remedies, requirements and processes; limitations of periods to bring legal action; granting control of litigation or settlement to another party; liability for acts or omissions of third parties; payment of attorneys' fees; dispute resolution; indemnities; and confidentiality (collectively, the "Limitations"), and terms and conditions related to the Limitations will not be binding on TAMU-CC except to the extent authorized by the Constitution and the laws of the State of Texas. Neither the execution of this Agreement by TAMU-CC nor any other conduct, action, or inaction of any representative of TAMU-CC relating to this Agreement constitutes or is intended to constitute a waiver of TAMU-CC's or the State's sovereign immunity to suit.

31. *Conflict of* Interest. By executing this Agreement, Corporation and each person signing on behalf of Corporation certifies, and in the case of a sole proprietorship, partnership or corporation, each party thereto certifies as to its own organization, that to the best of their knowledge and belief, no member of The Texas A&M University System or The Texas A&M University System Board of Regents, nor any employee, or person, whose salary is payable in whole or in part by The Texas A&M University System or its members, has direct or indirect financial interest in the award of this Agreement, or in the services to which this Agreement relates, or in any of the profits, real or potential, thereof.

32. *Entire Agreement.* This document constitutes the entire agreement between TAMU-CC and Corporation. This document supersedes all oral or written previous and contemporary understandings or agreements relating to matters contained herein. This Agreement may not be amended or otherwise altered except by mutual agreement in writing signed by TAMU-CC and Corporation.

Corpus Christi B Corporation

By: _____
Scott Harris
President
Date: _____

Attest:

By: _____
Rebecca Huerta
Assistant Secretary

APPROVED AS TO FORM:

_____
Assistant City Attorney Date

JRM

Texas A&M University – Corpus Christi

By: Kelly Miller
Kelly Miller, Ph.D.
President / CEO

Date: 9-2-21

DZ Digitally signed by DZ Date: 2021.09.02 09:24:46 -05'00'

THE STATE OF TEXAS
COUNTY OF NUECES

This instrument was acknowledged before me on September 2, 2021 by Dr. Kelly Miller, President and CEO of Texas A&M University-Corpus Christi, a member of the Texas A&M University System, an agency of the State of Texas, on behalf of the university.

Mary E. Gonzalez
Notary Public
State of Texas

NOTARY PUBLIC STATE OF TEXAS
MARY E GONZALEZ
ID# 13193421-9
Notary Public
STATE OF TEXAS
My Comm. Exp. 03-11-2023
NOTARY WITHOUT BOND

EXHIBIT A – TAMU-CC PROPOSAL

Executive Summary

Texas A&M University-Corpus Christi requests $4 million from the Corpus Christi Business and Job Development Corporation to expand the University's Lone Star Unmanned Aircraft System Center of Excellence & Innovation (LSUASC) and further grow economic development opportunities related to drones in Corpus Christi. LSUASC advances the integration of drone technologies across educational, public, and commercial agency interests; provides an economic stimulus to attract related industry partners to Texas; and, informs governing agencies on drone operations in the National Airspace System.

LSUASC is one of seven Federal Aviation Administration (FAA) drone test sites in the United States. The Texas A&M University System Board of Regents established Lone Star UAS in the Fall of 2013 as a research center at Texas A&M University-Corpus Christi with support from the Corpus Christi Business and Job Development Corporation. Our center is a global partner for research, development, testing and evaluation of drone technologies across educational, public and commercial agency interests. LSUASC supports the aeronautical research needs of research institutions, private-sector service providers, non-profit corporations, and local, state and federal agencies. LSUASC capabilities include:

- Five story, 320,000 cubic foot netted structure
- Fully Operational Mission Control
- Mobile Beyond Visual Line of Sight infrastructure
- ESIL – Electronic Systems Integration Lab
- Mobile Operations Center
- Radar Array Capabilities
- Custom 3D Printing
- Fleet of small UAV's
- Sensors

LSUASC also provides an economic stimulus to attract related industry partners to Texas and informs governing agencies regarding drone operations in the National Airspace System.

Texas A&M University-Corpus Christi is thankful for the Business and Job Development Corporation's generous support in the past that has allowed the University to expand research, engineering degree programs and drone-related initiatives. Most recently, support from the Business and Job Development Corporation helped with the addition of civil and industrial engineering degrees to support the growing needs of the local economy. In addition to the $2 million in funding provided by the Business and Job Development Corporation, $2.3 million was secured in the last legislative session to support these programs, showing confidence in Texas A&M University-Corpus Christi's efforts to meet the workforce development needs of our economy.

Proposed Programmatic Initiatives

The overall mission of this request is to strengthen and expand LSUASC and its capabilities for developing economic opportunities in the Coastal Bend.

Beyond-Visual-Line-Of-Sight (BVLOS) Study

To make Corpus Christi an approved Beyond-Visual-Line-Of-Sight (BVLOS) site that will attract more drone-related businesses to consider relocating to our city, we must first conduct an airspace study. Much of the airspace surrounding Corpus Christi is restricted for either Military or Commercial Aviation (Airport) use. The cost of this study will include partial cost of the staff time needed to conduct the study, such LSUASC personnel as the Air Space Coordinator, Program Director for Operations, Associate Director for UAS, etc. In addition, this access will fund one additional LSUASC position, an Aviation Safety Officer, creating a new job instead of simply modifying existing jobs for new purposes.

The purpose and significance of this study is to identify airspace that can be accessed by LSUASC for public or commercial use. Depending on the classification of the airspace, controlled or public, will either allow or prevent operations. LSUASC will conduct this study to find these areas where we could perform routine operations, which areas are accessible, and how to deconflict it for development. This will include contacting the proper FAA, Department of Defense, and protected infrastructure entities (Port of Corpus Christi, oil and gas companies, etc.) to identify issues and concerns with potential airspace usage. Additionally, LSUASC would also develop use cases for the BVLOS capabilities (Inter/Intrastate transport, Commercial Services, Public safety, etc.). After use case development, LSUASC would work with the FAA for permissions needed to conduct BVLOS operations. Companies would then be able to come to Corpus Christi and use our airspace rather than traveling to other major cities.

