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June 19, 2006

Travis County Clerk's Office and
Susan Spataro, Travis County Auditor and
Christian Smith, Executive Manager, PBO
P. O. Box 1748
Austin, Texas 78767

RE: Hewlett-Packard Development Agreements
Tandem Site and Ed Bluestein Sites
Agenda Items No. 37A (Tandem) and 37B (Ed Bluestein)

To Whom It May Concern:

Enclosed for the County Clerk's Office are fully executed originals of each of the economic development agreements with Hewlett-Packard referenced above.

Enclosed for the Auditor's Office and PBO are copies of the above referenced agreements. Please forward a copy to any other individuals who you feel should have one.

Please call me (49176) if you have any questions.

Sincerely,

Mary Etta Gerhardt
Assistant County Attorney

2/16

ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN TRAVIS COUNTY AND
HEWLETT-PACKARD COMPANY
[Tandem Site]

This Economic Development Agreement ("Agreement") is entered into by and between Travis County, Texas, a political subdivision of the State of Texas ("County"), and Hewlett-Packard Company, a Delaware corporation duly authorized to transact business in Texas, its successors and assigns ("Company"), the owner of the taxable real property in Travis County, Texas, located in the Travis County Tax Abatement Reinvestment Zone WB (for commercial and industrial tax abatement), Travis County, Texas ("TCTARZ-WB").

RECITALS

WHEREAS, Chapter 381 of the TEXAS LOCAL GOVERNMENT CODE ("Chapter 381"), Subsection .004, authorizes counties to develop and administer community and economic development program(s) to stimulate business and commercial activity in a county; more specifically, Section 381.004(g) authorizes the County to develop and administer a program authorized under Chapter 381.004 for entering into a tax abatement agreement under certain conditions and subject to certain provisions of Chapter 312, TEXAS TAX CODE ("Chapter 312");

WHEREAS, County has also adopted tax abatement guidelines and criteria pursuant to Chapter 312, TEXAS TAX CODE ("Chapter 312") such that County may enter into economic development agreements providing incentives in the form of tax rebate and tax abatement under Chapter 381 and tax abatement under Chapter 312.

WHEREAS, the County has complied with the provisions of Chapter 312 in passing a resolution electing to participate in tax abatement and in adopting its guidelines and criteria for tax abatement as a part of its Economic Development Policy;

WHEREAS, County has complied with applicable law in designating Travis County Tax Abatement Reinvestment Zone WB (TCTARZ-WB) and Company will make certain improvements to property and comply with certain performance requirements pursuant to this Agreement in that Reinvestment Zone;

WHEREAS, Travis County has adopted the Travis County Economic Development Program Policy ("Policy"), included in this Agreement as **Attachment A**, under which certain economic development incentives may be offered to eligible applicants;

WHEREAS, it is the intent of Travis County and Company that, as a result of Company's development under this Agreement, business and commercial activity in Travis County will be stimulated, and commercial activity will be encouraged, developed and stimulated, producing additional tax revenue, job opportunities, affordable housing and small business opportunities for Travis County;

WHEREAS, Company has stated that the Project described in this Agreement could not be completed as set forth without the herein granted County assistance;

WHEREAS, Company intends to develop a Hewlett Packard Data Center facility to be located at 14,219 Tandem Boulevard, Austin, Texas 78753, which would receive, store, process and evaluate scientific and research information and data, hardware and software development operations and business transactions and records for Company, such facility to be located on Lots Four (4) and Five (5), Block "A," WELLS BRANCH PHASE "A," SECTION FIVE (5), a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Book 81, Pages 395-398, of the Plat Records of Travis County, Texas; and Lot Two (2) of WELLS BRANCH PHASE A, SECTION FIVE A, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Book 82, Pages 231-232, of the Plat Records of Travis County, Texas, collectively, hereinafter referred to as "Property."

WHEREAS, the investment by Company in the Project that is the subject of this Agreement is estimated to be approximately \$250,000,000.00;

WHEREAS, the Commissioners Court finds that the development set forth in this Agreement and its terms will result in substantial immediate and long-term financial benefit to Travis County and significant financial benefit to other taxing entities within Travis County and will promote state and local economic development, and that the development that is the subject of this Agreement will encourage, develop and stimulate economic development, producing additional tax revenue, job opportunities, affordable housing and/or small business opportunities within an area of Travis County that is or has been considered to be economically disadvantaged.

NOW, THEREFORE, in consideration of the hereinafter set forth agreements, covenants, reimbursements and payments, the amount and sufficiency of which are acknowledged, County and Company agree to the terms and conditions stated in this Agreement:

1.0 DEFINITIONS. In this Agreement:

1.1 "Abatement" means the full or partial release from payment of Ad Valorem taxes on certain real and tangible personal property under this Agreement.

1.2 "Abatement Term" means that time period beginning on the date specified by the Parties in Section 2.4.2, and ending on the Termination Date of this Agreement.

1.3 "Abatement Year Value" means the value assessed by TCAD for the purpose of the payment of Travis County Ad Valorem taxes on the Property for any tax year included in the Abatement Term of this Agreement.

1.4 "Ad Valorem Taxes" means those property taxes assessed by TCAD on Eligible Property within Travis County.

1.5 "Affiliate of Owner" means all companies under the common control with, controlled by, or controlling Hewlett-Packard Company. For purposes of this definition, "control" means 50% or more of the ownership determined by either value or vote.

1.6 "Agreement Benefits" means the amount by which Ad Valorem taxes which would have been payable by Company are abated or rebated pursuant to the terms of this Agreement.

1.7 "Agreement Term" means that time period commencing on the Effective Date and continuing until the Termination Date as defined in this Agreement.

1.8 "Commissioners Court" means Travis County Commissioners Court.

1.9 "Completion Date" means the date of issuance of the Certificate of Occupancy for the Project, which is no later than October 31, 2007.

1.10 "County Auditor" means Susan Spataro, the Travis County Auditor, or her successor.

1.11 "County Policy" or "Policy" means the Travis County Economic Development Program Policy Guidelines and Criteria, attached hereto as **Attachment A**.

1.12 "Effective Date" means the effective date of this Agreement as specified in Section 2.4.1.

1.13 "Effective Year Value" means the value assessed by TCAD for the purpose of the payment of Travis County Ad Valorem Taxes on the Property for the tax year including the Effective Date of the Agreement, as specified in Section 4.1.1.

1.14 "Eligible Property" means the Improvements and all personal property (other than personal property included within the definition of Ineligible Property) as allowed under the County Policy and this Agreement.

1.15 "Improvements" means the buildings, structures or portions thereof, and other site improvements, including without limitation, fixed machinery and equipment used for commercial or industrial purposes that are constructed, erected or installed by the Company as part of the Hewlett-Packard Data Center facility to be located on the Property ("Project"), which is located within the TCTARZ-WB, as set forth in this Agreement and allowed by County Policy. A list of the proposed Improvements is attached hereto as **Attachment B**, and made a part hereof.

1.16 "Ineligible Property" means land, inventories, supplies, office equipment and moveable property located at the Project and on the Property described in **Attachment B** at any time before the Effective Year Value was established, and other property as described in this Agreement and authorized by the County Policy.

1.17 "Is doing business" and "has done business" mean:

1.17.1 Paying or receiving any money or other valuable thing in exchange for personal services or for purchase or use of any property interest, either real or personal, either legal or equitable; or

1.17.2 Loaning or receiving a loan of money, services, or goods or otherwise creating or having in existence any legal obligation or debt, but does not include:

1.17.2.1 Any payments, receipts, loans, or receipts of a loan which are less than \$250.00 per calendar year in the aggregate; or

1.17.2.2 Any retail transaction for goods or services sold to a Key Contracting Person at a posted, published, or marked price available to the general public.

1.18 "Key Contracting Person" means any person or business listed in **Exhibit A** to the Ethics Affidavit attached to this Agreement and marked as **Attachment C**.

1.19 "Parties" and "Party" mean the County and/or Company.

1.20 "PBO" means Travis County Planning and Budget Office.

1.21 "Project" means the proposed development as specifically described herein, including Company's planned development of the Property as described in **Attachment B** to this Agreement. The Project will handle transactions and business records from throughout the country for Company.

1.22 "Property" means the land (real property) on which the Project will be developed as further described in this Agreement.

1.23 "Reinvestment Zone" means Travis County Tax Abatement Reinvestment Zone - WB (TCTARZ-WB), as more fully described in this Agreement.

1.24 "Subcontract" means any agreement between Company and another party to fulfill, either directly or indirectly, any of the requirements of this Agreement, in whole or in part.

1.25 "Subcontractor" means any party providing services required by this Agreement under an agreement between Company and that party, including contractor(s), subcontractor(s), and other subrecipient(s) of Company; and any party or parties providing services for Company which are required under the terms of this Agreement.

1.26 "TCAD" means the Travis Central Appraisal District.

1.27 "Termination Date" means the date of expiration of the Agreement Term as set forth in this Agreement.

2.0 **GENERAL TERMS**

2.1 **Authority.**

2.1.1 **Statutory Authorization.** County is authorized to enter into this Agreement under TEXAS LOCAL GOVERNMENT CODE, Chapter 381, Section .004 (and other applicable provisions of TEXAS LOCAL GOVERNMENT CODE, Chapter 381, and other applicable statutes), under TEXAS TAX CODE, Chapter 312, (and other applicable provisions of TEXAS TAX CODE) and under related County Policy, in order to stimulate business and commercial activity in Travis County, Texas.

2.1.2 **Reinvestment Zone.** Company and County acknowledge and agree that the Property and the Project are located within TCTARZ-WB, further described as follows:

14,691 Bratton Lane, 14,500 Single Trace, and 14,219 Tandem Blvd. (legal description: Lots 4 and 5, Block "A" of Wells Branch Phase "A," Section 5, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Book 81, Pages 395-398, of the Plat Records of Travis County, Texas, and Lot 2 of Wells Branch Phase A, Section 5A, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Book 82, Pages 231 232, of the Plat Records of Travis County, Texas).

2.2 **Purpose.** The purpose of this Agreement is to grant benefits to Company in order to stimulate and encourage business and commercial activity in Travis County, to create more job opportunities, build the sales and property tax base and promote a partnership relationship with the private sector businesses that will bring capital intensive projects to Travis County.

2.3 **Findings.**

2.3.1 **Guidelines and Criteria Application and Benefit.** The Commissioners Court finds that the terms of this Agreement and the Property subject to this Agreement meet the applicable guidelines and criteria set forth in the Policy; and

that the development of the Project that is the subject of this Agreement will result in substantial economic development and significant financial benefit to Travis County and significant financial benefit to other taxing entities within Travis County.

2.3.2 Economic Development. The Commissioners Court also finds that the development of the Project as described herein will stimulate economic development within an area of Travis County which is or has been considered to be economically disadvantaged as determined by the Commissioners Court.

2.3.3 Policy Conflict. Pursuant to the provisions of the Policy, the Commissioners Court may modify or waive those requirements of the Policy as determined to be necessary in order to enter into an agreement which will serve the public interest and achieve the basic intent of the Policy. Accordingly, at any time there is a conflict between any provision of this Agreement and any provision of the Policy which cannot be resolved, the provision(s) of this Agreement will apply, unless prohibited by statute.

2.4 Terms.

2.4.1 Agreement Term. County and Company acknowledge and agree that, unless earlier terminated by the Parties pursuant to the terms of this Agreement, this Agreement shall be effective as of May 23, 2006 (the Effective Date), and shall continue in effect until the Termination Date.

2.4.2 Abatement Term. Abatement will take place upon compliance with all terms of this Agreement for the time period beginning January 1, 2008, and continuing for ten (10) full tax years thereafter, or through December 31, 2017, unless terminated earlier pursuant to the terms of this Agreement.

2.4.3 Termination Date. Termination Date will be the last day of the Abatement Term, or the date otherwise terminated pursuant to the terms of this Agreement.

2.4.4 Significant Dates. Significant dates under this Agreement include:

<u>DATE</u>	<u>DESCRIPTION</u>	<u>AGREED TO DATE</u>
Effective Date		May 23, 2006
Effective Year Value	Effective Year of 2006	Approx. \$ 2,693,861.00
Agreement Term	Effective Date through end of Abatement Term	5/23/06 - 12/31/17
Completion Date	Date Certificate of Occupancy Issued	No later than 10/31/07
January 1 after Completion Date	Beginning of ten (10) year Abatement Term	January 1, 2008
Termination Date		December 31, 2017
Notice to Proceed	Date by which Company will issue notice to proceed for construction	No later than 10/1/06
Abatement Term		1/1/08 - 12/31/17

The Parties agree that, in the event that the definition of a date and the specific date agreed to and set forth in this Agreement conflict, the specific date set forth in this Agreement will be the date utilized by the Parties for all Agreement purposes.

2.5 Administration of Agreement. This Agreement shall be administered for Travis County by the Travis County Planning and Budget Office (PBO). Upon written request, Company shall provide County through PBO with such information as is reasonably required for County to determine and ensure compliance with every term of this Agreement, including those forms attached hereto. Confidential information provided to County will be treated as such, within the limits of applicable law.

3.0 ENTIRE AGREEMENT

3.1 All Agreements. All oral and written agreements between the Parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement, including the applicable terms of the Agreement, have been reduced to writing and are contained in this Agreement.

3.2 Attachments. The attachments enumerated and denominated below are hereby made a part of this Agreement, and constitute promised performances by Company in accordance with all terms of this Agreement.

- 3.2.1 Attachment A, Travis County Economic Development Program Policy
- 3.2.2 Attachment B, Description of Property and Project
- 3.2.3 Attachment C, Ethics Affidavit
- 3.2.4 Attachment D, Reporting Form (Agreement Benefits Notice)

4.0 AGREEMENT BENEFITS

4.1 Agreement Benefits.

4.1.1 Abatement Basis. For satisfactory completion of all applicable terms of this Agreement by Company, and pursuant to the terms and provisions of this Agreement, County grants Company a reduction in the amount of County Ad Valorem Taxes to be paid by Company as follows:

Sixty Percent (60%) on real property and Eligible Property as defined herein

The Abatement shall be computed as follows:

For real property and Eligible Property:
 (Abatement Year Ad Valorem Taxes Assessed on all real property and Eligible Property
 minus
 Ad Valorem Taxes Assessed on the Effective Year Value) times .60
 equals
 the Amount of Ad Valorem Taxes Abated for that year.

The Abatement for real property and Improvements shall be based upon the extent that the Abatement Year Value for the year of abatement exceeds the Effective Year Value. The abatement of other Eligible Property located on the real property in each abatement year is limited to tangible personal property OTHER THAN that tangible personal real property that was located on the real property at any time before the commencement of the Agreement Term, and OTHER THAN inventory or supplies.

4.1.2 Improvements. Incentives provided under this Agreement shall be granted for new facilities and structures and for the expansion or modernization of existing facilities and structures relating to the Property. Such improvements shall be listed in detail (including kind, number and location) in the Attachment(s) to this Agreement.

4.1.3 Continuing Taxation. During the Agreement Term, the Company shall be subject to all taxation not abated under this Agreement. Taxes shall be payable on the Improvements and other personal property located within the Project as follows:

- (a) The value of Ineligible Property as defined herein shall be fully taxable.
- (b) The Effective Year Value as defined herein shall be fully taxable.
- (c) The taxation of Eligible Property shall be determined and abated according to the schedule in Section 4.1.1.

4.2 Determination of Agreement Benefits.

4.2.1 Agreement Benefits Notice. For the ten (10) tax years contained in the Abatement Term (and upon completion of performance as required hereunder) County shall decrease the amount of Ad Valorem Taxes Company pays as set forth herein:

(a) Notice. Each year after the Completion Date, but no later than April 30th of each year, Company shall notify TCAD, the Travis County Tax-Assessor Collector and PBO in writing of Agreement Benefits due Company ("Agreement Benefits Notice") using the format of the Reporting Form attached to this Agreement as **Attachment D**. The Agreement Benefits Notice will show the amount of Ad Valorem Taxes due attributable to the Agreement Effective Year Value and the amount of Ad Valorem Taxes due for the Abatement Year for that year and will include a completed Agreement Benefits Notice.

(b) Certification of Compliance.

(i) Annual Certification. The reporting form ("Agreement Benefits Notice") attached to this Agreement will also include Company's signature certifying that Company warrants to County that it is in full compliance with each of its obligations under this Agreement, including the number of jobs maintained by Company for the preceding year. Company shall provide such forms annually, and shall certify annually to County that Company is in compliance with all applicable terms of this Agreement.

(ii) Inability to Comply. If Company cannot certify complete compliance with the terms of the Agreement, Company shall include a full and complete explanation of the reasons for the failure to comply along with Company's plans to gain compliance or reasons that compliance cannot be achieved. Upon receipt of such explanation, County may, at its sole discretion, agree to work with Company to develop a mutually agreeable amendment to this Agreement with which Company can comply or terminate the Agreement for such breach of the Agreement terms pursuant to Section 8.0.

(iii) Right of Inspection. County has the right to inspect the Project (see also Sections 5.2.2 and 5.7.2) and pertinent records of Company reasonably necessary to verify compliance with the terms of this Agreement.

(c) Inspections. County has the right to inspect the Project (see also Sections 5.2.2 and 5.7.2) and pertinent records of Company as necessary to verify compliance with the terms of this Agreement. Inspections shall be preceded by at least seventy-two (72) hours notice by telephone to the head of the Project or other person designated by the Company.

4.2.2 Reduction Amount. Upon verification by County of the amount shown in the Agreement Benefits Notice and other reporting information provided by Company to County under this Agreement, County shall grant Company Agreement Benefits through the decrease in the amount of Ad Valorem Taxes to be paid on real property and Eligible Property (except as such Agreement Benefits may be reduced in accordance with section 5.1.1(b) herein) according to this Agreement.

4.2.3 Material Issues in Agreement Benefits Notice. If County identifies any material issues in the Agreement Benefits Notice, County will advise Company of such material issues that are identified in the verification process within thirty (30) days of receipt of the Agreement Benefits Notice and other reporting information to allow Company to correct/complete such Agreement Benefits Notice. Should Company and County be unable to agree to the completion/correction of the Agreement Benefits Notice within thirty (30) days of receipt of the notice by Company of material issues, County will grant Company Agreement Benefits based on Company's representation of information, subject to the mutual agreement by the Parties as to the completion/correction of the Agreement Benefits Notice. Upon resolution of the dispute, should the amount granted to Company initially be greater than that amount due as a result of the completed/corrected Agreement Benefits Notice, Company will refund to County the excess amount within sixty (60) days of determination of that amount. County will provide TCAD and Company necessary notice of confirmation of the granting of Agreement Benefits claimed in the Notice within thirty (30) days of receipt of the complete and correct Agreement Benefits Notice and other relevant reporting information.

4.2.4 Final Reduction. Final grant of Agreement Benefits by County to Company shall be that reduction made based on the Agreement Benefits Notice relevant to the tenth year of the Abatement Term. Upon County's making of the final reduction as described in this Section 4.2.4, this Agreement shall be terminated and both Parties shall be relieved of any further liability to each other.

5.0 COMPANY PERFORMANCE

5.1 Components of Project Development. Company shall develop, construct, equip, complete and maintain the Project described in this Agreement as follows:

5.1.1 Required Components. The following components of the Project must be completed pursuant to the terms of this Agreement in order for Company to receive and retain the full amount of Agreement Benefits:

(a) Property.

(i) Description. The Project shall include the development, completion and maintenance of the Hewlett Packard Data Center to be located on the Property as described herein.

(ii) Ownership. Company warrants that the Property is owned by Company, is not located in an improvement project financed by tax increment bonds and does not include any property that is owned or leased by a member of the Commissioners Court.

(iii) Usage. Company warrants that, while this Agreement is in effect, the Property will be used as described herein, such that development of the Property will continue to be encouraged.

(i) Total Number of Jobs. No later than October 1 2011, Company shall create 140 [but no fewer than 112 (or 80% of 140)] full time employee ("FTE") jobs (said jobs to include both Company permanent employees and contract employees) within the Project in order to receive full Agreement Benefits under this Agreement. When referring to "jobs" created by Company pursuant to this Agreement, that reference will mean new FTE's, of which each FTE will reference "Full Time Employee" defined as a position designated by Company as a full time position receiving full time benefits, and filled no less than ten (10) out of the twelve (12) months of the year for which the Agreements Benefits Notice is being made. Company and County agree that this definition of FTE does not allow Company to claim credit under the Agreement for part time positions. Between the Effective Date of the Agreement and the dates specified below, Company will create the following number of jobs in order to receive Agreement Benefits:

<u>DATE</u>	<u>NO. OF JOBS</u>
By 10/1/08	40, but no fewer than 32
By 10/1/09	70, but no fewer than 56
By 10/1/10	110, but no fewer than 88
By 10/1/11	140, but no fewer than 112

Beginning October 1, 2011, Company shall maintain at least 140 (but no fewer than 112) of said full-time jobs at the Project for the remainder of the ten (10) year Abatement Term of this Agreement. During the Abatement Term of this Agreement, Company shall make available to County those records supporting the number and classification of full-time employees employed at the Project and other documentation as necessary to reasonably support the numbers and classification of such employment as set forth in this Agreement.

(ii) Pro-Rata Benefits. If, after October 1, 2011, Company maintains at least 140 but less than 112 (applied as well to those numbers set forth in 5.1.1(b)(i) for 2008, 2009, and 2010, respectively) jobs during any year for which Company is entitled to Agreement Benefits under this Agreement, then, as a penalty, the amount of annual Agreement Benefits granted by County shall be decreased such that Company's benefit for that year shall be a percentage of the total Abatement of Ad Valorem Taxes that would otherwise have been applicable for that year (herein called the "Annual Amount Abated,"), calculated as follows:

The product of a fraction having a numerator being the actual number of jobs for that year and a denominator being 140 (or the corresponding number therefor set forth in Section 5.1.19(b)(i) for 2008, 2009 and 2010, respectively), times the Annual Amount Abated as defined in Section 4.1 of this Agreement. As an example, should Company maintain 125 jobs in any year after 2011, the amount of the Agreement Benefits for that year would be 89% (125/140) of the Annual Amount Abated, instead of the full percentages set forth in Section 4.1 of this Agreement, had 140 jobs been maintained. If Company maintains any less than 112 jobs after 2011, Company will be considered out of compliance with the Agreement, and subject to Termination under Section 8.0 of this Agreement.

(iii) Job Maintenance. After the year 2011, the required number of jobs must be maintained by Company for the entire calendar year [as defined in Section 5.1(b)(i)], to qualify for Agreement Benefits under this Agreement. If, after 2011, the number of jobs maintained by Company falls below 112 jobs, then such event may be cause for termination of this Agreement under Section 8.0 below, and County may deem Company to be in violation of this Agreement, may terminate this Agreement under Section 8.0, with recapture of Agreement Benefits as set forth in Section 8.0.

(iv) Excess Jobs. No credit will be given for creation of any excess jobs during any year.

(v) Average Salary. Average annual salary of will be approximately \$60,000.00 per year with benefits.

(c) Value - Investment. Company shall invest approximately \$250,000,000.00 in real property improvements, facilities and structures, business personal property and non-capital expenditures at the Project over the term of this Agreement according to the following schedule:

Year 1	\$ 66,000,00000
Year 2	\$153,000,000.00
Year 3	\$ 23,000,000.00

The Parties acknowledge and agree that the investment made by Company includes the design and construction costs of the Improvements and the acquisition and installation costs of equipment and other tangible personal property installed and placed in the Project and that the amounts specified above are minimums and cumulative in nature. For example, if Company invests \$66,000,000.00 in Year 1, and \$170,000,000.00 in Year 2, which is an additional \$17,000,000.00 in Year 2, then that additional \$17,000,000.00 would be credited toward the requirement for Year 3, leaving a minimum requirement for that Year 3 of only \$6,000,000.00.

(d) Construction.

(i) Commencement. Company shall issue a notice to proceed to a contractor to commence construction of Improvements at the Project no later than October 1, 2006, and shall diligently pursue such construction to completion as set forth in this Agreement.

(ii) Completion. A Certificate of Occupancy for the entire Project as set forth in this Agreement shall be obtained by Company no later than October 31, 2007. Necessary inspection(s) shall take place and be successfully completed prior to the Completion Date. Throughout the Agreement Term, the requirements of all applicable County requirements, and any other applicable codes, rules or laws, must be met. The Completion Date shall be the date such Certificate of Occupancy is issued, and January 1 of the year in which the Completion Date occurs shall be the beginning of the ten-year Abatement Term during which Agreement Benefits will be earned by Company. No Agreement Benefits will be earned during the time between the Effective Date and the Completion Date. The Parties agree to a Completion Date of no later than October 31, 2007.

