
**Minutes of Regular Meeting
of
The Board of Directors of SH130 Municipal Management District No. 1**

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

SH130 MUNICIPAL MANAGEMENT DISTRICT NO. 1 §

The Board of Directors (“**Board**”) of SH130 Municipal Management District No. 1 (“**District**”) met in a regular session, open to the public, on October 17, 2024, at 100 Congress Avenue, 11th Floor, Austin, Texas 78701, a designated office of the District outside the boundaries of the District. Director Mike Krusee, as Chairperson of the Board, called the meeting to order at or about 12:41 p.m.

The following members of the Board were present at the opening of the meeting: Mike Krusee, the Chairman, and Directors Albert Hawkins and Austin Talley. Robert Walker, the Vice Chairman, was delayed but expected to join the meeting, though not present for the initial roll call. One Board seat remains vacant. The Vice Chairman arrived at or about 12:47 p.m., and a quorum of at least three Directors was maintained at all times during the meeting.

Also present at the meeting were the following persons:

- District staff Aundre Dukes, Tim Alcott (via Zoom), Kristinn Massay, and Candice Salazar;
- Hayes Innovation Center for Advanced Manufacturing (“**HICAM**”) representatives Jon Hockenyos (via Zoom) Marc Spier, and Marcus Metzger;
- Heather Reed and Tyler Ostby of Juice Consulting;
- Attorney Tim Green of Coats Rose, P.C., legal counsel for the District;
- Jim Carpenter, a landowner within the District, and Felix Zayas and Vance McMurry of the Emerald Island project;
- Attorneys Bill Venema (via Zoom), Emilio B. Nicolas, and Jennifer Freel, and paralegal Tracey Green of Jackson Walker L.L.P. (“**Jackson Walker**”), legal counsel for the District; and
- Jacob Perkins, a videographer with Hen’s Bread Productions, attended the meeting in person to operate video recording equipment during the meeting.

References herein to “*Agenda Item No.*” refer to the corresponding agenda item number set forth in the meeting’s *Public Notice of Regular Meeting of the Board of Directors of SH130 Municipal Management District No. 1* dated October 10, 2024.

1. With regard to Agenda Item No. 3: Director Krusee called for public comments. In response, Mr. Carpenter addressed the Board.

Mr. Carpenter summarized certain economic development reports he received on Emerald Island and Greenport from the Perryman Group. Mr. Carpenter reported that the projects had been determined to be synergistic because Emerald Island was expected to generate an increased need for air travel that could not be managed by Austin’s existing airport, and also because of their close proximity to each other and their uniform ownership.

Mr. Carpenter went on to summarize from his notes on the report its projections regarding job growth and revenue for Emerald Island and Greenport during the construction phase and operational phase. He told the Board that the overall project was a public/private partnership, and that the County had been a sponsor from the beginning. He also told the Board that once the projects were operational there was an expectancy for \$60 million in tax revenue to Travis County, \$1.2 billion per year to the State, and \$427 million per year in other tax districts, which included school districts. Mr. Carpenter advised the Board that there were time limits to the revenue generated by low-cost apartment projects that Emerald Island and Greenport would not be subject to.

Mr. Carpenter expressed frustration that he was not receiving any help from the District for these projects, despite the benefits he described, and that the cost to him personally from what he described as eleven months of delay was \$3.5 million to date, and ongoing costs of \$300,000 each month that he did not get any help from the District.

Director Walker joined the meeting at this point. Director Krusee made note of the time of Director Walker’s arrival for the record (at or about 12:47 p.m.), then advised Mr. Carpenter that he may continue.

Mr. Carpenter next provided the Board with an overview of the financial structure he envisioned to make Emerald Island and Greenport a reality, with further details on a profitable structure for rents and tax revenue, as he expressed his enthusiasm for its multiple benefits to the County and State infrastructure.

