

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Economic and International Development Department

AGENDA DATE: CCA Regular, August 23, 2016

CONTACT PERSON/PH. No.: Cary Westin, Managing Director 915-212-1614

DISTRICT(S) AFFECTED: District 8

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

That the City Manager be authorized to sign the Third Amendment to the Economic Development Program Grant Agreement between the City of El Paso and The Hub of Human Innovation Inc. allowing the parties to revise various portions of the Agreement to expand the breadth and impact of Applicant's endeavors; while providing a marketing plan and metrics to better assist the City in crafting its growth policies. (District 8) [Economic and International Development Department, Cary Westin Managing Director 915-212-1614.]

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

In August of 2011, the City of El Paso entered into a Chapter 380 agreement with The Hub of Human Innovation for the creation of a technology incubator that nurtures the development of startup and early stage companies through support services and custom tailored resources.

In order to increase the visibility of the services that the Hub of Human Innovation provides, two new metrics are being implemented in the proposed third amendment. The proposed new metrics include Seminar/Networking Events for Entrepreneur's, Innovator's, and Directed Skill Development Training. The two new metrics will replace the number of employees required on an annual basis by the Hub's client companies. The directed seminars and trainings will increase the Hub's impact on the community, which will lead to an increased numbers of companies created and incubated. The Hub of Human Innovation must meet 6 of 6 metrics; they will formalize a marketing plan listing the outreach effort which will specify seminars, trainings, workshops and collaboration with local partners and organizations within the region.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

A Chapter 380 Economic Development Program Grant agreement was previously approved by Council on August 9, 2011. The 1st amendment was approved on March 19, 2013 and the 2nd amendment was approved on August 18, 2015.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

Impact Fund - \$1, 000,000 over 4 years, not to exceed a maximum of \$250,000 annual payment.

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD: _____

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Manager be authorized to sign the Third Amendment to the Economic Development Program Grant Agreement between the City of El Paso and The Hub of Human Innovation Inc. allowing the parties to revise various portions of the Agreement to expand the breadth and impact of Applicant’s endeavors; while providing a marketing plan and metrics to better assist the City in crafting its growth policies.

APPROVED this _____ day of _____, 2016.

CITY OF EL PASO

Oscar Leeser
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

Juan S. González
Assistant City Attorney

APPROVED AS TO CONTENT:

Cary S. Westin, Managing Director
Economic & International Development

- a) Delete SECTION 4.B.5.(c).
- b) Revise SECTION 4. B. 5.(d) to read as follows:

(d) Full-time Employee Compensation at New Client Companies.

Minimum average compensation of full-time employees of New Client Companies (Companies signed by Applicant during the below defined year) by year end to fall within the stated range:

Extension Year 1 2015-2016	Extension Year 2 2016-2017	Extension Year 3 2017-2018	Extension Year 4 2018-2019
\$34,000-\$39,000	\$33,500-\$38,000	\$33,000-\$37,000	\$32,500-\$36,000

- c) Add SECTION 4. B. 5.(f) which reads as follows:

(f) Entrepreneur/Innovator-Specific Seminar/Networking Events. Applicant will deliver workshops, seminars, and networking events that benefit the below enumerated entrepreneurs/innovators. An Entrepreneur is a person who has an idea which they want to start an enterprise, or have started and enterprise/business, and is willing to *risk* loss in order to make it a success. An Innovator is someone who develops a new design, product, idea, and /or process. The purpose of these events is to increase the impact that The Hub has on the community by touching more entrepreneurs and innovators.

YEAR	2015-2016	2016-2017	2017-2018	2018-2019
# of ATTENDEES	400	400	400	400

Report must include narrative of workshops and seminars delivered, along with detailed sign-in sheet showing proof of attendance of no less than 400 entrepreneurs. Sign-in sheet must include entrepreneur’s first and last names, company name or idea, contact information, date of attendance, and the seminar/networking event attended.

- d) Add SECTION 4. B. 5. (g) which reads as follows:

(g) Directed Skill Development Training. Applicant will provide directed training for skill development that benefits the below enumerated entrepreneurs/innovators. These training sessions will lead to increased numbers of companies created and incubated which will lead to increased capital investment, revenue generation, and job growth in our community.

YEAR	2015-2016	2016-2017	2017-2018	2018-2019
# of Training Recipients	50	70	90	115

Report must include schedule and syllabus of skill development training sessions, application or registration, a certificate of completion (which will also be provided to attendees), along with detailed sign-in sheet showing proof of attendance of no less than

the amount of training recipients shown in the above table for each respective fiscal year. Sign-in sheet must include training recipient's first and last name, company name or idea, contact information for each training session attended.

- e) Revise the last paragraph of SECTION 4. B. 5. to read as follows:

Submission of the required reports is a condition of continued receipt of the Grant. Quarterly progress reports and annual year-end reports are due within 60 days of the end of the respective reporting period. Reporting periods will parallel the City's fiscal year.

Applicant agrees to present a Metrics Progress Report to Council twice a year: a mid-year report which will be presented on or after May 31, a year-end report, and formalized marketing plan; both of which will be presented on or after November 30.

- f) Revise SECTION 5. B. Performance Indicator Evaluation to read as follows:

B. Performance Indicator Evaluation. City shall evaluate Applicant's performance based upon the Performance Indicators stated in Section 4.B. (5) and shall score each indicator as either "Favorable" (meaning Applicant has met or exceeded the Performance Indicator) or "Unsatisfactory" (meaning Applicant has failed to meet the Performance Indicator). Fractional metrics will be rounded down to the next whole number (e.g. 12.5 FTEs will be rounded down to 12 FTEs). Grantee must score "Favorable" in six (6) of the six (6) Performance Indicators (the "scoring threshold"):

1. If Applicant is unable to score "Favorable" in all six Performance Indicators and has one Unsatisfactory Performance Indicator which is not less than 50% of the expected deliverable; payment to Applicant will not be reduced as described in 2. below. A Performance Indicator scoring less than 50% will be considered an Event of Default, subject to the provisions stated in Section 8.

2. If Applicant fails to meet the "Favorable" scoring threshold described above in Section 5. B. and Section 5. B. 1., by the year-end reporting period, the Grant payment amount requested each month during the successive year for a maximum reduction of Sixty-Two Thousand, Five Hundred and 00/100 dollars (\$62,500) which will equate to a twenty-five percent (25%), reduction against the prior Grant payment disbursements for that year. Should Applicant meet the "Favorable" scoring threshold per subsequent quarterly reporting period, the 25% reduction will cease and payments to applicant will be restored to the full amount.

Notwithstanding the foregoing, if Applicant fails to meet the "Favorable" scoring threshold for two consecutive funding years, such failure shall constitute an event of default, if not cured, contract may be terminated.

Except as amended herein, the Agreement, 1st Amendment, and 2nd Amendment between the City and Applicant shall remain in full force and effect.

IN WITNESS WHEREOF, the City and Applicant hereunto set their hands this _____
day of _____, 2016.

CITY OF EL PASO:

Tomás González
City Manager

APPROVED AS TO FORM:

Juan S. González
Assistant City Attorney

APPROVED AS TO CONTENT:

Cary Westin
Managing Director,
Economic and International Development

**APPLICANT:
HUB FOR HUMAN INNOVATION,
INC.**



Name: Gary E. Williams

Title: Board Chairman

Date: 8/15/13

[Acknowledgements begin on the following page]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF EL PASO §

This instrument was acknowledged before me on the _____ day of _____, 2016, by **Tomás González** as **City Manager** of the **City of El Paso, Texas (CITY)**.

Notary Public, State of Texas
Name printed: _____

My Commission Expires:

ACKNOWLEDGMENT

STATE OF _____ §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2016, by **Gary E. Williams**, as **Board Chairman** of the **HUB FOR HUMAN INNOVATION, INC.**

Notary Public, State of _____

My Commission Expires:

Exhibit A

**Economic Development Program Grant Agreement
of the City of El Paso**

Dated August 9, 2011

C. **City.** The word "City" means the City of El Paso, Texas.

D. **Client Company.** The words "Client Company" mean: (i) an entity which has contracted with the Applicant to receive business incubation services, which are consistent with the operation of the Project or (ii) an entity which has its operation in the El Paso region, is a viable business concern, and has received services from Applicant during the term of this Agreement.

E. **Full-Time Employee.** The words "Full-Time Employee" mean a person holding a job requiring a minimum of two thousand and eighty (2,080) hours of work averaged over a twelve (12) month period, including allowance for vacation and sick leave, with full company benefits.

F. **Grant.** The word "Grant" means any payment to Applicant under the terms and conditions of this Agreement and being payable from general revenue funds available from the City's Impact Fund account derived from the El Paso Electric Company franchise fee paid to the City of El Paso pursuant to the Franchise Agreement adopted by Ordinance No. 017460.