(e) Environmental Attention. The Project will be completed and maintained in a manner which preserves and respects the natural environment by maintaining green space as set forth in the plan of development for the Project presented to the County. Company shall not violate any federal, state, or local legislation and/or regulation(s) which prohibit or regulate deleterious effects on the environment within the Project. Company and County acknowledge that this Property is not located over an environmentally sensitive aquifer or aquifer contributing zone.

(f) Minority Participation. Company shall fully comply with its policies regarding good faith efforts (and shall encourage its agents and contractors to use good faith efforts) to take reasonable steps to ensure HUBs ("Historically Underutilized Businesses") the maximum opportunity to be Subcontractors under this Agreement. Company may retain a third party consultant specializing in outreach to qualified HUB business enterprise Contractors and consultants.

5.1.2 Goal Components. The following components of the Project are goals that Company agrees to make a good faith effort to attain:

(a) Square Feet. The Project, upon completion, shall include approximately 150,000 square feet of development of commercial space for use as a data center.

(b) Land Use. Development shall consist of a commercial workplace to be utilized as a data center to receive, store, process and evaluate scientific and research information and data, hardware and software development operations and business transactions and records for the Company.

(c) Public Transportation. In order to ensure that development is completed in a manner consistent with a transit oriented development, Company shall use commercially reasonable efforts to coordinate and cooperate with relevant transportation entities to maximize availability within the Project of public transportation opportunities and amenities.

(d) Parking. Development will be completed in a manner which includes adequate parking.

(e) Company Cooperation. Company agrees to cooperate with County to improve its efforts in any of the areas set forth in Section 5.1.2(a) - (d) above at any time that County notifies Company of the identification of the need for such improvement.

Reports.5.2.1 Annual Report.

(a) Annual Report. As provided in Section 4.2.1(b), Company shall provide an annual report (and/or other reports as reasonably requested by County) reflecting the fulfillment of all requirements of this Agreement in a format provided by County and included in this Agreement as **Attachment D**, "Reporting Form - Agreement Benefits Notice." Company shall provide the Chief Appraiser of TCAD ("Appraiser"), the Travis County Tax Assessor-Collector and PBO any and all information necessary for administration of this Agreement, including a completed reporting form (**Attachment D** - "Reporting Form - Agreement Benefits Notice") within a reasonable time after the end of each calendar year in the Abatement Term, allowing adequate time for Company to collect the data and submit to County the resulting report which will reflect information related to the previous twelve (12) month period (or other time period as specified), subject to 4.2.1(c) above.

(b) Annual Exemption Application Form and Other Information. The Reporting Form shall include the information necessary to meet the requirements under TEXAS TAX CODE, Section 11.43, for the filing of an annual exemption application form. The Appraiser of TCAD shall annually determine (i) the taxable value pursuant to the terms of this Agreement and (ii) full value without abatement under this Agreement. The Appraiser shall record both the abated taxable value and the full taxable value in the appraisal records. The full taxable value figure listed in the appraisal record shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year, the Company shall furnish the Appraiser with such information outlined in TEXAS TAX CODE, Chapter 22, as may be necessary for the administration of the Abatement specified herein. Company shall be entitled to appeal any determination of the Appraiser in accordance with the provisions of the TEXAS TAX CODE.

5.2.2 County Monitoring of Reports. County retains the right to monitor and audit, upon reasonable advance written notice, the findings in those reports provided or made available to County to support information provided in the Agreement Benefits Notice as necessary to confirm compliance with Agreement terms in accordance with Section 5.7.2 of this Agreement.

5.2.3 Agreement Benefits Notice Information. The following general information, as applicable for each year in a reporting period will be included with the Agreement Benefits Notice:

- (a) Documentation to show commencement date and completion date as evidenced by the Certificate(s) of Occupancy.
- (b) Total value of completed Project (as assessed by TCAD for Travis County Ad Valorem taxation).
- (c) Total number of full time employees - verified by review of those reports specified in this Agreement.
- (d) Certification as to accuracy of report and compliance with the terms of the Agreement.

5.2.4 Job Data. The Agreement Benefits Notice shall also include data showing the number of FTE jobs created and maintained as a result of the Project, including that information specifically set forth in the Reporting Form (**Attachment D**). Company shall create and maintain such records as necessary for County to audit performance under this requirement.

5.2.5 Ad Valorem Taxes. The Agreement Benefits Notice shall include information showing the amount of Travis County Ad Valorem Taxes due for payment by Company, the amount by which the Ad Valorem Taxes would be reduced as a result of compliance with the applicable terms of this Agreement and other information as specified in the form attached as **Attachment D**.

5.3 Company Authority. Company warrants that Company and the signors of this Agreement have the authority to enter into this Agreement.

5.4 Accuracy of Information. Company will use commercially reasonable efforts to ensure that all reports, data and information submitted to County will be accurate, reliable and verifiable according to the terms of this Agreement. Approval by County of such information shall not constitute nor be deemed a release of the responsibility and liability of Company, its employees, agents or associates for the accuracy and competency of their reports. However, Company shall be responsible for any defect, error, omission, act or negligence or bad faith by Company, its employees, agents, or associates in any Company information provided to County. Company shall be responsible for maintaining all reports, data and information as required under this Section 5.4 for no less than three (3) years from the time that the record is created.

5.5. W-9 Taxpayer Identification Form. Company shall provide County with an Internal Revenue Service Form W-9 Request for Taxpayer Identification Number and Certification that is completed in compliance with the Internal Revenue Code, its rules and regulations, and a statement of entity status in a form satisfactory to the County Auditor before any Agreement Benefits may be received.

5.6 Indemnification and Claims.

5.6.1 INDEMNIFICATION. Company agrees to and shall indemnify and hold harmless County, its officers, agents, and employees, from and against any and all claims, losses, damages, negligence, causes of action, suits, and liability of every kind, including all expenses of litigation, court costs, and attorney's fees ("Claim") for injury to or death of any person, for any act or omission by Company, or for damage to any property, arising out of or in connection with the work done by Company under this Agreement, whether such injuries, death or damages are caused by Company's sole negligence or the joint negligence of Company and any other third party.

5.6.2 Claims Notification. If any Claim, or other action, including proceedings before an administrative agency, is made or brought by any person, firm, corporation, or other entity against Company or County relating to the enforcement of this Agreement, the Party with notice of the Claim shall give written notice to the other Party of the Claim, or other action, within three (3) working days after being notified of it or the threat of it; the name and address of the person, firm, corporation or other entity that made or threatened to make a Claim, or that instituted or threatened to institute any type of action or proceeding; the basis of the Claim, action or proceeding; the court or administrative tribunal, if any, where the claim, action or proceeding was instituted; and the name or names of any person against whom this Claim is being made or threatened. This written notice shall be given in the manner provided in the "Notice" provision of this Agreement. Except as otherwise directed, the Party with notice of the Claim shall furnish to the other Party copies of all pertinent papers received by that Party with respect to these claims or actions.

5.7 Miscellaneous Responsibilities.

5.7.1 Change in Identity. Company shall notify County immediately (and in advance when lawful) of any significant change affecting the Company. Where that change involves a change of Company's name or identity, that change must be submitted in writing and approved by County in the form of a written amendment pursuant to Section 6.0. Where such change involves a change in ownership or control, Company shall provide County with timely written notice pursuant to Section 10.0.

5.7.2 Access, Inspection and Monitoring.

(a) Access and Notice. Company shall provide reasonable access to and hereby authorizes reasonable inspection and monitoring visits of the Project by County employees or authorized representatives of County to ensure that the improvements are completed according to the terms of this Agreement and that Company is in compliance with all other terms and conditions of this Agreement. Company representatives shall be permitted to attend any inspection/monitoring visits. The inspection/monitoring visits shall be preceded by at least seventy-two (72) hours written (including notice by email or fax) notice to the head of the Project or other person designated by the Company, and shall be conducted so as not to interfere with the business operations of Company, and shall comply with Company security and safety standards.

(b) Ongoing Obligation. Company acknowledges and agrees that County may make ongoing inspections/monitoring visits under these same conditions throughout the Agreement Term to ensure ongoing compliance.

(c) Recordings. Because of the highly sensitive nature of the work to be performed at the Project, County agrees that it will not make any type of recording, copies or photographic record of the interior of the Project or reports or records reviewed therein, and agrees to keep all information relating to its contents confidential to the extent allowed by law.

(d) Limitations. Inspections will be made by the Executive Manager of PBO (or his designee, with Company's approval), and will be limited to review of that information necessary to verify Company's compliance with the requirements of this Agreement.

(e) Employment Records and Investment Certification. In order to verify compliance with employment, salary and investment requirements, Company will provide County with annual written certification (attached to the Agreement Benefits Notice) by Company's Chief Financial Officer of the following:

- (i) NUMBER OF FTE'S;
- (ii) Average Salary; and
- (iii) Amount of investment pursuant to this Agreement.

Company agrees to provide County access at Company's Austin location at the time of submission of the certification and as needed to any and all supporting documentation which was utilized by the Chief Financial Officer in making the determinations reported in the certification as to the number of FTE's, the average salary and amount of investment. This supporting documentation will be made available at the Company's Austin location in a format that allows for easy review by County (magnetic tapes will not be considered acceptable format).

(f) If County determines that the documentation provided is insufficient to adequately document the accuracy of the information or disputes the accuracy of the information, County reserves the right to require additional information as reasonably necessary to complete the final review and approval of the information submitted and to withhold approval of the Agreement Benefits Notice until such additional information is made available pursuant to this Section 5.7.2.

5.7.3 Record Maintenance. Company shall maintain all records and reports required under this Agreement for a period of three (3) years after the submission of each Agreement Benefits Notice, or until all evaluations, audits and other reviews have been completed and all questions or issues, including litigation regarding each such Agreement Benefits Notice, are resolved satisfactorily, whichever occurs later.

6.0 AMENDMENTS

6.1 **Written.** Unless specifically provided otherwise in this Agreement, any change to the terms of this Agreement or any Attachments shall be made in writing and signed by both Parties. An amendment may only be approved by the Parties if the terms and provisions of the amendment reflect provisions which are in accordance with TEXAS TAX CODE, Chapter 312.

6.2 **Acknowledgments as to Amendments.** It is acknowledged by Company that no officer, agent, employee or representative of County has any authority to change the terms of this Agreement or any attachments to it unless expressly granted that authority by the Commissioners Court under a specific provision of this Agreement or by separate action by the Commissioners Court.

6.3 **Submission.** Company shall submit all requests for all changes, alterations, additions or deletions of the terms of this Agreement or any attachment to it to PBO, Attention: Christian Smith, Executive Manager, or his successor in office, with a copy to the County Judge, Samuel T. Biscoe, or his successor in office.

7.0 COMPLIANCE

7.1 **Federal, State and Local Laws.** Company shall provide all services and activities performed under the terms of this Agreement in compliance with the Constitutions of the United States and Texas and with all applicable federal, state, and local orders, laws, regulations, rules, policies, and certifications governing any activities undertaken during the performance of this Agreement. Company shall meet all applicable requirements of County and City codes and ordinances, rules and regulations and permit requirements, and all necessary inspections will take place in a timely manner. Company will make all hiring decisions in compliance with the Civil Rights Act of 1964 and the Americans With Disabilities Act of 1990 and will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, age or handicapping condition in accordance with the Company's policies.

7.2 **Law and Venue.** This Agreement is governed by the laws of the State of Texas and all obligations under this Agreement shall be performable in Travis County, Texas. It is expressly understood that any lawsuit, litigation, or dispute arising out of or relating to this Agreement will take place in State Court in Travis County. The Parties acknowledge and agree that each Party shall be responsible for any attorneys' fees relating to this Agreement incurred by that Party.

7.3 **Immunity or Defense.** Section 6.2 notwithstanding, Company expressly understands and agrees that neither the execution of this Agreement nor the conduct of any representative of County shall be considered to be a waiver of, nor shall it be deemed to have waived, any immunity or defense that would otherwise be available to it against claims arising in the exercise of its governmental powers and functions, nor shall it be considered a waiver of sovereign immunity to suit. Company and County shall have all remedies and defenses allowed by law.

7.4 **Cancellation.** The Commissioners Court may cancel or modify this Agreement as set forth in this Agreement if Company fails to comply with the Agreement.

8.1 **Termination.** Termination of this Agreement may include, but is not limited to, the following:

8.1.1 **Election Not to Proceed Prior to Receipt of Benefits.** In the event Company elects not to proceed with the Project as contemplated by this Agreement PRIOR to the first receipt of Agreement Benefits, Company shall notify County 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.

8.1.2 **Successful Completion.** This Agreement will terminate upon successful completion of all terms and conditions of the Agreement by both Parties or upon termination pursuant to the terms of this Agreement.

8.1.3 **Failure to Comply.** Where either Party fails to comply with the terms of this Agreement, except where the Company fails to comply with the requirements listed in Section 8.2.1(a), (b) or (c) as set forth in this Agreement, the non-defaulting Party shall notify the defaulting Party in writing (if notice is to Company, then such notice will be provided pursuant to Section 10.3), and if such default is not cured within sixty (60) days after said notice is given, then this Agreement may be terminated by the non-defaulting Party without prejudice to any other right or remedy such non-defaulting Party may possess. County and Company may agree in writing to extend the time period for cure. In the event that the cure is not completed in a manner that is satisfactory to the non-defaulting Party, the Agreement shall be terminated by such non-defaulting Party, with termination results as specified in Section 8.2 below.

8.2 **Results of Termination.**

8.2.1 **Required Performance.** Pursuant to the terms of this Agreement, the following requirements must be met by Company during each year of the Abatement Term in order to receive Agreement Benefits:

- (a) Obtain a Certificate of Occupancy for the Project no later than October 31, 2007, as set forth in Section 5.1.1(d)(ii);
- (b) Creation of permanent FTE jobs pursuant to the schedule set forth in Section 5.1.1(b)(i) with the average salary as specified in Section 5.1.1(v);
- (c) New investment in the Project of at least \$ 250,000,000.00 according to the schedule set forth in Section 5.1.1(c)(I) and 5.1.1(c)(II); and
- (d) Materially satisfactory completion of all other terms of this Agreement.

8.2.2 **Recapture.**

(a) **Breach of Required Performance.** If the Company's fails to fulfill the requirements listed under 8.2.1, County shall have the option to terminate this Agreement. If County terminates this Agreement under this subsection 8.2.2(a) for Company's failure to meet the requirements in Section 8.2.1(a), (b) or (c), then no abatement will be granted for the year in which the failure occurred (or, if such abatement has already been granted, the amount abated for said year will be refunded by Company) and the Agreement will be terminated and both Parties relieved of any further obligation. If this Agreement is terminated as a result of Company's failure to fulfill the requirement listed in Section 8.2.1(c), then no abatement will be granted for the year in which the failure occurred (or, if such abatement has already been granted, the amount abated for said year will be refunded by Company) and County shall recapture and Company shall pay to County an amount equal to all taxes abated under the terms of this Agreement, and this Agreement shall be terminated and both Parties relieved of any other obligations.

(b) **Failure to Pay Taxes.** In the event that Company allows its Ad Valorem Taxes owed to the City, County, Austin Community College and/or any City of Austin or Travis County school district or other local taxing entity, including the Wells Branch Municipal Utility District, to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or fails to pay such taxes, then County may terminate this Agreement only in accordance with the procedures set out in Section 8.1.3. If County terminates this Agreement under this subsection 8.2.2.(b), then no abatement will be granted for the year in which the failure occurred (or, if such abatement has already been granted, the amount abated will be refunded by Company) and County shall recapture and Company shall pay to County an amount equal to all taxes abated under the terms of this Agreement during the one (1) year prior to the year in which such failure occurred, plus any applicable penalty and interest for late payment of taxes, and this Agreement shall be terminated and both Parties relieved of any further obligations to each other pursuant to this Agreement.

(c) Remedies. In the event that Company has not timely paid those AD VALOREM TAXES that are due to County, or that recapture of abated taxes is required under this Agreement, County shall also have available all remedies for the collection of the tax revenue due as provided generally in the TEXAS TAX CODE for collection of delinquent property taxes. County, at its sole discretion, has the option to provide a payback schedule.

9.0 MISCELLANEOUS PROVISIONS.

9.1 Independent Contractor. The Parties expressly acknowledge and agree that Company is an independent contractor and assumes all of the rights, obligations and liabilities applicable to it as an independent contractor. No employee of Company shall be considered an employee of County or gain any rights against County pursuant to County's personnel policies. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party. The relationship of County and Company under this Agreement is not and shall not be construed or interpreted to be a partnership, joint venture or agency. The relationship of the Parties shall be an independent contractor relationship. Neither Party shall have the authority to make any statements, representations or commitments of any kind, or to take any action which shall be binding on the other Party.

9.2 Agreement Limitation. This Agreement sets out the agreements and obligations solely between County and Company. Under no circumstances shall this Agreement be interpreted to obligate County in any way to any third party or create any third party beneficiary rights as between County and any Subcontractors, or to any other third party, any such inference being expressly denied. Under no circumstance shall County be liable to Company's creditors or Subcontractors for any reimbursements under this Agreement.

10.0 NOTICES

10.1 Requirements. Except as otherwise specifically noted herein, any notice required or permitted to be given under this Agreement by one Party to the other shall be in writing and shall be given and deemed to have been given immediately if delivered in person to the address set forth in this section for the Party to whom the notice is given, or on the third day following mailing if placed in the United States Mail, postage prepaid, by registered or certified mail with return receipt requested, addressed to the Party at the address hereinafter specified.

10.2 County Address. The address of County for all purposes under this Agreement, and for all notices hereunder, shall be:

Honorable Samuel T. Biscoe (or his successor in office)
County Judge
P.O. Box 1748
Austin, Texas 78767
Facsimile No. 512/854-9535

With copies to (registered or certified mail with return receipt is not required):

Honorable David Escamilla (or his successor in office)
Travis County Attorney
P.O. Box 1748
Austin, Texas 78767
ATTENTION: Civil Transactions
Facsimile No. 512/854-4808

and

Cyd Grimes, Purchasing Agent (or her successor)
Travis County Purchasing
P. O. Box 1748
Austin, Texas 78767
Facsimile No. 512/854-9185

10.3 Company Address. The address of Company for all purposes under this Agreement and for all notices hereunder shall be:

Tim Aimone, Director of Americas Real Estate
Hewlett-Packard Company
P. O. Box 692000, Mail Code 130109
Houston, Texas 77269-2000
Facsimile No. 281/514-6838

With copies to (registered or certified mail with return receipt is not required)

General Counsel
Hewlett-Packard Company
3000 Hanover Street
Palo Alto, California 94304
Facsimile No. 650/857-2012

and

R. G. Converse
Fulbright & Jaworski L.L.P.
600 Congress Avenue, 24th Floor
Austin, Texas 78701
Facsimile No. 512/536-4598

10.4 Change of Address. Each Party may change the address for notice to it by giving notice of the change in compliance with Section 10.0. Any change in the address shall be reported to County within fifteen (15) days of the change.

10.5 Change of Name. If a change of name is required by Company, County shall be notified in writing immediately pursuant to Section 10.0. No change in the obligation of or to Company will be recognized until it is approved by the Commissioners Court.

11.0 PROHIBITIONS

11.1 County Forfeiture of Agreement. As to granting of Agreement Benefits, if Company has done business with a Key Contracting Person as listed in **Exhibit A to Attachment C** during the 365 day period immediately prior to the date of execution of this Agreement by Company or does business with any Key Contracting Person at any time after the date of execution of this Agreement by Company and prior to full performance of this Agreement, Company shall forfeit all County benefits of this Agreement and County shall retain all performance by Company and recover all consideration, or the value of all consideration, granted to Company pursuant to this Agreement.

11.2 Conflict of Interest.

11.2.1 Contractor shall ensure that no person who is an employee, agent, consultant, officer, or elected or appointed official of Contractor who exercises or has exercised any functions or responsibilities with respect to activities performed pursuant to this Contract or who is in a position to participate in a decision-making process or gain inside information with regard to these activities has or may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, Subcontract or agreement with respect to it, or the proceeds under it, either for himself or herself or those with whom he or she has family or business ties, during his or her tenure or for one year thereafter.

~~11.2.2 The Contractor shall complete the Conflict of Interest Questionnaire attached to this Contract as Attachment E. Within seven (7) business days of executing this Contract, the Contractor shall file the Questionnaire with the County Clerk, Elections Division, 5501 Airport Blvd., Austin, 78751. The Contractor shall update this Questionnaire, as required by Chapter 176 of the Local Government Code, by September 1, 2006, and each year thereafter for the duration of this Contract. In addition, if any statement on this submitted Questionnaire becomes incomplete or inaccurate, the Contractor shall submit an updated Questionnaire, not later than the seventh (7th) business day after the date of an event that makes a statement in the Questionnaire incomplete or inaccurate. The Contractor should note that the law requires the County to provide access to this Questionnaire on the official Travis County Internet website.~~

11.3 Solicitation. Company warrants that no persons or selling agency was or has been retained to solicit this Agreement upon an understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial selling agencies maintained by Company to secure business. For breach or violation of this warranty, County shall have the right to terminate this Agreement without liability, or, in its discretion to, as applicable, add to or deduct from the consideration, or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

11.4 Gratuities. County may cancel this Agreement if it is found that gratuities in the form of entertainment, gifts, or otherwise were knowingly offered or given by Company or any agent or representative to any County official or employee with a view toward securing favorable treatment with respect to the performing of this Agreement. In the event this Agreement is cancelled by County pursuant to this provision, the County shall be entitled, in addition to any other rights and remedies, to recover from Company a sum equal in amount to the cost incurred by Company in providing such gratuities.

12.0 ASSIGNABILITY

12.1 Assignment. This Agreement may be assigned to a new company only with prior written approval of County. Notwithstanding the previous sentence, Company may assign to a subsidiary corporation or other affiliated entity without approval of County, so long as Company shall remain responsible and obligated to County for the performance of its obligations under the Agreement. Written notice of such assignment shall be provided to County prior to the assignment. No assignment shall be approved if the assignor or assignee are indebted to County for Ad Valorem Taxes or other obligations.

12.2 Binding Agreement. Subject to Section 12.1, this Agreement shall be binding upon the successors, assigns, administrators, and legal representatives of the Parties to this Agreement.

13.0 INTERPRETATIONAL GUIDELINES

13.1 Computation of Time. When any period of time is stated in this Agreement, the time shall be computed to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday or a day that County has declared a holiday for its employees these days shall be omitted from the computation.

13.2 Numbers and Gender. Words of any gender in this Agreement shall be construed to include any other gender and words in either number or written form shall be construed to include the other unless the context in the Agreement clearly requires otherwise.

13.3 Headings. The headings at the beginning of the various provisions of this Agreement have been included only to make it easier to locate the subject matter covered by that section or subsection, and are not to be used in construing this Agreement.

14.0 OTHER PROVISIONS

14.1 Survival of Conditions. Applicable provisions of this Agreement shall survive beyond termination or expiration of this Agreement until full and complete compliance with all aspects of these provisions has been achieved where the Parties have expressly agreed that those provisions should survive any such termination.

14.2 Non-Waiver of Default. One or more acts of forbearance by any Party to enforce any provision of this Agreement or any reimbursement, payment, act or omission by any Party shall not constitute or be construed as a waiver of any breach or default of any other Party which then exists or may subsequently exist.

14.3 Reservation of Rights. If any Party to this Agreement breaches this Agreement, the other Party(ies) shall be entitled to any and all rights and remedies provided for by Texas law and any applicable Federal laws or regulations. All rights of either Party under this Agreement are specifically reserved and any payment, reimbursement, act or omission shall not impair or prejudice any remedy or right to such Party under it. The exercise of or failure to exercise any right or remedy in this Agreement or in accordance with law upon the other Party's breach of the terms, covenants, and conditions of this Agreement, or the failure to demand the prompt performance of any obligation under this Agreement shall not preclude the exercise of any other right or remedy under this Agreement or under any law, nor shall any action taken or not taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies.

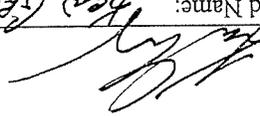
14.4 Severability. If any portion of this Agreement is ruled invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision thereof and the remainder of it shall remain valid and binding and as if such invalid, illegal or unenforceable provision had never been contained in this Agreement.

14.5 Dispute Resolution. When mediation is acceptable to all Parties in resolving a dispute arising under this Agreement, as a condition precedent to the filing of a lawsuit, the Parties agree to mediate such dispute with the Dispute Resolution Center of Austin, Texas, as the provider of mediators for mediation as described in the TEX. CIV. PRAC. & REM. CODE, Section 154.023. Unless all Parties are satisfied with the result of the mediation, the mediation will not constitute a final and binding resolution of the dispute. All communications within the scope of the mediation shall remain confidential as described in TEX. CIV. PRAC. & REM. CODE, Section 154.073, unless all Parties agree, in writing, to waive such confidentiality.