Second Mission Control Center

A second Mission Control Center (MCC) would also be located in the University's newly acquired building in downtown Corpus Christi. This second operations center will benefit from being located near and working with our center for emergency management. The vision is to create a training and development catalyst for innovative technologies, best practices and effective & efficient processes for drone operations.

The MCC will include a Thales USA, Inc. designed and LSUASC equipped, purpose-built state-of-the-art Operations Center to support research, development, routine and emergency response operations, testing, and evaluation of UAS technologies. Given the dynamic nature of the UAS industry, this center will need to be modular, remotely accessible, secure, resilient, and scalable. Thales' Operations Center design for LSUASC, illustrated in Figure 1, is predicated on deployed, operationally proven components engineered to provide advanced autonomous services, systems monitoring, test and validation, and operations support. The design and operations of the Operations Center includes:

- A decomposition of the system architecture into fundamental components, major hardware,and software components
- Interrelationships between major hardware and software components
- A service-to-function mapping
- An approach to interfacing with other systems and communications requirements

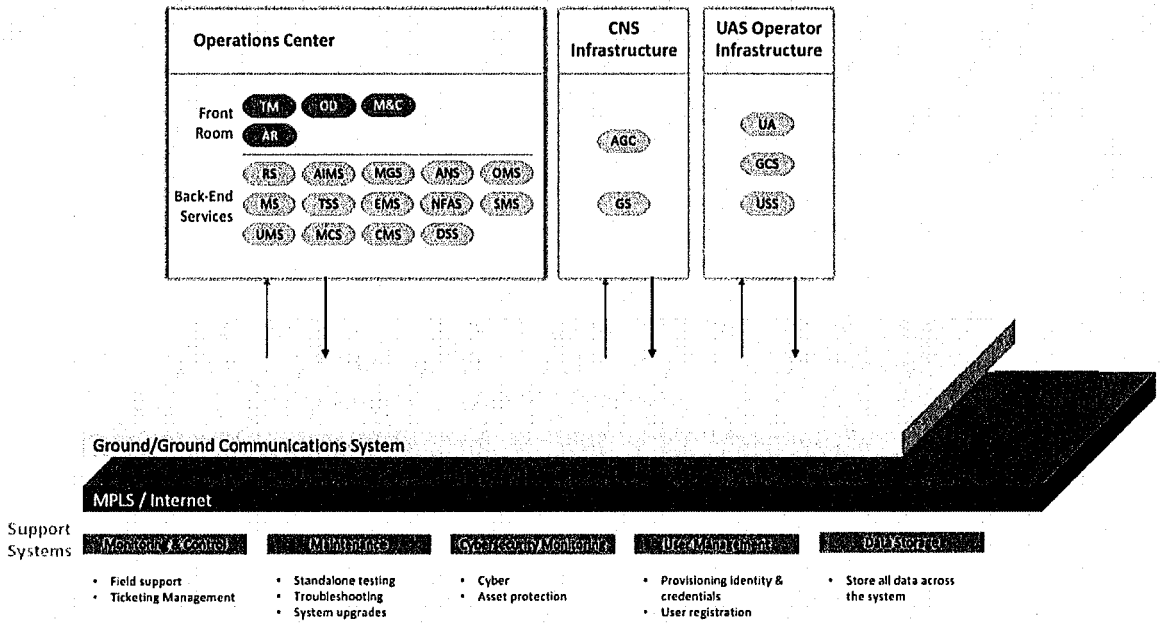


Figure 1 – LSUASC MCC System Architecture

The MCC system architecture features four operational capabilities to provision traffic management services, support, and logistics. They are interconnected via a communication backbone to help real-time and near real-time data exchanges between the systems. These include the Operations Center, CNS Infrastructure, UAS Operator Infrastructure, and the Support Systems.

- The Operations Center is the core of the MCC. It consists of the Operations Room which hosts the physical components that allow users to monitor and control all aspects of the system, and the Cloud Services which are implemented using a proven cyber-secure cloud infrastructure.
- The UAS Operator Infrastructure includes all air/ground communications equipment enabling the communication between UAV and its ground control station, the ground infrastructure (which provides the backhaul network), and the surveillance infrastructure (which provides detection and tracking of aircraft).
- UAS Operator infrastructure is composed of the UAS, AUS Traffic Management, and other services used to run a mission and includes all LSUASC, emergency response/public safety, or research customer aircraft and equipment.

- Support Systems makes up all applications to monitor, control, and test the Operations Center and are co-hosted by the same cloud infrastructure as the Cloud Services.

In addition, this access will fund one new LSUASC position, a Senior Software Developer instead of simply changing an existing job for new purposes. This person will handle working day to day with Thales during the installation and implementation of MCC Systems Architecture and maintenance, once installed.

Along with a BVLOS study allowing more airfield access near the Flour Bluff location, this development would directly correlate with the newly acquired airfield access and allow for more extensive research and expansion.

Supporting Centers with Drone-Related Activities

While LSUASC is the lead center responsible for the integration of drone technologies across educational, public, and commercial agency interests and the economic development opportunities related to drones, several other centers at Texas A&M University-Corpus Christi support LSUASC by providing additional expertise. A portion of each of the following center's time and effort will be directed at drone-related innovation, technology and economic development.

Office of Economic Development and Industry Partnerships

The Office of Economic Development and Industry Partnerships, a part of the Division of Research and Innovation at Texas A&M-Corpus Christi, will serve as a catalyst for economic development with a focus on drones and autonomous systems. It will act as an innovation and technology transfer hub for South Texas. Its mission is to cultivate a market-translatable culture of innovation promoting business development and an entrepreneurial workforce. This office will facilitate partnerships with the private sector and will complement LSUASC's efforts to attract drone-centered businesses to Corpus Christi. This work will be the seed for a drone innovation district (i.e. a collaborative industry/research work environment); the first of its kind in South Texas. The office will work closely with regional economic development agencies to accelerate job creation and to help small businesses and young entrepreneurs through the:

1) fostering of research and development activities by identifying, evaluating, protecting and managing intellectual property for commercialization and start-up purposes,
2) development of industry partnerships around new product development programs, and
3) development of proven-to-work training programs for local entrepreneurs including, but not limited to, coaching, networking and product pitching.