G. **Grant Submittal Package.** The words "Grant Submittal Package" mean the documentation required to be supplied to the City on a monthly basis as a condition of receipt of any Grant payment, with such documentation more fully described in Exhibit "A", which is attached hereto and incorporated herein for all purposes.

SECTION 2. TERM

The term of this Agreement shall commence on the Effective Date (as hereinafter defined) and shall terminate on the first to occur: (i) four (4) years from the Effective Date, plus such additional time thereafter as may be necessary to process the final quarterly Grant payment pursuant to the procedures described in Sections 4 and 5 below; or (ii) the proper termination of this Agreement in accordance with the applicable provisions contained herein, or (iii) termination by mutual consent of the parties in writing. The Effective Date of this Agreement shall be the date upon which both parties have fully executed this Agreement.

SECTION 3. AGREEMENT PURPOSE

The purpose of the Grant is to provide Applicant with capitalization funds for actual and reasonable costs incurred in operating a technology business incubator in downtown El Paso, which will support local entrepreneurship and innovation development and accelerate economic development efforts in El Paso, including, but not limited to, accelerating the creation of high-technology firms operating in the El Paso region in those targeted industries (the "Project"). For purposes of this Agreement, targeted industries are those industries directly related to the fields of life sciences, biomedical science, clean tech and clean energy technologies, Defense/Homeland Security, Automotive, and Advanced Manufacturing. The Project is anticipated to promote local

economic development and stimulate business and commercial activity in the City of El Paso.

SECTION 4. OBLIGATIONS OF APPLICANT

A. Project Requirements. Applicant agrees to maintain and operate the technology incubator, at its sole cost and expense, at 500 W. Overland Avenue, El Paso, Texas and specifically, to perform the following obligations with respect to operation of the technology incubator:

1. Applicant will provide high-quality technology incubation services on behalf of client companies and graduate companies, as applicable, to include, as appropriate:

(a) infrastructure services (e.g., use of facilities, furniture, high-speed internet access, mail delivery, conference rooms, telephone service, shared services, and other facility-related benefits);

(b) operational support services (e.g., in-kind professional support, accounting/financial management, human resources, and legal); and

(c) strategic support services (e.g., strategic partner networks, entrepreneurial education and training, access to investor financing and capitalization, product development, commercialization, and marketing, intellectual property strategy, business strategy and planning, links to higher education, specific-sector expertise, and linkages to mentors, advisory teams, and potential board of directors candidates).

2. During the term of this Agreement, Applicant will establish contractual obligations in its service contracts with its client companies for the provision of data and information necessary for Applicant to complete the documentation required for each Grant Submittal Package.

3. Applicant will develop a workable selection process for client companies, which is well communicated and appropriate to the mission and the context of the technology incubator and correlated to specific product and business criteria for prospective client companies.

4. Applicant agrees to use its best good faith efforts to obtain funding from other non-governmental funding sources as those funding opportunities become available.

5. Applicant agrees to seek out opportunities for collaboration and partnership with entities involved in expansion of the targeted industries in El Paso, Texas, and specifically, entities affiliated with the Medical Center of the Americas regional campus as a priority activity.

B. Compensation, Reporting and Compliance.

1. Applicant will perform services for the Project within the monetary limits contained in Exhibit "B" (the "Project Budget"), attached hereto and incorporated by reference herein for all purposes. In no event shall compensation to the Applicant exceed the lesser of Applicant's costs attributable to the work performed in the budget year, or the monetary limits described in Section 5 of this Agreement nor shall the City pay for expenses or services which are or will be reimbursed by another funding source or for services which are not performed. However, Applicant may make transfers of funds between or among budget categories for the given budget year as contained in Exhibit "B", subject to the approval of the City Manager or designee, provided that:

(a) The dollar amount of all transfers among existing categories is equal to or less than ten percent (10%) of the total amount of the Grant funding allocated for the budget year;

(b) The transfer will not change the scope or objective of the Project funded under this Agreement; and

(c) Applicant submits a written request for the revision of the Project Budget, which must contain a complete explanation and justification of changes made, and is subject to the approval of the City Manager or designee. The revised Project Budget will substitute the original Project Budget (or any prior revised Project Budget) upon the City Manager or designee's approval and acceptance thereof, without the need for a written amendment to this Agreement.

2. On a monthly basis, Applicant will complete and submit a Grant Submittal Package in the form attached hereto as Exhibit "A", together with the requisite verifiable documentation, in order to request disbursement of Grant funds as a reimbursement for the costs of services provided pursuant to this Agreement in the prior monthly period. In order to receive a disbursement of the Grant, Applicant must submit a Grant Submittal Package. Only Grant payments reflecting those actual costs which are allowable under the terms of this Agreement and the approved Project Budget shall be disbursed and in no event may the total aggregate of Grant payments for the given budget year exceed the maximum amount of the Grant allocated for that budget year. Budget line items in the Project Budget represent the maximum amount which may be reimbursed under each line item for the given budget year, subject to the capped maximum amount of Grant payment allotted for the budget year.

Further, Applicant will comply with the following additional terms and conditions:

(a) All requests for disbursement of Grant funds submitted by Applicant must be supported by valid invoices or other supporting documentation of financial liability in the Applicant's files or other documentation acceptable to the City. Documentation obtained by Applicant for employees of client companies may be in the form of quarterly IRS 941 returns, Texas Workforce Commission Employer Quarterly Reports, or employee rosters that show the hours worked and positions filled;

(b) All line items reported in the Project Budget and requested for Grant disbursement must reconcile with the corresponding line item in the Applicant's general ledger accounts, on a current basis, and with year to date balances. Accounting records required to be maintained in the Applicant's files in relation to payment under this Agreement include, but are not limited to:

- (i) Balance Sheet (both monthly and year to date);
- (ii) Income Statement;
- (iii) General Ledger;
- (iv) Payroll Check Register, as applicable; and
- (v) Spreadsheet that details the amounts requested for Grant disbursement.

(c) Grant payments will be made on the basis of reimbursement of actual allowable expenditures, provided, however, failure to achieve the performance standards specified in Section 5(B) will result in a proportional reduction of the maximum allowable Grant payment for the budget year, as further described in Section 5(B); and

3. The City's determination of the amount of the Grant payment due to Applicant is final so long as such determination is made in accordance with the terms and conditions of this Agreement; provided, however, Applicant may appeal to the City Council within thirty (30) days of payment, in which event the City Council shall hear the appeal within thirty (30) days and the City Council's determination of the amount of the Grant payment shall be final so long as such determination is made in accordance with the terms and conditions of this Agreement. Nothing herein shall limit Applicant's rights and remedies as described in Sections 8 and 11 of this Agreement.

4. It is expressly understood that all costs and expenses incurred by Applicant are Applicant's sole liability. The City shall not be liable to Applicant or any other entity for any costs incurred by Applicant in performance of this Agreement.

5. Applicant agrees to submit reports to the City, utilizing the form attached hereto as Exhibit "C", which will provide quarterly progress and annual year-end reports on the year-end performance standards below (the "Performance Indicators") that Applicant must meet to remain eligible for receipt of a total year-end Grant payment amount that is not subject to any reduction, as specified in Section 5(B):

(a) Client Companies.

Minimum number of participating Client Companies by year end, on a cumulative basis:

Year 1: 6-9 **Year 2:** 15-21 **Year 3:** 24-32 **Year 4:** 34-47

(b) Revenue From Operations.

Minimum revenue source distribution by year end:

	Year 1	Year 2	Year 3	Year 4
Operations	3%-5%	7%-9%	10%-12%	11%-15%

(c) Employees of Client Companies.

Minimum number of full-time employees at Client Companies by year end:

Year 1: 19-25 **Year 2:** 57-75 **Year 3:** 118-157 **Year 4:** 224-299

(d) Full-time Employee Compensation at Client Companies.

Minimum average compensation of full-time employees of Client companies by year end to fall within the stated range:

Year 1: \$41,250.00-\$55,000.00

Year 2: \$39,000.00-\$52,000.00

Year 3: \$37,500.00-\$50,000.00

Year 4: \$36,750.00-\$49,000.00

Submission of the required reports is a condition of continued receipt of the Grant. If the quarterly progress report or the annual year-end report is due, then it should accompany the Applicant's Grant Submittal Package, but if not submitted together, the report(s) may be submitted ten (10) business days in advance.

6. Applicant understands and agrees that failure to meet the Performance Indicators in the manner set forth in Section 5(B) below, will result in the reduction described therein and additionally, that failure to meet the required Performance Indicator scoring threshold stated in Section 5(B) for two consecutive funding years shall constitute an event of default under this Agreement.

SECTION 5. OBLIGATIONS OF CITY

During the term of this Agreement and so long as an event of default has not occurred and is not continuing as set forth herein (provided, however, an event of default hereunder shall not be deemed to have occurred until after the expiration of the applicable notice and cure period), the City shall comply with the following terms and conditions:

A. Consideration. In consideration for satisfactory performance of the activities required by Section 4 of this Agreement, the City will disburse grant funds not to exceed the lesser of One Million Two Hundred Fifty Five Thousand Dollars (\$1,255,000.00) or Applicant's costs attributable to the work performed pursuant to the Agreement, subject to the terms and conditions contained herein.