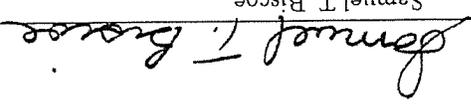
14.6 Force Majeure. Neither Party shall be financially liable to the other Party for delays in performance or failures to perform under this Agreement caused by force majeure (i.e. those causes generally recognized under Texas law as constituting impossible conditions). Such delays or failures to perform shall extend the period of performance until these exigencies have been removed. The Party seeking to avail itself of this clause shall notify the other Party within five (5) business days or otherwise waive the right as a defense, unless notification is impractical under the circumstances, in which case notification shall be done in as timely a manner as possible. Company agrees that breach of this provision by Company entitles County to reduce or stop granting of Agreement Benefits or immediately terminate this Agreement. Should Force Majeure conditions continue for either Party more than 3 months, that Party may, with notice pursuant to this Section 14.6 (and Section 10.0), terminate this Agreement and both Parties shall

then be relieved of any further obligation to each other Party under this Agreement.
14.7 Multiple Originals. This Agreement may be executed by the Parties in multiple counterparts, each one being considered an original for any purpose.

HEWLETT-PACKARD COMPANY

By: 
Printed Name: Keith Gray
Title: VP-IT
Date: 6-5-06

TRAVIS COUNTY

By: 
Printed Name: Samuel T. Biscoe
Title: County Judge
Date: 5-23-06

ATTACHMENT A

CHAPTER 28
TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM POLICY
GUIDELINES AND CRITERIA FOR
TAX REBATE AND TAX ABATEMENT AND OTHER INCENTIVES

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CHAPTER 28
TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM POLICY
GUIDELINES AND CRITERIA
FOR TAX REBATE AND TAX ABATEMENT AND OTHER INCENTIVES

Adopted by Order of the Commissioners Court: August 30, 2005.

28.001 Authorization.

(a) **General Authorization.** The Travis County Commissioners Court ("Commissioners Court") is authorized to develop and administer a program to stimulate business and commercial activity in Travis County pursuant to LOCAL GOVERNMENT CODE, Chapter 381 [specifically, Sections 381.004(b) and 381.004(g)], and other applicable statutes.

(b) **Tax Abatement Resolution.** Travis County has adopted a Resolution stating that Travis County elects to become eligible to participate in tax abatement under LOCAL GOVERNMENT CODE, Section 381.004(g), and applicable portions of TAX CODE, Chapter 312. Travis County also has adopted a resolution stating that Travis County elects to become eligible to participate in tax abatement under TEXAS TAX CODE, Chapter 312. Tax Abatement Agreements which are entered into under LOCAL TEXAS GOVERNMENT CODE, Section 381.004(g) ["381 Tax Abatement Agreement"] shall be subject to the requirements of that statute (which includes limited provision of TEXAS TAX CODE, Chapter 312) and tax abatement agreements which are entered into under TEXAS TAX CODE, Chapter 312 ["312 Tax Abatement Agreement"] shall be subject to the requirements of that statute.

28.002 Purpose and Method.

(a) **General Purpose.** The purpose of this Policy is to establish the guidelines and criteria under which Travis County can develop and administer a program to stimulate and encourage business activity in Travis County in order to create more job opportunities, build the sales and property tax base and promote a partnership relationship with the private sector businesses that will bring capital intensive projects to Travis County.

(b) **Method.** The purpose of this Policy is also to establish guidelines and criteria for economic development utilizing both a rebate and abatement approach to tax incentives. This Policy establishes guidelines and criteria under which the County may enter into tax rebate and tax abatement agreements as a part of the County's Economic Development Program established under this Policy in order to further the economic development of Travis County.

(c) **Waiver and/or Modification of Requirements.** The Commissioners Court retains the right to waive or modify any of the requirements of this Policy, with the exception of Section 28.004(a)(xii), which cannot be waived, by approving terms in an agreement entered into under this Policy that differ from the Policy when the Court determines that the waiver and/or modification is:

- necessary in order to serve the public interest,
- will allow an agreement which will continue to meet the intent of this Policy, and
- will not violate any applicable statutory requirements.

The above subsection 28.002(c) notwithstanding, NO waiver or modification of a requirement to a 312 Tax Abatement Agreement can be made by the Commissioners Court if such waiver or modification is not allowed by TEXAS TAX CODE, Chapter 312 in relation to that agreement.

- (d) **Limitation.** The adoption of these guidelines and criteria for a 312 Tax Abatement Agreement does not:
- limit the discretion of the Commissioners Court to decide whether to enter into a specific tax abatement agreement;
 - limit the discretion of the Commissioners Court to delegate to its employees the authority to determine whether or not the Commissioners Court should consider a particular application or request for tax abatement; or
 - create any property, contract or other legal right in any person to have the Commissioners Court consider or grant a specific application or request for tax abatement.

28.003 Definitions. Under the Travis County Economic Development Program Policy ("Policy"), these words have the following meaning:

(a) **"Abatement"** means the full or partial release from payment of ad valorem taxes on certain real and tangible personal property under this Policy.

(b) **"Abatement/Payment Term"** means that time period beginning on the Completion Date and ending on the Termination Date of the Agreement. If the Commissioners Court approves completion of a Project in phases, then the Abatement/Payment Term will begin with the Completion Date of the first phase.

(c) **"Abatement/Payment Year Value"** means the value assessed by the Travis County Appraisal District ("TCAD") for the purpose of the payment of Travis County Ad Valorem Taxes on the Property for any tax year included in the Abatement/Payment Term of the Agreement.

(d) **"Ad Valorem Taxes"** means those property taxes assessed by the by TCAD on eligible property within Travis County.

(e) **"Agreement"** means a contract entered into under this Policy between the County and Company.

(f) **"Agreement Funds"** means all money paid to or abated for a Company pursuant to the terms of the Agreement entered into under this Policy; also, the amount by which Ad Valorem taxes which would have been paid by Company is abated or rebated pursuant to the terms of the Agreement.

(g) **"Agreement Term"** means that time period commencing on the date the Agreement is signed by all parties (also "Effective Date") and continuing until the Termination Date (as defined herein and/or in the Agreement).

(h) **"Company"** means the authorized individual or business entering into an Agreement with County under this Policy.

(i) **"Completion Date"** means the date of issuance of the Certificate of Occupancy for the Project. If the County approves completion of the Project in phases, there may be a different Completion Date for each approved phase; however, the Abatement/Payment Term will begin running as of the Completion Date of the first phase.

(j) **"Economically Disadvantaged Individual"** means an individual who:

(i) for at least three months before employment with a qualified business was unemployed; or

(ii) receives public assistance benefits, such as welfare payments, food stamp payments and local approved medical assistance, based on need and intended to alleviate poverty; or

(iii) is economically disadvantaged as defined by the Job Training Partnership Act, Sec. 4(8) [129 USC, Sec. 1503(8)]; or

(iv) is an individual with a disability, as defined by 29 USC, Sec. 706(8); or

(v) is an inmate as defined by TEXAS GOVERNMENT CODE, Section 498.001; or

(vi) is entering the workplace after being confined in a facility operated by the institutional division of the Texas Department of Criminal Justice or under contract with the Texas Department of Criminal Justice, or such facility operated by Travis County; or

(vii) has been released by the Texas Youth Commission and is on parole, if state law provides for such a person to be on parole; or

(viii) meets the current low income or moderate income limits developed under the U. S. Housing Act of 1937, Sec. 8 (42 USC sec. 1437f, et seq.).

(k) **"Effective Date"** means the date that all parties to an Agreement entered into pursuant to this Policy have fully executed the Agreement.

(l) **"Effective Year Value"** means the value assessed by TCAD for the purpose of the payment of Travis County Ad Valorem taxes on the Property for the tax year including the Effective Date of the Agreement.

(m) **"PBO"** means the Travis County Planning and Budget Office.

(n) **"Project"** means the proposed development as specifically described by the Company in the application/request for incentives and the Agreement.

(o) **"Property"** means the land (real property) on which the Project will be developed.

(p) "TCAD" means the Travis Central Appraisal District.

(q) "Termination Date" means the end of the time period specified under the Agreement.

28.004 Guidelines and Criteria The Commissioners Court will use the following criteria as specified herein as a baseline for evaluation of applications and other requests for economic incentives which may be provided under this Policy:

(a) **Required Elements.** The following elements are considered to be of vital importance in implementing the County policy related to economic development and, as such, should be included in any Agreement entered into under this Policy, with terms in the Agreement stating that compliance with these requirements is mandatory. However, upon findings by the Court in compliance with Section 28.002(c) of this Policy as amended above, the Court may waive and/or modify requirements as listed in this Section 28.004(a) as deemed necessary, except for the requirement under Section 28.004(a)(xii), which cannot be waived. With that limitation, the following requirements are recommended for every agreement entered into pursuant to this Policy:

[It is understood that any provision of the Policy that is based on statutory requirement, then provision may be waived or modified only to the extent allowed by applicable law.]

(i) **Commissioners Court Finding.** An agreement cannot be entered into unless the Commissioners Court finds: that the terms of the agreement and the Property subject to the agreement meet the applicable guidelines and criteria set forth in this Policy; and that the development of the Project will result in substantial immediate and long-term financial benefit to Travis County and significant financial benefit to other taxing entities within Travis County.

(ii) **Maximum Incentive Amount.** In no event will the percentage of the tax abatement or rebate exceed 80%.

(ii) **Ownership.** The Company must own or plan to own the Property in order to enter into an Agreement under this Policy. Incentives will not be granted relative to leased property. Property that is owned or leased by a person who is a member of the Commissioners Court is excluded from abatement/rebate under this Policy, and Company will warrant that none of the Property subject to the agreement is owned or leased by a member of the Commissioners Court.

(iii) **Improvements.** Incentives provided under this Policy shall be granted for new facilities and structures and for the expansion or modernization of existing facilities and structures. New development at an existing site may be considered for benefits under this Policy. In order for expansion or modernization to qualify for incentives, such expansion or modernization must be accomplished to such an extent that substantial value is added to the ad valorem tax base, and cannot be cosmetic only in nature.

(iv) **Description of Improvement Terms.** The agreement must list the kind, number and location of all proposed improvements of the Property.

(v) **Access.** The agreement must provide for access and authority for County employees to enter the Property and inspect to ensure that the improvements or repairs are made according to the terms of the Agreement, and that the Company is in compliance with all other terms and conditions of the Agreement. Representatives of Company shall be permitted to attend the inspections. The inspections shall be preceded by twenty-four (24) hours notice, shall be conducted so as not to interfere with the business operations of the Company, and shall comply with the Company's reasonable safety standards. County may make ongoing inspections/ monitoring visits under these same conditions throughout the Agreement Term to ensure ongoing compliance.

(vi) **Usage.** The agreement must limit the uses of the Property consistent with the general purpose of encouraging development or redevelopment of the Property during the Agreement Term.

(vii) **Recapture.** The agreement must provide for recapture of property tax revenue lost as a result of the Agreement if: the Company fails to make the improvements or repairs as provided by the Agreement; the agreement is terminated, with recapture pursuant to Section 28.004(i); and under other applicable provisions of this Policy.

(viii) **Terms.** The agreement must contain each term of the Agreement.

(ix) **Annual Certification.** The Agreement must require the Company to certify annually to the Commissioners Court that the Company is in compliance with the applicable terms of the Agreement.

(x) **Failure to Comply.** The agreement must provide that the Commissioners Court may cancel or modify the agreement if the Company fails to comply with the Agreement.

(xi) **Legal Compliance.** The agreement must include provisions requiring that all applicable County and City codes and ordinances must be met and inspection take place in a timely manner; that the Company will make all hiring decisions in compliance with the Civil Rights Act of 1964 and the Americans With Disabilities Act of 1990; and that the Company will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, age or handicapping condition.

(xii) **Environment.** The agreement must require that all Projects shall be completed and maintained in a manner which preserves and respects the natural environment by maintaining green space as set forth in a plan approved by the governmental entity having jurisdiction, as evidenced by written documentation from that entity. Company shall not violate any federal, state or local legislation and/or regulations which prohibit or regulate deleterious effects on the environment within the Project. The Property may NOT be located over an environmentally sensitive aquifer or contributing zone.

(xiii) **Notice - 312 Tax Abatement Agreement.** The Commissioners Court shall deliver to the presiding officer of the governing body(or designated officer or employee) of each other taxing unit in which the property subject to the 312 Tax Abatement Agreement is located a written notice that the County intends to enter into the agreement not later than the seventh (7th) day before the date on which the County will enter into the agreement. Such notice must include a copy of the proposed agreement.

The above requirements [Section 28.004(a)(i) - (xiii)] will NOT be subject to waiver or change in a 312 Tax Abatement Agreement where those provisions are required bylaw.

(b) **Requirements With Discretionary Elements.** While the following elements will be required in each agreement under this Policy, the Commissioners Court may, at its sole discretion, limit or waive the extent to which each is applied.

(i) **Minimum Capital Investment.** Subject to the discretionary ability of the Commissioners Court as set forth in this Policy, the Company's new capital investment (value of property subject to Travis County Ad Valorem taxation) must be no less than One Hundred Million Dollars (\$100,000,000.00). The purchase price of Property will not be included in this total capital investment amount. There MUST be substantial capital investment made by any company in order to participate in the Economic Development Program established under this Policy; however, the minimum amount may be waived to an extent determined by the Court under certain circumstances as approved by the Court as be determined on a case by case basis.

(ii) **Employment**

(A) **Minimum.** Subject to the discretionary ability of the Commissioners Court as set forth in this Policy, within twelve (12) months of the Completion Date, the Project must create at least 500 new, permanent, full-time equivalent jobs. The Project must result in the creation of a substantial number of new, full-time jobs in the County within a specified time period; however, the minimum number may be waived and the time period changed to an extent determined by the Court under certain circumstances as approved by the Court on a case by case basis.

(B) **Increased Incentive Levels.** Consideration for maximum abatement/rebate amounts may be given to Projects which will create new, permanent full-time equivalent jobs which will be filled by individuals which meet the criteria to be deemed an Economically Disadvantaged Individual or which meet criteria for certain salary and/or educational/training requirements ("Career Development Employees") as defined in this Policy and under the terms of the Agreement. Terms of the Agreement will define the specific requirements related to these employment requirements in a manner which will encourage the hiring of individuals at a level which will bring persons out of poverty and into a career path with potential for upward mobility leading to self-sufficiency.

(iii) **Current Developments.** Consideration of proposals for incentives under this Policy shall be granted only for Projects where no specific development-related action, as determined by the Commissioners Court, has taken place prior to such consideration. The intent of the Policy is to attract new investment and development to Travis County, not to grant benefits to development already underway. The existence of an approved Master Plan will NOT be considered to be "specific development-related action" so as to exclude an applicant under this Policy.

(c) **Additional Criteria for Consideration in Granting Approval and Determining Maximum Incentive Amounts.** The application or other submission for consideration under this Policy must include evidence of the Company's ability to comply with all applicable terms of this Policy. In reviewing the Company's application/request for economic development incentives under this Policy, the Commissioners Court will give weight (both as to approval and amount of incentive) to proposals which include elements for additional community development, including the following:

(i) **Minority Participation/HUB Participation.** Company shall use good faith efforts (and shall encourage its agents and contractors to use good faith efforts) to take reasonable steps to ensure HUBs ("Historically Underutilized

Businesses," as defined under the applicable County policy) the maximum opportunity to be subcontractors for the project.

- (ii) Housing - availability of affordable housing, as defined by County.
- (iii) Public Transportation - availability, access and accompanying amenities. As applicable, Company shall coordinate and cooperate with relevant transportation entities to maximize availability within the Project of public transportation opportunities and amenities, such as sidewalks.
- (iv) Open space for gathering, public seating, etc.
- (v) Environmental attractiveness
- (vi) Commitment to clean air initiatives
- (vii) Parking
- (viii) Number of acres involved in the development
- (ix) Amount of square footage to be included in the completed development
- (x) Other public benefits to be derived from the development of the Project
- (xi) Use of innovative design practices, including esthetic consideration, landscaping, architecture, etc.
- (xii) Best Practice Design. Plans to complete the project utilizing best practices in urban design as established by professionals in that area in the community, and shall include adequate parking.

(xiii) Location. The proposed development will take place within a geographic location of Travis County that has been determined to be a historically economically disadvantaged area, as determined by the Commissioners Court, and that the development will result in business development, job creation and retention, community improvement, cultural and educational advancement, and enhancement of quality of life.

(xiv) Additional Community Improvement. Company will be considered for the maximum incentive amount authorized under this Policy based upon Company's proposal and compliance with the base agreement requirements for amount of investment, improvements, employment, etc., and requirements for performance in other areas as agreed to, including the following:

- provision of a high level of benefits to all employees, including: medical, dental, employee assistance, life insurance, short and long-term disability, dependent care, tuition reimbursement, stock participation, sabbatical leave, vacation, sick leave, flexible spending, 401K savings plans, etc.
- creation of a significant number of jobs which require educational levels and provide salary that would effectively encourage the hiring of low-income workers into jobs which will create or lead to self-sufficiency.
- provision of services to encourage/ensure upward mobility of low-income workers once hired.
- provision of effective training and educational opportunities for employees and potential employees.
- willingness to recruit and hire locally and to promote the local company workforce from within.
- commitment to work with local workforce development entities.
- commitment to work with local educational institutions (K-12, community colleges, universities, etc.) to assist in development of curriculum which will enhance training for real jobs existing within the industry.
- commitment to reimburse employees for educational and training costs related to upward mobility.
- commitment to community participation in the forms of: volunteer work, including school mentoring; contributions to local educational institutions, particularly to fund purchase of equipment related to job training and contribution of such equipment; provision of speakers, written materials and other assistance related to job training, etc.,

- creation of summer jobs for interns and local education professionals.
- provision of services to low-income and at-risk youth.
- provision of other services or contributions to the community related to economic development as agreed to by the parties.

(d) **Waiver of Requirements and Limitations.**

(i) **Waiver.** The Commissioners Court retains the option of considering proposed projects for receipt of incentives under this Policy which do not meet certain requirements of this Policy as deemed necessary by the Commissioners Court, so long as the Commissioners Court finds that the Project as proposed will encourage, develop and stimulate economic development, producing additional tax revenue, job opportunities, affordable housing and/or small business opportunities for Travis County and so long as the proposal meets those requirements set forth in Section 28.004(a).

(ii) **Limitations.** The adoption of this Policy does not:

- limit the discretion of the Commissioners Court to decide whether to enter into a specific agreement;
- limit the discretion of the Commissioners Court to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for an agreement under this Policy; or
- create any property, contract or other legal right in any person to have the Commissioners Court consider or grant a specific application or request for an agreement under this Policy.
- prevent the continued negotiation and completion of agreements approved by the Commissioners Court in principal under the previous Economic Development Policy.

(e) **Commissioners Court Determination.** This Policy sets forth the minimum guidelines and criteria to be considered in any application/request for receipt of benefits under this Policy. However, nothing in this Policy confers any right to receive benefits under this Policy, nor does this Policy in any way limit the authority of the Commissioners Court to grant or refuse to grant any application/request submitted under this Policy. Each application/request will be considered on a case-by-case basis, and the decision by the Commissioners Court will be final.

(f) **Incentive Amount.**

(i) **Rebate.** The Commissioners Court may grant Company a payment equal to up to 80% (as described herein) of the difference between the-Ad Valorem taxes paid by the Company on the Effective Year Value and the Ad Valorem Taxes assessed and/or paid on the Abatement/ Payment Year Value reflecting the improvements made by the Company pursuant to the agreement and this Policy. The percentage amount will be determined based upon the amount of public economic benefit determined by the Commissioners Court to be derived from the Project as presented by the Company in its application/request and other criteria as set forth under this Policy. The formula for the County's annual payment shall be:

$$\text{(Abatement/Payment Year A.V. Taxes - Effective Year A.V. Taxes) X \% of Incentive = County Annual Payment/Abatement}$$

A Company MUST acknowledge and agree in the agreement that, should that the payment/ rebate/abatement method of the agreement be found to be invalid by a court of competent jurisdiction: (1) the agreement will be terminated; (2) all amounts paid/rebated/abated to Company will be paid back to County pursuant to this Policy and the agreement; and (3) County will be released and from any and all liability of any kind related to the agreement.

(ii) **Abatement.** The Commissioners Court may grant Company exemption from taxation on a portion of the value of the real property or of tangible personal real property located on the real property, or both, on the condition that the Company make specific improvements or repairs to the Property and meet other requirements pursuant to this Policy and the agreement terms.

(iii) **Rebate/Abatement - Base.** The rebate/abatement of real property shall be based upon the extent that the value for the year of rebate/abatement exceeds the value of the year in which the agreement is executed. The rebate/abatement of tangible personal property located on the real property in each year is limited to tangible personal property OTHER THAN that tangible personal real property that was located on the real property at any time before the agreement term, and OTHER

THAN inventory or supplies.

(iv) Amount. Company may be granted a rebate on or abatement of ad valorem taxation in an amount equal to the following, based upon the amount of the Company's investment:

Investment	% Rebate/Abatement
100 million	up to 50%
101-500 million	up to 75%
over 500 million	up to 80%

In no event will any economic incentive be granted in a percentage exceeding 80%.

(g) **Term.** The Agreement Term shall be as set forth in the specific agreement entered into under this Policy. The Payment Term under an agreement for rebate shall not exceed a period of twenty (20) years; The Abatement Term under an agreement for tax abatement (both 381 and 312), shall not exceed a period of ten (10) years. The Abatement portion of the agreement for tax abatement may take effect on January 1 of the net tax year after the date the improvements or repairs are substantially completed.

(h) **Compliance With Law.** The development of any Project under this Policy must be done in a manner which meets all applicable Federal, State, County and City laws, codes, ordinances, rules and regulations and permit requirements.

(i) **Completion/Termination.**

(i) Completion. An Agreement under this Policy will be considered completed and will terminate at the end of the term specified in the Agreement or when any cause for termination has occurred pursuant to this Policy and/or the terms of the Agreement.

(ii) Early Termination. In the event of termination of any Agreement entered into under this Policy prior to the completion of all terms of any Agreement, pursuant to this Policy and/or the Agreement, County shall notify Company of termination and all future obligations of County under the Agreement shall cease. Upon notice of termination, Company shall refund to County any and all Agreement Funds paid to Company or exempted from payment by Company up to the time of termination pursuant to the terms of the Agreement.

(iii) Default/Cure. If Company is determined by County to be in default, County shall notify Company in writing, and if such default is not cured within thirty (30) days of notice, then the agreement may be terminated. County and Company may agree in writing to extend the time period for cure. In the event that the cure is not completed in a manner that is satisfactory to County and the agreement is terminated by County, County shall have the right to recapture all of the money paid to Company under a rebate agreement or exempted from payment by Company under an abatement agreement.

(iv) Recapture. In the event that the Company either (1) allows its ad valorem taxes owed to the City, County, Austin Community College and/or any school district or other local taxing entity to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) is in default according to the terms and conditions of the agreement and fails to cure within the time period allowed; or, (3) if the payment/ rebate/ abatement portion of the agreement is ruled invalid by a court of competent jurisdiction, the agreement then may be terminated and all taxes previously abated or rebated by virtue of the agreement will become due and payable no later than sixty (60) days after termination. County shall give Company written notice of recapture under this provision and refund shall be paid no later than thirty (30) days after such notice is given or sixty (60) days after termination, whichever comes last. County shall have all remedies for the collection of the recaptured tax revenue as provided generally in the Tax Code for collection of delinquent property taxes. County, at its sole discretion, has the option to provide a payback schedule.

(j) **Taxation.** Throughout the Agreement Term, the Company shall be subject to all applicable taxation.

(k) **Reports.** Company shall provide such report(s) as determined necessary by County to document and ensure compliance with the terms of the Agreement. Such reports shall be submitted to the Travis County Planning and Budget Office ("PBO") Executive Manager in the format provided by County. County will have the right to monitor and audit findings in all reports as necessary to confirm compliance with the terms of this Policy and the Agreement. Company will certify the authenticity and accuracy of each report submitted under the Agreement.

(l) **Reinvestment Zone - Abatement Agreements.**

(i) 381 Tax Abatement Agreements. Under Section 381.004(g), TEXAS LOCAL GOVERNMENT CODE, The Commissioners Court is authorized to develop and administer an economic development program utilizing tax abatement

agreements with certain terms which are to be governed, to the extent practicable, by Sections 312.207, 312.208 and 312.209 of the TEXAS TAX CODE; also, in administering tax abatement the Commissioners Court is authorized to act as if it were a governing body of a municipality. Pursuant to that provision, the Commissioners Court will, when practicable and allowed by law, designate a Reinvestment Zone pursuant to Section 312.201, TEXAS TAX CODE, or will utilize a Reinvestment Zone created by another authorized taxing entity. Where designation of a Reinvestment Zone is determined not to be practicable, the Commissioners Court will review and evaluate the Property being proposed for development utilizing the criteria set forth for establishing a Reinvestment Zone under Chapter 312, TAX CODE, to determine that the Property does substantially meet the guidelines and criteria for establishing said Reinvestment Zone.

