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|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                   |                  |           |
| <b>Firm-Based Incentive Matrix</b>             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                   |                  |           |
|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                   |                  |           |
| <b>Project Name:</b> Merck IT Hub              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                   |                  |           |
|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                   |                  |           |
| <b>SECTION 1. MINIMUM PROJECT REQUIREMENTS</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                   |                  |           |
|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Yes</b>   | <b>No</b>         |                  |           |
|                                                | A. The Firm is located in the Desired Development Zone.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | X            |                   |                  |           |
|                                                | B. The Firm conducts its business in compliance with environmental regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | X            |                   |                  |           |
|                                                | C. The Firm will ensure that all construction workers hired for construction funded by the Firm will be provided Workers Compensation Insurance and OSHA 10 Training.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | X            |                   |                  |           |
|                                                | D. The Firm will comply with the City of Austin's MBE/WBE Ordinance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | X            |                   |                  |           |
|                                                | E. The Firm will ensure that all construction work funded by the Firm complies with the City's established prevailing wage program that is used on City of Austin public works projects. Unless living wage is exempted through the exception process, the City of Austin's living wage will apply to any prevailing wage classification that falls below the living wage. <i>Firm may qualify for an exception from this requirement - see Section #5 below.</i>                                                                                                                                                                                      | X            |                   |                  |           |
|                                                | F. The Firm will ensure that all workers are paid at least the City of Austin's living wage, including full-time employees, contract employees, and construction workers hired for construction work funded by the Firm. <i>Firm may qualify for an exception from this requirement - see Section #5 below.</i>                                                                                                                                                                                                                                                                                                                                        | X            |                   |                  |           |
|                                                | G. The Firm will extend benefits to domestic partners of employees and their dependents. The Firm's policy should reflect the definition of a domestic partner as an individual who lives in the same household and shares the common resources of life in a close, personal, intimate relationship with an employee if under Texas law the individual would not be prevented from marrying the employee on account of age, consanguinity or prior undissolved marriage to another. A domestic partner may be of the same, or opposite, gender as the employee. <i>Firm may qualify for an exception from this requirement - see Section #5 below.</i> | X            |                   |                  |           |
|                                                | H. The Firm will provide health insurance benefits for all new full-time employees. <i>Firm may qualify for an exception from this requirement - see Section #5 below.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | X            |                   |                  |           |
| <b>SECTION 2. EVALUATION CRITERIA</b>          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                   |                  |           |
| <b>Overall Economic and Fiscal Impact</b>      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                   |                  |           |
|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Small</b> | <b>Medium</b>     | <b>Large</b>     |           |
|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>10</b>    | <b>20</b>         | <b>30</b>        | <b>25</b> |
|                                                | <b>Relative to its industry, what is the absolute size of the net benefit as measured by: jobs and income, level of desirable public benefits, and net fiscal impact to the City?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |              |                   |                  |           |
|                                                | The net benefit of the project before support is \$2,804,104                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |              |                   |                  |           |
| <b>Linkages to the Local Economy</b>           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                   |                  |           |
|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Poor</b>  | <b>Acceptable</b> | <b>Excellent</b> |           |
|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>0</b>     | <b>15</b>         | <b>25</b>        | <b>25</b> |
|                                                | <b>Is the Firm a recognized targeted industry identified by City of Austin?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                   |                  |           |
|                                                | The firm is in a target industry (fusion of tech and bio/life-sciences)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |              |                   |                  |           |
|                                                | <b>Is the firm a headquarters operation? Does it represent the "headquarters" of a new product line or service for the firm?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |              |                   |                  |           |
|                                                | The project is a specialized regional center of the international firm.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |              |                   |                  |           |
|                                                | <b>Is the firm growing? Is the firm in a growing industry? How stable is the firm?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |              |                   |                  |           |

|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                          |                         |                      |                   |           |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------|-------------------|-----------|
|                                                | This firm has been a global health care leader for more than 125 years. The firm is a growing firm with a specialized perspective of delivering services and products in a growing industry.                                                                                                                                                                                                                             |                         |                      |                   |           |
|                                                | <b>Does the project make use of an especially underutilized asset such as certain segments of the labor force or current office space?</b>                                                                                                                                                                                                                                                                               |                         |                      |                   |           |
|                                                | The project intends to locate in the Innovation Zone, anchoring and catalyzing future redevelopment of the space surrounding the project.                                                                                                                                                                                                                                                                                |                         |                      |                   |           |
|                                                | <b>Will the project create significant contracting opportunities for local firms including small and disadvantaged businesses?</b>                                                                                                                                                                                                                                                                                       |                         |                      |                   |           |
|                                                | The project creates significant contracting opportunities for local firms, including small and disadvantaged businesses, as it proposes to invest \$20,532,000 million in construction, as well as an estimated \$2 million in annual expenditures for local service and an estimated \$500,000 in local purchases.                                                                                                      |                         |                      |                   |           |