1. The City agrees to process any Grant payments to Applicant within ten (10) business days after approval of Applicant's Grant Submittal Package, which must be submitted on a monthly basis.

2. It is expressly understood by the parties of this Agreement that, except as otherwise provided herein, payment of the Grant in no way obligates the City's general

fund or any monies or credits of the City and creates no debt of, nor any liability to, Applicant or third parties. All payments or expenditures made by the City under this Agreement are subject to the City's appropriation of funds for such payments or expenditures to be paid in the budget year for which they are made.

B. Performance Indicator Evaluation. City shall evaluate Applicant's performance based upon the Performance Indicators stated in Section 4(B)(5) and shall score each indicator as either Favorable (meaning Applicant has met or exceeded the Performance Indicator) or Unsatisfactory (meaning Applicant has failed to meet the Performance Indicator by twenty-five percent (25%) or more). Grantee must score "Favorable" in two (2) of the four (4) Performance Indicators (the "scoring threshold"):

1. If Applicant fails to meet the above "Favorable" scoring threshold by the year-end reporting period, the Grant payment amount requested for the fourth quarter of that funding year shall be reduced by twenty-five percent (25%), as a reduction against the prior Grant payment disbursements for that year.

2. Notwithstanding the foregoing, if Applicant fails to meet the "Favorable" scoring threshold for two consecutive funding years, such failure shall constitute an event of default, subject to the provisions stated in Section 8.

C. Maximum Grant Amount. Under no circumstances shall the City be required to disburse under this Agreement more than an aggregate of all payments made that would exceed the lesser of One Million Two Hundred Fifty Five Thousand Dollars (\$1,255,000.00) or Applicant's costs attributable to the work performed pursuant to the Agreement, nor shall Applicant be entitled to receive the Grant unless it satisfies the requirements of Section 4 of this Agreement.

SECTION 6. RETENTION AND ACCESSIBILITY OF RECORDS

A. Applicant shall maintain the fiscal records and supporting documentation for all expenditures of funds to be reimbursed or credited to Applicant under this Agreement in a manner that conforms to this Agreement. Applicant shall retain such records, and any supporting documentation for the greater of three (3) years from the end of the Agreement term period, or (2) the period required by other applicable laws and regulations.

B. Applicant shall give City, its designee, or any of their duly authorized representatives, access to and the right to examine all books, accounts, records, audit records, files, documents, written or photographic material, videotape, and other papers, things, or property belonging to or in issue by Applicant pertaining to the funds expended by Applicant which are reimbursed or credited under this Agreement. Copying and auditing will be performed at a reasonable time and place, such as during the Applicant's usual business hours, and at Applicant's principal place of business or office. This right shall continue for three (3) years after termination or expiration of this Agreement. The City or its designee may additionally request the copying, mailing and/or electronic transmission of records by Applicant.

SECTION 7. MONITORING

A. The City reserves the right on its behalf to perform, or have its designees perform, a periodic on-site or desk audit monitoring of Applicant's compliance with the provisions of this Agreement. The monitoring shall be conducted in a reasonable time, place and manner by the City. Applicant shall provide the assistance and information needed by the City in monitoring and evaluating the performance of the Project. It is understood that the City, or its designee, will perform periodic fiscal and annual programmatic monitoring reviews including a review of any financial audit conducted by the Applicant. The City, and/or its designees may request the copying, mailing, and/or electronic transmission of Applicant's records in connection with an on-site or desk audit monitoring.

B. Monitoring reviews will include a written report to Applicant documenting findings and concerns that will require a written response to the City. An acceptable response must be received by the City within 30 days from the Applicant's receipt of the monitoring report audit review letter, or otherwise future Grant payments will be withheld under this Agreement.

C. Failure of Applicant to take all actions necessary to resolve and close monitoring or audit findings within 60 days of receipt of the monitoring report or audit review letter shall be considered an event of default under this Agreement. The City Manager or designee shall have the discretion to extend the 60-day period for reasons the City Manager or designee may judge to be extenuating circumstances.

SECTION 8. EVENTS OF DEFAULT

Each of the following shall constitute an Event of Default under this Agreement:

A. Failure to Operate the Technology Incubator. Applicant's failure or refusal to operate the technology business incubator pursuant to the Project requirements during the term of this Agreement, and Applicant's failure or refusal to cure within thirty (30) days after written notice from the City describing such failure, shall be deemed an event of default; provided, however, if such failure cannot be cured within such thirty (30) day period in the exercise of all due diligence, but the Applicant has not yet commenced such cure within such thirty (30) day period or fails to continuously thereafter diligently prosecute the cure of such failure, such actions or omissions shall also be deemed an event of default.

B. Failure to Favorable Perform. In the event Applicant fails to meet the "Favorable" scoring threshold as described in Section 5(B), for two consecutive funding years, such failure to perform, shall be deemed an event of default following Applicant's failure or refusal to cure within thirty (30) days after written notice from the City describing such failure.

C. False Statements. In the event the Applicant provides any written warranty, representation or statement under this Agreement or any document(s) related hereto that is/are false or misleading in any material respect, either now or at the time made or furnished, and Applicant fails to cure same within thirty (30) days after written notice from the City describing the violation shall be deemed an event of default. If such violation cannot be cured within such thirty (30) day period in the exercise of all due diligence, and Applicant fails to commence such cure within such thirty (30) day period or fails to continuously thereafter diligently prosecute the cure of such violation, such actions or omissions shall also be deemed an event of default. Further, if Applicant obtains actual knowledge that any previously provided warranty, representation or statement has become false or misleading after the time that it was made, and Applicant fails to provide written notice to the City of the false or misleading nature of such warranty, representation or statement within ten (10) days after Applicant learns of its false or misleading nature, such action or omission shall be deemed an event of default. In the event this Agreement is terminated pursuant to this Section, all Grant Payments previously provided by the City pursuant to this Agreement shall be recaptured and repaid by Applicant within sixty (60) days from the date of such termination.

D. Insolvency. The dissolution or termination of Applicant's existence as a going business or concern, Applicant's insolvency, appointment of receiver for any part of Applicant's portion of the Property, any assignment of all or substantially all of the assets of Applicant for the benefit of creditors of Applicant, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Applicant shall all be deemed events of default. However, in the case of involuntary proceedings, if such proceedings are discharged within sixty (60) days after filing, no event of default shall be deemed to have occurred.

E. Other Defaults. Failure of Applicant or City to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any related documents, and Applicant or City fails to cure such failure within thirty (30) days after written notice from the other party describing such failure shall be deemed an event of default; provided, however, if such failure cannot be cured within such thirty (30) day period in the exercise of all due diligence, but if Applicant or City also fails or refuses to commence such cure within such thirty (30) day period or fails or refuses to continuously thereafter diligently prosecute the cure of such failure, such act or omission shall be deemed an event of default.

F. Failure to Cure. If any event of default by Applicant shall occur, and after Applicant fails to cure same in accordance herewith, then this Agreement is terminated without any further action required of the City and the City's obligations end at that time. If a default has not been cured within the time frame stated herein, the non-defaulting party shall have all rights and remedies under the law or in equity.

G. Effect of Termination. Upon receipt of the City's notice of termination, Applicant shall, to the extent possible under its other contractual obligations, cancel, withdraw or otherwise terminate any outstanding orders or subcontracts related to the performance of this Agreement and shall cease to incur costs thereunder. The Applicant agrees and understands that the City will not be liable to Applicant or to third parties for any costs

incurred subsequent to receipt of a notice of termination. Further, it is understood and agreed that upon notice of termination and following the applicable cure period, Applicant shall provide one final Grant Submittal Package request within thirty (30) days, which will include only those reimbursable expenses incurred prior to the notice of termination.

SECTION 9. TERMINATION OF AGREEMENT BY CITY WITHOUT DEFAULT OF APPLICANT

The City may terminate this Agreement for its convenience and without the requirement of an event of default by Applicant, which shall become effective immediately if any state or federal statute, regulation, case law, or other law renders this Agreement ineffectual, impractical or illegal, including any case law holding that a Chapter 380 Economic Development Agreement such as this Agreement is an unconstitutional debt.

SECTION 10. CONFLICT OF INTEREST

A. Applicant shall ensure that no employee, officer, board member or agent of Applicant shall participate in the selection or awarding of any contract or agreement which will be reimbursed by funds provided hereunder if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when (1) the employee, officer, board member or agent; (2) any member of his or her immediate family; (3) his or her partner; or (4) any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm or person selected to perform the work. Applicant shall adhere to ethics rules comparable to Title 2, Section 2.92.050 Standards of Conduct, City of El Paso Ethics Code, available for review on the City's official website or at the Office of the City Clerk.