Mr. Carpenter said the District was established for the purpose of the Emerald Island projects, and he urged the Board to get the District back on track. He voiced frustration that the attorneys at Jackson Walker were not cooperating with him, and did not express interest in him or his project from the outset. Mr. Carpenter grew increasingly frustrated as he presented to the Board his standing as the sole taxpayer and primary landholder within the District, and his belief that he was not being treated as such.

Mr. Carpenter told the Board he had witnessed an ethical violation with regard to a past resolution approving a \$1,450,000 loan to him. In his recollection, following a motion made by Director Krusee, without further discussion or amendment, the resolution was passed by a unanimous vote. He believed that after the meeting attorneys with Jackson Walker added “four more things” to the minutes that recorded that vote and that the record of that particular meeting had been unfairly approved by a majority of the Board members. With increasing irritation, Mr. Carpenter advised the Board that he had offered his own real estate holdings as collateral for the loan and had arrived at a title company with Director Krusee, but that Director Walker did not appear that day and to date had refused to sign the papers. He felt betrayed by the District for not coming through on funds promised for the Perryman report and other expenses.

Director Krusee asked Mr. Carpenter if he might be close to concluding his remarks, given the time he had already been given without interruption to address the Board, and Mr. Carpenter said he was nearing conclusion.

Mr. Carpenter next expressed resentment at not being permitted to videotape one of the previous Board meetings, and his suspicion that the notes, minutes, and record of the meetings were not to be trusted. He said he planned to document the misdeeds that he believed had been done, and accused Director Talley of making threats and saying things to him that were antagonistic. These remarks provoked a short discussion between Director Krusee, Director Talley, and Mr. Nicolas with regard to the propriety of responses by the Board members to Mr. Carpenter’s series of accusations. Director Krusee told the rest of the Board that Mr. Carpenter should be permitted to address the Board as he wished without interruption or responses in the heat of the moment, as the public comment portion of the meeting was not for the purposes of debate or discussion.

Mr. Carpenter was also angry about how he was being presented in the media, particularly since he was not involved in any of the previous apartment deals. In his view, his reputation in the media was important to the success of Emerald Island, and he had hired a media team to mitigate some of the unfair reporting that was already out there.

As a final matter, Mr. Carpenter accused Mr. Alcott of working for two different public entities, one in Austin and one in San Antonio, and called for his immediate resignation or firing by the Board.

Director Krusee thanked Mr. Carpenter for his comments, then reminded Mr. Carpenter that the Board’s silence during his presentation was not an indication of approval, disapproval, or agreement with what was presented.

Mr. Nicolas asked to respond to certain points raised in Mr. Carpenter’s comments, as a member of the public and not as a member of the governing body; however Director Krusee did not wish to authorize rebuttal to the remarks of a public citizen in attendance. Director Krusee suggested that Mr. Nicolas instead submit something written to the Board or call any of the Board

members to discuss. Mr. Nicolas nevertheless briefly stated that a number of the statements Mr. Carpenter made about him and his law firm were not true, that they deny those statements, and that they can prove those statements as being untrue.

There being no other public comments, Director Krusee called for the next item on the agenda.

2. With regard to Agenda Item No. 4: The Board was presented with the minutes of the regular meeting of the Board held on September 18, 2024. Director Krusee expressed no objection to the minutes as presented and moved to approve. Director Talley seconded approval. Director Hawkins said he had no objection to the minutes, and Director Walker similarly voted to approve. Mr. Nicolas drew the Board's attention to a typo in the spelling of Heather Reed's name—spelled "Rees" in the version of the minutes the Board had just reviewed—and told the Board that the typo would be corrected in the copy of the minutes to be signed by the District's Secretary. The minutes of the September 18, 2024 regular meeting were therefore unanimously approved with the correction mentioned.