(ii) 312 Tax Abatement Agreements. A Reinvestment Zone must be designated in order to enter into a 312 Tax Abatement Agreement. The Commissioners Court may designate as a reinvestment zone an area of the county that does not include area in the taxing jurisdiction of a municipality. If an area does not include area in the taxing jurisdiction of a municipality, the Commissioners Court may proceed to designate a Reinvestment Zone pursuant to TEXAS TAX CODE, Section 312.401, and other applicable provisions, if:

- the Commissioners Court provides notice of a public hearing which is published in a newspaper having general circulation in the County; and which is delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone;
- the Commissioners Court holds a public hearing where interested persons are allowed to speak and present evidence for or against the designation;
- the Commissioners Court finds that the designation would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the property and would contribute to the economic development of the County.

The designation of the reinvestment zone expires five years after the date of the designation and may be renewed for periods not to exceed five years; expiration will not affect existing agreements.

(m) 312 Tax Abatement Agreements. 312 Tax Abatement Agreements will be subject to all applicable provisions of TAX CODE, Chapter 312. It is understood that there may be additional requirements for 312 Tax Abatement Agreements which do not apply to 381 Tax Abatement Agreements.

28.005 Application/Request for Incentives.

(a) **Applicant.** Any present or potential owner of taxable real property in Travis County may make application/request for incentives under this Policy by filing an application with PBO or through other means as acceptable to the County.

(b) **Application.** Company should provide a completed application to County, in a form acceptable to County, at the earliest possible date, either initially, or prior to negotiation of the agreement. That application shall consist of a written request which includes:

- (i) A statement of the expected total capital investment to be made.
- (ii) A statement setting forth proposals relevant to the applicable requirements of this Policy.
- (iii) A general description of the new improvements to be undertaken, with a description list of the improvements and property for which incentives are requested.
- (iv) A legal description of the Property to be included, total acreage involved and a map showing the Property and intended improvements.
- (v) A time schedule for undertaking and completing the proposed improvements. This schedule shall include the expected date of commencement of construction and the expected date of completion of construction. Completion of any Project in phases will only be allowed when specifically authorized by the Commissioners Court. If the Commissioners Court approves completion of the Project in phases, the above dates will be specified as to each phase. The Agreement will contain limitations on the time periods in which the Company must commence and complete the Project.
- (vi) Description of other benefits to Travis County as a result of the proposed development.

(c) **Additional Information.** Travis County may request additional information as a part of the application process as deemed necessary in order to fully evaluate the application/request and may waive certain requirements where deemed unnecessary to properly evaluate the request.

(d) **Confidentiality of Proprietary Information.** Information that is provided in the application or request for a 312 Tax Abatement Agreement that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the Property is confidential and not subject to public disclosure until the 312 Tax Abatement Agreement is executed. That information in the custody of the County after the agreement is executed is not confidential under TEXAS TAX CODE, Section 312.003.

28.006 Process.

(a) **Review of Application/Request for Incentives.** The application/request for incentives will be reviewed by County, and may be placed on the Commissioners Court agenda for public discussion of the application/request and related matters.

(b) **Agreement Approval.** An agreement proposed under this Policy will be placed on the agenda of the Commissioners Court and may be approved by an affirmative vote of the majority of the members at a regularly scheduled meeting of the Commissioners Court.

28.007 Agreement Terms and Provisions. Any Agreement entered into under this Policy shall include statements indicating the requirement of full compliance with the provisions of this Policy, and such other terms and conditions as deemed necessary by the Commissioners Court and agreed to by the Company.

28.008 Termination. Subject to Section 28.004(i), agreements entered into under this Policy are subject to termination as follows:

(a) **Event(s) of Termination.** An Agreement under this Policy may terminate or be terminated for the following reasons:

- (i) Company and County successfully complete all terms and conditions of the Agreement.
- (ii) Company fails to comply with required terms of the Agreement.
- (iii) The payment/rebate/abatement method of the agreement is found invalid by a court of competent jurisdiction.

(b) **Refund/Recapture.** If the Agreement is terminated under the terms of this Policy and/or the Agreement, Company shall refund to County all Agreement Funds that have been paid to Company or abated from payment by Company pursuant to the terms of this Policy and/or the Agreement.

28.009 Administration.

(a) **PBO.** Agreements entered into pursuant to this Policy shall be administered by PBO.

(b) **TCAD.** Valuation of Property shall be determined by TCAD annually.

(c) **Information.** Company shall provide County through PBO with all information required for County to determine and ensure compliance with every term of the Agreement.

28.010 General Provisions

(a) **Assignment.** Agreement may be assigned to a new Company only with prior written approval of County. Company may assign to a subsidiary corporation or other affiliate entity without approval of County, so long as Company shall remain responsible and obligated to County for the performance of its obligations under the Agreement. Written notice of such assignment shall be provided to County prior to the assignment. No assignment shall be approved if the assignor or assignee are indebted to County for Ad Valorem taxes or other obligations.

(b) **Agreement Amendment.** Amendment of any Agreement under this Policy can only be made by written instrument signed by all parties, and only so long as the terms and provisions of the amendment reflect provisions which could have been included in the original Agreement under this Policy. Requests for amendments shall be submitted to PBO. A 312 Tax Abatement Agreement may not be amended to extend beyond ten (10) years from the date of the original agreement.

28.011 Sunset Provision.

(a) **Duration.** This Policy is effective upon the date of approval by the Commissioners Court and will remain in force for two years. At the end of two years, the Court may modify, renew or eliminate this Policy. If the Commissioners Court does not take action to renew or modify this Policy, the Policy will be terminated at the end of the two year period. Action taken (or not taken,

resulting in the Policy's termination) under this provision will not impact any agreements or obligations already in effect under this Policy. Such agreements and/or obligations will continue in full force and effect until completed or terminated.

(b) Policy Changes. During the two year period of effect of this Policy under 28.011(a), this Policy may be amended or repealed only by a four-fifths vote of the Commissioners Court.

ATTACHMENT B

DESCRIPTION OF PROPERTY

The Description of the Property is as follows:

14,691 Bratton Lane, 14,500 Single Trace, and 14,219 Tandem Blvd. (legal description: Lots 4 and 5, Block "A" of Wells Branch Phase "A," Section 5, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Book 81, Pages 395-398, of the Plat Records of Travis County, Texas, and Lot 2 of Wells Branch Phase A, Section 5A, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Book 82, Pages 231 232, of the Plat Records of Travis County, Texas).

ATTACHMENT C

ETHICS AFFIDAVIT

Date: 6-5-06
Name of Affiant: KEN GRAY
Title of Affiant: VP - IT
Business Name of Contractor: HEWLETT-PACKARD COMPANY
County of Contractor: HARRIS COUNTY, TEXAS

Affiant on oath swears that the following statements are true:

1. Affiant is authorized by Contractor to make this affidavit for Contractor.
2. Affiant is fully aware of the facts stated in this affidavit.
3. Affiant can read the English language.
4. Affiant has received the list of Key Contracting Persons associated with this contract which list is attached to this affidavit as Exhibit "A".
5. Affiant has personally read Exhibit "A" to this Affidavit.
6. Affiant has no knowledge of any key contracting person on Exhibit "A" with whom Contractor is doing business or has done business during the 365 day period immediately before the date of this affidavit whose name is not disclosed in the Disclosure/Warrant attached to this Exhibit.

Signature of Affiant: [Handwritten Signature]
Address: 20555 SH 249, HOUSTON, TX 77070

SUBSCRIBED AND SWORN TO before me by KEN GRAY on 6/5, 2006.

[Handwritten Signature]

Notary Public, State of Texas

Typed or printed name of notary

My commission expires:

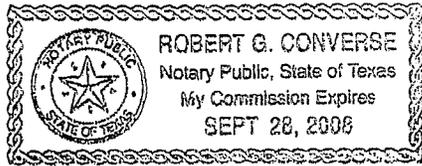


Exhibit A - Ethics Affidavit
LIST OF KEY CONTRACTING PERSONS

May 8, 2006

CURRENT

Position Held	Name of Individual Holding Office/Position	Name of Business Individual is Associated
County Judge.....	Samuel T. Biscoe	
County Judge (Spouse)	Donalyn Thompson-Biscoe	MHMR
Executive Assistant	Cheryl Brown	
Executive Assistant	Dan Smith	
Executive Assistant	Melissa Velasquez*	
Commissioner, Precinct 1	Ron Davis	
Commissioner, Precinct 1 (Spouse)	Annie Davis	Seton Hospital
Executive Assistant	Chris Fanuel	
Executive Assistant	Felicitas Chavez	
Commissioner, Precinct 2	Karen Sonleitner	
Executive Assistant	Gretchen Vaden	
Executive Assistant	Ann Denkler	
Commissioner, Precinct 3	Gerald Daugherty	
Commissioner, Precinct 3 (Spouse)	Charlyn Daugherty	Commemorative Brands, Inc.
Executive Assistant	Robert Moore	
Executive Assistant	Martin Zamzow*	
Commissioner, Precinct 4	Margaret Gomez	
Executive Assistant	Edith Moreida	
Executive Assistant	Joe Vela	
County Treasurer.....	Dolores Ortega-Carter	
County Auditor	Susan Spataro	
Executive Manager, Administrative.....	Alicia Perez	
Executive Manager, Budget & Planning	Christian Smith	
Exec. Manager, Health/Human Services.....	Sherri E. Fleming	
Executive Manager, TNR	Joseph Gieselman	
Travis County Attorney	David Escamilla	
First Assistant County Attorney ..	Randy Leavitt	
Executive Assistant, Civil Division	Jim Collins	
Director, Transactions Division ..	John Hille	
Attorney, Transactions Division ..	Tamara Armstrong	
Attorney, Transactions Division ..	Tom Nuckols	
Attorney, Transactions Division ..	Mary Etta Gerhardt	
Attorney, Transactions Division ..	Barbara Wilson	
Attorney, Transactions Division ..	Jim Connolly	
Attorney, Transactions Division ..	Tenley Aldredge	
Attorney, Transactions Division ..	Julie Joe	
Attorney, Transactions Division ..	Stacy Wilson	
Purchasing Agent	Cyd Grimes, C.P.M.	
Assistant Purchasing Agent	Marvin Brice, CPPB*	
Assistant Purchasing Agent.....	Bonnie Floyd, CPPB	
Purchasing Agent Assistant IV	Diana Gonzalez*	
Purchasing Agent Assistant IV	Lee Perry	
Purchasing Agent Assistant IV	Jason Walker*	
Purchasing Agent Assistant IV	Richard Villareal	
Purchasing Agent Assistant IV	Oralia Jones, CPPB	
Purchasing Agent Assistant IV	Lori Clyde, CPPB	
Purchasing Agent Assistant IV	Vacant	

Position Held	Name of Individual	Name of Business
Purchasing Agent Assistant III	Jorge Talavera*	Individual is Associated
Purchasing Agent Assistant III	Michael Long, CPPB	
Purchasing Agent Assistant III	Rebecca Gardner	
Purchasing Agent Assistant III	Rosalinda Garcia	
Purchasing Agent Assistant III	Loren Breland	
Purchasing Agent Assistant II	Donald E. Rollack	
Purchasing Agent Assistant II	Vacant	
Purchasing Agent Assistant II	Nancy Barbus*	
HUB Coordinator	Sylvia Lopez	
HUB Specialist	Betty Chapa	
HUB Specialist	Jerome Guerrero	
Business Analyst II	Scott Worthington	

FORMER EMPLOYEES

Position Held	Name of Individual	Holding Office/Position	Date of Expiration
Executive Assistant	Cheryl Aker		07/27/06
Purchasing Agent Assistant II	Manuel Perez		07/29/06
Purchasing Agent Assistant IV	Sylvia Gonzalez		08/12/06
Assistant Purchasing Agent	Frank Holder		01/31/07

* - Identifies employees who have been in that position less than a year.

DISCLOSURE/WARRANT

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

CONTRACTOR: HEWLETT-PACKARD COMPANY

Contractor acknowledges that Contractor is doing business or has done business during the 365 day period immediately prior to the date on which this contract is signed, or will do business during the contract term with the following key persons and warrants that these are the only such key persons:

If no one is listed above, Contractor warrants that Contractor is not doing business and has not done business during the 365 day period immediately period to the date on which this contract is signed with any key person.

If Contractor does business with any key person during the contract term, Contractor will so notify County immediately in writing.

ATTACHMENT D - REPORTING FORM - AGREEMENT BENEFITS NOTICE
TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM

REPORTING YEAR: _____ (YEAR _____ OUT OF 10)

Company shall complete the following pursuant to the applicable terms of the Agreement.

1. CONSTRUCTION COMMENCEMENT AND COMPLETION

A. Commencement/remodeling construction on Project and Date Certificate of Occupancy Issued: (no later than October 31, 2007)	<u>Agreement Requirement</u> October 31, 2007	<u>Actual Date</u> _____
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2. AMOUNT OF INVESTMENT

	<u>Agreement Requirement</u>	<u>Actual Amount</u>
A. Total amount of investment: (This amount must equal at least the amount specified in Section 5.1.1(c) for Company to receive benefits under the Agreement - amounts are minimum and cumulative)	Year 1 \$ <u>66 million</u>	\$ _____
	Year 2 \$ <u>153 million</u>	\$ _____
	Year 3 \$ <u>23 million</u>	\$ _____
	Year 4 \$ <u>8 million</u>	\$ _____

3. EMPLOYEES

	<u>Agreement Requirement</u>	<u>Actual Number FTE's</u>
A. Total Number of Full Time Employees (FTE's) for the reporting year (Must equal the numbers specified in Section 5.1.1(b))	By 10/1/08 <u>40 / 32</u>	_____
	By 10/1/09 <u>70 / 56</u>	_____
	By 10/1/10 <u>70 / 56</u>	_____
	By 10/1/11 and thereafter <u>140/112</u>	_____

4. SALARY [Section 5.1.1(b)(v)]

	<u>Agreement Requirement</u>	<u>Actual Average</u>
A. Average salary for FTE's	<u>\$60,000.00</u>	_____

All employment figures must be collected and maintained by Company, certified as accurate by the Company's Chief Financial Officer and supported by documentation as set forth in Section 5.7.2(e).

5. AGREEMENT BENEFITS

	<u>Real Property & Improvements</u>	<u>Eligible Equipment & Personal Property</u>
A. Travis County Ad Valorem Taxes Assessed for this Reporting Year:	\$ _____	\$ _____
B. Effective Year Travis County Ad Valorem Taxes Paid/Assessed (Real Property only)	\$ _____	\$ _____
C. Incremental Tax Value (Difference between "A" and "B")	\$ _____	\$ _____
D. Agreement Benefits Claimed by Company (Attach worksheet showing determination pursuant to Agreement terms - Section 4.1.1)	<u>Real Property & Improvements</u>	<u>Eligible Equipment & Personal Property</u>
	\$ _____	\$ _____

I, Company's authorized representative, hereby certify that the above information is correct and accurate pursuant to the terms of this Agreement:

 Printed Name: _____
 Title *: _____ Date: _____

*Chief Financial Officer (or equivalent)

ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN TRAVIS COUNTY AND
HEWLETT-PACKARD COMPANY
[Ed Bluestein Site]

This Economic Development Agreement ("Agreement") is entered into by and between Travis County, Texas, a political subdivision of the State of Texas ("County"), and Hewlett-Packard Company, a Delaware corporation duly authorized to transact business in Texas, its successors and assigns ("Company"), the owner* of the taxable real property in Travis County, Texas, located in Travis County, Texas (*Company either owns, or will own, prior to the granting of any Agreement Benefits, the property which is the subject of this Agreement.)

RECITALS

WHEREAS, Chapter 381 of the TEXAS LOCAL GOVERNMENT CODE ("Chapter 381"), Subsection .004, authorizes counties to develop and administer community and economic development program(s) to stimulate business and commercial activity in a county; more specifically, Section 381.004(g) authorizes the County to develop and administer a program authorized under Chapter 381.004 for entering into a tax abatement agreement under certain conditions and subject to certain provisions of Chapter 312, TEXAS TAX CODE ("Chapter 312");

WHEREAS, County has also adopted tax abatement guidelines and criteria pursuant to Chapter 312, TEXAS TAX CODE ("Chapter 312") such that County may enter into economic development agreements providing incentives in the form of tax rebate and tax abatement under Chapter 381 and tax abatement under Chapter 312.

WHEREAS, the County has complied with the provisions of Chapter 312 in passing a resolution electing to participate in tax abatement and in adopting its guidelines and criteria for tax abatement as a part of its Economic Development Policy;

WHEREAS, Travis County has adopted the Travis County Economic Development Program Policy ("Policy"), included in this Agreement as **Attachment A**, under which certain economic development incentives may be offered to eligible applicants;

WHEREAS, it is the intent of Travis County and Company that, as a result of Company's development under this Agreement, business and commercial activity in Travis County will be stimulated, and commercial activity will be encouraged, developed and stimulated, producing additional tax revenue, job opportunities, affordable housing and small business opportunities for Travis County;

WHEREAS, Company has stated that the Project described in this Agreement could not be completed as set forth without the herein granted County assistance;

WHEREAS, Company intends to develop a Hewlett Packard Data Center facility to be located at the location described herein, which would receive, store, process and evaluate scientific and research information and data, hardware and software development operations and business transactions and records for Company, such facility to be located on that certain tract or parcel of land containing 38.35 acres, more or less, situated in the James Burleson Survey No. 19, Travis County, Texas, being a portion of Lot 1, Motorola, Inc. Ed Bluestein Facility, a subdivision recorded in the Volume 87, Pages 147B - 147C of the plat records of said County;

WHEREAS, the investment by Company in the Project that is the subject of this Agreement is estimated to be approximately \$250,000,000.00;

WHEREAS, the Commissioners Court finds that the development set forth in this Agreement and its terms will result in substantial immediate and long-term financial benefit to Travis County and significant financial benefit to other taxing entities within Travis County and will promote state and local economic development, and that the development that is the subject of this Agreement will encourage, develop and stimulate economic development, producing additional tax revenue, job opportunities, affordable housing and/or small business opportunities within an area of Travis County that is or has been considered to be economically disadvantaged.

NOW, THEREFORE, in consideration of the hereinafter set forth agreements, covenants, reimbursements and payments, the amount and sufficiency of which are acknowledged, County and Company agree to the terms and conditions stated in this Agreement:

1.0 DEFINITIONS. In this Agreement:

1.1 "Abatement" means the full or partial release from payment of Ad Valorem taxes on certain real and tangible personal property under this Agreement.

1.2 "Abatement Term" means that time period beginning on the date specified by the Parties in Section 2.4.2, and ending on the Termination Date of this Agreement.

1.3 "Abatement Year Value" means the value assessed by TCAD for the purpose of the payment of Travis County Ad Valorem taxes on the Property for any tax year included in the Abatement Term of this Agreement.

1.4 "Ad Valorem Taxes" means those property taxes assessed by TCAD on Eligible Property within Travis County.

1.5 "Affiliate of Owner" means all companies under the common control with, controlled by, or controlling Hewlett-Packard Company. For purposes of this definition, "control" means 50% or more of the ownership determined by either value or vote.

1.6 "Agreement Benefits" means the amount by which Ad Valorem taxes which would have been payable by Company are abated or rebated pursuant to the terms of this Agreement.

1.7 "Agreement Term" means that time period commencing on the Effective Date and continuing until the Termination Date as defined in this Agreement.

1.8 "Commissioners Court" means Travis County Commissioners Court.

1.9 "Completion Date" means the date of issuance of the Certificate of Occupancy for the Project, which is no later than October 31, 2007.

1.10 "County Auditor" means Susan Spataro, the Travis County Auditor, or her successor.

1.11 "County Policy" or "Policy" means the Travis County Economic Development Program Policy Guidelines and Criteria, attached hereto as **Attachment A**.

1.12 "Effective Date" means the effective date of this Agreement as specified in Section 2.4.1.

1.13 "Effective Year Value" means the value assessed by TCAD for the purpose of the payment of Travis County Ad Valorem Taxes on the Property for the tax year including the Effective Date of the Agreement, as specified in Section 4.1.1.

1.14 "Eligible Property" means the Improvements and all personal property (other than personal property included within the definition of Ineligible Property) as allowed under the County Policy and this Agreement.

1.15 "Improvements" means the buildings, structures or portions thereof, and other site improvements, including without limitation, fixed machinery and equipment used for commercial or industrial purposes that are constructed, erected or installed by the Company as part of the Hewlett-Packard Data Center facility to be located on the Property ("Project"), as set forth in this Agreement and allowed by County Policy. A list of the proposed Improvements is attached hereto as **Attachment B**, and made a part hereof.

1.16 "Ineligible Property" means land, inventories, supplies, office equipment and moveable property located at the Project and on the Property described in **Attachment B** at any time before the Effective Year Value was established, and other property as described in this Agreement and authorized by the County Policy.

1.17 "Is doing business" and "has done business" mean:

1.17.1 Paying or receiving any money or other valuable thing in exchange for personal services or for purchase or use of any property interest, either real or personal, either legal or equitable; or

1.17.2 Loaning or receiving a loan of money, services, or goods or otherwise creating or having in existence any legal obligation or debt, but does not include:

1.17.2.1 Any payments, receipts, loans, or receipts of a loan which are less than \$250.00 per calendar year in the aggregate; or

1.17.2.2 Any retail transaction for goods or services sold to a Key Contracting Person at a posted, published, or marked price available to the general public.

1.18 "Key Contracting Person" means any person or business listed in Exhibit A to the Ethics Affidavit attached to this Agreement and marked as Attachment C.

1.19 "Parties" and "Party" mean the County and/or Company.

1.20 "PBO" means Travis County Planning and Budget Office.

1.21 "Project" means the proposed development as specifically described herein, including Company's planned development of the Property as described in Attachment B to this Agreement. The Project will handle transactions and business records from throughout the country for Company.

1.22 "Property" means the land (real property) on which the Project will be developed as further described in this Agreement.

1.23 "Subcontract" means any agreement between Company and another party to fulfill, either directly or indirectly, any of the requirements of this Agreement, in whole or in part.

1.24 "Subcontractor" means any party providing services required by this Agreement under an agreement between Company and that party, including contractor(s), subcontractor(s), and other subrecipient(s) of Company; and any party or parties providing services for Company which are required under the terms of this Agreement.

1.25 "TCAD" means the Travis Central Appraisal District.

1.26 "Termination Date" means the date of expiration of the Agreement Term as set forth in this Agreement.

2.0 GENERAL TERMS

2.1 Authority.

2.1.1 Statutory Authorization. County is authorized to enter into this Agreement under TEXAS LOCAL GOVERNMENT CODE, Chapter 381, Section .004 (specifically including, but not limited to, Section 381.004(g), TEXAS LOCAL GOVERNMENT CODE) and other applicable provisions of TEXAS LOCAL GOVERNMENT CODE, Chapter 381, and other applicable statutes; under TEXAS TAX CODE, Chapter 312, (and other applicable provisions of TEXAS TAX CODE); and under related County Policy, in order to stimulate business and commercial activity in Travis County, Texas; and County is authorized to enter into tax abatement agreements under TEXAS TAX CODE, Chapter 312, as limited by TEXAS LOCAL GOVERNMENT CODE, Section 381.004(g).

2.1.2 Reinvestment Zone. Company and County acknowledge and agree that

(a) County finds that, pursuant to TEXAS LOCAL GOVERNMENT CODE, Section 381.004(g), it is impracticable for County to designate a Reinvestment Zone under this Agreement and the applicable statutes; and

(b) County finds that the Property does substantially meet the statutory requirements for a Reinvestment Zone, thus fulfilling the intent of the law related to such designation and the requirements of Section 381.004(g), TEXAS LOCAL GOVERNMENT CODE.

2.2 Purpose. The purpose of this Agreement is to grant benefits to Company in order to stimulate and encourage business and commercial activity in Travis County, to create more job opportunities, build the sales and property tax base and promote a partnership relationship with the private sector businesses that will bring capital intensive projects to Travis County.

2.3 Findings.

2.3.1 Guidelines and Criteria Application and Benefit. The Commissioners Court finds that the terms of this Agreement and the Property subject to this Agreement meet the applicable guidelines and criteria set forth in the Policy; and that the development of the Project that is the subject of this Agreement will result in substantial immediate and long-term financial benefit to Travis County and significant financial benefit to other taxing entities within Travis County.

2.3.2 Economic Development. The Commissioners Court also finds that the development of the Project as described herein will stimulate economic development within an area of Travis County which is or has been considered to be economically disadvantaged as determined by the Commissioners Court.

2.3.3 Policy Conflict. Pursuant to the provisions of the Policy, the Commissioners Court may modify or waive those requirements of the Policy as determined to be necessary in order to enter into an agreement which will serve the public interest and achieve the basic intent of the Policy. Accordingly, at any time there is a conflict between any provision of this Agreement and any provision of the Policy which cannot be resolved, the provision(s) of this Agreement will apply, unless prohibited by statute.