B. Except for eligible administrative costs, no employee, agent, or officer of Applicant, who exercises or has exercised any functions or responsibilities or is in a position to participate in decision-making or gain inside information in regard to the activities involved in the Project, shall be permitted to have or obtain a financial interest in the client companies, or the proceeds thereunder, either for themselves or those with whom they have family or business ties.

SECTION 11. MISCELLANEOUS PROVISIONS

The following miscellaneous provisions are a part of this Agreement:

A. Amendments. This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment to this Agreement shall be effective unless given in writing and signed by both parties.

B. Applicable Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in El Paso County, Texas. Venue for any action arising under this Agreement shall lie in the state district courts of El Paso County, Texas.

C. Assignment. Applicant understands and agrees that the City expressly prohibits Applicant from selling, transferring, assigning or conveying in any way any rights to receive the Grant proceeds or any assignment of this Agreement without the City's prior written consent. Any such attempt to sell, transfer, assign or convey without the City's prior written consent shall result in the immediate termination of this Agreement, with no ability for the Applicant to cure.

D. Binding Obligation. This Agreement shall become a binding obligation on the signatories upon execution by all signatories hereto. City warrants and represents that the individual executing this Agreement on behalf of City has full authority to execute this Agreement and bind City to the same. The individual executing this Agreement on Applicant's behalf warrants and represents that he or she has full authority to execute this Agreement and bind Applicant to the same.

E. Captions. The captions of various sections of the Agreement are for convenience of reference only, and shall not alter the terms and conditions of this Agreement.

F. Confidentiality Obligations. The confidentiality of employment records and any other records related to the City's economic development considerations and incentives provided herein will be maintained in accordance with and subject to all applicable laws, including the Public Information Act, Chapter 552, Texas Government Code. Specifically, the City will maintain the confidentiality of any proprietary information to the extent permitted by law and agrees that, as required by the Public Information Act, it will notify Applicant if a request relating to such proprietary information is received. Applicant represents that it understands that the Public Information Act excepts disclosure of trade secret and confidential commercial information and that it will need to assert the proprietary interest of Applicant or other third party as a basis for nondisclosure.

G. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document.

H. Employment of Undocumented Workers. During the term of this Agreement, Applicant agrees not to knowingly employ any undocumented workers as defined in Texas Government Code Section 2264.001. If convicted of a violation under 8 U.S.C. Section 1324a(f), Applicant shall repay the amount of the Grant payments received by Applicant from the City as of the date of such violation not later than one hundred twenty (120) days after the date Applicant is notified by City of a violation of this section, plus interest from the date the Grant payment(s) was paid to Applicant, at the rate of seven percent (7%) per annum. The interest will accrue from the date the Grant payment(s) were paid to Applicant until the date the reimbursement payments are repaid to City. The

City may also recover court costs and reasonable attorney's fees incurred in an action to recover the Grant payment(s) subject to repayment under this section. Applicant is not liable for a violation by its subsidiary, affiliate, or franchisee, or by a person which whom Applicant contracts.

I. Execution of Agreement. The El Paso City Council has authorized the City Manager to execute this Agreement on behalf of the City.

J. Independent Contractor. City and Applicant understand that Applicant is an independent contractor and that no term or provision hereof or act of Applicant in performance of this Agreement shall be construed as making Applicant an agent or employee of the City. All officers and employees of the Applicant shall be solely responsible to the Applicant, and the City shall not have any authority, responsibility, or liability with respect thereto.

K. Notices. All notices required to be given under this Agreement shall be given in writing and shall be effective when actually delivered or when deposited in the United States mail, first class, postage prepaid, addressed to the party to whom the notice is to be given at the addresses shown below. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, each party agrees to keep the other informed at all times of its current address.

CITY: City of El Paso
City Manager
2 Civic Center Plaza
El Paso, Texas 79901

Copy To: City of El Paso
Economic Development Department Director
2 Civic Center Plaza
El Paso, Texas 79901

APPLICANT: The Hub of Human Innovation Inc.
500 W. Overland Ave. Ste. 230
El Paso, TX 79901

L. Ordinance Applicability. The signatories hereto shall be subject to all ordinances of the City, whether now existing or in the future arising; provided however no ordinance shall reduce or diminish the contractual obligations contained herein. This Agreement shall confer no vested rights on the Development unless specifically enumerated herein.

M. Severability. In the event any provision of this Agreement shall be determined by any court of competent jurisdiction to be invalid or unenforceable, the Agreement shall, to the extent reasonably possible, remain in force as to the balance of its provisions as if such invalid provision were not a part hereof.

N. Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

O. Waiver. Failure by either party on one or more occasions to exercise one or more of its rights hereunder shall not be construed as a waiver of such right or rights, and rights granted hereunder are in addition to those available under law and equity.

(SIGNATURES BEGIN ON THE FOLLOWING PAGE)

Exhibit B – PROJECT BUDGET

7/14/2011

Table: THE HUB AND CLEAN ENERGY INCUBATOR PROGRAM DETAILED CASH-FLOW STATEMENT					
Months	2011/2012	2012/2013	2013/2014	2014/2015	Total
	12	12	12	12	
CLEAN ENERGY INCUBATOR					
Director Salary	\$130,000	\$132,500	\$135,000	\$137,500	\$535,000
Fringes	\$33,700	\$34,300	\$35,000	\$35,520	\$138,520
Travel	\$7,000	\$7,920	\$8,000	\$8,500	\$31,420
Phone	\$1,200	\$1,200	\$1,200	\$1,200	\$4,800
Sub-total	\$171,900	\$175,920	\$179,200	\$182,720	\$709,740
Software	\$8,000	\$2,000	\$2,000	\$2,000	\$14,000
Proof of Concept	\$100,000	\$58,000	\$24,000	\$24,000	\$206,000
Market Reports	\$15,000	\$15,000	\$15,000	\$15,000	\$60,000
Interns	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
Topic Experts/patent support	\$25,000	\$30,000	\$30,000	\$30,000	\$115,000
Supplies/Misc.	\$12,000	\$12,000	\$12,000	\$11,500	\$47,500
Sub-total	\$170,000	\$127,000	\$93,000	\$92,500	\$482,500
CEI Total	\$341,900	\$302,920	\$272,200	\$275,220	\$1,192,240
THE HUB OF HUMAN INNOVATION					
Business Support Salaries	\$162,500	\$167,375	\$172,396	\$177,568	\$679,839
Interns	\$30,000	\$30,000	\$30,000	\$40,000	\$130,000
Fringes	\$55,250	\$56,925	\$59,104	\$60,407	\$231,685
Marketing/education programs	\$45,250	\$46,000	\$40,000	\$46,000	\$177,250
Supplies and equipment	\$19,000	\$23,200	\$18,000	\$20,000	\$80,200
Contract Services	\$29,000	\$28,000	\$28,000	\$33,000	\$118,000
Travel	\$19,500	\$19,500	\$20,500	\$22,500	\$82,000
Workshops, training, rent, misc.	\$55,000	\$62,000	\$50,000	\$65,000	\$232,000
Build-out of offices	\$8,000	\$20,000	\$62,000	\$34,400	\$124,400
THE HUB OF HUMAN INNOVATION Total	\$423,500	\$453,000	\$480,000	\$498,875	\$1,855,375
GRAND TOTAL	\$765,400	\$755,920	\$752,200	\$774,095	\$3,047,615
CEI Grant Income	\$130,905	\$69,095			\$200,000
Other Grants	\$115,000	\$125,000	\$165,000	\$180,000	\$585,000
Income from Incubator	\$35,000	\$60,000	\$80,000	\$100,000	\$275,000
Private Contributions	\$115,000	\$170,000	\$205,000	\$250,000	\$740,000
sub-total income	\$395,905	\$424,095	\$450,000	\$530,000	\$1,800,000
City of El Paso Incentive Policy	\$380,000	\$325,000	\$300,000	\$250,000	\$1,255,000
Total	\$775,905	\$749,095	\$750,000	\$780,000	\$3,055,000
GAP	\$10,505	(\$6,825)	(\$2,200)	\$5,905	\$7,385

Exhibit C - Quarterly / Year End Progress Report

	(Reported)				(Required)			
	Year 1	Year 2	Year 3	Year 4	Year 1	Year 2	Year 3	Year 4
Average Capital Investment Cost								
Average Yearly Operating Cost								
% Revenue From Operations					3% - 5%	7% - 9%	10% - 12%	11% - 15%
Incubator Space								
Incubator Space Leased								
Annual Lease Income								
Number of Client Companies					6 - 9	15 - 21	24 - 32	34 - 47
Incubator Occupancy Rate								
Avg. Length of Tenancy								
Number of Management Staff								
Ratio of Incubator staff / Clients								
% of time spend advising clients								
Avg % of client turnover								
Total number of Client Full time employees					19 - 25	57 - 75	118 - 157	224 - 299
Full Time Client Employee Compensation Cost per Job					\$41.25-55K	\$39-52K	\$37.5-50K	\$36.75-49K
Total Revenue of Client Companies								
Total \$ of debt capital raised								
Total \$ of equity capital raised								

Note: Only those companies who have physical facilities in the City of El Paso and who employ residents of the City of El Paso will be counted in these metrics.