Innovation in Port Studies (iPORTs)

The mission of the Innovation in Port Studies Institute (iPORTs) is to promote the economic development of the region around port-related industries and the development of a skilled workforce for such businesses. LSUASC and iPORTs will work jointly on developing and deploying drone-related technologies for relevant industries. From drone-based fog navigation to security and surveillance, the innovation and economic opportunities are unlimited. iPORTs will advance, develop and disseminate knowledge in port-related sciences and technologies. With a strong commitment to excellence and international leadership in education, training, research and commercialization of related port studies, iPORTs will become a multidisciplinary catalyst for related domains. Working closely with the Port of Corpus Christi and relevant industries, iPORTs will actively engage in the following:

1) engineering and development of innovative technologies related to air, land and seaports; particularly the Port of Corpus Christi,
2) port-inspired business development in Corpus Christi and the South Texas region leading to increased job opportunities and economically sound businesses,
3) training and education of the workforce of the future, including certifications, in port-related fields, and
4) commercialization and new venture development of intellectual property.

Center of Innovation in Emergency Management (CIEM)

Texas A&M University-Corpus Christi and the Texas Division of Emergency Management (TDEM), in collaboration with the City of Corpus Christi and Nueces County, are partnering to establish a one of its kind CIEM. In addition to an Emergency Operations Center (EOC), this innovative facility will include a research and development center for emergency management and will be located in the downtown building to capitalize on its central location, sturdy structure, and the proximity of LSUASC and its MCC. LSUASC has been actively participating in emergency response and recovery efforts since its founding. This includes join drone missions with TDEM and Texas Task Force One.

The vision is to create a training and development catalyst for innovative technologies, best practices and effective & efficient processes for emergency management. This will include resiliency, preparedness, response, recovery and mitigation. The EOC will feature state of the art infrastructure. CIEM will host and facilitate the interaction among experts from different fields and community sectors with a special focus on:

1) developing skills for workforce and professionals: Real-world hands-on training curricula will be developed targeting different audiences including first responders, city & county officials, etc.
2) building a robust and resilient community for strong economy: Given the geographic location of the region and its vulnerability to natural emergencies, it is critical to ensure that resiliency is interwoven into all levels of the society for economic

stability and growth. CIEM, through research, development and outreach, will promote and support the resiliency of the Coastal Bend.

Needs Statement

Texas A&M University-Corpus Christi requests that the Business and Job Development Corporation support modernization and infrastructural needs related to the expansion of LSUASC and drone-related efforts of the Office of Economic Development and Industry Partnerships, iPORTs, and the Center of Innovation in Emergency Management to contribute to the expansion of economic development opportunities related to drones in Corpus Christi. Growing this program and its operations is a direct investment in the economic development of the Coastal Bend, as well as its attractiveness to a growing business market in drone research and innovation.

1. Beyond-Visual-Line-Of-Sight (BVLOS) airspace study [$250,000]
    - One new position (~$116,000 annually salary and benefits)
2. Second Mission Control Center in newly acquired University building in downtown Corpus Christi [$2.13M]
    - Two years of Thales support ($1.5M)
        - Implementation of system architecture and supporting labor
        - Provision of back-end services
        - Support services applications and two-year support agreement
    - Purchase of hardware (computers, monitors, displays, etc.), software and licenses (~$120,000)
    - One new position (~$130,000 annual salary and benefits)
    - Space renovation and buildout in the downtown building for 2,500 square feet at $152/square foot ($380,000)
3. Supporting centers with drone-related activities will be established within the downtown building to facilitate collaboration and integration with LSUASC's efforts [$1.62M]
    - Costs include renovating space, buildout needs and a prorated portion based on anticipated square feet of addressing IT/AV, electrical, plumbing, roof and elevator requirements within the downtown building estimated at $152/square foot
    - Dedicate the University's building in the Flour Bluff district to drone-related business incubation and move non-drone-related business incubation to downtown building
    - Establish the Office of Economic Development and Industry Partnerships, iPORTs, and the Center of Innovation in Emergency Management within the downtown building to provide additional expertise for drone-related technology, innovation and economic development.

Building Budget, including Match:

Start-up Years 1 & 2 Salaries and Wages	$3 MILLION - NEW LAR FUNDING (Years 1 & 2 total)	ADDITIONAL MATCH (Years 1 & 2 total)	TOTAL LSUAS MATCH	RELATION TO EM/DOWNTOWN PROJECT
Program Director - Emergency Management	$220,000.00		$220,000.00	
Engineer - Rapid Deployment Development	$170,000.00		$170,000.00	
UAS Pilot I or II (20% on the match)	$120,000.00	$30,000.00	$150,000.00	Advanced Level Pilot Preferred
UAS Pilot I or II (20% on the match)	$120,000.00	$30,000.00	$150,000.00	Advanced Level Pilot Preferred
Chief - Aviation Maintenance	$170,000.00		$170,000.00	
Facilities Coordinator III/Inventory Control	$128,320.00		$128,320.00	
Software App Developer IV 100%		$195,810.00	$195,810.00	Data Capabilities
Software App Developer II 100%		$150,000.00	$150,000.00	Data Capabilities
Airspace Manager 100&		$200,000.00	$200,000.00	Safety Capabilities
Admin Associate 100%		$70,000.00	$70,000.00	Additional Admin Associated with Second Location
Director 10%		$37,200.00	$37,200.00	Additional Effort/Line for Director
OPS Director 10%		$23,200.00	$23,200.00	Additional Effort/Training for OPS Director

Students - Years 1 & 2				
2 Student Interns	$43,168.00	$4,832.00	$48,000.00	Additional Student Hours
1 Graduate Research Assistant, Salary & Partial Tuition	$28,800.00	$5,170.00	$33,970.00	Consideration for Tuition on Advanced Candidates

Travel - Years 1 & 2				
Disaster Response Travel and Disaster Training Travel (Years 1 & 2)	$40,000.00	$40,000.00	$80,000.00	Additional Travel Related to Downtown Efforts