2.4 Terms.

2.4.1 Agreement Term. County and Company acknowledge and agree that, unless earlier terminated by the Parties pursuant to the terms of this Agreement, this Agreement shall be effective as of May 23, 2006 (the Effective Date), and shall continue in effect until the Termination Date.

2.4.2 Abatement Term. Abatement will take place upon compliance with all terms of this Agreement for the time period beginning January 1, 2008, and continuing for ten (10) full tax years thereafter, or through December 31, 2017, unless terminated earlier pursuant to the terms of this Agreement.

2.4.3 Termination Date. Termination Date will be the last day of the Abatement Term, or the date otherwise terminated pursuant to the terms of this Agreement.

2.4.4 Significant Dates. Significant dates under this Agreement include:

<u>DATE</u>	<u>DESCRIPTION</u>	<u>AGREED TO DATE</u>
Effective Date		May 23, 2006
Effective Year Value	Effective Year of 2006	As Determined by TCAD
Agreement Term	Effective Date through end of Abatement Term	5/23/06 - 12/31/17
Completion Date	Date Certificate of Occupancy Issued	No later than 10/31/07
January 1 after Completion Date	Beginning of ten (10) year Abatement Term	January 1, 2008
Termination Date		December 31, 2017
Notice to Proceed	Date by which Company will issue notice to proceed for construction	No later than 10/1/06
Abatement Term		1/1/08 - 12/31/17

The Parties agree that, in the event that the definition of a date and the specific date agreed to and set forth in this Agreement conflict, the specific date set forth in this Agreement will be the date utilized by the Parties for all Agreement purposes.

2.5 Administration of Agreement. This Agreement shall be administered for Travis County by the Travis County Planning and Budget Office (PBO). Upon written request, Company shall provide County through PBO with such information as is reasonably required for County to determine and ensure compliance with every term of this Agreement, including those forms attached hereto. Confidential information provided to County will be treated as such, within the limits of applicable law.

3.0 ENTIRE AGREEMENT

3.1 All Agreements. All oral and written agreements between the Parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement, including the applicable terms of the Agreement, have been reduced to writing and are contained in this Agreement.

3.2 Attachments. The attachments enumerated and denominated below are hereby made a part of this Agreement, and constitute promised performances by Company in accordance with all terms of this Agreement.

- 3.2.1 Attachment A, Travis County Economic Development Program Policy
- 3.2.2 Attachment B, Description of Property and Project
- 3.2.3 Attachment C, Ethics Affidavit
- 3.2.4 Attachment D, Reporting Form (Agreement Benefits Notice)
- 3.2.5 Attachment E, Conflict of Interest Questionnaire

4.0 AGREEMENT BENEFITS

4.1 Agreement Benefits.

4.1.1 Abatement Basis. For satisfactory completion of all applicable terms of this Agreement by Company, and

pursuant to the terms and provisions of this Agreement, County grants Company a reduction in the amount of County Ad Valorem Taxes to be paid by Company as follows:

'Sixty Percent (60%) on real property and Eligible Property as defined herein

The Abatement shall be computed as follows:

For real property and Eligible Property:
(Abatement Year Ad Valorem Taxes Assessed on all real property and Eligible Property
minus
Ad Valorem Taxes Assessed on the Effective Year Value) times .60
equals
the Amount of Ad Valorem Taxes Abated for that year.

The Abatement for real property and Improvements shall be based upon the extent that the Abatement Year Value for the year of abatement exceeds the Effective Year Value. The abatement of other Eligible Property located on the real property in each abatement year is limited to tangible personal property OTHER THAN that tangible personal real property that was located on the real property at any time before the commencement of the Agreement Term, and OTHER THAN inventory or supplies.

4.1.2 Improvements. Incentives provided under this Agreement shall be granted for new facilities and structures and for the expansion or modernization of existing facilities and structures relating to the Property. Such improvements shall be listed in detail (including kind, number and location) in the Attachment(s) to this Agreement.

4.1.3 Continuing Taxation. During the Agreement Term, the Company shall be subject to all taxation not abated under this Agreement. Taxes shall be payable on the Improvements and other personal property located within the Project as follows:

- (a) The value of Ineligible Property as defined herein shall be fully taxable.
- (b) The Effective Year Value as defined herein shall be fully taxable.
- (c) The taxation of Eligible Property shall be determined and abated according to the schedule in Section 4.1.1.

4.1.4 Agreement Benefits Limitation. The Parties understand and agree that NO Agreement Benefits will be granted unless and until Company purchases the Property and provides written evidence of that purchase to County through PBO.

4.2 Determination of Agreement Benefits.

4.2.1 Agreement Benefits Notice. For the ten (10) tax years contained in the Abatement Term (and upon completion of performance as required hereunder) County shall decrease the amount of Ad Valorem Taxes Company pays as set forth herein:

(a) Notice. Each year after the Completion Date, but no later than April 30th of each year, Company shall notify TCAD, the Travis County Tax-Assessor Collector and PBO in writing of Agreement Benefits due Company ("Agreement Benefits Notice") using the format of the Reporting Form attached to this Agreement as **Attachment D**. The Agreement Benefits Notice will show the amount of Ad Valorem Taxes due attributable to the Agreement Effective Year Value and the amount of Ad Valorem Taxes due for the Abatement Year for that year and will include a completed Agreement Benefits Notice.

(b) Certification of Compliance.

(i) Annual Certification. The reporting form ("Agreement Benefits Notice") attached to this Agreement will also include Company's signature certifying that Company warrants to County that it is in full compliance with each of its obligations under this Agreement, including the number of jobs maintained by Company for the preceding year. Company shall provide such forms annually, and shall certify annually to County that Company is in compliance with all applicable terms of this Agreement.

(ii) Inability to Comply. If Company cannot certify complete compliance with the terms of the Agreement, Company shall include a full and complete explanation of the reasons for the failure to

comply along with Company's plans to gain compliance or reasons that compliance cannot be achieved. Upon receipt of such explanation, County may, at its sole discretion, agree to work with Company to develop a mutually agreeable amendment to this Agreement with which Company can comply or terminate the Agreement for such breach of the Agreement terms pursuant to Section 8.0.

(iii) Right of Inspection. County has the right to inspect the Project (see also Sections 5.2.2 and 5.7.2) and pertinent records of Company reasonably necessary to verify compliance with the terms of this Agreement.

(c) Inspections. County has the right to inspect the Project (see also Sections 5.2.2 and 5.7.2) and pertinent records of Company as necessary to verify compliance with the terms of this Agreement. Inspections shall be preceded by at least seventy-two (72) hours notice by telephone to the head of the Project or other person designated by the Company.

4.2.2 Reduction Amount. Upon verification by County of the amount shown in the Agreement Benefits Notice and other reporting information provided by Company to County under this Agreement, County shall grant Company Agreement Benefits through the decrease in the amount of Ad Valorem Taxes to be paid on real property and Eligible Property (except as such Agreement Benefits may be reduced in accordance with section 5.1.1(b) herein) according to this Agreement.

4.2.3 Material Issues in Agreement Benefits Notice. If County identifies any material issues in the Agreement Benefits Notice, County will advise Company of such material issues that are identified in the verification process within thirty (30) days of receipt of the Agreement Benefits Notice and other reporting information to allow Company to correct/complete such Agreement Benefits Notice. Should Company and County be unable to agree to the completion/correction of the Agreement Benefits Notice within thirty (30) days of receipt of the notice by Company of material issues, County will grant Company Agreement Benefits based on Company's representation of information, subject to the mutual agreement by the Parties as to the completion/correction of the Agreement Benefits Notice. Upon resolution of the dispute, should the amount granted to Company initially be greater than that amount due as a result of the completed/corrected Agreement Benefits Notice, Company will refund to County the excess amount within sixty (60) days of determination of that amount. County will provide TCAD and Company necessary notice of confirmation of the granting of Agreement Benefits claimed in the Notice within thirty (30) days of receipt of the complete and correct Agreement Benefits Notice and other relevant reporting information.

4.2.4 Final Reduction. Final grant of Agreement Benefits by County to Company shall be that reduction made based on the Agreement Benefits Notice relevant to the tenth year of the Abatement Term. Upon County's making of the final reduction as described in this Section 4.2.4, this Agreement shall be terminated and both Parties shall be relieved of any further liability to each other.

5.0 COMPANY PERFORMANCE

5.1 Components of Project Development. Company shall develop, construct, equip, complete and maintain the Project described in this Agreement as follows:

5.1.1 Required Components. The following components of the Project must be completed pursuant to the terms of this Agreement in order for Company to receive and retain the full amount of Agreement Benefits:

(a) Property.

(i) Description. The Project shall include the development, completion and maintenance of the Hewlett Packard Data Center to be located on the Property as described herein.

(ii) Ownership. Company warrants that the Property is owned (or will be owned, prior to the granting of any Agreement Benefits) by Company, is not located in an improvement project financed by tax increment bonds and does not include any property that is owned or leased by a member of the Commissioners Court.

(iii) Usage. Company warrants that, while this Agreement is in effect, the Property will be used as described herein, such that development of the Property will continue to be encouraged.

(b) Jobs.

(i) Total Number of Jobs. No later than October 1 2011, Company shall create 140 [but no fewer than 112 (or 80% of 140)] full time employee ("FTE") jobs (said jobs to include both Company permanent employees and contract employees) within the Project in order to receive full Agreement Benefits under this Agreement. When referring to "jobs" created by Company pursuant to this Agreement, that reference will mean new FTE's, of which each FTE will reference "Full Time Employee" defined as a position designated by Company as a full time position receiving full time benefits, and filled no less than ten (10) out of the twelve (12) months of the year for which the Agreements Benefits Notice is being made. Company and County agree that this definition of FTE does not allow Company to claim credit under the Agreement for part time positions. Between the Effective Date of the Agreement and the dates specified below, Company will create the following number of jobs in order to receive Agreement Benefits:

<u>DATE</u>	<u>NO. OF JOBS</u>
By 10/1/08	40, but no fewer than 32
By 10/1/09	70, but no fewer than 56
By 10/1/10	110, but no fewer than 88
By 10/1/11	140, but no fewer than 112

Beginning October 1, 2011, Company shall maintain at least 140 (but no fewer than 112) of said full-time jobs at the Project for the remainder of the ten (10) year Abatement Term of this Agreement. During the Abatement Term of this Agreement, Company shall make available to County those records supporting the number and classification of full-time employees employed at the Project and other documentation as necessary to reasonably support the numbers and classification of such employment as set forth in this Agreement.

(ii) Pro-Rata Benefits. If, after October 1, 2011, Company maintains at least 140 but less than 112 (applied as well to those numbers set forth in 5.1.1(b)(i) for 2008, 2009, and 2010, respectively) jobs during any year for which Company is entitled to Agreement Benefits under this Agreement, then, as a penalty, the amount of annual Agreement Benefits granted by County shall be decreased such that Company's benefit for that year shall be a percentage of the total Abatement of Ad Valorem Taxes that would otherwise have been applicable for that year (herein called the "Annual Amount Abated,"), calculated as follows:

The product of a fraction having a numerator being the actual number of jobs for that year and a denominator being 140 (or the corresponding number therefor set forth in Section 5.1.19(b)(i) for 2008, 2009 and 2010, respectively), times the Annual Amount Abated as defined in Section 4.1 of this Agreement. As an example, should Company maintain 125 jobs in any year after 2011, the amount of the Agreement Benefits for that year would be 89% (125/140) of the Annual Amount Abated, instead of the full percentages set forth in Section 4.1 of this Agreement, had 140 jobs been maintained. If Company maintains any less than 112 jobs after 2011, Company will be considered out of compliance with the Agreement, and subject to Termination under Section 8.0 of this Agreement.

(iii) Job Maintenance. After the year 2011, the required number of jobs must be maintained by Company for the entire calendar year [as defined in Section 5.1(b)(i)] to qualify for Agreement Benefits under this Agreement. If, after 2011, the number of jobs maintained by Company falls below 112 jobs, then such event may be cause for termination of this Agreement under Section 8.0 below, and County may deem Company to be in violation of this Agreement, may terminate this Agreement under Section 8.0, with recapture of Agreement Benefits as set forth in Section 8.0.

(iv) Excess Jobs. No credit will be given for creation of any excess jobs during any year.

(v) Average Salary. Average annual salary of will be approximately \$60,000.00 per year with benefits.

(c) Value - Investment. Company shall invest approximately \$250,000,000.00 in real property improvements, facilities and structures, business personal property and non-capital expenditures at the Project over the term of this Agreement according to the following schedule:

Year 1	\$ 66,000,000.00
Year 2	\$153,000,000.00
Year 3	\$ 23,000,000.00
Year 4	\$ 8,000,000.00
TOTAL:	\$125,000,000.00

The Parties acknowledge and agree that the investment made by Company includes the design and construction costs of the Improvements and the acquisition and installation costs of equipment and other tangible personal property installed and placed in the Project and that the amounts specified above are minimums and cumulative in nature. For example, if Company invests \$66,000,000.00 in Year 1, and \$170,000,000.00 in Year 2, which is an additional \$17,000,000.00 in Year 2, then that additional \$17,000,000.00 would be credited toward the requirement for Year 3, leaving a minimum requirement for that Year 3 of only \$6,000,000.00.

(d) Construction.

(i) Commencement. Company shall issue a notice to proceed to a contractor to commence construction of Improvements at the Project no later than October 1, 2006, and shall diligently pursue such construction to completion as set forth in this Agreement.

(ii) Completion. A Certificate of Occupancy for the entire Project as set forth in this Agreement shall be obtained by Company no later than October 31, 2007. Necessary inspection(s) shall take place and be successfully completed prior to the Completion Date. Throughout the Agreement Term, the requirements of all applicable County requirements, and any other applicable codes, rules or laws, must be met. The Completion Date shall be the date such Certificate of Occupancy is issued, and January 1 of the year in which the Completion Date occurs shall be the beginning of the ten-year Abatement Term during which Agreement Benefits will be earned by Company. No Agreement Benefits will be earned during the time between the Effective Date and the Completion Date. The Parties agree to a Completion Date of no later than October 31, 2007.

(e) Environmental Attention. The Project will be completed and maintained in a manner which preserves and respects the natural environment by maintaining green space as set forth in the plan of development for the Project presented to the City of Austin and approved by the City of Austin, as evidenced by certificates of occupancy from the City of Austin, and as presented to County. Company shall not violate any federal, state, or local legislation and/or regulation(s) which prohibit or regulate deleterious effects on the environment within the Project. Company and County acknowledge that this Property is not located over an environmentally sensitive aquifer or aquifer contributing zone.

(f) Minority Participation. Company shall fully comply with its policies regarding good faith efforts (and shall encourage its agents and contractors to use good faith efforts) to take reasonable steps to ensure HUBs ("Historically Underutilized Businesses") the maximum opportunity to be Subcontractors under this Agreement. Company may retain a third party consultant specializing in outreach to qualified HUB business enterprise Contractors and consultants.

5.1.2 Goal Components. The following components of the Project are goals that Company agrees to make a good faith effort to attain:

(a) Square Feet. The Project, upon completion, shall include approximately 150,000 square feet of development of commercial space for use as a data center.

(b) Land Use. Development shall consist of a commercial workplace to be utilized as a data center to receive, store, process and evaluate scientific and research information and data, hardware and software development operations and business transactions and records for the Company.

(c) Public Transportation. In order to ensure that development is completed in a manner consistent with a transit oriented development, Company shall use commercially reasonable efforts to coordinate and cooperate with relevant transportation entities to maximize availability within the Project of public transportation opportunities and amenities.

(d) Parking. Development will be completed in a manner which includes adequate parking.

(e) Company Cooperation. Company agrees to cooperate with County to improve its efforts in any of the areas set forth in Section 5.1.2(a) - (d) above at any time that County notifies Company of the identification of the need for such improvement.

5.2 Reports.

5.2.1 Annual Report.

(a) Annual Report. As provided in Section 4.2.1(b), Company shall provide an annual report (and/or other reports as reasonably requested by County) reflecting the fulfillment of all requirements of this Agreement in a format provided by County and included in this Agreement as **Attachment D**, "Reporting Form - Agreement Benefits Notice." Company shall provide the Chief Appraiser of TCAD ("Appraiser"), the Travis County Tax Assessor-Collector and PBO any and all information necessary for administration of this Agreement, including a completed reporting form (**Attachment D** - "Reporting Form - Agreement Benefits Notice") within a reasonable time after the end of each calendar year in the Abatement Term, allowing adequate time for Company to collect the data and submit to County the resulting report which will reflect information related to the previous twelve (12) month period (or other time period as specified), subject to 4.2.1(c) above.

(b) Annual Exemption Application Form and Other Information. The Reporting Form shall include the information necessary to meet the requirements under TEXAS TAX CODE, Section 11.43, for the filing of an annual exemption application form. The Appraiser of TCAD shall annually determine (i) the taxable value pursuant to the terms of this Agreement and (ii) full value without abatement under this Agreement. The Appraiser shall record both the abated taxable value and the full taxable value in the appraisal records. The full taxable value figure listed in the appraisal record shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year, the Company shall furnish the Appraiser with such information outlined in TEXAS TAX CODE, Chapter 22, as may be necessary for the administration of the Abatement specified herein. Company shall be entitled to appeal any determination of the Appraiser in accordance with the provisions of the TEXAS TAX CODE.

5.2.2 County Monitoring of Reports. County retains the right to monitor and audit, upon reasonable advance written notice, the findings in those reports provided or made available to County to support information provided in the Agreement Benefits Notice as necessary to confirm compliance with Agreement terms in accordance with Section 5.7.2 of this Agreement.

5.2.3 Agreement Benefits Notice Information. The following general information, as applicable for each year in a reporting period will be included with the Agreement Benefits Notice:

- (a) Documentation to show commencement date and completion date as evidenced by the Certificate(s) of Occupancy.
- (b) Total value of completed Project (as assessed by TCAD for Travis County Ad Valorem taxation).
- (c) Total number of full time employees - verified by review of those reports specified in this Agreement.
- (d) Certification as to accuracy of report and compliance with the terms of the Agreement.

5.2.4 Job Data. The Agreement Benefits Notice shall also include data showing the number of FTE jobs created and maintained as a result of the Project, including that information specifically set forth in the Reporting Form (**Attachment D**). Company shall create and maintain such records as necessary for County to audit performance under this requirement.

5.2.5 Ad Valorem Taxes. The Agreement Benefits Notice shall include information showing the amount of Travis County Ad Valorem Taxes due for payment by Company, the amount by which the Ad Valorem Taxes would be reduced as a result of compliance with the applicable terms of this Agreement and other information as specified in the form attached as **Attachment D**.

5.3 Company Authority. Company warrants that Company and the signors of this Agreement have the authority to enter into this Agreement.

5.4 Accuracy of Information. Company will use commercially reasonable efforts to ensure that all reports, data and information submitted to County will be accurate, reliable and verifiable according to the terms of this Agreement. Approval by County of such information shall not constitute nor be deemed a release of the responsibility and liability of Company, its employees, agents or associates for the accuracy and competency of their reports. However, Company shall be responsible for any defect, error, omission, act or negligence or bad faith by Company, its employees, agents, or associates in any Company information provided to County. Company shall be responsible for maintaining all reports, data and information as required under this Section 5.4 for no less than three (3) years from the time that the record is created.

5.5 W-9 Taxpayer Identification Form. Company shall provide County with an Internal Revenue Service Form W-9 Request for Taxpayer Identification Number and Certification that is completed in compliance with the Internal Revenue Code, its rules and regulations, and a statement of entity status in a form satisfactory to the County Auditor before any Agreement Benefits may be received.

5.6 Indemnification and Claims.

5.6.1 INDEMNIFICATION. Company agrees to and shall indemnify and hold harmless County, its officers, agents, and employees, from and against any and all claims, losses, damages, negligence, causes of action, suits, and liability of every kind, including all expenses of litigation, court costs, and attorney's fees ("Claim") for injury to or death of any person, for any act or omission by Company, or for damage to any property, arising out of or in connection with the work done by Company under this Agreement, whether such injuries, death or damages are caused by Company's sole negligence or the joint negligence of Company and any other third party.

5.6.2 Claims Notification. If any Claim, or other action, including proceedings before an administrative agency, is made or brought by any person, firm, corporation, or other entity against Company or County relating to the enforcement of this Agreement, the Party with notice of the Claim shall give written notice to the other Party of the Claim, or other action, within three (3) working days after being notified of it or the threat of it; the name and address of the person, firm, corporation or other entity that made or threatened to make a Claim, or that instituted or threatened to institute any type of action or proceeding; the basis of the Claim, action or proceeding; the court or administrative tribunal, if any, where the claim, action or proceeding was instituted; and the name or names of any person against whom this Claim is being made or threatened. This written notice shall be given in the manner provided in the "Notice" provision of this Agreement. Except as otherwise directed, the Party with notice of the Claim shall furnish to the other Party copies of all pertinent papers received by that Party with respect to these claims or actions.

5.7 Miscellaneous Responsibilities.

5.7.1 Change in Identity. Company shall notify County immediately (and in advance when lawful) of any significant change affecting the Company. Where that change involves a change of Company's name or identity, that change must be submitted in writing and approved by County in the form of a written amendment pursuant to Section 6.0. Where such change involves a change in ownership or control, Company shall provide County with timely written notice pursuant to Section 10.0.

5.7.2 Access, Inspection and Monitoring.

(a) Access and Notice. Company shall provide reasonable access to and hereby authorizes reasonable inspection and monitoring visits of the Project by County employees or authorized representatives of County to ensure that the improvements are completed according to the terms of this Agreement and that Company is in compliance with all other terms and conditions of this Agreement. Company representatives shall be permitted to attend any inspection/monitoring visits. The inspection/monitoring visits shall be preceded by at least seventy-two (72) hours written (including notice by email or fax) notice to the head of the Project or other person designated by the Company, and shall be conducted so as not to interfere with the business operations of Company, and shall comply with Company security and safety standards.

(b) Ongoing Obligation. Company acknowledges and agrees that County may make ongoing inspections/monitoring visits under these same conditions throughout the Agreement Term to ensure ongoing compliance.

(c) Recordings. Because of the highly sensitive nature of the work to be performed at the Project, County agrees that it will not make any type of recording, copies or photographic record of the interior of the Project or reports or records reviewed therein, and agrees to keep all information relating to its contents confidential to the extent allowed by law.

(d) Limitations. Inspections will be made by the Executive Manager of PBO (or his designee, with Company's approval), and will be limited to review of that information necessary to verify Company's compliance with the requirements of this Agreement.

(e) Employment Records and Investment Certification. In order to verify compliance with employment, salary and investment requirements, Company will provide County with annual written certification (attached to the Agreement Benefits Notice) by Company's Chief Financial Officer of the following:

- (i) Number of FTE's;
- (ii) Average Salary; and
- (iii) Amount of investment pursuant to this Agreement.

Company agrees to provide County access at Company's Austin location at the time of submission of the certification and as needed to any and all supporting documentation which was utilized by the Chief Financial Officer in making the determinations reported in the certification as to the number of FTE's, the average salary and amount of investment. This supporting documentation will be made available at the Company's Austin location in a format that allows for easy review by County (magnetic tapes will not be considered acceptable format).

(f) If County determines that the documentation provided is insufficient to adequately document the accuracy of the information or disputes the accuracy of the information, County reserves the right to require additional information as reasonably necessary to complete the final review and approval of the information submitted and to withhold approval of the Agreement Benefits Notice until such additional information is made available pursuant to this Section 5.7.2.

5.7.3 **Record Maintenance.** Company shall maintain all records and reports required under this Agreement for a period of three (3) years after the submission of each Agreement Benefits Notice, or until all evaluations, audits and other reviews have been completed and all questions or issues, including litigation regarding each such Agreement Benefits Notice, are resolved satisfactorily, whichever occurs later.

6.0 AMENDMENTS

6.1 **Written.** Unless specifically provided otherwise in this Agreement, any change to the terms of this Agreement or any Attachments shall be made in writing and signed by both Parties. An amendment may only be approved by the Parties if the terms and provisions of the amendment reflect provisions which are in accordance with TEXAS TAX CODE, Chapter 312.

6.2 **Acknowledgments as to Amendments.** It is acknowledged by Company that no officer, agent, employee or representative of County has any authority to change the terms of this Agreement or any attachments to it unless expressly granted that authority by the Commissioners Court under a specific provision of this Agreement or by separate action by the Commissioners Court.

6.3 **Submission.** Company shall submit all requests for all changes, alterations, additions or deletions of the terms of this Agreement or any attachment to it to PBO, Attention: Christian Smith, Executive Manager, or his successor in office, with a copy to the County Judge, Samuel T. Biscoe, or his successor in office.