Please include all applicable documents substantiating any compensation other than salary if used in the compensation metric...acceptable documents include but are not limited to copies of employment contracts or documents outlining the valuation process used by the company.

Certification: I hereby attest that the information contained on this form has been collected and compiled in good faith and is true and correct to the best of my abilities.

(Authorized Signature) dated _____

Exhibit B

**First Amendment to Economic Development Program Grant Agreement
of the City of El Paso**

Dated March 19, 2013

STATE OF TEXAS)
)
) FIRST AMENDMENT TO
) ECONOMIC DEVELOPMENT
) PROGRAM GRANT AGREEMENT

COUNTY OF EL PASO)
) OF THE CITY OF EL PASO
) (Impact Fund)

The First Amendment to the Economic Development Program Grant Agreement (this "Amendment") is made this 19th day of March, 2013, by and between the CITY OF EL PASO (the "City"), a Texas home rule municipal corporation, and THE HUB OF HUMAN INNOVATION, INC. (the "Applicant"), a Texas non-profit corporation.

WHEREAS, on August 9, 2011, the City and Applicant entered into an Economic Development Program Grant Agreement (the "Agreement") a copy of which is attached and labeled as Exhibit "A", for the purposes of promoting local economic development and stimulating business and commercial activity within the City of El Paso; and

WHEREAS, Applicant requested the economic development grant from the impact fund for the purpose of: capitalization of a technology business incubator which, if so developed, will stimulate increased economic development in the City; and

WHEREAS, the City and Applicant now desire to amend the Agreement to allow the Applicant to make transfers among existing budget categories equal to or less than thirty percent (30%) of the total amount of the grant funding allocated for the budget year; and to allow the Applicant to make budget transfers among existing budget years equal to or less than thirty percent (30%) of the total amount of the grant funding allocated for the budget year from which the transfer is being made.

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. OBLIGATIONS OF APPLICANT. Section 4, Subsection A (Project Requirements) is hereby amended to add the following Paragraph 6, to read as follows:
 6. Applicant agrees to sponsor and host one workshop ("Quarterly Public Workshop"), open to the public and free of charge, at its 500 W. Overland Avenue location, per quarter; for a total of four (4) workshops a year. Topics covered in the workshops include, but are not limited to, the following:
 - (a) Law School for Startups
 - (b) Factor Financing
 - (c) Intellectual Property – Protection and Licensing
 - (d) Accessing Working Capital
 - (e) Crowdfunding
 - (f) Manufacturing on the Border
 - (g) Ins and Outs of Exporting/Importing

- (h) Opportunities & Ideas from National Labs [w/ Sandia and Los Alamos]
2. OBLIGATIONS OF APPLICANT. Section 4, Subsection B (Compensation, Reporting and Compliance), Paragraph 1 is hereby amended to read as follows:

1. Applicant will perform services for the Project within the monetary limits contained in Exhibit "B" (the "Project Budget"), attached hereto incorporated by reference herein for all purposes. In no event shall compensation to the Applicant exceed the lesser of the Applicant's costs attributable to the work performed in the budget year, or the monetary limits described in Section 5 of this Agreement nor shall the City pay for expenses or services which are or will be reimbursed by another funding source or for services which are not performed. However Applicant may make transfers of funds between or among budget categories for the given budget year and between budget years as contained in Exhibit "B", subject to the approval of the City Manager or designee, provided that:

(a) The dollar amount of all transfers among existing categories is equal to or less than thirty percent (30%) of the total amount of the Grant funding allocated for the budget year;

(b) The dollar amount of budget transfers among existing budget years is equal to or less than thirty percent (30%) of the total amount of the Grant funding allocated for the budget year from which the transfer is being made;

(c) The transfer will not change the scope or objective of the Project funded under this Agreement; and

(d) Applicant submits a written request for the revision of the Project Budget, which must contain a complete explanation and justification of changes made, and is subject to the approval of the City Manager or designee. The revised Project Budget will substitute the original Project Budget (or any prior revised Project Budget) upon the City Manager or designee's approval and acceptance thereof, without the need for a written amendment to this Agreement.

3. OBLIGATIONS OF APPLICANT. Section 4, Subsection B (Compensation, Reporting and Compliance), Paragraph 5 is hereby amended to add the following Subparagraph e, to read as follows:

(e) Quarterly Public Workshops.

Minimum number of Quarterly Public Workshops by year

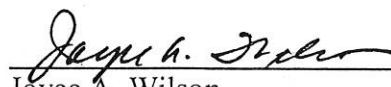
Applicant will also submit a summary report of each Quarterly Public Workshop at the end of every quarter starting from the date this agreement is signed that will include as attachments (1) proof of participants' attendance via sign-in sheet or initialed roster and (2) copies of material presented in the workshop.

4. EXHIBIT B – PROJECT BUDGET. Replace existing Exhibit “B” with attached Exhibit “B.”

5. Except as amended herein, the Agreement between the City and Applicant shall remain in full force and effect.


IN WITNESS WHEREOF, the City and Applicant hereunto set their hands this 19th day of March, 2013.

CITY OF EL PASO:




Joyce A. Wilson
City Manager

APPROVED AS TO FORM:



Matthew K. Behrens
Assistant City Attorney

APPROVED AS TO CONTENT:



Mathew McElroy, Director
City Development Department

CITY CLERK DEPT.
2013 MAR 12 AM 9:10

Exhibit B -- PROJECT BUDGET

The Hub of Human Innovation City of El Paso Budget						
	ACTUAL 2011 - Aug 2012	ACTUAL CEP Impact Fund	CEP Impact Fund	CEP Impact Fund	CEP Impact Fund	TOTAL
Clean Energy Incubator Expenses		380,000	325,000	300,000	250,000	1,255,000
B01 Director Salary	139,507	-	-	-	-	-
B02 Fringes	39,421	-	-	-	-	-
B03 Travel	9,650	-	-	-	-	-
B04 Phone	1,300	-	-	-	-	-
B05 Software	7,502	7,502	-	-	-	7,502
B06 Proof of Concept	93,825	-	-	-	-	-
B07 Market Reports	48,000	-	-	-	-	-
B08 Interns	10,843	10,843	-	-	-	10,843
B09 Topic Experts	16,063	-	-	-	-	-
B10 Supplies Misc.	11,283	9,940	-	-	-	9,940
CEI Total Expenses	377,392	28,284				28,284
The Hub of Human Innovation Expenses						
B11 Business Support Salaries	160,845	152,029	123,000	150,500	139,000	564,529
B12 Interns	11,522	11,522	13,000	3,000	3,000	30,522
B13 Fringes	40,368	40,368	32,500	44,000	30,580	147,448
B14 Marketing/education program	47,626	47,600	38,500	3,000	2,000	91,100
B15 Supplies and equipment	20,413	20,413	21,000	1,000	1,000	43,413
B16 Contract Services	28,638	28,628	80,000	85,000	61,420	255,048
B17 Travel	13,049	12,358	7,000	5,000	5,000	29,358
B18 Workshops, training, rent,	56,496	9,748	26,000	7,500	7,500	50,748
B19 Build-out of offices	8,050	8,050	5,000	1,000	500	14,550
THE HUB TOTAL EXPENSES	387,006	330,716	346,000	300,000	250,000	1,226,716
GRAND TOTAL EXPENSES	<u>764,399</u>	<u>359,000</u>	<u>346,000</u>	<u>300,000</u>	<u>250,000</u>	<u>1,255,000</u>

Exhibit C

**Second Amendment to Economic Development Program Grant Agreement
of the City of El Paso**

Dated August 18, 2015

b) Add the following subsection to SECTION 4. A.:

6. Joint Marketing. Applicant and City will work to formalize a Joint Marketing Plan which will serve to build public knowledge of the availability and existence of the HUB; as well as the City of El Paso as a location for technology & industry development. This Joint Marketing Plan will target local, regional, national, and international audiences, including media, prospective client companies, and future focus industries. The Joint Marketing Plan will establish and maintain a joint presence in the following modes of outreach:

1. Increased attendance at industry-relevant trade/technology/entrepreneurial shows (ex. South By Southwest); and
2. Joint marketing ideation including, but not limited to:
 - a. Cross marketing on parties' and affiliates' traditional, web, and social media presences.

c) Revise SECTION 4. B. 1. (c) Exhibit A to read as follows:

(c) Applicant submits a written request for the revision of the Project Budget, which must contain a complete explanation and justification of changes made, and is subject to the approval of the City Manager or designee. The revised Project Budget will substitute the original Project Budget (or any prior revised Project Budget) upon the City Manager or designee's approval and acceptance thereof, without the need for a written amendment to this Agreement. Applicant's allowable costs will be reimbursed promptly based on monthly Grant Submittal Requests.