3. With regard to Agenda Item No. 5: Next, the Board received an update on HICAM and its construction project. Mr. Metzger thanked the Board for its continued support, reported that HICAM hoped to have certificates of occupancy on schedule, and that the offices for the MMD were expected to be available in November as originally planned. Mr. Metzger directed the Board's attention to the packet supplied by the HICAM team prior to the meeting, which included an executive summary of a grant produced for the National Institute of Standards and Technology, and recapped HICAM's plans to pursue state and federal grants. Mr. Metzger next presented to the Board a proposed nonprofit operating agreement that was also included in the packet, and suggested that Jackson Walker and HICAM's attorneys review the proposed operating agreement for the purpose of finalizing for signature by both parties. Director Hawkins requested that a copy of the proposed operating agreement be attached to these minutes; therefore, a copy of the aforementioned operating agreement is attached hereto as Exhibit A. On the motion of Director Krusee, seconded by Director Walker, and affirmatively approved by remaining Directors Talley and Hawkins, the proposed operating agreement between HICAM and the District was unanimously approved, subject to legal review. Mr. Spier then addressed the Board, expressing appreciation for Mr. Metzger's leadership at HICAM, and his delight that they were at or ahead of schedule on all of the goals set by HICAM to realize its vision. Ms. Reed reminded the Board that they still had a tentative January timeline for grand opening plans for HICAM. Mr. Ostby reported that Mr. Metzger had been interviewed by KXAN and summarized other media interest in the project and speaking engagements. Mr. Ostby also described the team's excitement about the awards for which Mr. Metzger or HICAM had been nominated, including an "Austin on Fire" award, and their plans toward self-sustainability. Director Walker and Mr. Hockenyos each echoed the positive comments said about HICAM thus far, particularly regarding the interest in HICAM from institutions of higher learning. Director Krusee thanked the HICAM team for its presentation and moved to the next item on the agenda.

4. With regard to Agenda Item No. 6: The Board took no action on Agenda Item No. 6. Mr. Nicolas briefly reminded the Board that the filling of its vacant Board seat was of the utmost importance, and Director Krusee offered to call an emergency meeting of the Board in the event they reached a consensus.

5. With regard to Agenda Item No. 7: Ms. Salazar, having included financial reports in the Board's package for this meeting, verbally presented summaries of the District's financial reports in her usual manner. Ms. Salazar sought Board approval for the payment of the current invoices of PJC Contracting, LLC; Monark Builders; Jackson Walker; and R&R Ditching Services. Ms. Salazar made note of the inclusion of an investment report in the Board's packet, as was required for the end of the quarter, and summarized the information included therein. Next, Director Krusee raised a question regarding a new form of invoice submission by Jackson Walker, wherein summaries of the invoices appeared in the Board packet without detailed time entries, and copies of the full invoices would be sent separately to the Directors for review in advance of meetings but not to bring with them to meetings. Mr. Nicolas and Ms. Freel explained that this change in format served to protect privileged information that might be disclosed by the time entries in open session. Complete billing statements with detailed time entries had been provided to Ms. Salazar for the Board to review privately before the regular meeting; however, Ms. Salazar noted that she did not forward the full invoices to the Board because she misunderstood the new process. Director Walker expressed his confidence that the invoices were properly prepared and suggested that the bills be paid. Director Hawkins asked what the process would be for seeking a refund or credit on any time entry that was later determined to not be approved, if they took the step of approving the bills in the meeting, and Ms. Freel described that process. Ms. Freel also gave more information to the Board on the need to protect privileged information, given the threat of litigation by, for example, Adam Harden, and the benefit to the District provided by the process. Director Hawkins then moved to approve all of the invoices for payment, on the condition that they retain the opportunity to re-visit approval of the Jackson Walker fees after reviewing the individual time entries. Director Talley seconded, Director Walker voted to approve, and Director Krusee abstained from the vote. A majority was reached, and the motion passed.

6. With regard to Agenda Item No. 8: At or about 1:35 p.m., the Board recessed into executive session. The executive session was attended by all four current Directors. The executive session was also attended, in whole or in part, by Mr. Alcott, Mr. Nicolas, Ms. Freel, Mr. Venema, and Mr. Green. The executive session was had to discuss or deliberate the matters set forth in Agenda Item No. 8, specifically:

- a. Update, legal advice, and deliberation regarding the employment agreement for the District's Director of Business Development. *See* TEX. GOV'T CODE § 551.074 (personnel matters); *see* TEX. GOV'T CODE § 551.071 (consultation with attorney).
- b. Update, legal advice, and deliberation concerning proposed economic development studies loan for the Emerald Island project, *see* TEX. GOV'T CODE § 551.071 (consultation with

attorney), *see* TEX. GOV'T CODE § 551.072 (deliberation regarding real property), *and see* TEX. GOV'T CODE § 551.087(1) (deliberation regarding economic development negotiations).