7.0 COMPLIANCE

7.1 **Federal, State and Local Laws.** Company shall provide all services and activities performed under the terms of this Agreement in compliance with the Constitutions of the United States and Texas and with all applicable federal, state, and local orders, laws, regulations, rules, policies, and certifications governing any activities undertaken during the performance of this Agreement. Company shall meet all applicable requirements of County and City codes and ordinances, rules and regulations and permit requirements, and all necessary inspections will take place in a timely manner. Company will make all hiring decisions in compliance with the Civil Rights Act of 1964 and the Americans With Disabilities Act of 1990 and will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, age or handicapping condition in accordance with the Company's policies.

7.2 **Law and Venue.** This Agreement is governed by the laws of the State of Texas and all obligations under this Agreement shall be performable in Travis County, Texas. It is expressly understood that any lawsuit, litigation, or dispute arising out of or relating to this Agreement will take place in State Court in Travis County. The Parties acknowledge and agree that each Party shall be responsible for any attorneys' fees relating to this Agreement incurred by that Party.

7.3 **Immunity or Defense.** Section 6.2 notwithstanding, Company expressly understands and agrees that neither the execution of this Agreement nor the conduct of any representative of County shall be considered to be a waiver of, nor shall it be deemed to have waived, any immunity or defense that would otherwise be available to it against claims arising in the exercise of its governmental powers and functions, nor shall it be considered a waiver of sovereign immunity to suit. Company and County shall have all remedies and defenses allowed by law.

7.4 **Cancellation.** The Commissioners Court may cancel or modify this Agreement as set forth in this Agreement if Company fails to comply with the Agreement.

TERMINATION/DEFAULT

8.1 Termination. Termination of this Agreement may include, but is not limited to, the following:

8.1.1 Election Not to Proceed Prior to Receipt of Benefits. In the event Company elects not to proceed with the Project as contemplated by this Agreement PRIOR to the first receipt of Agreement Benefits, Company shall notify County 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.

8.1.2 Successful Completion. This Agreement will terminate upon successful completion of all terms and conditions of the Agreement by both Parties or upon termination pursuant to the terms of this Agreement.

8.1.3 Failure to Comply. Where either Party fails to comply with the terms of this Agreement, except where the Company fails to comply with the requirements listed in Section 8.2.1(a), (b) or (c) as set forth in this Agreement, the non-defaulting Party shall notify the defaulting Party in writing (if notice is to Company, then such notice will be provided pursuant to Section 10.3), and if such default is not cured within sixty (60) days after said notice is given, then this Agreement may be terminated by the non-defaulting Party without prejudice to any other right or remedy such non-defaulting Party may possess. County and Company may agree in writing to extend the time period for cure. In the event that the cure is not completed in a manner that is satisfactory to the non-defaulting Party, the Agreement shall be terminated by such non-defaulting Party, with termination results as specified in Section 8.2 below.

8.2 Results of Termination.

8.2.1 Required Performance. Pursuant to the terms of this Agreement, the following requirements must be met by Company during each year of the Abatement Term in order to receive Agreement Benefits:

- (a) Obtain a Certificate of Occupancy for the Project no later than October 31, 2007, as set forth in Section 5.1.1(d)(ii);
- (b) Creation of permanent FTE jobs pursuant to the schedule set forth in Section 5.1.1(b)(i) with the average salary as specified in Section 5.1.1(v);
- (c) New investment in the Project of at least \$ 250,000,000.00 according to the schedule set forth in Section 5.1.1(c)(I) and 5.1.1(c)(II); and
- (d) Materially satisfactory completion of all other terms of this Agreement.

8.2.2 Recapture.

(a) Breach of Required Performance. If the Company's fails to fulfill the requirements listed under 8.2.1, County shall have the option to terminate this Agreement. If County terminates this Agreement under this subsection 8.2.2(a) for Company's failure to meet the requirements in Section 8.2.1(a), (b) or (c), then no abatement will be granted for the year in which the failure occurred (or, if such abatement has already been granted, the amount abated for said year will be refunded by Company) and the Agreement will be terminated and both Parties relieved of any further obligation. If this Agreement is terminated as a result of Company's failure to fulfill the requirement listed in Section 8.2.1(c), then no abatement will be granted for the year in which the failure occurred (or, if such abatement has already been granted, the amount abated for said year will be refunded by Company) and County shall recapture and Company shall pay to County an amount equal to all taxes abated under the terms of this Agreement, and this Agreement shall be terminated and both Parties relieved of any other obligations.

(b) Failure to Pay Taxes. In the event that Company allows its Ad Valorem Taxes owed to the City, County, Austin Community College and/or any City of Austin or Travis County school district or other local taxing entity, including the Wells Branch Municipal Utility District, to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or fails to pay such taxes, then County may terminate this Agreement only in accordance with the procedures set out in Section 8.1.3. If County terminates this Agreement under this subsection 8.2.2.(b), then no abatement will be granted for the year in which the failure occurred (or, if such abatement has already been granted, the amount abated will be refunded by Company) and County shall recapture and Company shall pay to County an amount equal to all taxes abated under the terms of this Agreement during the one (1) year prior to the year in which such failure occurred, plus any applicable penalty and interest for late payment of taxes, and this Agreement shall be terminated and both Parties relieved of any further obligations to each other pursuant to this Agreement.

(c) Remedies. In the event that Company has not timely paid those Ad Valorem Taxes that are due to County, or that recapture of abated taxes is required under this Agreement, County shall also have available all remedies for the collection of the tax revenue due as provided generally in the TEXAS TAX CODE for collection of delinquent property taxes. County, at its sole discretion, has the option to provide a payback schedule.

9.0 MISCELLANEOUS PROVISIONS.

9.1 Independent Contractor. The Parties expressly acknowledge and agree that Company is an independent contractor and assumes all of the rights, obligations and liabilities applicable to it as an independent contractor. No employee of Company shall be considered an employee of County or gain any rights against County pursuant to County's personnel policies. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party. The relationship of County and Company under this Agreement is not and shall not be construed or interpreted to be a partnership, joint venture or agency. The relationship of the Parties shall be an independent contractor relationship. Neither Party shall have the authority to make any statements, representations or commitments of any kind, or to take any action which shall be binding on the other Party.

9.2 Agreement Limitation. This Agreement sets out the agreements and obligations solely between County and Company. Under no circumstances shall this Agreement be interpreted to obligate County in any way to any third party or create any third party beneficiary rights as between County and any Subcontractors, or to any other third party, any such inference being expressly denied. Under no circumstance shall County be liable to Company's creditors or Subcontractors for any reimbursements under this Agreement.

10.0 NOTICES

10.1 Requirements. Except as otherwise specifically noted herein, any notice required or permitted to be given under this Agreement by one Party to the other shall be in writing and shall be given and deemed to have been given immediately if delivered in person to the address set forth in this section for the Party to whom the notice is given, or on the third day following mailing if placed in the United States Mail, postage prepaid, by registered or certified mail with return receipt requested, addressed to the Party at the address hereinafter specified.

10.2 County Address. The address of County for all purposes under this Agreement, and for all notices hereunder, shall be:

Honorable Samuel T. Biscoe (or his successor in office)
County Judge
P.O. Box 1748
Austin, Texas 78767
Facsimile No. 512/854-9535

With copies to (registered or certified mail with return receipt is not required):

Honorable David Escamilla (or his successor in office)
Travis County Attorney
P.O. Box 1748
Austin, Texas 78767
ATTENTION: Civil Transactions
Facsimile No. 512/854-4808

and

Cyd Grimes, Purchasing Agent (or her successor)
Travis County Purchasing
P. O. Box 1748
Austin, Texas 78767
Facsimile No. 512/854-9185

10.3 Company Address. The address of Company for all purposes under this Agreement and for all notices hereunder shall be:

Tim Aimone, Director of Americas Real Estate
Hewlett-Packard Company
P. O. Box 692000, Mail Code 130109
Houston, Texas 77269-2000
Facsimile No. 281/514-6838

With copies to (registered or certified mail with return receipt is not required)

General Counsel
Hewlett-Packard Company
3000 Hanover Street
Palo Alto, California 94304
Facsimile No. 650/857-2012

and

R. G. Converse
Fulbright & Jaworski L.L.P.
600 Congress Avenue, 24th Floor
Austin, Texas 78701
Facsimile No. 512/536-4598

10.4 Change of Address. Each Party may change the address for notice to it by giving notice of the change in compliance with Section 10.0. Any change in the address shall be reported to County within fifteen (15) days of the change.

10.5 Change of Name. If a change of name is required by Company, County shall be notified in writing immediately pursuant to Section 10.0. No change in the obligation of or to Company will be recognized until it is approved by the Commissioners Court.

11.0 PROHIBITIONS

11.1 County Forfeiture of Agreement. As to granting of Agreement Benefits, if Company has done business with a Key Contracting Person as listed in **Exhibit A to Attachment C** during the 365 day period immediately prior to the date of execution of this Agreement by Company or does business with any Key Contracting Person at any time after the date of execution of this Agreement by Company and prior to full performance of this Agreement, Company shall forfeit all County benefits of this Agreement and County shall retain all performance by Company and recover all consideration, or the value of all consideration, granted to Company pursuant to this Agreement.

11.2 Conflict of Interest.

11.2.1 Contractor shall ensure that no person who is an employee, agent, consultant, officer, or elected or appointed official of Contractor who exercises or has exercised any functions or responsibilities with respect to activities performed pursuant to this Contract or who is in a position to participate in a decision-making process or gain inside information with regard to these activities has or may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, Subcontract or agreement with respect to it, or the proceeds under it, either for himself or herself or those with whom he or she has family or business ties, during his or her tenure or for one year thereafter.

~~11.2.2 The Contractor shall complete the Conflict of Interest Questionnaire attached to this Contract as Attachment E. Within seven (7) business days of executing this Contract, the Contractor shall file the Questionnaire with the County Clerk, Elections Division, 5501 Airport Blvd., Austin, 78751. The Contractor shall update this Questionnaire, as required by Chapter 176 of the Local Government Code, by September 1, 2006, and each year thereafter for the duration of this Contract. In addition, if any statement on this submitted Questionnaire becomes incomplete or inaccurate, the Contractor shall submit an updated Questionnaire, not later than the seventh (7th) business day after the date of an event that makes a statement in the Questionnaire incomplete or inaccurate. The Contractor should note that the law requires the County to provide access to this Questionnaire on the official Travis County Internet website.~~

11.3 Solicitation. Company warrants that no persons or selling agency was or has been retained to solicit this Agreement upon an understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial selling agencies maintained by Company to secure business. For breach or violation of this warranty, County shall have the right to terminate this Agreement without liability, or, in its discretion to, as applicable, add to or deduct from the consideration, or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

11.4 Gratuities. County may cancel this Agreement if it is found that gratuities in the form of entertainment, gifts, or otherwise were knowingly offered or given by Company or any agent or representative to any County official or employee with a view toward securing favorable treatment with respect to the performing of this Agreement. In the event this Agreement is cancelled by County pursuant to this provision, the County shall be entitled, in addition to any other rights and remedies, to recover from Company a sum equal in amount to the cost incurred by Company in providing such gratuities.

12.0 ASSIGNABILITY

12.1 Assignment. This Agreement may be assigned to a new company only with prior written approval of County. Notwithstanding the previous sentence, Company may assign to a subsidiary corporation or other affiliated entity without approval of County, so long as Company shall remain responsible and obligated to County for the performance of its obligations under the Agreement. Written notice of such assignment shall be provided to County prior to the assignment. No assignment shall be approved if the assignor or assignee are indebted to County for Ad Valorem Taxes or other obligations.

12.2 Binding Agreement. Subject to Section 12.1, this Agreement shall be binding upon the successors, assigns, administrators, and legal representatives of the Parties to this Agreement.

13.0 INTERPRETATIONAL GUIDELINES

13.1 Computation of Time. When any period of time is stated in this Agreement, the time shall be computed to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday or a day that County has declared a holiday for its employees these days shall be omitted from the computation.

13.2 Numbers and Gender. Words of any gender in this Agreement shall be construed to include any other gender and words in either number or written form shall be construed to include the other unless the context in the Agreement clearly requires otherwise.

13.3 Headings. The headings at the beginning of the various provisions of this Agreement have been included only to make it easier to locate the subject matter covered by that section or subsection, and are not to be used in construing this Agreement.

14.0 OTHER PROVISIONS

14.1 Survival of Conditions. Applicable provisions of this Agreement shall survive beyond termination or expiration of this Agreement until full and complete compliance with all aspects of these provisions has been achieved where the Parties have expressly agreed that those provisions should survive any such termination.

14.2 Non-Waiver of Default. One or more acts of forbearance by any Party to enforce any provision of this Agreement or any reimbursement, payment, act or omission by any Party shall not constitute or be construed as a waiver of any breach or default of any other Party which then exists or may subsequently exist.

14.3 Reservation of Rights. If any Party to this Agreement breaches this Agreement, the other Party(ies) shall be entitled to any and all rights and remedies provided for by Texas law and any applicable Federal laws or regulations. All rights of either Party under this Agreement are specifically reserved and any payment, reimbursement, act or omission shall not impair or prejudice any remedy or right to such Party under it. The exercise of or failure to exercise any right or remedy in this Agreement or in accordance with law upon the other Party's breach of the terms, covenants, and conditions of this Agreement, or the failure to demand the prompt performance of any obligation under this Agreement shall not preclude the exercise of any other right or remedy under this Agreement or under any law, nor shall any action taken or not taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies.

14.4 Severability. If any portion of this Agreement is ruled invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision thereof and the remainder of it shall remain valid and binding and as if such invalid, illegal or unenforceable provision had never been contained in this Agreement.

14.5 Dispute Resolution. When mediation is acceptable to all Parties in resolving a dispute arising under this Agreement, as a condition precedent to the filing of a lawsuit, the Parties agree to mediate such dispute with the Dispute Resolution Center of Austin, Texas, as the provider of mediators for mediation as described in the TEX. CIV. PRAC. & REM. CODE, Section 154.023. Unless all Parties are satisfied with the result of the mediation, the mediation will not constitute a final and binding resolution of the dispute. All communications within the scope of the mediation shall remain confidential as described in TEX. CIV. PRAC. & REM. CODE, Section 154.073, unless all Parties agree, in writing, to waive such confidentiality.

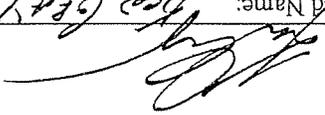
14.6 Force Majeure. Neither Party shall be financially liable to the other Party for delays in performance or failures to perform under this Agreement caused by force majeure (i.e. those causes generally recognized under Texas law as constituting impossible conditions). Such delays or failures to perform shall extend the period of performance until these exigencies have been removed. The Party seeking to avail itself of this clause shall notify the other Party within five (5) business days or otherwise waive the right as a defense, unless notification is impractical under the circumstances, in which case notification shall be done in as timely a manner as possible. Company agrees that breach of this provision by Company entitles County to reduce or stop granting of

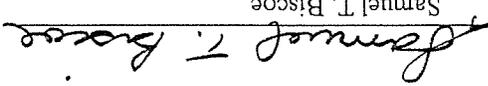
Agreement Benefits or immediately terminate this Agreement. Should Force Majeure conditions continue for either Party more than 3 months, that Party may, with notice pursuant to this Section 14.6 (and Section 10.0); terminate this Agreement and both Parties shall then be relieved of any further obligation to each other Party under this Agreement.

14.7 Multiple Originals. This Agreement may be executed by the Parties in multiple counterparts, each one being considered an original for any purpose.

HEWLETT-PACKARD COMPANY

TRAVIS COUNTY

By: 
Printed Name: Mark Gentry
Title: VP-IT
Date: 06-25-06

By: 
Samuel T. Biscoe
County Judge
Date: 5-23-06

ATTACHMENT A

CHAPTER 28
TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM POLICY
GUIDELINES AND CRITERIA FOR
TAX REBATE AND TAX ABATEMENT AND OTHER INCENTIVES

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 - (d) Waiver of Requirements and Limitations
 - (i) Waiver
 - (ii) Limitations
 - (e) Commissioners Court Determination
 - (f) Incentive Amount

- (i) Rebate
 - (ii) Abatement
 - (iii) Rebate/Abatement Base
 - (iv) Amount
- (g) Term
- (h) Compliance With Law
- (i) Completion/Termination
 - (i) Completion
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CHAPTER 28
TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM POLICY
GUIDELINES AND CRITERIA
FOR TAX REBATE AND TAX ABATEMENT AND OTHER INCENTIVES

Adopted by Order of the Commissioners Court: August 30, 2005.

28.001 Authorization.

(a) **General Authorization.** The Travis County Commissioners Court ("Commissioners Court") is authorized to develop and administer a program to stimulate business and commercial activity in Travis County pursuant to LOCAL GOVERNMENT CODE, Chapter 381 [specifically, Sections 381.004(b) and 381.004(g)], and other applicable statutes.

(b) **Tax Abatement Resolution.** Travis County has adopted a Resolution stating that Travis County elects to become eligible to participate in tax abatement under LOCAL GOVERNMENT CODE, Section 381.004(g), and applicable portions of TAX CODE, Chapter 312. Travis County also has adopted a resolution stating that Travis County elects to become eligible to participate in tax abatement under TEXAS TAX CODE, Chapter 312. Tax Abatement Agreements which are entered into under LOCAL TEXAS GOVERNMENT CODE, Section 381.004(g) ["381 Tax Abatement Agreement"] shall be subject to the requirements of that statute (which includes limited provision of TEXAS TAX CODE, Chapter 312) and tax abatement agreements which are entered into under TEXAS TAX CODE, Chapter 312 ["312 Tax Abatement Agreement"] shall be subject to the requirements of that statute.

28.002 Purpose and Method.

(a) **General Purpose.** The purpose of this Policy is to establish the guidelines and criteria under which Travis County can develop and administer a program to stimulate and encourage business activity in Travis County in order to create more job opportunities, build the sales and property tax base and promote a partnership relationship with the private sector businesses that will bring capital intensive projects to Travis County.

(b) **Method.** The purpose of this Policy is also to establish guidelines and criteria for economic development utilizing both a rebate and abatement approach to tax incentives. This Policy establishes guidelines and criteria under which the County may enter into tax rebate and tax abatement agreements as a part of the County's Economic Development Program established under this Policy in order to further the economic development of Travis County.

(c) **Waiver and/or Modification of Requirements.** The Commissioners Court retains the right to waive or modify any of the requirements of this Policy, with the exception of Section 28.004(a)(xii), which cannot be waived, by approving terms in an agreement entered into under this Policy that differ from the Policy when the Court determines that the waiver and/or modification is:

- necessary in order to serve the public interest,
- will allow an agreement which will continue to meet the intent of this Policy, and
- will not violate any applicable statutory requirements.

The above subsection 28.002(c) notwithstanding, NO waiver or modification of a requirement to a 312 Tax Abatement Agreement can be made by the Commissioners Court if such waiver or modification is not allowed by TEXAS TAX CODE, Chapter 312 in relation to that agreement.

- (d) **Limitation.** The adoption of these guidelines and criteria for a 312 Tax Abatement Agreement does not:
- limit the discretion of the Commissioners Court to decide whether to enter into a specific tax abatement agreement;
 - limit the discretion of the Commissioners Court to delegate to its employees the authority to determine whether or not the Commissioners Court should consider a particular application or request for tax abatement; or
 - create any property, contract or other legal right in any person to have the Commissioners Court consider or grant a specific application or request for tax abatement.

28.003 Definitions. Under the Travis County Economic Development Program Policy ("Policy"), these words have the following meaning:

(a) **"Abatement"** means the full or partial release from payment of ad valorem taxes on certain real and tangible personal property under this Policy.

(b) **"Abatement/Payment Term"** means that time period beginning on the Completion Date and ending on the

Termination Date of the Agreement. If the Commissioners Court approves completion of a Project in phases, then the Abatement/Payment Term will begin with the Completion Date of the first phase.

- (c) **"Abatement/Payment Year Value"** means the value assessed by the Travis County Appraisal District ("TCAD") for the purpose of the payment of Travis County Ad Valorem Taxes on the Property for any tax year included in the Abatement/Payment Term of the Agreement.
- (d) **"Ad Valorem Taxes"** means those property taxes assessed by the by TCAD on eligible property within Travis County.
- (e) **"Agreement"** means a contract entered into under this Policy between the County and Company.
- (f) **"Agreement Funds"** means all money paid to or abated for a Company pursuant to the terms of the Agreement entered into under this Policy; also, the amount by which Ad Valorem taxes which would have been paid by Company is abated or rebated pursuant to the terms of the Agreement.
- (g) **"Agreement Term"** means that time period commencing on the date the Agreement is signed by all parties (also "Effective Date") and continuing until the Termination Date (as defined herein and/or in the Agreement).
- (h) **"Company"** means the authorized individual or business entering into an Agreement with County under this Policy.
- (i) **"Completion Date"** means the date of issuance of the Certificate of Occupancy for the Project. If the County approves completion of the Project in phases, there may be a different Completion Date for each approved phase; however, the Abatement/Payment Term will begin running as of the Completion Date of the first phase.
- (j) **"Economically Disadvantaged Individual"** means an individual who:
 - (i) for at least three months before employment with a qualified business was unemployed; or
 - (ii) receives public assistance benefits, such as welfare payments, food stamp payments and local approved medical assistance, based on need and intended to alleviate poverty; or
 - (iii) is economically disadvantaged as defined by the Job Training Partnership Act, Sec. 4(8) [129 USC, Sec. 1503(8)]; or
 - (iv) is an individual with a disability, as defined by 29 USC, Sec. 706(8); or
 - (v) is an inmate as defined by TEXAS GOVERNMENT CODE, Section 498.001; or
 - (vi) is entering the workplace after being confined in a facility operated by the institutional division of the Texas Department of Criminal Justice or under contract with the Texas Department of Criminal Justice, or such facility operated by Travis County; or
 - (vii) has been released by the Texas Youth Commission and is on parole, if state law provides for such a person to be on parole; or
 - (viii) meets the current low income or moderate income limits developed under the U. S. Housing Act of 1937, Sec. 8 (42 USC sec. 1437f, et seq.).
- (k) **"Effective Date"** means the date that all parties to an Agreement entered into pursuant to this Policy have fully executed the Agreement.
- (l) **"Effective Year Value"** means the value assessed by TCAD for the purpose of the payment of Travis County Ad Valorem taxes on the Property for the tax year including the Effective Date of the Agreement.
- (m) **"PBO"** means the Travis County Planning and Budget Office.
- (n) **"Project"** means the proposed development as specifically described by the Company in the application/request for incentives and the Agreement.
- (o) **"Property"** means the land (real property) on which the Project will be developed.

(p) "TCAD" means the Travis Central Appraisal District.

(q) "Termination Date" means the end of the time period specified under the Agreement.

28.004 Guidelines and Criteria The Commissioners Court will use the following criteria as specified herein as a baseline for evaluation of applications and other requests for economic incentives which may be provided under this Policy:

(a) **Required Elements.** The following elements are considered to be of vital importance in implementing the County policy related to economic development and, as such, should be included in any Agreement entered into under this Policy, with terms in the Agreement stating that compliance with these requirements is mandatory. However, upon findings by the Court in compliance with Section 28.002(c) of this Policy as amended above, the Court may waive and/or modify requirements as listed in this Section 28.004(a) as deemed necessary, except for the requirement under Section 28.004(a)(xii), which cannot be waived. With that limitation, the following requirements are recommended for every agreement entered into pursuant to this Policy:

[It is understood that any provision of the Policy that is based on statutory requirement, then provision may be waived or modified only to the extent allowed by applicable law.]

(i) **Commissioners Court Finding.** An agreement cannot be entered into unless the Commissioners Court finds: that the terms of the agreement and the Property subject to the agreement meet the applicable guidelines and criteria set forth in this Policy; and that the development of the Project will result in substantial immediate and long-term financial benefit to Travis County and significant financial benefit to other taxing entities within Travis County.

(ii) **Maximum Incentive Amount.** In no event will the percentage of the tax abatement or rebate exceed 80%.

(ii) **Ownership.** The Company must own or plan to own the Property in order to enter into an Agreement under this Policy. Incentives will not be granted relative to leased property. Property that is owned or leased by a person who is a member of the Commissioners Court is excluded from abatement/rebate under this Policy, and Company will warrant that none of the Property subject to the agreement is owned or leased by a member of the Commissioners Court.

(iii) **Improvements.** Incentives provided under this Policy shall be granted for new facilities and structures and for the expansion or modernization of existing facilities and structures. New development at an existing site may be considered for benefits under this Policy. In order for expansion or modernization to qualify for incentives, such expansion or modernization must be accomplished to such an extent that substantial value is added to the ad valorem tax base, and cannot be cosmetic only in nature.

(iv) **Description of Improvement Terms.** The agreement must list the kind, number and location of all proposed improvements of the Property.