Other Operating Expenses - Years 1 & 2				

Direct support to Texas Agencies, Counties, Cities	$358,032.00	$41,968.00	$400,000.00	Increased Support to Downtown Effort

Capital Expenditures				
Radar Capabilites - Detect and Avoid, Aircraft	$100,000.00		$100,000.00	
Radar Capabilities - Rapid Response and Mobility	$100,000.00		$100,000.00	
Radar Capabilities - Weather	$100,000.00		$100,000.00	
Air Space Studies	$300,000.00		$300,000.00	
Data Capabilities Software and Simulation	$300,000.00		$300,000.00	
Data Capabilities Equipment	$150,000.00		$150,000.00	
Equipment for Specific Preparedness in South Texas	$400,000.00		$400,000.00	
Equipment Other	$151,680.00		$151,680.00	

TOTALS:	**$3,000,000.00**	**$828,180.00**	**$3,828,180.00**

	TOTAL BUILDING INVESTMENT	REQUESTED AREA	REMAINING UNIVERSITY MATCH
Building Purchase	$2,300,000.00		$2,300,000.00
Building Core			
Roof Replacement	$1,000,000.00	$378,378.38	$621,621.62
Elevator replacement	$700,000.00	$264,864.86	$435,135.14
Basic building system replacements and code compliance			
Structural	$500,000.00	$189,189.19	$310,810.81
Mechanical	$2,000,000.00	$756,756.76	$1,243,243.24
Plumbing	$850,000.00	$321,621.62	$528,378.38
Electrical	$1,000,000.00	$378,378.38	$621,621.62
IT/AV	$750,000.00	$283,783.78	$466,216.22
Architectural Buildout	$4,500,000.00	$1,702,702.70	$2,797,297.30
TOTALS:	**$13,600,000.00**	**$4,275,675.68**	**$9,324,324.32**
Type B Funds Requested		$2,000,000.00	
Type B Requested Area University Match		**$2,275,675.68**	**$11,600,000.00**

EXHIBIT B

CORPUS CHRISTI B CORPORATION GUIDELINES & CRITERIA

FOR GRANTING BUSINESS INCENTIVES

WHEREAS, the attraction of long-term investment and the establishment of primary jobs in Corpus Christi would enhance the City's economic base bringing new revenues into the economy; and,

WHEREAS, Corpus Christi must compete with other communities across the nation currently offering a variety of business incentives to attract jobs and business; and,

WHEREAS, the Texas Legislature in Section 4B of Article 5190.6, Vernon's Texas Revised Civil Statutes (Development Corporation Act of 1979), now codified as Subtitle C1, Title 12, Texas Local Government Code, ("the Act"), empowered local communities with the ability to adopt an optional local sales and use tax as a means of improving the economic health and prosperity of their citizens;

WHEREAS, on November 8, 2016, residents of the City of Corpus Christi ("City") passed Proposition 1, Adopt Type B Sales Tax to Replace Expiring Type A Sales Tax, which authorized the adoption of a sales and use tax for the promotion and development of new and expanded business enterprises at the rate of one-eighth of one percent to be imposed for 20 years;

WHEREAS, Proposition 1 limited the use of the 1/8th cent sales tax to the following:

1) 50% for economic development, specifically the promotion and development of new and expanded business enterprises to the full extent allowed by Texas law;
2) Up to $500,000 annually on affordable housing; and
3) Balance of proceeds to be used for the construction, maintenance and repair of arterial and collector streets and roads;

WHEREAS, the 1/8th cent sales tax authorized by passage of Proposition 1 was subsequently enacted by the City Council and filed with the State Comptroller of Texas, effective April 1, 2018, to be administered by the City's Section Type B board of directors (Corpus Christi B Corporation Board);

WHEREAS, it is stated desire of the Corporation's Board of Directors that funds approved for the promotion and development of new and expanded business enterprises can only be used for any eligible project under Texas Local Government Code Chapters 501 and 505.

WHEREAS, to assure a common, coordinated effort to promote economic development, these Guidelines and Criteria have been circulated among the City of Corpus Christi, other governmental entities, the Corpus Christi Regional Economic Development Corporation, area chambers of commerce and the Corpus Christi community in general for consideration;

NOW, THEREFORE, BE IT RESOLVED by the Corpus Christi B Corporation that these Guidelines and Criteria for Granting Business Incentives be adopted:

Section 1. Definitions.

(a) "Agreement" means a contractual agreement between a property owner and/or lessee within the City of Corpus Christi City Limits and the "Corporation" for the purposes of granting business incentives.

(b) "Basic Manufacturing or Service Facility" means buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services.

(c) "Board" means the Corpus Christi B Corporation Board (Section 4B Board) as established by "City" Resolution 031343 and pursuant to the "Act".

(d) "Business Incubator" means a program established with the primary objective of improving the potential success of emerging primary employers, preferably through the transfer or application of technology, and in doing so, creates jobs, ensures self-sufficiency and invigorates the local economy. Through such programs, small business owners typically have access to assistance which might include items such as rental space, administrative support services, on-site business consulting, workshops, enterprise facilitation, and business management seminars.

(e) "Capital Investment" means the increase in the assessed value of an eligible property as a result of "expansion" or "modernization" of an "existing facility" or construction of a "new facility." It does not mean or include "deferred maintenance".

(f) "City" means the City of Corpus Christi, Texas.

(g) "CCREDC" means the Corpus Christi Regional Economic Development Corporation which serves as a professional economic development advisor to the City, the Corporation, and the Board:

(h) "Corporation" means the City of Corpus Christi B Corporation established by "City" Resolution 031343.

(i) "Deferred Maintenance" means improvements necessary for continued operations which do not improve productivity or are performed to meet regulatory obligations.

(j) “Economic Driver” means a project that will add at least 50 full time employees and at least 50% of their sales and revenue come from outside a 50-mile radius from the intersection of Staples Street and Leopard Street. These revenues will increase the wealth of the area.

(k) "Economic Life" means the number of years a property improvement is expected to be in service in a “facility”.

(l) “Executive Director” means the City Manager or his/her designee.

(m) "Expansion" means the addition of buildings, structures, fixed machinery or equipment for the purposes of increasing capacity.