Applicant agrees to abide by City of El Paso Travel and purchasing manuals on allowed expenses.

d) Revise SECTION 4. B. 5. (a) Exhibit A to read as follows:

(a) Client Companies.

Applicant will provide services to Ten (10) new Client Companies per year.

e) Revise SECTION 4. B. 5. (b) to read as follows:

(b) Revenue From Operations.

Minimum revenue source distribution by year end:

Extension Year 1 2015-2016	Extension Year 2 2016-2017	Extension Year 3 2017-2018	Extension Year 4 2018-2019
12-16%	12-16%	12-16%	12-16%

This revenue source distribution percentage will be calculated from a percent of the total expenses.

f) Revise SECTION 4. B. 5. (c) Exhibit A to read as follows:

(c) Employees of Client Companies.

Client Companies will provide a Minimum number of new, full-time employee positions by year end:

Extension Year 1 2015-2016	Extension Year 2 2016-2017	Extension Year 3 2017-2018	Extension Year 4 2018-2019
25 FTE positions	30 FTE positions	40 FTE positions	50 FTE positions

g) Revise SECTION 4. B. 5. (d) Exhibit A to read as follows:

(d) Full-time Employee Compensation at Client Companies.

Minimum average compensation of full-time employees of Client companies by year end to fall within the stated range:

Extension Year 1 2015-2016	Extension Year 2 2016-2017	Extension Year 3 2017-2018	Extension Year 4 2018-2019
\$34,000-\$39,000	\$33,500-\$38,000	\$33,000-\$37,000	\$32,500-\$36,000

h) Revise the last paragraph of SECTION 4. B. 5. Exhibit A to read as follows:

Submission of the required reports is a condition of continued receipt of the Grant. Quarterly progress reports and annual year-end reports are due within 60 days of the end of the respective reporting period. Reporting periods will parallel the City's fiscal year.

Applicant agrees to present a Metrics Progress Report to Council twice a year: a mid-year report which will be presented on or after May 31 and a year-end report which will be presented on or after November 30.

i) Revise 3. of Exhibit B to read as follows:

3. OBLIGATIONS OF APPLICANT. Section 4, Subsection B (Compensation, Reporting and Compliance), Paragraph 5 is hereby amended to add the following Subparagraph e, to read as follows:

(e) Public Workshops.

Minimum of Four (4) of Public Workshops which will be free and open to the public by year:

Applicant will also submit a summary report of each Public Workshop at the end of every quarter that will include as attachments (1) copy of proof

of participants' attendance via sign-in sheet or initialed roster, flyer, and the material presented in the workshop.

j) Revise Section 5.A. Consideration Exhibit A to read as follows:

A. Consideration. In consideration for satisfactory performance of the activities require by Section 4 of this Agreement, the City will disburse grant funds not to exceed the lesser of One Million Dollars (\$1,000,000.00) or Applicant's costs attributable to the work performed pursuant to the Agreement, subject to the term and conditions contained herein. The annual payment to Applicant by the City will be limited to an annual allocation of Two Hundred Fifty Thousand Dollars (\$250,000.00) per year.

k) Revise SECTION 5. B. Performance Indicator Evaluation Exhibit A to read as follows:

B. Performance Indicator Evaluation. City shall evaluate Applicant's performance based upon the Performance Indicators stated in Section 4.B. (5) and shall score each indicator as either "Favorable" (meaning Applicant has met or exceeded the Performance Indicator) or "Unsatisfactory" (meaning Applicant has failed to meet the Performance Indicator). Fractional metrics will be rounded down to the next whole number (e.g. 12.5 FTEs will be rounded down to 12 FTEs). Grantee must score "Favorable" in five (5) of the five (5) Performance Indicators (the "scoring threshold"):

1. If Applicant is unable to score "Favorable" in all five Performance Indicators and has one Unsatisfactory Performance Indicator which is not less than 50% of the expected deliverable; payment to Applicant will not be reduced as described in 2. below. A Performance Indicator scoring less than 50% will be considered an Event of Default, subject to the provisions stated in Section 8.

2. If Applicant fails to meet the "Favorable" scoring threshold described above in Section 5. B. and Section 5. B. 1., by the year-end reporting period, the Grant payment amount requested each month during the successive year for a maximum reduction of Sixty-Two Thousand, Five Hundred and 00/100 dollars (\$62,500) which will equate to a twenty-five percent (25%), reduction against the prior Grant payment disbursements for that year. Should Applicant meet the "Favorable" scoring threshold per subsequent quarterly reporting period, the 25% reduction will cease and payments to applicant will be restored to the full amount.

3. Notwithstanding the foregoing, if Applicant fails to meet the "Favorable" scoring threshold for two consecutive funding years, such

failure shall constitute an event of default, subject to the provisions stated in Section 8.

2) Changes to Exhibit B:


- a) Replace Exhibit B of the 1st Amendment with the Revised Exhibit B Budget, which is attached and labeled as Exhibit "C" to this 2nd Amendment.

Except as amended herein, the Agreement and 1st Amendment between the City and Applicant shall remain in full force and effect.

IN WITNESS WHEREOF, the City and Applicant hereunto set their hands this _____ day of _____, 2015.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

CITY OF EL PASO:

So 

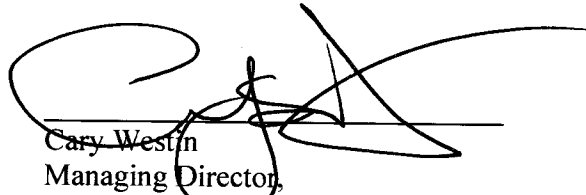
Tomás González
City Manager

APPROVED AS TO FORM:



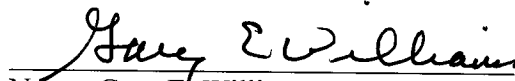
Juan S. González
Assistant City Attorney

APPROVED AS TO CONTENT:



Cary Westin
Managing Director,
Economic and International Development

**APPLICANT:
HUB FOR HUMAN INNOVATION,
INC.**



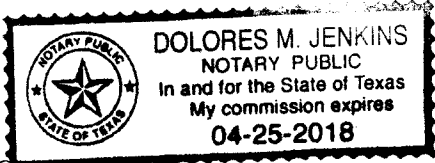
Name: Gary E. Williams
Title: Board Chairman
Date: 8/13/2015

(ACKNOWLEDGMENTS BEGIN ON THE FOLLOWING PAGE)

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF EL PASO §

This instrument was acknowledged before me on the 25th day of August, 2015, by **Tomás González** as **City Manager** of the **City of El Paso, Texas (CITY)**.
Mark Suther Deputy City Mgr.



Dolores M. Jenkins
Notary Public, State of Texas
Name printed: Dolores M. Jenkins

My Commission Expires:
04/25/2018

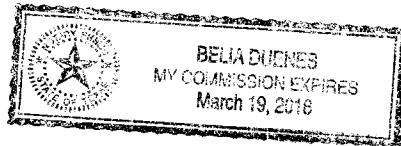
ACKNOWLEDGMENT

STATE OF Texas §
§
COUNTY OF El Paso §

This instrument was acknowledged before me on the 13 day of August, 2015, by **Gary E. Williams**, as **Board Chairman** of the **HUB FOR HUMAN INNOVATION, INC.**

Bela Duenas
Notary Public, State of Texas

My Commission Expires:
March 19, 2016





Marketing and Strategic Calendar Thought Paper
City of El Paso
Economic and International Development Department

Who are the stakeholders and clients of The Hub and its partnership with City of El Paso Department of Economic and International Development? They are innovators and entrepreneurs who will start companies in the region, existing innovation startups in the region, startups that are looking to locate to the region, investors who wish to invest in local startups, funders who want to fund the innovation process, and the innovation community we serve.

Specifically The Hub stakeholders are:

- Individuals and organizations who wish to support the development and maintenance of an innovation ecosystem.
- Entrepreneurs and innovators from the region who have an idea for a product or a company and need the skills to validate those ideas, and have the financial capacity to develop ideas.
- Startups that have need for targeted business support to grow their company, and have the financial capacity to grow a business.
- Startups that need minimal space and also require targeted business support to grow their company, and have the financial capacity to develop ideas and grow a business.
- Individuals from the public who are interested in information and education on entrepreneurial skills and resources.
- Investors and entrepreneurs who are looking for funding opportunities and strategic partnerships within our community.
- Entrepreneurs who are looking for opportunities to give back within our community as mentors, advisors, speakers and volunteers.

In order to provide the best possible results to our stakeholders and generate a path towards sustainability we are plan to develop a market strategy in conjunction with the City of El Paso which includes a clear understanding of our skills and capacity, the stakeholders we serve and the competition we face. An important component of that marketing strategy is involvement in conferences, meetings, symposiums, and specialized events centered on innovation and entrepreneurship.