- c. Private consultation with the District's attorneys, including related attorney-communication and/or work product privileged matters, concerning:
 - i. Review of the scope of the District's statutory purposes, *see* TEX. GOV'T CODE § 551.071 (consultation with attorney);
 - ii. Pending TCEQ proceeding involving board vacancy issue and other pending and potential litigation matters involve the District and/or its affiliated entities, *see* TEX. GOV'T CODE § 551.071 (consultation with attorney);
 - iii. Recent open records requests made upon the District, *see* TEX. GOV'T CODE § 551.071 (consultation with attorney);
 - iv. Ongoing relationship with outside legal counsel for the District's affiliate entities and the importance of maintaining privilege, *see* TEX. GOV'T CODE § 551.071 (consultation with attorney);
 - v. The District's conflict of interest policies for directors, officers, staff, and vendors, *see* TEX. GOV'T CODE § 551.071 (consultation with attorney); and
 - vi. Proposed legislative needs and issues concerning the District, *see* TEX. GOV'T CODE § 551.071 (consultation with attorney).

7. With regard to Agenda Item No. 9: The executive session adjourned at or about 3:20 p.m., at which time Director Krusee announced that no action was taken during the executive session, and the Board would reconvene in public session.

After reconvening, Director Krusee recognized Director Hawkins for the presentation of a motion that derived from the work of an earlier-formed special committee comprised of Directors Hawkins and Talley to determine the responsibilities of the new Director of Business Development position that was created for Mr. Dukes. Director Hawkins reported that the special committee had, with the help of legal counsel for the District, developed an amended and restated employment agreement for Mr. Dukes in that new position. Director Hawkins then moved for Director Hawkins to have signature authority for the amended employment agreement with non-material changes, and with the special committee's consensus if there are material changes. Director Talley seconded, and Directors Krusee and Walker voted in the affirmative; therefore, the motion was passed unanimously.

The Chairman next recognized Director Talley for the presentation of a motion. Director Talley moved to terminate any discussions between Directors or staff and outside counsel in general, specifically including attorneys who had been terminated by Board vote, but not limited

to those terminated attorneys, inclusive of any attorneys who are not currently retained. Discussion followed on the meaning and enforceability of such a rule.

Before proceeding with a formal vote on Director Talley’s motion, Director Walker made a motion giving Mr. Alcott discretion as to whether to use Adam Harden or his law firm for legal projects and discretion as to whether to use a different law firm instead for such legal projects. Director Hawkins seconded, and Director Talley voted in the affirmative. Director Krusee abstained from the vote because of uncertainty over the legal consequences of terminating those contracts with Mr. Harden and his law firm for legal services. Therefore, the motion passed.

Director Talley then wished to return to his motion on a formal prohibition of Board members and staff communicating with former legal counsel for the District or its subsidiaries about District or subsidiary matters. Director Talley emphasized his point of view that individual Board members should not be discussing any ongoing or future matters of the District with outside legal counsel for the District that have been terminated. Director Talley said he felt strongly that this behavior should not be allowed. Director Talley described instances in which the behavior caused difficulty for the District and the importance of finding a way to effectively stop it. Discussion was had about whether the matter was more appropriately a matter of policy rather than a matter for a motion and vote, including whether the scope of the motion was too broad and required careful wording. Mr. Nicolas explained to the Board that: (1) with respect to Mr. Harden, because of threatened litigation, District staff and Directors are not to converse with Mr. Harden about any MMD or subsidiary related business or legal matters, with the exception of Mr. Alcott (in coordination with legal counsel for the District) because he may need to interact with Mr. Harden per the earlier passed motion and the handling of operational matters with him; and (2) when it comes to trying to retain vendors, law firms, or the like, that is the role of management and not Directors because the role of Directors is that of oversight and not involvement in operations (e.g., if a Director wants the District to work with a law firm, then that must go through proper channels). Further discussion about Director Talley’s concerns was had. Ultimately, Director Talley withdrew his motion, with the understanding that his concerns would be added to the record. Mr. Nicolas recommended addressing Mr. Talley’s concerns in a proposed update to the District’s Rules of Governance along with any other general updates to those Rules that might be appropriate, with those updates to be prepared and presented to the Board for consideration; and there appeared to be a consensus to that approach.