|                                                | <b>Does the project fill a hole in the Austin economic base?</b>                                                                                                                                                                                                                                                                                                                                                         |                         |                      |                   |           |
|                                                | This catalyst project, with a reputable industry leader, is a basic industry that is targeted for development because it is under-represented in the Austin economy. This project could further diversify and strengthen the technology sector in Austin, TX, while the project could also bring a variety of related suppliers into the market that do not currently have a presence in the city.                       |                         |                      |                   |           |
|                                                | <b>Does the project have the potential to either seed a new cluster or bring additional firms to Austin?</b>                                                                                                                                                                                                                                                                                                             |                         |                      |                   |           |
|                                                | This project with this industry leader will catalyze the development of the Innovation Zone as this firm commands significant market and industry share. The firm is a very well-known innovator that receives significant attention and has linkages to suppliers/buyers within the established cluster industry that will look to Austin as a new market for developing their business and relationship with the firm. |                         |                      |                   |           |
|                                                | <b>Will the firm directly compete for resources with existing firms?</b>                                                                                                                                                                                                                                                                                                                                                 |                         |                      |                   |           |
|                                                | The company does not directly compete for resources with existing firms but the company brings a new industry presence that will diversify opportunities in the market and, over a period of time, utilize resources in which it has been able to deliver/retain in the City.                                                                                                                                            |                         |                      |                   |           |
| <b>Infrastructure Impact</b>                   |                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Disproportionate</b> | <b>Proportionate</b> | <b>Low Impact</b> |           |
|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>0</b>                | <b>5</b>             | <b>10</b>         | <b>10</b> |
|                                                | <b>Will the firm make a disproportionate demand on the community's infrastructure?</b>                                                                                                                                                                                                                                                                                                                                   |                         |                      |                   |           |
|                                                | The project anticipates locating in a High Frequency Transit Corridor and its location in Austin will be within half of a mile of Rail or bus service and within half of a mile of bicycle routes.                                                                                                                                                                                                                       |                         |                      |                   |           |
| <b>Character of Jobs/Labor Force Practices</b> |                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Unacceptable</b>     | <b>Acceptable</b>    | <b>Excellent</b>  |           |
|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>0</b>                | <b>15</b>            | <b>25</b>         | <b>25</b> |
|                                                | <b>Will the bulk of new hires be local or imported?</b>                                                                                                                                                                                                                                                                                                                                                                  |                         |                      |                   |           |
|                                                | 50% of the hires are anticipated to be filled with local Austinites.                                                                                                                                                                                                                                                                                                                                                     |                         |                      |                   |           |
|                                                | <b>What is the average wage paid? How does it compare to the local or national industry average?</b>                                                                                                                                                                                                                                                                                                                     |                         |                      |                   |           |
|                                                | The project provides an average annual wage of \$84,586 for similar jobs, which is slightly higher than the regional average wage of \$82,219.                                                                                                                                                                                                                                                                           |                         |                      |                   |           |
|                                                | <b>What is the median wage paid? How are job categories and wages distributed within the overall structure?</b>                                                                                                                                                                                                                                                                                                          |                         |                      |                   |           |
|                                                | The average wage differs from the median wage by 6%.                                                                                                                                                                                                                                                                                                                                                                     |                         |                      |                   |           |
|                                                | <b>What training is provided? Opportunities for advancement? Are there funds for additional education?</b>                                                                                                                                                                                                                                                                                                               |                         |                      |                   |           |
|                                                | Through policy and practice, the company provides multiple outlets for ongoing education and professional development that range from career and talent development to executive and leadership development. The firm also offers on-demand modules, programs and resources for self-paced learning and development. The firm also has a policy that provides educational assistance in the reimbursement of studies.    |                         |                      |                   |           |
|                                                | <b>Does the firm actively promote diversity in hiring and promotion?</b>                                                                                                                                                                                                                                                                                                                                                 |                         |                      |                   |           |

|                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                     |                   |                  |           |