There are a large variety of these types of events both regionally and nationally. It is challenging to decide what, and where, the region should participate. Below is a selected number of events that are well regarded in the innovation, incubation, and acceleration community.

The purpose of participating in these events can differ widely based on the event. They include direct training and education of Hub and City staff, understanding the global

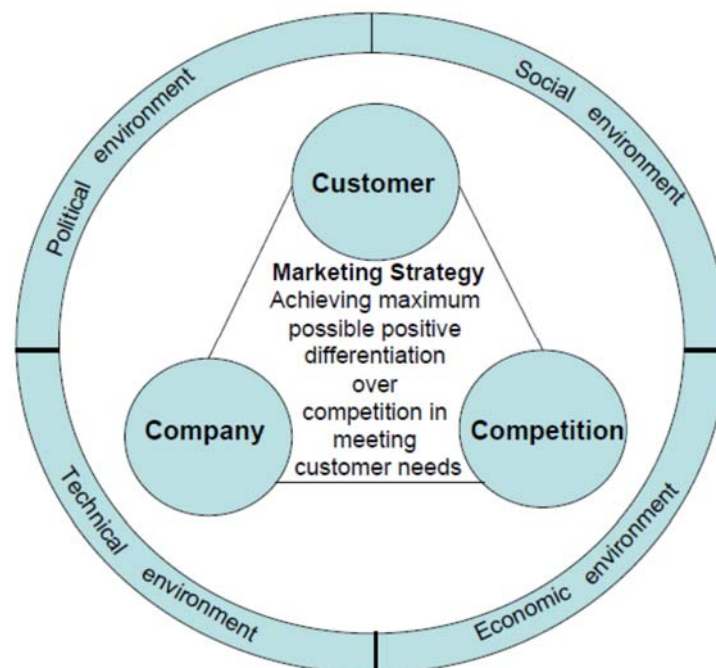
innovation ecosystem, attraction of capital to the region, interaction with and possible attraction of entrepreneurs and startups to the region, and developing a network of contacts for Hub clients and regional businesses.

It is important to note that The Hub does not have the physical resources or budget to attend more than one or two of these events annually, therefore we propose that the City's Economic and International Development Department combine with The Hub and other organizations involved in our innovation ecosystem to develop a comprehensive marketing strategy with collateral materials, and a strategic calendar for implementation.

Marketing Goals, Objectives and Strategy Outline

- Understand Company, Customers and Competition
 - Company, in this case, the region and its innovation ecosystem and entrepreneurial support system.
 - Customers and stakeholders that we as a region, and The Hub as an entity have the capacity to serve.
 - Competition, both regionally and nationally.

- Understand the linkages between these three and the external and economic and social environment.



Jain, S.C. 1997 Marketing Planning and Strategy

- Develop a network of entrepreneurial stakeholders



- Information sharing.
- Community building.
- Joint fundraising.
- Common message/voice.

- Develop S.M.A.R.T objectives
 - Specific
 - Measurable
 - Attainable
 - Relevant
 - Time Bound

- Develop materials that demonstrate the regions innovation ecosystem and entrepreneurial support system, and The Hub's and the City's Entrepreneurship efforts
 - Dedicated web page and/or Web page content for partner organizations.
 - Printed materials - brochures, flyers.
 - Branded materials for events.
 - PowerPoint presentation and posters/visuals for use in seminars and informational meetings.

- Attract innovators, entrepreneurs, and start-up businesses
 - Press releases to be distributed to local, regional and national media outlets as appropriate.
 - Informational workshops for companies, investors, and other interested parties about The Hub, City incentives for startups, regional opportunities, and relevant regional entrepreneurial support.
 - Attend meetings/events locally, regionally and nationally to learn what others are doing, to market what we are doing, and to understand how we fit within each of these ecosystem levels.

- Increase name recognition
 - Develop a newsletter to inform stakeholders at all levels.
 - Request to be added to online directories, documents and relevant websites.
 - Set up and keep updated relevant social media – Facebook, Twitter, and Instagram as examples.
 - Subscribe to relevant newsletters, blogs.
 - “Like” relevant social media.
 - Increase communications with potential partners.
 - Become member of relevant organizations such as iNbia.

- Participate in, and support where possible, regional and national conferences and events
 - Develop a calendar of strategic events.

- Determine composition of team best to attend.
- Customize marketing materials based on event.
- Develop a targeted list of sponsors to support attendance – law firms, hospitals, travel agencies, accountants, manufacturers.
- Determine feedback mechanism so the network of ecosystem providers all benefit from knowledge gained and contacts made.

Events to be Considered as Part of the Strategic Calendar

Paso del Norte Venture Competition and Expo

- 1st Friday and Saturday in March, El Paso Texas
- Pitch Competition, expo, awards, networking, mentoring and coaching. Focus on regional startups.
- <http://pdnvc.org/home.html>

International Conference on Business Incubation – iNbia

- March 26-29, 2017, Seattle Washington
- Conference, interactive professional development courses, networking. Focus on incubation-acceleration best practices and innovative tools for entrepreneurial programs.
- Registration is open now.
- <http://inbiainconference.org/>

South By Southwest Interactive - SXSW

- March 10-14, 2017, Austin Texas
- Conference, awards, networking/interaction, festivals. Focus on technology and digital creativity.
- Registration opened on August 1, 2016.
- <https://www.sxsw.com/festivals/interactive/>

SXSW ECO

- October 10-12, 2016, Austin Convention Center, Austin Texas
- Conference, awards, networking, mentoring and coaching. Focus on innovation in technology and design that positively impacts the economy, environment and society.
- Registration is open now.
- <http://sxsweco.com/>

Angel Capital Association Summit

- April 26-28, 2017, San Francisco California
- Conference, professional development, networking. Focus on angel investors.
- Not open to the general public.
- <https://www.angelcapitalassociation.org/2017-summit/>

Global Coworking Unconference Conference – GCUC

- May 3-6, 2016, Los Angeles California
- Conference, networking, training centered around coworking spaces for innovators.
- Dates and Location for 2017 not announced.
- <http://gcuc.co/>

Grow Conference – Grow Your Company, Inc

- May 17-19, 2016 Las Vegas Nevada
- Conference, workshops, networking, sponsored by Inc., Focus entrepreneur and business development.
- Registration and 2017 dates not published.
- <http://growco.inc.com/>

Lean Startup Week

- October 31 – November 6, 2016, San Francisco California
- Conference, bootcamps, tours, networking. Focus on lean startup ideas, methodologies.
- Registration is open.
- <http://2015.leanstartup.co/conferences/2016/>

National SBIR/STTR Fall Summit co-located with **Defense Energy Innovation Summit and Showcase**

- November 29-December 1, 2016, Austin Texas
- Conference, showcase, individual agency meetings. Focus on physical and life sciences innovation and commercialization.
- Registration is open.
- <http://defenseinnovation.us/sbir.html>

Startup Grind Global Conference

- February 23-24, 2016, Silicon Valley California
- Conference and networking. Have chapters across the globe. Focus on connecting entrepreneurs.
- Registration and dates for 2017 not set.
- <https://www.startupgrind.com/>

TechConnect World Innovation Conference co-located with **National SBIR/STTR Conference, National Innovation Summit and Nanotech 2017 Conference**

- May 14-17, 2017, Washington, DC
- Conference, showcase, individual agency meetings. Focus on physical and life sciences innovation and commercialization.
- Registration is opening soon.



- <http://nationalinnovationsummit.com/>

Tech Week

- Six cities in 2016, Detroit, Chicago, Toronto, Kansas City, New York, Dallas, Los Angeles, Miami
- Conference, showcase, launch competition, networking, festival. Focus tech entrepreneurship.
- Registration varies by city. New York, Dallas, Los Angeles, Miami still open.
- <http://techweek.com/>

TechCrunch Disrupt

- September 12-14, 2016, San Francisco California
- Conference, workshops, networking, showcase, pitch competition. Focus technology startups with participation from entrepreneurs, investors.
- Registration is open.
- <https://techcrunch.com/event-info/disrupt-sf-2016/>



**Startup El Paso
Entrepreneurship Through Innovation Initiative
Hub Training Framework**

The Hub of Human innovation is the “go to” place for cutting edge entrepreneurship expertise and knowledge in the community – the innovation hub for the community. We offer cutting edge training for innovators. As such these trainings will change over time as best practices change and our community needs change.

Shift - Innovators Toolkit is a series of interlocking training modules that together will build a solid infrastructure to enable entrepreneurs, The Hub, and the community to flourish. Shift trainings are in-depth, experiential, hands-on workshops that allow time for practical exercises and peer-to-peer feedback on individuals’ ventures. The skills learned are based on cutting edge thought leadership and tools for startup development - e.g. Steve Blank’s Customer Development Model, Eric Ries’ Lean Startup and Alexander Osterwalder’s Business Model Canvas, and Kauffman Founders School.