8. With regard to Agenda Item Nos. 10 and 11: There being no additional business to conduct, with the date of the next regular meeting of the Board tentatively scheduled for November 21, 2024, the Board adjourned the meeting at or about 3:50 p.m.

* * * * *

APPROVED AND ADOPTED on this ____ day of November, 2024.



SH130 Municipal Management District No. 1



JOIN MEETING
201 W. 5th St., Suite 1350
Austin, TX 78701

By: _____
Print Name: Kristinn Massay
Title: District Secretary



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201 W. 5th St., Suite 1350
Austin, TX 78701

Exhibit A
to
the Minutes of the October 17, 2024 Regular Meeting
of the Board of Directors
of SH130 Municipal Management District No. 1



HICAM



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201 W. 5th St., Suite 1350
Austin, TX 78701

SH130 Municipal
Management District
201 w 5th st Suite 1350
Austin, TX 78701
512.886.3998

HICAM - MMD Nonprofit Operating Agreement

Status: **External Review**

Date: Sep 18, 2024

Prepared By: [Marcus Metzger](#)

Executive Brief:

This Agreement is made and entered into by and between the SH130 Municipal Management District #1 (The MMD), a political subdivision of the State of Texas, with its principal office located 201 W 5th St Suite 1350, Austin Texas 78701, and the Hayes Innovation Center for Advanced Manufacturing (HICAM), a nonprofit corporation established under the laws of the State of Texas and recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, with a principal office located at 6201 Quinn Luke Trail, Austin Texas 78724.

The purpose of this agreement is to formalize the efforts between The MMD and HICAM, ensuring that both entities work in concert to fulfill the public mission of The MMD and drive sustainable economic growth, enhance workforce development and materially deliver on the mission of HICAM.

Parties to the Agreement:

- **SH130 Municipal Management District (The MMD):** The MMD is charged with promoting economic and workforce development within its jurisdiction with a focus on improving infrastructure, attracting investments, and enhancing economic opportunities. The MMD recognizes that fostering innovation and providing opportunities for skill development are critical components in achieving these goals.
- **Hayes Innovation Center for Advanced Manufacturing (HICAM):** HICAM is an economic and workforce development Nonprofit organization with a mission to Accelerate Advanced Manufacturing in Texas. Its objectives are to support the growth of advanced manufacturing startups, attract new businesses to the state and local area, provide a robust ecosystem for innovation adoption, and address the workforce needs of the advanced manufacturing industry by equipping local community members with the skills necessary to excel.

Recitals:

- **Whereas**, The MMD has an essential interest in fulfilling the application of Public Funds towards stimulating economic development, particularly through initiatives that attract high-value industries and create high-quality jobs within the state of Texas through the authorities granted in Sections [52](#) and [52-a](#), Article III, and Section [59](#), Article XVI, Texas Constitution under the title PROGRAMS AND LOANS OR GRANTS OF PUBLIC MONEY FOR ECONOMIC DEVELOPMENT.
- **Whereas**, HICAM has been established to fulfill these economic and workforce development objectives by creating an environment conducive to the growth of advanced manufacturing technologies and by providing training programs that prepare the local workforce for the demands of these industries;
- **Whereas**, The MMD and HICAM acknowledge that a strategic partnership is essential to leverage their respective strengths and resources to achieve these shared goals;
- **Now, Therefore**, the parties agree to the terms outlined in this Agreement to solidify their partnership and define their roles and responsibilities in promoting economic and workforce development.