(v) **Access.** The agreement must provide for access and authority for County employees to enter the Property and inspect to ensure that the improvements or repairs are made according to the terms of the Agreement, and that the Company is in compliance with all other terms and conditions of the Agreement. Representatives of Company shall be permitted to attend the inspections. The inspections shall be preceded by twenty-four (24) hours notice, shall be conducted so as not to interfere with the business operations of the Company, and shall comply with the Company's reasonable safety standards. County may make ongoing inspections/ monitoring visits under these same conditions throughout the Agreement Term to ensure ongoing compliance.

(vi) **Usage.** The agreement must limit the uses of the Property consistent with the general purpose of encouraging development or redevelopment of the Property during the Agreement Term.

(vii) **Recapture.** The agreement must provide for recapture of property tax revenue lost as a result of the Agreement if: the Company fails to make the improvements or repairs as provided by the Agreement; the agreement is terminated, with recapture pursuant to Section 28.004(i); and under other applicable provisions of this Policy.

(viii) **Terms.** The agreement must contain each term of the Agreement.

(ix) **Annual Certification.** The Agreement must require the Company to certify annually to the Commissioners Court that the Company is in compliance with the applicable terms of the Agreement.

(x) **Failure to Comply.** The agreement must provide that the Commissioners Court may cancel or modify the agreement if the Company fails to comply with the Agreement.

(xi) **Legal Compliance.** The agreement must include provisions requiring that all applicable County and City

codes and ordinances must be met and inspection take place in a timely manner; that the Company will make all hiring decisions in compliance with the Civil Rights Act of 1964 and the Americans With Disabilities Act of 1990; and that the Company will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, age or handicapping condition.

(xii) Environment. The agreement must require that all Projects shall be completed and maintained in a manner which preserves and respects the natural environment by maintaining green space as set forth in a plan approved by the governmental entity having jurisdiction, as evidenced by written documentation from that entity. Company shall not violate any federal, state or local legislation and/or regulations which prohibit or regulate deleterious effects on the environment within the Project. The Property may NOT be located over an environmentally sensitive aquifer or contributing zone.

(xiii) Notice - 312 Tax Abatement Agreement. The Commissioners Court shall deliver to the presiding officer of the governing body(or designated officer or employee) of each other taxing unit in which the property subject to the 312 Tax Abatement Agreement is located a written notice that the County intends to enter into the agreement not later than the seventh (7th) day before the date on which the County will enter into the agreement. Such notice must include a copy of the proposed agreement.

The above requirements [Section 28.004(a)(i) - (xiii)] will NOT be subject to waiver or change in a 312 Tax Abatement Agreement where those provisions are required bylaw.

(b) **Requirements With Discretionary Elements.** While the following elements will be required in each agreement under this Policy, the Commissioners Court may, at its sole discretion, limit or waive the extent to which each is applied.

(i) Minimum Capital Investment. Subject to the discretionary ability of the Commissioners Court as set forth in this Policy, the Company's new capital investment (value of property subject to Travis County Ad Valorem taxation) must be no less than One Hundred Million Dollars (\$100,000,000.00). The purchase price of Property will not be included in this total capital investment amount. There MUST be substantial capital investment made by any company in order to participate in the Economic Development Program established under this Policy; however, the minimum amount may be waived to an extent determined by the Court under certain circumstances as approved by the Court as be determined on a case by case basis.

(ii) Employment

(A) Minimum. Subject to the discretionary ability of the Commissioners Court as set forth in this Policy, within twelve (12) months of the Completion Date, the Project must create at least 500 new, permanent, full-time equivalent jobs. The Project must result in the creation of a substantial number of new, full-time jobs in the County within a specified time period; however, the minimum number may be waived and the time period changed to an extent determined by the Court under certain circumstances as approved by the Court on a case by case basis.

(B) Increased Incentive Levels. Consideration for maximum abatement/rebate amounts may be given to Projects which will create new, permanent full-time equivalent jobs which will be filled by individuals which meet the criteria to be deemed an Economically Disadvantaged Individual or which meet criteria for certain salary and/or educational/training requirements ("Career Development Employees") as defined in this Policy and under the terms of the Agreement. Terms of the Agreement will define the specific requirements related to these employment requirements in a manner which will encourage the hiring of individuals at a level which will bring persons out of poverty and into a career path with potential for upward mobility leading to self-sufficiency.

(iii) Current Developments. Consideration of proposals for incentives under this Policy shall be granted only for Projects where no specific development-related action, as determined by the Commissioners Court, has taken place prior to such consideration. The intent of the Policy is to attract new investment and development to Travis County, not to grant benefits to development already underway. The existence of an approved Master Plan will NOT be considered to be "specific development-related action" so as to exclude an applicant under this Policy.

(c) **Additional Criteria for Consideration in Granting Approval and Determining Maximum Incentive Amounts.**

The application or other submission for consideration under this Policy must include evidence of the Company's ability to comply with all applicable terms of this Policy. In reviewing the Company's application/request for economic development incentives under this Policy, the Commissioners Court will give weight (both as to approval and amount of incentive) to proposals which include elements for additional community development, including the following:

(i) Minority Participation/HUB Participation. Company shall use good faith efforts (and shall encourage its agents and contractors to use good faith efforts) to take reasonable steps to ensure HUBs ("Historically Underutilized Businesses," as defined under the applicable County policy) the maximum opportunity to be subcontractors for the Project.

- (ii) Housing - availability of affordable housing, as defined by County.
- (iii) Public Transportation - availability, access and accompanying amenities. As applicable, Company shall coordinate and cooperate with relevant transportation entities to maximize availability within the Project of public transportation opportunities and amenities, such as sidewalks.
- (iv) Open space for gathering, public seating, etc.
- (v) Environmental attractiveness
- (vi) Commitment to clean air initiatives
- (vii) Parking
- (viii) Number of acres involved in the development
- (ix) Amount of square footage to be included in the completed development
- (x) Other public benefits to be derived from the development of the Project
- (xi) Use of innovative design practices, including esthetic consideration, landscaping, architecture, etc.
- (xii) Best Practice Design. Plans to complete the project utilizing best practices in urban design as established by professionals in that area in the community, and shall include adequate parking.
- (xiii) Location. The proposed development will take place within a geographic location of Travis County that has been determined to be a historically economically disadvantaged area, as determined by the Commissioners Court, and that the development will result in business development, job creation and retention, community improvement, cultural and educational advancement, and enhancement of quality of life.

(xiv) Additional Community Improvement. Company will be considered for the maximum incentive amount authorized under this Policy based upon Company's proposal and compliance with the base agreement requirements for amount of investment, improvements, employment, etc., and requirements for performance in other areas as agreed to, including the following:

- provision of a high level of benefits to all employees, including: medical, dental, employee assistance, life insurance, short and long-term disability, dependent care, tuition reimbursement, stock participation, sabbatical leave, vacation, sick leave, flexible spending, 401K savings plans, etc.
- creation of a significant number of jobs which require educational levels and provide salary that would effectively encourage the hiring of low-income workers into jobs which will create or lead to self-sufficiency.
- provision of services to encourage/ensure upward mobility of low-income workers once hired.
- provision of effective training and educational opportunities for employees and potential employees.
- willingness to recruit and hire locally and to promote the local company workforce from within.
- commitment to work with local workforce development entities.
- commitment to work with local educational institutions (K-12, community colleges, universities, etc.) to assist in development of curriculum which will enhance training for real jobs existing within the industry.
- commitment to reimburse employees for educational and training costs related to upward mobility.
- commitment to community participation in the forms of: volunteer work, including school mentoring; contributions to local educational institutions, particularly to fund purchase of equipment related to job training and contribution of such equipment; provision of speakers, written materials and other assistance related to job training, etc.,

- creation of summer jobs for interns and local education professionals.
- provision of services to low-income and at-risk youth.
- provision of other services or contributions to the community related to economic development as agreed to by the parties.

(d) **Waiver of Requirements and Limitations.**

(i) **Waiver.** The Commissioners Court retains the option of considering proposed projects for receipt of incentives under this Policy which do not meet certain requirements of this Policy as deemed necessary by the Commissioners Court, so long as the Commissioners Court finds that the Project as proposed will encourage, develop and stimulate economic development, producing additional tax revenue, job opportunities, affordable housing and/or small business opportunities for Travis County and so long as the proposal meets those requirements set forth in Section 28.004(a).

(ii) **Limitations.** The adoption of this Policy does not:

- limit the discretion of the Commissioners Court to decide whether to enter into a specific agreement;
- limit the discretion of the Commissioners Court to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for an agreement under this Policy; or
- create any property, contract or other legal right in any person to have the Commissioners Court consider or grant a specific application or request for an agreement under this Policy.
- prevent the continued negotiation and completion of agreements approved by the Commissioners Court in principal under the previous Economic Development Policy.

(e) **Commissioners Court Determination.** This Policy sets forth the minimum guidelines and criteria to be considered in any application/request for receipt of benefits under this Policy. However, nothing in this Policy confers any right to receive benefits under this Policy, nor does this Policy in any way limit the authority of the Commissioners Court to grant or refuse to grant any application/request submitted under this Policy. Each application/request will be considered on a case-by-case basis, and the decision by the Commissioners Court will be final.

(f) **Incentive Amount.**

(i) **Rebate.** The Commissioners Court may grant Company a payment equal to up to 80% (as described herein) of the difference between the Ad Valorem taxes paid by the Company on the Effective Year Value and the Ad Valorem Taxes assessed and/or paid on the Abatement/ Payment Year Value reflecting the improvements made by the Company pursuant to the agreement and this Policy. The percentage amount will be determined based upon the amount of public economic benefit determined by the Commissioners Court to be derived from the Project as presented by the Company in its application/request and other criteria as set forth under this Policy. The formula for the County's annual payment shall be:

$$\frac{(\text{Abatement/Payment Year A.V. Taxes} - \text{Effective Year A.V. Taxes}) \times \% \text{ of Incentive}}{\text{Payment/Abatement}} = \text{County Annual Payment}$$

A Company MUST acknowledge and agree in the agreement that, should that the payment/ rebate/abatement method of the agreement be found to be invalid by a court of competent jurisdiction: (1) the agreement will be terminated; (2) all amounts paid/rebated/abated to Company will be paid back to County pursuant to this Policy and the agreement; and (3) County will be released and from any and all liability of any kind related to the agreement.

(ii) **Abatement.** The Commissioners Court may grant Company exemption from taxation on a portion of the value of the real property or of tangible personal real property located on the real property, or both, on the condition that the Company make specific improvements or repairs to the Property and meet other requirements pursuant to this Policy and the agreement terms.

(iii) **Rebate/Abatement - Base.** The rebate/abatement of real property shall be based upon the extent that the value for the year of rebate/abatement exceeds the value of the year in which the agreement is executed. The rebate/abatement of tangible personal property located on the real property in each year is limited to tangible personal property OTHER THAN that tangible personal real property that was located on the real property at any time before the agreement term, and OTHER THAN inventory or supplies.

(iv) Amount. Company may be granted a rebate on or abatement of ad valorem taxation in an amount equal to the following, based upon the amount of the Company's investment:

Investment	% Rebate/Abatement
100 million	up to 50%
101-500 million	up to 75%
over 500 million	up to 80%

In no event will any economic incentive be granted in a percentage exceeding 80%.

(g) **Term.** The Agreement Term shall be as set forth in the specific agreement entered into under this Policy. The Payment Term under an agreement for rebate shall not exceed a period of twenty (20) years; The Abatement Term under an agreement for tax abatement (both 381 and 312) shall not exceed a period of ten (10) years. The Abatement portion of the agreement for tax abatement may take effect on January 1 of the net tax year after the date the improvements or repairs are substantially completed.

(h) **Compliance With Law.** The development of any Project under this Policy must be done in a manner which meets all applicable Federal, State, County and City laws, codes, ordinances, rules and regulations and permit requirements.

(i) **Completion/Termination.**

(i) Completion. An Agreement under this Policy will be considered completed and will terminate at the end of the term specified in the Agreement or when any cause for termination has occurred pursuant to this Policy and/or the terms of the Agreement.

(ii) Early Termination. In the event of termination of any Agreement entered into under this Policy prior to the completion of all terms of any Agreement, pursuant to this Policy and/or the Agreement, County shall notify Company of termination and all future obligations of County under the Agreement shall cease. Upon notice of termination, Company shall refund to County any and all Agreement Funds paid to Company or exempted from payment by Company up to the time of termination pursuant to the terms of the Agreement.

(iii) Default/Cure. If Company is determined by County to be in default, County shall notify Company in writing, and if such default is not cured within thirty (30) days of notice, then the agreement may be terminated. County and Company may agree in writing to extend the time period for cure. In the event that the cure is not completed in a manner that is satisfactory to County and the agreement is terminated by County, County shall have the right to recapture all of the money paid to Company under a rebate agreement or exempted from payment by Company under an abatement agreement.

(iv) Recapture. In the event that the Company either (1) allows its ad valorem taxes owed to the City, County, Austin Community College and/or any school district or other local taxing entity to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) is in default according to the terms and conditions of the agreement and fails to cure within the time period allowed; or, (3) if the payment/ rebate/ abatement portion of the agreement is ruled invalid by a court of competent jurisdiction, the agreement then may be terminated and all taxes previously abated or rebated by virtue of the agreement will become due and payable no later than sixty (60) days after termination. County shall give Company written notice of recapture under this provision and refund shall be paid no later than thirty (30) days after such notice is given or sixty (60) days after termination, whichever comes last. County shall have all remedies for the collection of the recaptured tax revenue as provided generally in the Tax Code for collection of delinquent property taxes. County, at its sole discretion, has the option to provide a payback schedule.

(j) **Taxation.** Throughout the Agreement Term, the Company shall be subject to all applicable taxation.

(k) **Reports.** Company shall provide such report(s) as determined necessary by County to document and ensure compliance with the terms of the Agreement. Such reports shall be submitted to the Travis County Planning and Budget Office ("PBO") Executive Manager in the format provided by County. County will have the right to monitor and audit findings in all reports as necessary to confirm compliance with the terms of this Policy and the Agreement. Company will certify the authenticity and accuracy of each report submitted under the Agreement.

(l) **Reinvestment Zone - Abatement Agreements.**

(i) 381 Tax Abatement Agreements. Under Section 381.004(g), TEXAS LOCAL GOVERNMENT CODE, The Commissioners Court is authorized to develop and administer an economic development program utilizing tax abatement agreements with certain terms which are to be governed, to the extent practicable, by Sections 312.204, 312.205 and 312.211

of the TEXAS TAX CODE; also, in administering tax abatement the Commissioners Court is authorized to act as if it were a governing body of a municipality. Pursuant to that provision, the Commissioners Court will, when practicable and allowed by law, designate a Reinvestment Zone pursuant to Section 312.201, TEXAS TAX CODE, or will utilize a Reinvestment Zone created by another authorized taxing entity. Where designation of a Reinvestment Zone is determined not to be practicable, the Commissioners Court will review and evaluate the Property being proposed for development utilizing the criteria set forth for establishing a Reinvestment Zone under Chapter 312, TAX CODE, to determine that the Property does substantially meet the guidelines and criteria for establishing said Reinvestment Zone.

(ii) 312 Tax Abatement Agreements. A Reinvestment Zone must be designated in order to enter into a 312 Tax Abatement Agreement. The Commissioners Court may designate as a reinvestment zone an area of the county that does not include area in the taxing jurisdiction of a municipality. If an area does not include area in the taxing jurisdiction of a municipality, the Commissioners Court may proceed to designate a Reinvestment Zone pursuant to TEXAS TAX CODE, Section 312.401, and other applicable provisions, if:

- the Commissioners Court provides notice of a public hearing which is published in a newspaper having general circulation in the County; and which is delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone;
- the Commissioners Court holds a public hearing where interested persons are allowed to speak and present evidence for or against the designation;
- the Commissioners Court finds that the designation would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the property and would contribute to the economic development of the County.

The designation of the reinvestment zone expires five years after the date of the designation and may be renewed for periods not to exceed five years; expiration will not affect existing agreements.

(m) 312 Tax Abatement Agreements. 312 Tax Abatement Agreements will be subject to all applicable provisions of TAX CODE, Chapter 312. It is understood that there may be additional requirements for 312 Tax Abatement Agreements which do not apply to 381 Tax Abatement Agreements.

28.005 Application/Request for Incentives.

(a) **Applicant.** Any present or potential owner of taxable real property in Travis County may make application/request for incentives under this Policy by filing an application with PBO or through other means as acceptable to the County.

(b) **Application.** Company should provide a completed application to County, in a form acceptable to County, at the earliest possible date, either initially, or prior to negotiation of the agreement. That application shall consist of a written request which includes:

- (i) A statement of the expected total capital investment to be made.
- (ii) A statement setting forth proposals relevant to the applicable requirements of this Policy.
- (iii) A general description of the new improvements to be undertaken, with a description list of the improvements and property for which incentives are requested.
- (iv) A legal description of the Property to be included, total acreage involved and a map showing the Property and intended improvements.
- (v) A time schedule for undertaking and completing the proposed improvements. This schedule shall include the expected date of commencement of construction and the expected date of completion of construction. Completion of any Project in phases will only be allowed when specifically authorized by the Commissioners Court. If the Commissioners Court approves completion of the Project in phases, the above dates will be specified as to each phase. The Agreement will contain limitations on the time periods in which the Company must commence and complete the Project.
- (vi) Description of other benefits to Travis County as a result of the proposed development.

(c) **Additional Information.** Travis County may request additional information as a part of the application process as deemed necessary in order to fully evaluate the application/request and may waive certain requirements where deemed unnecessary to properly evaluate the request.

(d) **Confidentiality of Proprietary Information.** Information that is provided in the application or request for a 312 Tax

Abatement Agreement that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the Property is confidential and not subject to public disclosure until the 312 Tax Abatement Agreement is executed. That information in the custody of the County after the agreement is executed is not confidential under TEXAS TAX CODE, Section 312.003.

28.006 Process.

(a) **Review of Application/Request for Incentives.** The application/request for incentives will be reviewed by County, and may be placed on the Commissioners Court agenda for public discussion of the application/request and related matters.

(b) **Agreement Approval.** An agreement proposed under this Policy will be placed on the agenda of the Commissioners Court and may be approved by an affirmative vote of the majority of the members at a regularly scheduled meeting of the Commissioners Court.

28.007 Agreement Terms and Provisions. Any Agreement entered into under this Policy shall include statements indicating the requirement of full compliance with the provisions of this Policy, and such other terms and conditions as deemed necessary by the Commissioners Court and agreed to by the Company.

28.008 Termination. Subject to Section 28.004(i), agreements entered into under this Policy are subject to termination as follows:

(a) **Event(s) of Termination.** An Agreement under this Policy may terminate or be terminated for the following reasons:

- (i) Company and County successfully complete all terms and conditions of the Agreement.
- (ii) Company fails to comply with required terms of the Agreement.
- (iii) The payment/rebate/abatement method of the agreement is found invalid by a court of competent jurisdiction.

(b) **Refund/Recapture.** If the Agreement is terminated under the terms of this Policy and/or the Agreement, Company shall refund to County all Agreement Funds that have been paid to Company or abated from payment by Company pursuant to the terms of this Policy and/or the Agreement.

28.009 Administration.

(a) **PBO.** Agreements entered into pursuant to this Policy shall be administered by PBO.

(b) **TCAD.** Valuation of Property shall be determined by TCAD annually.

(c) **Information.** Company shall provide County through PBO with all information required for County to determine and ensure compliance with every term of the Agreement.

28.010 General Provisions

(a) **Assignment.** Agreement may be assigned to a new Company only with prior written approval of County. Company may assign to a subsidiary corporation or other affiliate entity without approval of County, so long as Company shall remain responsible and obligated to County for the performance of its obligations under the Agreement. Written notice of such assignment shall be provided to County prior to the assignment. No assignment shall be approved if the assignor or assignee are indebted to County for Ad Valorem taxes or other obligations.

(b) **Agreement Amendment.** Amendment of any Agreement under this Policy can only be made by written instrument signed by all parties, and only so long as the terms and provisions of the amendment reflect provisions which could have been included in the original Agreement under this Policy. Requests for amendments shall be submitted to PBO. A 312 Tax Abatement Agreement may not be amended to extend beyond ten (10) years from the date of the original agreement.

28.011 Sunset Provision.

(a) **Duration.** This Policy is effective upon the date of approval by the Commissioners Court and will remain in force for two years. At the end of two years, the Court may modify, renew or eliminate this Policy. If the Commissioners Court does not take action to renew or modify this Policy, the Policy will be terminated at the end of the two year period. Action taken (or not taken, resulting in the Policy's termination) under this provision will not impact any agreements or obligations already in effect under this

Policy. Such agreements and/or obligations will continue in full force and effect until completed or terminated.
(b) Policy Changes. During the two year period of effect of this Policy under 28.011(a), this Policy may be amended or repealed only by a four-fifths vote of the Commissioners Court.

ATTACHMENT B

DESCRIPTION OF PROPERTY

The Description of the Property is as follows:

That certain tract or parcel of land containing 38.35 acres, more or less, situated in the James Burleson Survey No. 19, Travis County, Texas, being a portion of Lot 1, Motorola, Inc. Ed Bluestein Facility, a subdivision recorded in the Volume 87, Pages 147B - 147C of the plat records of said County.

ATTACHMENT C

ETHICS AFFIDAVIT

Date: 6-5-06
Name of Affiant: KEN GRAY
Title of Affiant: VP-IT
Business Name of Contractor: HEWLETT - PACKARD COMPANY
County of Contractor: HARRIS COUNTY, TX

Affiant on oath swears that the following statements are true:

1. Affiant is authorized by Contractor to make this affidavit for Contractor.
2. Affiant is fully aware of the facts stated in this affidavit.
3. Affiant can read the English language.
4. Affiant has received the list of Key Contracting Persons associated with this contract which list is attached to this affidavit as Exhibit "A".
5. Affiant has personally read Exhibit "A" to this Affidavit.
6. Affiant has no knowledge of any key contracting person on Exhibit "A" with whom Contractor is doing business or has done business during the 365 day period immediately before the date of this affidavit whose name is not disclosed in the Disclosure/Warrant attached to this Exhibit.

Signature of Affiant: [Signature]
Address: 20555 SA 249, HOUSTON, TX 77070

SUBSCRIBED AND SWORN TO before me by KEN GRAY on 6/5, 2006.

[Signature]

Notary Public, State of Texas

Typed or printed name of notary

My commission expires:

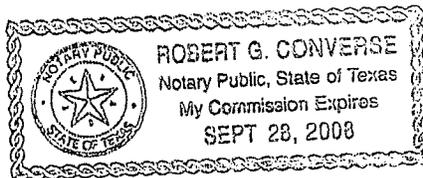


Exhibit A - Ethics Affidavit
LIST OF KEY CONTRACTING PERSONS

May 8, 2006

CURRENT

Position Held	Name of Individual Holding Office/Position	Name of Business Individual is Associated
County Judge.....	Samuel T. Biscoe	
County Judge (Spouse)	Donalyn Thompson-Biscoe.....	MHMR
Executive Assistant	Cheryl Brown	
Executive Assistant.....	Dan Smith	
Executive Assistant.....	Melissa Velasquez*	
Commissioner, Precinct 1	Ron Davis	
Commissioner, Precinct 1 (Spouse).....	Annie Davis.....	Seton Hospital
Executive Assistant.....	Chris Fanuel	
Executive Assistant.....	Felicita Chavez	
Commissioner, Precinct 2	Karen Sonleitner	
Executive Assistant	Gretchen Vaden	
Executive Assistant	Ann Denkler	
Commissioner, Precinct 3	Gerald Daugherty	
Commissioner, Precinct 3 (Spouse).....	Charlyn Daugherty	Commemorative Brands, Inc.
Executive Assistant.....	Robert Moore	
Executive Assistant.....	Martin Zamzow*	
Commissioner, Precinct 4	Margaret Gomez	
Executive Assistant.....	Edith Moreida	
Executive Assistant.....	Joe Vela	
County Treasurer.....	Dolores Ortega-Carter	
County Auditor	Susan Spataro	
Executive Manager, Administrative.....	Alicia Perez	
Executive Manager, Budget & Planning.....	Christian Smith	
Exec. Manager, Health/Human Services.....	Sherri E. Fleming	
Executive Manager, TNR	Joseph Gieselman	
Travis County Attorney	David Escamilla	
First Assistant County Attorney	Randy Leavitt	
Executive Assistant, Civil Division	Jim Collins	
Director, Transactions Division	John Hille	
Attorney, Transactions Division	Tamara Armstrong	
Attorney, Transactions Division	Tom Nuckols	
Attorney, Transactions Division	Mary Etta Gerhardt	
Attorney, Transactions Division	Barbara Wilson	
Attorney, Transactions Division	Jim Connolly	
Attorney, Transactions Division	Tenley Aldredge	
Attorney, Transactions Division	Julie Joe	
Attorney, Transactions Division	Stacy Wilson	
Purchasing Agent	Cyd Grimes, C.P.M.	
Assistant Purchasing Agent	Marvin Brice, CPPB*	
Assistant Purchasing Agent.....	Bonnie Floyd, CPPB	
Purchasing Agent Assistant IV	Diana Gonzalez*	
Purchasing Agent Assistant IV	Lee Perry	
Purchasing Agent Assistant IV	Jason Walker*	
Purchasing Agent Assistant IV	Richard Villareal	
Purchasing Agent Assistant IV	Oralia Jones, CPPB	
Purchasing Agent Assistant IV	Lori Clyde, CPPB	
Purchasing Agent Assistant IV	Vacant	

CURRENT - continued

Position Held	Name of Individual	Holding Office/Position	Name of Business Individual is Associated
Purchasing Agent Assistant III	Jorge Talavera*		
Purchasing Agent Assistant III	Michael Long, CPPB		
Purchasing Agent Assistant III	Rebecca Gardner		
Purchasing Agent Assistant III	Rosalinda Garcia		
Purchasing Agent Assistant III	Loren Breland		
Purchasing Agent Assistant II	Donald E. Rollack		
Purchasing Agent Assistant II	Vacant		
Purchasing Agent Assistant II	Nancy Barchus*		
HUB Coordinator	Sylvia Lopez		
HUB Specialist	Betty Chapa		
HUB Specialist	Jerome Guerrero		
Business Analyst II	Scott Worthington		

FORMER EMPLOYEES

Position Held	Name of Individual	Holding Office/Position	Date of Expiration
Executive Assistant	Cheryl Aker		07/27/06
Purchasing Agent Assistant II	Mannuel Perez		07/29/06
Purchasing Agent Assistant IV	Sylvia Gonzalez		08/12/06
Assistant Purchasing Agent	Frank Holder		01/31/07

* - Identifies employees who have been in that position less than a year.