(n) "Facility" means property improvements completed or in the process of construction which together compromise an integral whole, as well as new fixed machinery or equipment.

(o) “Jobs” means employment of a full-time employee, contractor, consultant, or leased employee who has a home address in the Corpus Christi MSA.

(p) “Living wage” means the annual amount determined by the U.S. Department of Health and Human Services for the Corpus Christi area as being at the poverty level for a family of three, divided by 2,080 hours per year.

(q) "Modernization" means the replacement and upgrading of existing “facilities” which increase the productive input or output, updates the technology or substantially lowers the unit cost of the operation, and extends the economic life of the “facilities”. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, repairing or completion of “deferred maintenance”.

(r) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with an “expansion” or “modernization”.

(s) "Owner" means the owner of a “facility” or “program” subject to business incentives. If the “facility” is constructed on a leased property, the owner shall be the party which owns the property subject to the business incentive. The other party to the lease shall join in the execution of the “agreement” but shall not be obligated to assure performance of the party receiving business incentive.

(t) "Petrochemical Facility" means buildings and structures, including fixed machinery and equipment, the primary purpose of which is or will be the manufacture or processing of petrochemicals or fuels by physical or chemical change.

(u) “Primary Employer” means a business in which at least 50% of its goods and/or services are sold to customers that are located more than 50 miles from the intersection

of Staples Street and Leopard Street and (1) whose goods and/or services are in one of the following two-digit NAICS codes 31-33 Manufacturing; 42 Wholesale Trade; 48-49 Transportation and Warehousing; 52 Finance and Insurance; 54 Professional and Technical; or 55 Management of Companies; or (2) which is a supplier of who supplies at least 50% of its non-retail goods and/or services to local primary employer(s) that are located within a 50 mile radius away. Professional services companies qualifying for incentives must have more than 50% of their contract work (i.e. the location where the physical work/construction/manufacturing, etc. resulting from the professional services is done) located outside of a 50-mile radius of the region. The inability of a company to satisfactorily document the "primary" nature of the jobs shall be deemed ineligible for this incentive agreement payments.

(v) "Regional Distribution Center Facility" means buildings and structures, including fixed machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the Facility operator where a majority of the goods or services are distributed to points beyond a 50-mile radius of Nueces County.

(w) "Regional Telecommunications/Data Processing Center Facility" means buildings and structures used or to be used primarily for the provision of telecommunication or data processing services by the Facility operator where a majority of the services are provided to points beyond a 50-mile radius of Nueces County.

(x) "Research and Development Facility" means buildings and structures used or to be used primarily for the purpose of product developmental engineering, testing and evaluation.

(y) "Retention" means to retain existing primary employers so that they continue their business operation within the Corpus Christi city limits and its extraterritorial jurisdiction (ETJ).

(z) "Small Business" means an employer that employs 49 or less full time (2,080 hours/year) permanent jobs at the time of application.

(aa) "Small Business Primary Employer" means a primary employer that employs 49 or less full time permanent jobs at the time of application and complies with the requirement(s) set forth under "Definitions" letter (z).

Section 2. Mission & Goals

(a) It shall be the mission of the Board in administration of these Guidelines and Criteria to promote, encourage and enhance the expansion of the City tax base and economy through granting business incentives.

(b) The goals of the Board in administration of these Guidelines and Criteria are to:

- Create and retain jobs;

• Expand the City tax base and economy;
• Strengthen and diversify the local economy.

(c) The role of the Corporation in carrying out this mission and goals is to review and approve applications for business incentives, recognizing that the Corpus Christi Regional Economic Development Corporation exists for the purpose of organizing, coordinating and leading the City's economic development efforts. CCREDC shall be responsible for accepting and processing all Type B incentive applications and forwarding to the Board and Corporation with recommendations for action. When applications are received, CCREDC will provide a courtesy copy to the Mayor, the Mayoral appointee to the CCREDC Board of Directors, and the City Manager. All completed applications filed with CCREDC that meet the qualifying standards of the Type B Program, provided that allocated and budgeted funds are available, will be presented to the Type B Board along with a recommendation on course of action at an appropriate meeting following the review of the CCREDC Board. CCREDC will provide a monthly report to the Board of any application that was deemed ineligible and the reason.

Section 3. Business Incentives Authorized.

(a) Primary Employer and Small Business Primary Employer Business Incentives Authorized. Incentives granted by Agreement under these guidelines pursuant to Section 4 below may include, but are not limited to the following:

- land, facilities, equipment & infrastructure grants;
- loan participation/guarantees;
- direct low interest loans;
- rent subsidies;
- relocation and moving expense grants;
- job training grants/loans;
- business incubation activities; and
- Projects located in a tax increment reinvestment zone will be given preference.

(b) Small Business Incentives Authorized. Incentives granted by Agreement for Small Business under these guidelines pursuant to Section 5 below may include, but are not limited to the following:
• Small Business start-up grants/loans;
• Business Incubation grants/loans; and
• Business Incubator development.

(c) Education Skills Development (defined below)

Section 4. Primary Employer Business Incentives.

(a) Authorized Facilities. A Capital Investment for a Facility may be eligible for incentives by Agreement if it creates or retains jobs for a Primary Employer. Incentives

may be granted for land or Capital Investment related to either New Facilities or improvements to existing Facilities for the purpose of Modernization, Expansion, or for Capital Investment necessary for the retention of an existing primary employer. The following types of property shall be ineligible for business incentives: inventories; supplies; tools; furnishings and other forms of movable personal property (not including capital production equipment); vehicles; vessels; aircraft; deferred maintenance investments; improvements to real property which have an economic life of less than 15 years; and, with the exception of the City of Corpus Christi, property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas.

(b) Annual Certification. The Business Incentive Agreement shall require annual certification of capital investment as required by the Agreement.

(c) Completion of Facility Construction. The completion of Facility construction or installation of Capital Investment shall be deemed to occur upon the earliest of the following events (as determined by the Board):

- when a permanent certificate of occupancy is issued for the project;
- when commercial production of a product or provision of a service is achieved at the Facility;
- when the architect or engineer supervising construction issues a certificate of substantial completion, or some similar instrument; or,
- two (2) years after the date of the Agreement.