Term of Agreement:

- This Agreement shall commence on and continue for a period of five (5) years. The Agreement may be renewed for additional five-year terms upon mutual written consent of both parties, to be finalized at least ninety (90) days prior to the end of the current term. Either party may terminate the Agreement in accordance with the provisions set forth herein.

Funding Commitment:

- The MMD agrees to allocate an annual budget to HICAM to support its operations and initiatives. The annual budget and funding commitment is subject to the approval of The MMD Board. This funding is intended to cover essential expenses such as facility operations, programmatic activities, and workforce development initiatives. The funds will be disbursed in quarterly installments. The MMD's financial commitment is conditional upon HICAM's compliance with the performance and reporting requirements detailed in this Agreement.
- HICAM agrees to pursue a multi-sourced revenue model, subject to the approval of The HICAM Board, that will enable the self sufficiency of operating expenses and anticipates a tapering of The MMD Funding over a 5 year period.

Use of Funds:

- The funds provided under this Agreement are specifically earmarked for the following purposes:
 - **Operational Costs:** This includes the day-to-day expenses necessary to maintain the 50,000 sq. ft. facility housing HICAM's incubator and accelerator programs, as well as administrative costs associated with managing the organization.
 - **CAPEX Costs:** Funds may be allocated for the acquisition of capital assets, including the purchase of specialized equipment for the workforce development training programs and the startup accelerator program. This equipment is critical for providing hands-on, industry-relevant training to community members, ensuring that they are skilled in using the latest manufacturing technologies. Additionally, CAPEX may be used to procure advanced tools and machinery for use by startups participating in the accelerator, enabling them to develop, prototype, and scale their products effectively.
 - **Program Development:** HICAM is tasked with creating and executing programs that foster the growth of advanced manufacturing startups. This includes providing these startups with access to cutting-edge technology, mentorship, business development services, and financial support in the form of small business grants.
 - **Workforce Development Initiatives:** HICAM will collaborate with educational institutions such as Austin Community College (ACC) and Texas A&M University (A&M) to develop and deliver training programs tailored to the needs of the advanced manufacturing sector. These programs are designed to equip community members, particularly veterans and underserved populations, with the skills required to succeed in high-tech manufacturing roles.
 - **Facility Costs:** The MMD agrees to cover the principal payments on the building that houses HICAM's Programs, alleviating the financial burden of property debt and allowing HICAM to concentrate on its mission of fostering economic growth and workforce development. Additionally, The MMD will assume responsibility for some structural and exterior maintenance and insurance costs as outlined in the lease agreement. This includes routine upkeep, necessary repairs, and



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insurance coverage to ensure the facility remains safe, functional, and adequately protected for its intended use by startups and workforce trainees.

Oversight and Accountability:

- **Governance Structure:** To ensure that HICAM’s activities align with the strategic objectives of The MMD, The MMD shall nominate one representative to serve on HICAM’s Board of Directors. This representative will participate in all board meetings and have full voting rights. The HICAM Board of Directors will be responsible for setting the strategic direction of HICAM, approving budgets, and monitoring the progress of HICAM’s initiatives. All future HICAM board seat nominations will be subject to the approval of the HICAM Board.
- **Reporting Requirements:** HICAM is required to submit quarterly reports to The MMD, detailing the financial status of the organization, including income statements, balance sheets, and cash flow analyses. Additionally, these reports should include an update on programmatic activities, achievements, and challenges. HICAM must also provide an annual report that comprehensively reviews its activities over the past year, assesses its progress against the agreed-upon performance metrics, and outlines plans for the upcoming year. HICAM may participate in monthly MMD board meetings to update on progress of initiatives and performance.
- **Executive Leadership:** The Executive Director of HICAM, who reports directly to the HICAM Board of Directors, will be responsible for the day-to-day management of the organization. This includes overseeing the implementation of programs, managing staff, engaging with stakeholders, and ensuring that HICAM’s activities align with the strategic objectives outlined in this Agreement. The Executive Director will also serve as the primary point of contact between HICAM and The MMD, ensuring open communication and collaboration.