Trainings focus on the skills required to:

- Collect extensive feedback information from potential customers to validate ideas
- Build the value proposition
- Define and canvas the business model
- Build the economic model and understand the financial metrics
- Map out a sales process
- Identify and learn how to effectively communicate ideas/pitch your company.

Trainings are 3 – 6 weeks. They are designed for a maximum of 20 participants and are fee based. We proposed to conduct at least three training sessions a year. Fall, Spring, Summer. A certificate will be presented at completion of the program. In addition to traditional Hub audience we propose to design and offer Shift programs specifically for students at area colleges and universities, veterans, and for the creative class.

Learn from the Experts is a series of intensive half day or one day workshops/trainings that combine interactive lectures with expert panels on topics that are crucial to a starting or growing a scalable company. They are designed to not overlap with other offerings in the community but to enhance them.

These trainings will be 4 – 6 hours and will be offered based on client feedback and the needs of the community.

Potential workshops focus on, but are not limited to, these topic areas:

- Law School for Startups - Legal issues all startups face
- Crowdfund your Product - Crowdfunding as an alternative to traditional funding schemes
- Protect your Ideas - IP protection through trademarks, patents and copyrights
- Manufacture it Here - Strategies for manufacturing your prototypes, small batch runs in the Borderplex
- Mastering Startup Marketing - The importance of and how to market your startup
- Startup Digital Toolkit - Advanced social media and e-commerce strategies.



Directed Mentoring is composed of structured one-on-one and team mentoring between a specific entrepreneur or innovator and their mentor(s) over the course of a year. Entrepreneurs are paired with a mentor(s) based on their need and the mentor(s) expertise and background. Mentors help the entrepreneur work through issues specific to their business. After multiple mentor sessions, the interaction between mentor and mentee has the result of developing an entrepreneur who has improved tools with which to think through these issues and find creative solutions. In effect training the entrepreneur to address the day-to-day challenges associated with starting, running and scaling a business.

Mentor teams are formed based on the stage and coachability of the entrepreneur and the availability of trained mentors. Mentors who are trained in lean startup, business model canvassing and cutting-edge mentoring techniques are paired with an entrepreneur who then meets with them in a structured setting that involves feedback and "homework", where appropriate. Mentors serve a critical role in the development of the entrepreneur and expand the ability of The Hub to train entrepreneurs.

It is expect that entrepreneurs and mentors will engage for a minimum of 6 hours over the course of a year.



Shift – Powered by The Hub
Module I - Customer Discovery
2016 - 2017

Why do most technology startups fail? Because they start executing before they have a sound business model, and before they understand what their customers want. What about you? Have you discovered a scalable and profitable business model yet? Do you really know your customers' pain?

The Hub of Human Innovation's **Customer Discovery module** is designed for both entrepreneurs with ideas and for those who have an existing startup. The Customer Discovery Program uses a combination of methodologies including Steve Blank's Lean Startup, I-Corp's Accelerated Commercialization Process (get out of the building), and the Business Model Canvas to uncover and validate your customer assumptions.

After this program, you will have a better understanding of what your customers want. You will have identified the core of your business model – your customer segments and value proposition. Or you may discover your idea isn't viable. That's OK too. It's better to find out now than spend years and a fortune only to find out people won't buy your product.

How does it work:

1. Make assumptions about what needs to be true about your customers in order to succeed.
2. Design tests, collect data/talk to customers.
3. Interpret the results.
4. Start a business model canvas for your idea/startup.
5. Update your business model canvas weekly based on your customer discoveries.
6. Present your findings and get critical feedback.
7. Repeat for the next session.

Expectations:

1. Intensive program with four 2 hour sessions.
2. Commit to participate in each class session and be ready to present.
3. Three one-on-one mentoring sessions.
4. Identify and learn how to effectively communicate your business idea.
5. Talk to at least 15 potential customers.
6. Start your business model canvas.

Requirements and Process:

1. Have an idea or a startup project.
2. Fill out the application.
3. Pay the application fee.
4. Purchase and Read the book: *Business Model Generation* by Alexander Osterwalder & Yves Pigneur
<http://www.businessmodelgeneration.com/book/order>.

HubOfHumanInnovation.org

a:: 500 W. Overland Suite 230 El Paso, TX 79901 **p::** 915.321.3125 **f::** 915.503.2264



Shift - Powered by The Hub				
Module I - Customer Discovery				
Textbook: Business Model Generation by Alexander Osterwalder & Yves Pigneur				
Session	Date-Time	Topic	Activity	# of New Discoveries
A	Week 1 5:00 - 7:00PM	Introductions and Course Expectations	1 Hr. 15 Min. Lecture-Demo	
		Customer Discovery Basics What is Interviewing		
		Sample Interviews	45 Min. Class Activity	
B	Week 1 TBD	Mentor-Entrepreneur Office Hours	2 Hrs.	
C	Week 2 5:00 - 7:00PM	Business Model Canvas	45 Min. Lecture	5
		Customer Discovery Report Out Business Model Canvas Draft 1	1 Hr. 15 Min. Class Activity	
D	Week 2 TBD	Mentor-Entrepreneur Office Hours	2 Hrs.	
E	Week 3 5:00 - 7:00PM	Value Propositions	1 Hr. Lecture	5
		Customer Segments		
		Customer Discovery Report Out Business Model Canvas Draft 2	1 Hr. Class Activity	
F	Week 3 TBD	Mentor-Entrepreneur Office Hours	2 Hrs.	
G	Week 4 5:00 - 7:00PM	Customer Discovery Wrap up	15 Min. Lecture	5
		Customer Discovery Report Out Business Model Canvas Draft 3 Company Pitch	1 Hr. 45 Min. Class Activity	
Totals	4 Weeks		8 Hrs. Class Time 6 Hrs. Available Mentor Time	15 Customer Discoveries



Shift – Powered by The Hub
Module II – Business Model Canvas
2016 - 2017

Have you discovered a scalable and profitable business model yet? If you understand who your customers are and what they want - now is the time to map out your business using the Business Model Canvas. The Hub of Human Innovation's **Business Model Canvas module** is designed specifically for entrepreneurs who have an existing startup. The program works with participants to create an in-depth understanding of a cutting edge tool to uncover and validate your startup's business model - the Business Model Canvas.

After this program, you will have a better understanding of what you need to do to make your company a success. You will have solidified the core of your business model – your customer segments and value proposition – and you will have sketched out the other components of distribution channels, key resources, key partners, key activities, cost structure and revenue model.

How does it work:

1. Develop a business model canvas for your startup.
2. Make assumptions about what needs to be true about your business model in order to succeed.
3. Design tests, collect data, talk to customers/partners/distribution channels to inform your decisions.
4. Interpret the results.
5. Update your business model canvas weekly based on what you have learned.
6. Present your findings and get critical feedback.
7. Repeat for the next session.

Expectations:

1. Intensive program with three 2 hour sessions.
2. Commit to participate in each class session and be ready to present.
3. Three one-on-one mentoring sessions.
4. Build the value proposition.
5. Define and canvas the business model.
6. Understand your key resources, key partners, key activities.
7. Map out a sales process.
8. Build the economic model and understand the financial metrics.
9. Identify and learn how to effectively communicate your business model.

Requirements and Process:

1. Have a startup project.
2. Fill out the application.
3. Pay the application fee.
4. Purchase and Read the book: *Business Model Generation* by Alexander Osterwalder & Yves Pigneur
<http://www.businessmodelgeneration.com/book/order>.

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a:: 500 W. Overland Suite 230 El Paso, TX 79901 **p::** 915.321.3125 **f::** 915.503.2264



Shift - Powered by The Hub
Module II - Business Model Canvas

Textbook: Business Model Generation by Alexander Osterwalder & Yves Pigneur

Session	Date-Time	Topic	Activity
A	Week 1 5:00 - 7:00PM	Introductions and Course Expectations	1 Hr. 30 Min. Lecture-Demo
		Business Model Canvas Basics Value Propositions Customer Segments Customer Relationships Channels Business Model Canvas Draft 1	30 Min. Class Activity
B	Week 1 TBD	Mentor-Entrepreneur Office Hours	2 Hrs.
C	Week 2 5:00 - 7:00PM	Review Customer Segments, Relationships, Channels	1 Hr. 15 Min. Lecture-Demo
		Key Activities Key Resources Key Partners Business Model Canvas Draft 2 Company Pitch	45 Min. Class Activity
D	Week 2 TBD	Mentor-Entrepreneur Office Hours	2 Hrs.
E	Week 3 5:00 - 7:00PM	Cost Structure Revenue Model	1 Hr. Lecture-Demo
		Business Model Canvas Draft 3 Company Pitch	1 Hr. Class Activity
F	Week 3 TBD	Mentor-Entrepreneur Office Hours	2 Hrs.
Totals	3 Weeks		6 Hrs. Class Time 6 Hrs. Available Mentor Time