(d) Average Wage Requirement. In determining an incentive based on net jobs, the following matrix shall be considered as a guiding principal for incentive reviews.

Gross Payroll Incentive per Job for employees, leased employees, contractors, and consultants. Benefits shall not be included in the gross payroll calculations.

<$30,000 per job	A maximum of $750 per net job*
$30,000 to $40,000 per job	$751 to $5,000 per job*
$40,001 to $50,000 per job	$5,001 to $10,000 per job*
>$50,000 per job	$10,001+ per job*

*up to, or not-to-exceed amounts, based on projected economic impact report and CCREDC staff recommendations.

(e) For each project an economic impact report using accepted industry standards will be completed. For purposes of calculating the impact, only direct and indirect (not induced) revenue impacts shall be considered. As a guiding principle, no company creating fewer than 50 net jobs (FTEs) should receive more than 50% of the positive economic impact value calculated and paid over a five-year period.
Companies creating over 50 net jobs may be eligible to receive greater than 50% of the net positive economic impact. As a guiding principle, major employment projects (over 50 net jobs) will have a significant city-wide economic impact and may be generally

considering multiple cities or metro areas and shall be designated as Economic Driver projects. When there is clear and direct evidence that the City is in direct competition with another region for such a major project (over 50 net jobs) the guiding principle may require the Board and City to extend incentives offers beyond 50% of the direct and indirect economic impact of the project. The CCREDC staff will present to the Board a recommendation including the summary economic impact report, based on careful analysis and negotiations with the applicant company along with a clear acknowledgement when a project may require (or has requested) incentives in excess of the 50% direct and indirect positive benefits for the project. As a further guiding principle, incentives should not exceed 100% of the direct and indirect project benefits unless clear evidence exists that the project will bring further investments or is a "game changer" deal that will significantly and positively impact the wider Corpus Christi economy.

(f) Job Creation Qualification. In order to be eligible for business incentives, the planned Capital Investment must create and maintain the minimum number of 50 full-time (2,080 hours/year) permanent jobs within the agreed time of an effective date as set out in the Agreement. Annual validation of wage rates shall be provided as set forth in Section 11 (b) herein. With regard to job training, an exception to this requirement may be granted by the Board on a case by case basis.

(g) Health Insurance. To qualify for incentives, a primary employer shall certify that it has offered a health insurance program that meets federal and/or state standards for its employees during the term of the Agreement.

Section 5. Small Business Incentives.

(a) Authorized Projects/Dedicated Allocation. For projects which may not meet the requirements of Section 4 above, business incentives may also be granted to Small Business to create jobs through Small Business start-up and/or Business Incubation. On an annual basis, the Board may budget a separate allocation for funding all small business start-up and/or business incubation incentives.

(b) Wage and Job Creation Requirements. Wage and job creation requirements for Small Business start-up and Business Incubation shall be evaluated and determined by the Board on a case by case basis.

(c) Each Small Business incentive application shall be accompanied by an economic impact report prepared by CCREDC and each company shall adequately report job and payroll numbers to CCREDC for reporting and compliance. The CCREDC staff shall prepare a recommendation to the Board on an appropriate course of action on levels of incentives to be offered.

Section 6. Small Business Primary Employer Incentives.

Authorized Projects/Dedicated Allocation. For projects which may not meet the requirements of Section 4 above, business incentives may also be granted to Small Business Primary Employers to create jobs through Small Business start-up and/or Business Incubation. On an annual basis, the Board may budget a separate allocation for funding all small business start-up, expansion, retention, and/or business incubation incentives.

Section 7. Small Business Support

(a) Small business support programs are programs designed to help small businesses grow in the community to create jobs. These programs may include technical assistance, business assistance, loan programs, and internships.
(b) Internships will be funded at a maximum of 50% of the wage plus FICA.
(c) The programs must report at a minimum; the number of interns, the companies using interns, intern duties, whether the intern received a job at that company, and whether the intern received a job in the area. Companies cannot use this as a supplement to their workforce. Interns must be used in their academic major field. Internship programs shall not be used as a substitute for permanent job or position creation. Companies cannot use interns more than two years without creating a job. If they do not create a job in that time they will be removed from the list for one year. No company shall receive an intern if another company, who has never had an intern, is requesting one.
(d) Small business support program grants will not automatically be renewed; organizations must reapply annually.

Section 8. Education/Skills Development.

(a) Requests for education/skills development grants must be made through the application process adopted for all other business applicants.
(b) Education/Skills Development projects must target job skills that are currently needed or will become needed within the next three years as identified by WorkForce Solutions, Inc.
(c) The Education/Skills Development grant must be matched by the applicant by at least 50% of the cash contributed. In-kind donations/contributions will not count toward this minimum.
(d) The programs must report the number of students, the number of graduates, and their location and average salary when they are ultimately hired. Failure to do so may jeopardize future applications.
(e) Economic Impact, given the unique nature of these projects, may include direct, indirect and even induced economic impact, but awarded incentive grants should be matched with the educational institution's actual cash (not in-kind) participation, or exceed 50% of the value of the economic impact.
(f) The grant shall be used for capital expenditures and not for operations.
(g) Economic impact report should be completed by an independent third party deemed acceptable by CCREDC, on behalf of the Board.

(h) Grants for internships made through the Education/Skills Development portion of the sales tax fund must meet following requirements:

- Requests must be made through the application process adopted for all other business applicants.
- The internships must target job skills that are currently needed or will become needed within the next three years as identified by WorkForce Solutions, Inc. unless it is under the internships for business.
- The companies using interns must pay a portion of the wage and applicable FICA payroll tax portion
- The internship must be through an approved academic or training program
- The grant agreement will be with that academic or training program.
- The grant recipient must implement a program to educate companies that can make use of interns, of the program specifics and how those companies may participate.

Section 9. Certain targeted infrastructure

These projects will promote or develop new or expanded business enterprises. The grants are limited to streets and roads, rail spurs, water and sewer utilities, and electric utilities, gas utilities, drainage, site improvements, and related improvements, telecommunications and internet improvements, especially in locations that eliminate blight or areas of high unemployment such as Texas Enterprise zones, Tax Increment Reinvestment Zones (TIRZ #2 and #3), other reinvestment zones, and Opportunity Zones.