Directives and Strategic Objectives:

- HICAM shall execute the following strategic initiatives, which are critical to fulfilling the economic and workforce development goals of The MMD:
 - **Incubator and Accelerator Programs:** HICAM will operate a comprehensive incubator program, selecting 4-5 early-stage startups per cohort that specialize in advanced manufacturing technologies. These startups will be provided with access to HICAM’s resources, including state-of-the-art equipment, expert mentorship, and networking opportunities with potential investors and industry partners. The goal is to support these startups in developing viable products and scaling their operations to contribute to the local economy.

- **Workforce Development:** In partnership with accredited academic institutions, HICAM will design and deliver training programs that are directly aligned with the needs of the advanced manufacturing sector. These programs will focus on equipping participants with the skills necessary for high-demand roles in areas such as automation, robotics, and artificial intelligence for manufacturing. The goal is to ensure that Texas becomes a leading source of skilled talent for the advanced manufacturing industry.
- **Strategic Partnerships:** HICAM will cultivate and maintain strategic partnerships with key organizations such as Capital Factory and Plug and Play. These partnerships are essential for expanding HICAM's reach, enhancing its program offerings, and increasing the visibility of Texas as a hub for innovation in manufacturing. By leveraging the networks and expertise of these partners, HICAM aims to attract high-potential startups and industry leaders to the region.

Performance Metrics and Evaluation:

- The success of HICAM's initiatives will be measured against the following Key Performance Indicators (KPIs):
 - **Startup Success:** The number of startups that graduate from HICAM's incubator program and go on to secure significant follow-on funding, achieve market success, or expand their operations within the local economy. HICAM aims to maintain a high success rate, demonstrating the effectiveness of its support system in nurturing viable and scalable businesses, but recognizes the inherent high failure rate of startup businesses.
 - **Job Creation and Workforce Placement:** The number of new jobs created within or relocated to the local economy as a direct result of HICAM's programs, particularly those filled by graduates of the workforce development initiatives. HICAM's goal is to create a robust pipeline of skilled workers who are readily employed by local advanced manufacturing companies, contributing to a reduction in local unemployment rates and an increase in community income levels.
 - **Economic Impact on the Community:** HICAM will regularly assess its overall impact, including metrics such as increased business activity, improved community infrastructure, and enhanced quality of life for residents. This assessment will help ensure that the benefits of HICAM's initiatives are widely distributed throughout the community.

- HICAM will include these KPIs in its quarterly and annual reports to The MMD. These metrics will be reviewed by The MMD's representative on the Board of Directors, who will work with HICAM to make any necessary adjustments to ensure that the organization remains on track to meet its objectives.

Governance and Management:

- The governance of HICAM will be overseen by its Board of Directors, which will consist of 3 members, including the representative from The MMD. The Board will meet regularly to review the organization's performance, approve strategic plans and budgets, and provide guidance on major programmatic decisions.
- The Executive Director of HICAM, who reports directly to the HICAM Board of Directors, will be responsible for the day-to-day management of the organization. This includes overseeing the implementation of programs, managing staff, engaging with stakeholders, and ensuring that HICAM's activities align with the strategic objectives outlined in this Agreement. The Executive Director will also serve as the primary point of contact between HICAM and The MMD, ensuring open communication and collaboration.