DISCLOSURE/WARRANT

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

CONTRACTOR: HEWLETT-PACKARD COMPANY

Contractor acknowledges that Contractor is doing business or has done business during the 365 day period immediately prior to the date on which this contract is signed, or will do business during the contract term with the following key persons and warrants that these are the only such key persons:

If no one is listed above, Contractor warrants that Contractor is not doing business and has not done business during the 365 day period immediately period to the date on which this contract is signed with any key person.

If Contractor does business with any key person during the contract term, Contractor will so notify County immediately in writing.

ATTACHMENT D - REPORTING FORM - AGREEMENT BENEFITS NOTICE
TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM

REPORTING YEAR: _____ (YEAR _____ OUT OF 10)

Company shall complete the following pursuant to the applicable terms of the Agreement.

1. CONSTRUCTION COMMENCEMENT AND COMPLETION

A. Commencement/remodeling construction on Project and Date Certificate of Occupancy Issued: (no later than October 31, 2007)	<u>Agreement Requirement</u> October 31, 2007	<u>Actual Date</u> _____
---	--	-----------------------------

2. AMOUNT OF INVESTMENT

	<u>Agreement Requirement</u>	<u>Actual Amount</u>
A. Total amount of investment: (This amount must equal at least the amount specified in Section 5.1.1(c) for Company to receive benefits under the Agreement - amounts are minimum and cumulative)	Year 1 \$ <u>66 million</u>	\$ _____
	Year 2 \$ <u>153 million</u>	\$ _____
	Year 3 \$ <u>23 million</u>	\$ _____
	Year 4 \$ <u>8 million</u>	\$ _____

3. EMPLOYEES

	<u>Agreement Requirement</u>	<u>Actual Number FTE's</u>
A. Total Number of Full Time Employees (FTE's) for the reporting year (Must equal the numbers specified in Section 5.1.1(b))	By 10/1/08 <u>40 / 32</u>	_____
	By 10/1/09 <u>70 / 56</u>	_____
	By 10/1/10 <u>70 / 56</u>	_____
	By 10/1/11 and thereafter <u>140/112</u>	_____

4. SALARY [Section 5.1.1(b)(v)]

	<u>Agreement Requirement</u>	<u>Actual Average</u>
A. Average salary for FTE's	<u>\$60,000.00</u>	_____

All employment figures must be collected and maintained by Company, certified as accurate by the Company's Chief Financial Officer and supported by documentation as set forth in Section 5.7.2(e).

5. AGREEMENT BENEFITS

	<u>Real Property & Improvements</u>	<u>Eligible Equipment & Personal Property</u>
A. Travis County Ad Valorem Taxes Assessed for this Reporting Year:	\$ _____	\$ _____
B. Effective Year Travis County Ad Valorem Taxes Paid/Assessed (Real Property only)	\$ _____	\$ _____
C. Incremental Tax Value (Difference between "A" and "B")	\$ _____	\$ _____
D. Agreement Benefits Claimed by Company (Attach worksheet showing determination pursuant to Agreement terms - Section 4.1.1)	<u>Real Property & Improvements</u> \$ _____	<u>Eligible Equipment & Personal Property</u> \$ _____

I, Company's authorized representative, hereby certify that the above information is correct and accurate pursuant to the terms of this Agreement:

 Printed Name: _____
 Title *: _____ Date: _____

*Chief Financial Officer (or equivalent)

DAVID A. ESCAMILLA
COUNTY ATTORNEY

RANDY T. LEAVITT
FIRST ASSISTANT

JAMES W. COLLINS
EXECUTIVE ASSISTANT

314 W. 11TH, STREET
GRANGER BLDG., SUITE 420
AUSTIN, TEXAS 78701

P. O. BOX 1748
AUSTIN, TEXAS 78767

(512) 854-9513
FAX: (512) 854-4808



TRANSACTIONS DIVISION

JOHN G. HILLE, JR., DIRECTOR †

BARBARA J. WILSON

MARY ETTA GERHARDT

TOM NUCKOLS *

TAMARA ARMSTRONG

JAMES M. CONNOLLY

TENLEY A. ALDREDGE

JULIE JOE

† Member of the College
of the State Bar of Texas
*Board Certified
Commercial Real Estate Law
Texas Board of Legal Specialization

March 24, 2008

Christian Smith, Executive Manager
Travis County Planning and Budget
P. O. Box 1748
Austin, Texas 78767

RE: Economic Development Agreements With
Hewlett-Packard Company
Tandem and Ed Bluestein Sites

Dear Christian:

Enclosed are three (3) originals each of the amendments to the Hewlett-Packard agreements which have been signed by Hewlett-Packard. These just change contract language to include the correct amount of investment value for each project. Please submit to the Commissioners Court for consideration. I would recommend agenda language:

Consider and take appropriate action on amendments to the Economic Development Agreements with Hewlett-Packard Company for developments at the Tandem and Ed Bluestein sites.

Let me know if there is anything else that I need to do to assist.

Sincerely,

Mary Etta Gerhardt
Assistant County Attorney

AMENDMENT NUMBER TWO OF ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN TRAVIS COUNTY AND
HEWLETT-PACKARD COMPANY
[Tandem Site]

This Amendment Number 2 ("Amendment 2") of Agreement is entered into by the following Parties: Travis County, a political subdivision of the State of Texas ("County") and Hewlett-Packard Company, a Delaware corporation duly authorized to transact business in Texas ("Company").

County and Company entered into an agreement, effective May 23, 2006, pursuant to Chapter 381, TEXAS LOCAL GOVERNMENT CODE, Chapter 312, TEXAS TAX CODE, and other applicable law whereby Company would develop a data center facility pursuant to the terms of said agreement. Said agreement was amended by that certain Amendment of Economic Development Agreement effective as of May 23, 2006, executed by the County and the Company (said original agreement as so amended by said amendment being herein called the "Agreement").

County and Company agree that the Agreement fails to conform to the understanding between the Parties as a result of a scrivener's error and mutual mistake of the Parties.

The Agreement provided for amendment of the Agreement by the written agreement of the Parties.

County and Company desire to amend the Agreement to reflect certain mutually agreed upon changes in the Agreement necessary to correct a scrivener's error.

NOW, THEREFORE, in order to correct the scrivener's error and mutual mistake of the Parties and to accurately reflect the understanding of the agreement between the Parties, and in consideration of the mutual benefits received by these changes, and other good and adequate consideration as specified herein, the Parties agree to amend the Agreement as follows:

1.0 COMPANY PERFORMANCE

1.1 Components of Project Development - Required Components. County and Company agree to amend Section 5.1.1(c), "Value - Investment" by deleting the total of \$125,000,000.00 in the table and replacing it with the correct amount of \$250,000,000.00. All remaining portions of the subsection not specifically changed by this Section 1.1 of this Amendment 2 shall remain as originally set forth.

2.0 INCORPORATION

2.1 County and Company hereby incorporate the Agreement into this Amendment 2. Except for the changes made in this Amendment 2, County and Company hereby ratify all the

terms and conditions of the Agreement as amended herein. The Agreement with the changes made in this Amendment 2 constitutes the entire agreement between the Parties and supersedes any prior undertaking or written or oral agreements or representations between the Parties.

3.0 EFFECTIVE DATE

3.1 This Amendment 2 is effective May 23, 2006, when it is approved and signed by both of the Parties. The Agreement, as amended, shall remain in effect until further modified or terminated in writing by the Parties, or until the termination date.

TRAVIS COUNTY

HEWLETT-PACKARD COMPANY

By: Samuel T. Biscoe
Samuel T. Biscoe
County Judge

By: [Signature]
Printed Name: HERN GARY
Title:

Date: 4.1.08

Date: 3/17/08

AMENDMENT NUMBER TWO OF ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN TRAVIS COUNTY AND
HEWLETT-PACKARD COMPANY
[Tandem Site]

This Amendment Number 2 ("Amendment 2") of Agreement is entered into by the following Parties: Travis County, a political subdivision of the State of Texas ("County") and Hewlett-Packard Company, a Delaware corporation duly authorized to transact business in Texas ("Company").

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County and Company agree that the Agreement fails to conform to the understanding between the Parties as a result of a scrivener's error and mutual mistake of the Parties.

The Agreement provided for amendment of the Agreement by the written agreement of the Parties.

County and Company desire to amend the Agreement to reflect certain mutually agreed upon changes in the Agreement necessary to correct a scrivener's error.

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1.0 COMPANY PERFORMANCE

1.1 Components of Project Development - Required Components. County and Company agree to amend Section 5.1.1(c), "Value - Investment" by deleting the total of \$125,000,000.00 in the table and replacing it with the correct amount of \$250,000,000.00. All remaining portions of the subsection not specifically changed by this Section 1.1 of this Amendment 2 shall remain as originally set forth.

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3.0 EFFECTIVE DATE

3.1 This Amendment 2 is effective May 23, 2006, when it is approved and signed by both of the Parties. The Agreement, as amended, shall remain in effect until further modified or terminated in writing by the Parties, or until the termination date.

TRAVIS COUNTY

HEWLETT-PACKARD COMPANY

By: Samuel T. Biscoe
Samuel T. Biscoe
County Judge

By: [Signature]
Printed Name: Ken Gray
Title:

Date: 4-1-08

Date: 3/17/08

AMENDMENT NUMBER 2 OF ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN TRAVIS COUNTY AND
HEWLETT-PACKARD COMPANY
[Ed Bluestein Site]

This Amendment Number 2 ("Amendment 2") of Agreement is entered into by the following Parties: Travis County, a political subdivision of the State of Texas ("County") and Hewlett-Packard Company, a Delaware corporation duly authorized to transact business in Texas ("Company").

County and Company entered into an agreement, effective May 23, 2006, pursuant to Chapter 381, TEXAS LOCAL GOVERNMENT CODE, Chapter 312, TEXAS TAX CODE, and other applicable law whereby Company would develop a data center facility pursuant to the terms of said agreement. Said agreement was amended by that certain Amendment of Economic Development Agreement effective as of May 23, 2006, executed by the County and the Company (said original agreement as so amended by said amendment being herein called the "Agreement").

County and Company agree that the Agreement fails to conform to the understanding between the Parties as a result of a scrivener's error and mutual mistake of the Parties.

The Agreement provided for amendment of the Agreement by the written agreement of the Parties.

County and Company desire to amend the Agreement to reflect certain mutually agreed upon changes in the Agreement necessary to correct a scrivener's error.

NOW, THEREFORE, in order to correct the scrivener's error and mutual mistake of the Parties and to accurately reflect the understanding of the agreement between the Parties, and in consideration of the mutual benefits received by these changes, and other good and adequate consideration as specified herein, the Parties agree to amend the Agreement as follows:

1.0 COMPANY PERFORMANCE

1.1 Components of Project Development - Required Components. County and Company agree to amend Section 5.1.1(c), "Value - Investment" by deleting the total of \$125,000,000.00 in the table and replacing it with the correct amount of \$250,000,000.00. All remaining portions of the subsection not specifically changed by this Section 1.1 of this Amendment 2 shall remain as originally set forth.

2.0 INCORPORATION

2.1 County and Company hereby incorporate the Agreement into this Amendment 2. Except for the changes made in this Amendment 2, County and Company hereby ratify all the

terms and conditions of the Agreement as amended herein. The Agreement with the changes made in this Amendment 2 constitutes the entire agreement between the Parties and supersedes any prior undertaking or written or oral agreements or representations between the Parties.

3.0 EFFECTIVE DATE

3.1 This Amendment 2 is effective May 23, 2006, when it is approved and signed by both of the Parties. The Agreement, as amended, shall remain in effect until further modified or terminated in writing by the Parties, or until the termination date.

TRAVIS COUNTY

HEWLETT-PACKARD COMPANY

By: Samuel T. Biscoe
Samuel T. Biscoe
County Judge

Date: 4.1.08

By: [Signature]
Printed Name: Ken Gray
Title:

Date: 3/17/08

AMENDMENT NUMBER 2 OF ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN TRAVIS COUNTY AND
HEWLETT-PACKARD COMPANY
[Ed Bluestein Site]

This Amendment Number 2 ("Amendment 2") of Agreement is entered into by the following Parties: Travis County, a political subdivision of the State of Texas ("County") and Hewlett-Packard Company, a Delaware corporation duly authorized to transact business in Texas ("Company").

County and Company entered into an agreement, effective May 23, 2006, pursuant to Chapter 381, TEXAS LOCAL GOVERNMENT CODE, Chapter 312, TEXAS TAX CODE, and other applicable law whereby Company would develop a data center facility pursuant to the terms of said agreement. Said agreement was amended by that certain Amendment of Economic Development Agreement effective as of May 23, 2006, executed by the County and the Company (said original agreement as so amended by said amendment being herein called the "Agreement").

County and Company agree that the Agreement fails to conform to the understanding between the Parties as a result of a scrivener's error and mutual mistake of the Parties.

The Agreement provided for amendment of the Agreement by the written agreement of the Parties.

County and Company desire to amend the Agreement to reflect certain mutually agreed upon changes in the Agreement necessary to correct a scrivener's error.

NOW, THEREFORE, in order to correct the scrivener's error and mutual mistake of the Parties and to accurately reflect the understanding of the agreement between the Parties, and in consideration of the mutual benefits received by these changes, and other good and adequate consideration as specified herein, the Parties agree to amend the Agreement as follows:

1.0 COMPANY PERFORMANCE

1.1 Components of Project Development - Required Components. County and Company agree to amend Section 5.1.1(c), "Value - Investment" by deleting the total of \$125,000,000.00 in the table and replacing it with the correct amount of \$250,000,000.00. All remaining portions of the subsection not specifically changed by this Section 1.1 of this Amendment 2 shall remain as originally set forth.

2.0 INCORPORATION

2.1 County and Company hereby incorporate the Agreement into this Amendment 2. Except for the changes made in this Amendment 2, County and Company hereby ratify all the

terms and conditions of the Agreement as amended herein. The Agreement with the changes made in this Amendment 2 constitutes the entire agreement between the Parties and supersedes any prior undertaking or written or oral agreements or representations between the Parties.

3.0 EFFECTIVE DATE

3.1 This Amendment 2 is effective May 23, 2006, when it is approved and signed by both of the Parties. The Agreement, as amended, shall remain in effect until further modified or terminated in writing by the Parties, or until the termination date.

TRAVIS COUNTY

HEWLETT-PACKARD COMPANY

By: Samuel T. Biscoe
Samuel T. Biscoe
County Judge

By: [Signature]
Printed Name: Ken Gray
Title:

Date: 4-1-08

Date: 3/17/08

DAVID A. ESCAMILLA
COUNTY ATTORNEY

STEPHEN H. CAPELLE
FIRST ASSISTANT

JAMES W. COLLINS
EXECUTIVE ASSISTANT

314 W. 11TH, STREET
GRANGER BLDG., SUITE 420
AUSTIN, TEXAS 78701

P. O. BOX 1748
AUSTIN, TEXAS 78767

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TRANSACTIONS DIVISION

JOHN C. HILLE, JR., DIRECTOR †

BARBARA J. WILSON

MARY ETTA GERHARDT

TENLEY A. ALDREDGE

JAMES M. CONNOLLY

DANIEL BRADFORD

† Member of the College
of the State Bar of Texas

May 14, 2012

Honorable Samuel T. Biscoe
Travis County Judge
P. O. Box 1748
Austin, Texas 78767

RE: Hewlett Packard Amendment
Agenda Item # 18A
January 31, 2012

Dear Judge Biscoe:

Enclosed are two fully executed originals of the amendment to the agreements between Travis County and Hewlett Packard for economic development. Please distribute as appropriate.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Etta Gerhardt".

Mary Etta Gerhardt
Assistant County Attorney

CC: Katie Peterson, PBO

AMENDMENT OF ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN TRAVIS COUNTY AND
HEWLETT-PACKARD COMPANY
[Tandem and Ed Bluestein Sites]

This Amendment ("Amendment") of Agreements is entered into by the following Parties: Travis County, a political subdivision of the State of Texas ("County") and Hewlett-Packard Company, a Delaware corporation duly authorized to transact business in Texas ("Company").

County and Company entered into two agreements, effective May 23, 2006, pursuant to Chapter 381, TEXAS LOCAL GOVERNMENT CODE, Chapter 312, TEXAS TAX CODE, and other applicable law whereby Company would develop data center facilities on sites designated as the Ed Bluestein Site ("Ed Bluestein Agreement") and the Tandem Site ("Tandem Agreement") pursuant to the terms of the respective agreement (collectively referred to as the "Original Agreements").

The Original Agreements provided for amendment by the written agreement signed by both of the Parties.

Pursuant to the terms, the Parties have agreed to amend the Original Agreements previously (said Original Agreements as so amended by those amendments collectively now being herein called the "Agreements").

County and Company desire to again the Agreements to reflect the change in terms as agreed to by the Parties. This Amendment is intended to reflect the change in terms in both the Ed Bluestein Agreement and the Tandem Agreement.

NOW, THEREFORE, in consideration of the mutual benefits received by these changes, and other good and adequate consideration as specified herein, the Parties amend the Agreement as follows:

1.0 EFFECT OF AMENDMENT ON AGREEMENTS

1.1 The Parties understand and agree that this Amendment will be effective as to changes in both the Ed Bluestein Agreement and the Tandem Agreement. as both have been previously amended.

2.0 COMPANY PERFORMANCE

2.1 **Required Components - Jobs - Total Number of Jobs.** As to Section 5.1.1(b)(i), the Parties agree to amend the Original Agreements so that all requirements related to the number of FTE's required to be created and maintained by Company will be considered on the basis of the totals from both the Ed Bluestein Site and the Tandem Site, with the average from the two sites being applied to determine compliance with the Agreement terms. For example, if each agreement requires a total of no fewer than 112 employees, Company may take the total of the FTE's from the Ed Bluestein Site and the total of FTE's from the Tandem Site, add those together, and take the average to determine compliance as to both Agreements. As long as the average of the totals from the two sites equals 112 or more for the applicable year, the Company will be

deemed to be in compliance. This concept will apply to all provisions in the Agreements which address FTE's.

2.2 Required Components - Jobs - Average Salary. As to Section 5.1.1(b)(v), the Parties agree to amend the Agreements so that all requirements related to the average salary of Company FTE's will be considered on the basis of the totals from both the Ed Bluestein Site and the Tandem Site, with the average from the two sites being applied to determine compliance with the Agreement terms. For example, if each agreement requires an average salary of \$60,000 per year with benefits, the Company may take the total of the salaries from the Ed Bluestein Site and the total of salaries from the Tandem Site, add those together, and take the average to determine compliance as to both Agreements. As long as the average from the two sites equals \$60,000 for the applicable year, the Company will be deemed to be in compliance. This concept will apply to all provisions in the Agreements which address salaries.

2.3 Required Components - Value/Investment.

2.3.1 Average From Both Sites. As to Section 5.1.1(c), "Value - Investment," the Parties agree to amend the Agreements so that all requirements related to "Value - Investment" ("Investment") in real property improvements, facilities and structures, business personal property and non-capital expenditures, the Investment required to be made by the Company will be considered on the basis of the totals from both the Ed Bluestein Site and the Tandem Site, with the average from the two sites being applied to determine compliance with the Agreement terms. For example, if each agreement requires an annual Investment of \$23,000,000, Company may take the total of the investment made at the Ed Bluestein Site and the total Investment made at the Tandem Site, add those together, and take the average to determine compliance as to both Agreements. As long as the average Investment from both sites equals \$23,000,000 for the applicable year, the Company will be deemed to be in compliance. This concept will apply to all provisions in the Agreements which address Investment.

2.3.2 Pro-Rata Reduction. The Parties agree to amend Section 5.1.1(c), "Value-Investment," by adding the following:

5.1.1(c)(i) Reduction. If, at any time during the Agreement, the amount of Investment reported by Company is less than the total required under Section 5.1.1(c) of the Agreement (utilizing the averaging technique agreed to in Section 2.3 of this Amendment), as a penalty, the amount of annual Agreement Benefits granted by County shall be decreased such that Company's benefit for that year shall be a percentage of the amount that would otherwise have been applicable for that year calculated as follows:

Actual amount of Investment divided by
Amount required by the agreement
Times 60
Equals
The percentage of abatement to be granted.

For example, if the required Investment is \$500 million, and the amount of the actual Investment is \$475 million, then the abatement percentage would be:

$$\begin{array}{r} (475 \div 500) \quad X \quad 60 \text{ or} \\ \quad \quad \quad .95 \quad \quad X \quad 60 \quad = \quad 57 \end{array}$$

meaning that the percentage of abatement for that reporting year would be 57%.

5.1.1(c)(ii) Reduction Limitation. This Section 2.3.2 notwithstanding, if the investment by Company in any year is less than the required amount by more than fifteen percent (15%), Company will be considered out of compliance with the Agreement, and subject to Termination under Section 8.0 of this Agreement.

2.4 **Adjacent Property.** The Parties agree that jobs referred to in Sections 2.1 and 2.2 of this Amendment include those jobs at the original Tandem and Ed Bluestein sites as well as those jobs at the "Adjacent Property" site referenced in the previous amendment to the Tandem Agreement ("Tandem Amendment"). As agreed in the Tandem Amendment, investment or construction compliance requirements do not include anything related to the Adjacent Property.

3.0 **REPORTING FORM**

3.1 **Attachment D, "Reporting Form."** The Parties agree to amend Attachment D as to each Agreement as follows:

- 3.1.1 Section 2, "Amount of Investment." Amend by adding the following:
B. If Company is utilizing averaging of amounts as to both the Ed Bluestein Site and the Tandem Site, Company will attach a worksheet showing the applicable numbers for each site and the average being submitted for compliance purposes.
- 3.1.2 Section 3, "Employees." Amend by adding the following:
B. If Company is utilizing averaging of numbers of FTE's as to both the Ed Bluestein Site and the Tandem Site, Company will attach a worksheet showing the applicable numbers for each site and the average being submitted for compliance purposes.
- 3.1.3 Section 4, "Salary." Amend by adding the following:
B. If Company is utilizing averaging of salaries as to both the Ed Bluestein Site and the Tandem Site, Company will attach a worksheet showing the applicable numbers for each site and the average being submitted for compliance purposes.

4.0 **INCORPORATION**

4.1 County and Company hereby incorporate the Agreement into this Amendment. Except for the changes made in this Amendment, County and Company hereby ratify all the terms and conditions of the Agreement as amended herein. The Agreement with the changes made in this Amendment constitutes the entire agreement between the Parties and supersedes any prior undertaking or written or oral agreements or representations between the Parties.

5.0 EFFECTIVE DATE

3.1 This Amendment is effective _____, _____, when it is approved and signed by both of the Parties. The Agreement, as amended, shall remain in effect until further modified or terminated in writing by the Parties, or until the termination date.

TRAVIS COUNTY

HEWLETT-PACKARD COMPANY

By: Samuel T. Biscoe
Samuel T. Biscoe
County Judge

By: [Signature]
Printed Name: REN GRAY
Title: VP NPIT

Date: 3-1-12

Date: 3-21-12