Section 10. Other Projects.

Projects under this section can be any project allowed under Texas Local Government Code Chapter 505.

Section 11. Universal Requirements.

(a) Project Implementation. An authorized project funded by a business incentive under this Section must be implemented within two (2) years from the date of the Agreement.

(b) Location or Residency Requirement. Facilities or land may be eligible for business incentives only in the event that any associated Capital Investment is located within the City. Property which is covered by an executed industrial district agreement shall be considered to be within the City for purposes of determining if a project meets location requirements. With regard to job training incentives, these may be eligible outside of the City only in the event that at least 51% of the jobs created during the term of the Agreement are held by residents of the City. Incentives for any property not within City limits, including properties in the Industrial District will require permission from the governing body who controls the property in accordance with Texas law.

(c) Living Wage Requirement. In order to count as a permanent full-time job under this incentive program, the job should provide a "living wage" for the employee. The target living wage under this abatement program is that annual amount equal to or greater than poverty level for a family of three, established by the U.S. Department of Health and Human Services Poverty Guidelines, divided by 2,080 hours per year for that year. The City has the right to adjust the living wage target under these Guidelines and insert a specific target in each property Agreement to govern the abatement offered under that Agreement.

(d) Health Insurance. To qualify for any incentive, an employer shall certify that it has offered a health insurance program for its employees during the term of the Agreement and in compliance with state and federal standards for healthcare coverage.

(e) Utilization of Local Contractors and Suppliers. Developer must agree to exercise reasonable efforts in utilizing local contractors and suppliers in the construction of the Project, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency in the normal course of business, with a goal of 50% of the total dollar amount of all construction contracts and supply agreements for elements that are not owner-provided or owner affiliate-provided being paid to local contractors and suppliers within the 50 mile radius of Leopard Street and Staples Street intersection. For the purposes of this section, the term "local" as used to describe manufacturers, suppliers, contractors, and labor includes firms, businesses, and persons who reside in or maintain an office within the 50-mile radius of Leopard Street and Staples Street intersection. The Developer agrees, during the construction of the Project and for four years after Completion, to maintain written records documenting the efforts of the Developer to comply with the Local Requirement.

(f) Utilization of Disadvantaged Business Enterprises. Developer must agree to exercise reasonable efforts in utilizing contractors and suppliers that are determined to be disadvantaged business enterprises, including minority business enterprises women-owned business enterprises and historically-underutilized business enterprises, in the construction of elements of the Project that are not owner-provided or owner affiliate-provided. In order to qualify as a business enterprise under this provision, the firm must be certified by the City, the Regional Transportation Authority or another governmental entity in the jurisdiction of the home office of the business as complying with state or federal standards for qualification as such an enterprise. The Developer agrees to a goal of 30% of the total dollar amount of all construction contracts and supply agreements, for elements of the Project that are not owner-provided or owner affiliate-provided, being paid to disadvantaged business enterprises, with a priority made for disadvantaged business enterprises which are local. The Developer agrees, during the construction of the Project and for four years after Completion, to maintain written records documenting the efforts of the Developer to comply with the DBE Requirement. For the purposes of this section, the term "local" as used to describe contractors and suppliers that are determined to be disadvantaged business enterprises, including minority business enterprises women-owned business enterprises and historically-underutilized business enterprises includes firms, businesses, and persons who reside in or maintain an office within a 50-mile radius of Nueces County.

(g) Insurance Requirements. Each recipient of business incentives shall carry worker's compensation insurance and other appropriate insurance coverage as the Board may determine is appropriate and required in the Business Incentive Agreement.

(h) Performance Agreement. Each recipient of a business incentive will enter into a performance agreement with the Corporation. The performance agreement will provide, at a minimum, a schedule of additional payroll or jobs to be created or retained and the capital investment to be made as consideration for an incentive provided or expenditure made by the Corporation under the agreement. Additionally, the performance agreement will specify the terms under which repayment must be made if the business enterprise does not meet the performance requirements specified in the agreement.

Section 12. Application.

(a) Written Application. Any present or potential Owner or sponsor may request business incentives by filing an authorized and signed application with the President of the CCREDC, who will provide a courtesy copy to the Mayor, the Mayoral appointee to the CCREDC Board of Directors, the City Manager and appropriate City staff.

(b) Contents of Application. The application shall consist of a completed application form accompanied (when applicable) by the following:

- a general description of proposed Capital Investments to the Facility;
- a descriptive list of the improvements or program for which business incentives are requested;
- a list of the kind, number and location of all proposed improvements of the property;
- a map and property description; and,
- a time schedule for undertaking and completing the proposed improvements or programs.

In the case of a Modernization or Expansion project, a statement of the assessed value of the Facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as the Corporation or City deems appropriate for evaluating the financial capacity and other relevant factors of the applicant.

(c) Feasibility/Economic Impact Study. After receipt of a completed application, the President of the CCREDC shall cause to be performed an economic impact report. This report may be completed by CCREDC (or its consultant) using established accepted economic impact models such as IMPLAN, RIMS II, EMSI, or similar model. This study shall include, but not be limited to, an estimate of the economic effect of incentives, including job creation, employment enhancement and capital investment. Once completed, the study and the application will be forwarded to the Board for review before consideration of any Agreement. The costs and expenses of the feasibility/economic impact study shall be borne by the Economic Development

Corporation. The economic impact report should clearly identify the direct and indirect economic impact of each project.

(d) No Business Incentives if Construction or Program has commenced. No business incentive Agreement shall be approved if the application was filed after the commencement of any construction, alteration or installation of improvements related to the proposed Facility Modernization, Expansion or New Facility. Similarly, no business incentive Agreement shall be approved for any program if the application was filed after the program has been established or program activity has commenced.

(e) Financial Information. The applicant shall provide to the Corporation, or the Corporation's appointed agent, the last three years of financial statements—company and/or personal financial statements for review and evaluation to assess the financial strength of the applicant. After receipt of the financial statements, the President of the CCREDC may cause a financial review to be performed. Upon completion, any negative findings from the financial review will be forwarded to the City Manager and the Board for review before consideration of an Agreement. The applicant will be allowed to address, and explain in writing, any negative findings before the Corporation takes action on an Agreement.