Partnerships and Collaborations:

HICAM is expected to actively seek and foster strategic partnerships that can enhance its ability to meet the economic and workforce development goals laid out by The MMD. Partnerships will be structured around three core areas:

- **Educational Partnerships:** HICAM will maintain close relationships with Austin Community College (ACC) and Texas A&M University (A&M), as well as other educational institutions. These partnerships are vital for developing training programs that align with the skills required by advanced manufacturing companies. HICAM will work with these institutions to create curriculum, provide real-world training opportunities, and ensure a direct pipeline from the classroom to local employment.
- **Industry Partnerships:** To strengthen its incubator program and workforce initiatives, HICAM will engage industry leaders from the manufacturing, robotics, automation, and artificial intelligence sectors. These partnerships will ensure that the startups and trainees have access to cutting-edge technology, real-world industry insights, and networking opportunities. Companies may also participate by offering mentorships, internships, or apprenticeships to HICAM program participants.
- **Technology and Startup Ecosystem Collaborations:** HICAM will leverage strategic relationships with organizations like Capital Factory and Plug and Play. These

relationships will help attract high-potential startups to the incubator and connect participants with venture capitalists, mentors, and global markets. By integrating into these ecosystems, HICAM will significantly amplify its reach and impact.

Partnerships will be reviewed annually to ensure that they align with HICAM's goals and that they deliver measurable value to the incubator participants and workforce trainees. HICAM will also continually seek out new partnerships to broaden its resources and influence.

Intellectual Property and Confidentiality:

- **IP Ownership and Licensing:** All intellectual property (IP) developed by startups or workforce trainees as part of HICAM's initiatives will be owned by the creators. HICAM and The MMD will not claim ownership of the IP, but HICAM may negotiate licensing agreements that grant it non-exclusive rights to use or commercialize IP created within its programs, ensuring that economic value generated through the incubator is reinvested into the local economy.
- **Confidentiality:** Both HICAM and The MMD recognize the importance of confidentiality in the course of this partnership, particularly regarding proprietary technology, business strategies, and sensitive financial data. Each party agrees not to disclose or share any confidential information obtained during the relationship without prior written consent, except where required by law. Confidentiality agreements will be established with each participating startup and partner organization to protect their proprietary data and technology.

Dispute Resolution:

To ensure the smooth execution of this Agreement, both parties commit to resolving any disputes in a timely and cooperative manner. Dispute resolution shall proceed through the following steps:

1. **Negotiation:** If any disagreement arises under this Agreement, both parties agree to attempt to resolve the issue through direct negotiations within thirty (30) days of the issue being raised.
2. **Mediation:** If negotiation fails, the matter will be referred to mediation, where a neutral third-party mediator will assist in reaching a resolution. Mediation will take place within sixty (60) days of the initial filing of the dispute.
3. **Arbitration:** If mediation does not lead to a resolution, the dispute will be submitted to binding arbitration in accordance with the rules of the American Arbitration Association (AAA). The decision rendered by the arbitrator will be final and legally binding on both parties.

Termination and Amendment:

- **Termination Conditions:** Either party may terminate this Agreement if the other party materially breaches the terms of the contract and fails to rectify the breach within ninety (90) days of receiving notice. The MMD may also terminate this Agreement if HICAM loses its 501(c)(3) status, undergoes significant changes in mission that conflict with the goals of The MMD, or fails to meet key performance indicators.
- **Amendments:** Any amendments to this Agreement must be made in writing and signed by both parties. Amendments can be proposed at any time during the term of the Agreement, and must be agreed upon and documented before taking effect.

Insurance and Indemnification:

HICAM agrees to maintain comprehensive general liability insurance to cover any risks associated with its operations under this Agreement, including coverage for any personal injury, property damage, or other liabilities that may arise during the course of its programs. The MMD will be named as an additional insured on HICAM's insurance policy. In the event of any claims, liabilities, or damages arising from HICAM's operations or failure to meet its obligations under this Agreement, HICAM agrees to indemnify, defend, and hold harmless the MMD, its officers, agents, and employees.

Governing Law and Jurisdiction:

This Agreement will be governed by and construed in accordance with the laws of the State of Texas. Any legal actions arising from this Agreement shall be filed in the state or federal courts located in Travis County, Texas. Both parties consent to the exclusive jurisdiction of these courts and waive any claims to jurisdiction in any other forum.

Tim Alcott
CEO
SH130 Municipal Management District #1

201 w 5th st Suite 1350
Austin, TX 78724

Marcus Metzger
Executive Director
HICAM

6201 Quinn Luke Trail
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