Section 13. Approval.

Reservation of Rights. The Board reserves the right to determine the eligibility of a project and the terms and conditions of any loan, grant or guarantee based on the mission, goals and objectives in Section 2 above. Nothing herein shall be construed to limit the authority of the Board to examine each application for business incentives before it on a case-by-case basis and determine in its sole and absolute discretion whether or not the proposed project should be granted any business incentive and whether or not it complies with these Guidelines and Criteria, is feasible, and whether or not the proposed business incentives will be to the long-term benefit of the City.

Section 14. Agreement.

(a) Contents of Business Incentive Agreement. The Agreement shall include (when applicable):

- the estimated value of Capital Investment;
- the commencement date and termination date of the business incentive;
- the proposed use of the Facility, nature of construction, time schedule, map, property description and improvements list as provided in the application as required;
- in the case of programs, the proposed program description, targeted employment market, nature and schedule of activities, facilities and equipment used to carry out activities, and complete program budget listing all sources of funding and projected expenditures;

- the contractual obligations in the event of default, delinquent taxes, recapture, administration and assignment as provided in these Guidelines or other provisions that may be required for uniformity or by state law; and,
- the number of permanent jobs, and wage/salary minimums for jobs created.
- Commencement must occur within the time frame specified and agreed to in the agreement.

(b) Time of Execution. The business incentive Agreement shall normally be considered by the Board within 60 days after the applicant has provided all necessary information and documentation.

(c) Deadline for Execution. If the incentive proposal is approved by the Corporation Board of Directors, then the Owner will have ninety (90) days from the date the final Business Incentive Agreement is received by the Owner to execute the Agreement. Failure to execute the Business Incentive Agreement within ninety (90) days from date of receipt will result in the Agreement being null and void and of no effect.

Section 15. Recapture.

(a) Failure to Timely Comply and Continue Operations. In the event that the Owner of a Facility or program fails to timely, fully and completely comply with any one or more of the Agreement requirements, obligations, duties, terms, conditions or warranties, such failure shall be an act of default and, if not fully and completely cured and corrected, Corporation and/or City may terminate the Agreement and pursue all legal remedies as provided by law. If the Owner is not in compliance during any compliance reviews, then the Corporation, in its sole discretion, shall determine the incentives that the Owner shall be required to refund. As a best practice, incentive agreements should include an appropriate graded scale of penalties negotiated on a case-by-case basis to ensure applicants adhere to performance goals and to ensure any penalties are reflective of the level of non-performance.

(b) Employment Verification. Owner shall annually provide documentation, in the form of quarterly Texas Workforce Commission payroll reports or other mutually acceptable employment and payroll report, to verify compliance with job and payroll commitments. The four quarterly reports, required to be filed with the Texas Workforce Commission, shall be due not later than the fifteenth day after the deadline for filing the fourth quarter report with the Texas Workforce Commission, each year. Corporation may request Owner to provide such documentation at any time.

(c) Delinquent Taxes. In the event that the Owner allows its ad valorem taxes to become delinquent and fails to timely and properly follow the legal procedures for its protest and/or contest, the Agreement shall terminate and so shall the business incentives.

(d) Utility Payments. In the event that the Owner allows its utility billing payments to become delinquent, the Agreement shall terminate and so shall the business incentives.

(e) Notice of Default. Should the Corporation and/or City determine that the Owner be in default according to the terms and conditions of its Agreement, it shall notify the Owner in writing at the address stated in the Agreement that if such is not cured within 60 days from the date of such notice (the "Cure Period"), then the Agreement may be terminated. In the event the Owner fails to cure said default during the Cure Period, the Agreement may be terminated. If default on new construction occurs at the fault of the Owner, then the Owner must provide a written explanation of the reason for the default to the Corporation. This written explanation, and any legitimate reasons for delay, will be taken into consideration as a possible remedy for the default. The Owner shall also notify the Corporation, in writing, explaining any delays in completing any required Agreement milestones as soon as the delays are realized. These Agreement milestones would include deadlines for completion of new construction, hiring new employees, or any other required Agreement milestones.

(f) Potential Liability. After exhausting good faith attempts to address any perceived default during the Cure Period, and taking into account any extenuating circumstances that might have occurred through no fault of the Owner as determined by the Board, potential liability under an Agreement may include the immediate return of all money grants and consideration previously paid, the maximum lawful rate of interest on all money paid until fully repaid, reasonable attorney fees and costs of court to collect such money, and the termination of all further obligations made under Agreement. In addition, City and/or Corporation shall not be liable for any alleged consequential damages.

Section 16. Administration.

(a) Access to Facility. The Agreement shall stipulate that employees and/or designated representatives of the City will have access to the Facility or program during the term of the Agreement for inspection to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after giving 24-hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility or program. Inspections will be made with one or more representatives of the Owner and in accordance with its safety standards.

(b) Annual Reviews. Business Incentive Agreement reviews will be conducted annually to ensure that the Owner is in compliance with the provisions of the Agreement. If the Owner is not in compliance or is in default, then the appropriate provision of the Agreement, as outlined in Section 9 herein and the Agreement, will be enforced to recover incentives paid to Owner, unless the Owner remedies the default on or before the conclusion of any Cure Period.

(c) Annual Evaluation. The City, or designee, acting on behalf of the Corporation, shall annually evaluate compliance with the Agreement and report possible violations of the Agreement. As part of this evaluation, the Owner shall provide information sufficient to ensure compliance.

(d) Right to Modify or Cancel. Notwithstanding anything herein or in any agreement to the contrary, the Board may cancel or modify the Agreement if the Owner fails to comply with the Agreement.

Section 17. Waivers/Variances

The Corporation shall have discretion to vary, alter, and/or waive any guideline or criteria set forth herein when such variance, alteration, and/or waiver shall be in the public interest and in furtherance of the purposes and goals of the Corporation as set forth in its Certificate of Formation, its By-laws, Ordinance 030930, and the Act.