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|                                                                                    | The firm has an equal opportunity policy to provide opportunities for all individuals without regard to an exhaustive list of factors. The firm is also very committed to a diverse employee base that reflects the makeup of the community where it is located, as it has a special focus on diversity in recruiting and is active in diversity programs for the development of minorities in the workforce.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                     |                   |                  |           |
| <b>Quality of Life/Cultural Vitality</b>                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Unacceptable</b> | <b>Acceptable</b> | <b>Excellent</b> |           |
|                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>0</b>            | <b>5</b>          | <b>10</b>        | <b>10</b> |
|                                                                                    | <b>Does the firm have a proactive cultural outreach program?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                     |                   |                  |           |
|                                                                                    | The firm has an active portfolio of existing cultural outreach programs and intends to create an outreach plan for programs that more closely relate to the community in which it chooses to locate its next project. The company regularly connects with local, national and international opportunities in promoting health and wellness, as well as preventative healthcare and healthcare entities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                   |                  |           |
|                                                                                    | <b>Does the firm actively encourage employee volunteer/charitable efforts?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                     |                   |                  |           |
|                                                                                    | The company has a global volunteerism policy in which it provides employees with the opportunity to take up to 40 hours of paid time off annually to engage in volunteer activities that support nonprofit organizations. The company also provides a number of programs in which employees are encouraged to participate for community, educational, and industry development.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                     |                   |                  |           |
| <b>SECTION 3. THRESHOLD FOR EXTRAORDINARY ECONOMIC IMPACT AND ADDITIONAL BONUS</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                     |                   |                  |           |
| <b>Threshold for Extraordinary Economic Impact</b>                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Yes</b>          |                   | <b>No</b>        |           |
| <b>Subsection A:</b>                                                               | 1. The firm is in a targeted industry.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | X                   |                   |                  |           |
|                                                                                    | 2. The firm is involved in leading edge technology.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | X                   |                   |                  |           |
|                                                                                    | 3. State economic development funds are available for the firm.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | X                   |                   |                  |           |
|                                                                                    | 4. The firm will generate 500 jobs or more.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | X                   |                   |                  |           |
| <b>Criteria for Additional Bonus Consideration</b>                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Yes</b>          |                   | <b>No</b>        |           |
| <b>Subsection B:</b>                                                               | 1. 10% of the new full-time jobs created by the project will be filled by economically disadvantaged workers. An economically disadvantaged worker is defined as a person who meets one of the following descriptions:<br><ul style="list-style-type: none"> <li>• Is unemployed for at least three months before obtaining employment with the company;</li> <li>• Has a household income of less than 80% of the area median income;</li> <li>• Resides in a census tract with a rate of unemployment in excess of 150% of the Austin-MSA unemployment rate; or</li> <li>• Faces or has overcome at least one of the following barriers to employment: <ul style="list-style-type: none"> <li>o Being homeless</li> <li>o Being a custodial single parent</li> <li>o Receiving public assistance</li> <li>o Lacking a GED or high school diploma</li> <li>o Participation in a vocational English as a second language program</li> <li>o Having a criminal record or other involvement in the criminal justice system</li> </ul> </li> <li>o Has a physical or mental disability</li> </ul> |                     |                   | X                |           |
|                                                                                    | 2. The firm will develop and implement a program for recruiting ex-offenders and provide employed ex-offenders with continuing education services (either toward the attainment of a high school diploma or GED or toward the attainment of an Associate's or Bachelor's degree) or ongoing mentoring services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                     |                   | X                |           |
|                                                                                    | 3. The firm will fill at least 75% of new, full-time jobs with City of Austin residents. For purposes of this requirement, residents are defined as having a permanent address within the City of Austin and not having worked for the company prior to the effective date of the agreement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                     |                   | X                |           |

|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              |            |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--|------------------------------|------------|
|                                                                                     | 4a. The Firm will locate in a high frequency transit corridor, TOD, or Regional Center, Town Center, or Neighborhood Center identified in the Growth Concept Map in the Imagine Austin Plan and/or locate within ½ mile of a rail or bus stop that is accessible by safe pedestrian and bicycle routes.(If met, firm eligible for up to 7% additional incentive.)                                            |                            |  |                              |            |
|                                                                                     | 4b. The firm will develop a program to encourage employees to use alternative transportation modes through Transportation Demand Management strategies such as carpooling, flextime work schedules, and subsidizing transit costs for employees.(If met, firm eligible for up to 3% additional incentive.)                                                                                                   | X                          |  |                              |            |
|                                                                                     | 5. The firm will commit to obtaining LEED certification silver or above for the project.                                                                                                                                                                                                                                                                                                                     | X                          |  |                              |            |
|                                                                                     | 6. The project has a WebLOCI-estimated net benefit of \$5 million or more.                                                                                                                                                                                                                                                                                                                                   |                            |  | X                            |            |
|                                                                                     | 7. The firm will ensure that employees and/or construction workers are provided workforce development services through nonprofits that contract with the City of Austin or apprenticeship/training programs registered with the Department of Labor, or will make a monetary donation (the amount to be included in the Agreement) to a workforce training program approved by the City of Austin.           |                            |  | X                            |            |
|                                                                                     | 8. The firm will provide an on-site day care facility for employees that may be open to the public, and/or provide subsidized daycare for employees.                                                                                                                                                                                                                                                         |                            |  | X                            |            |
|                                                                                     | 9. The firm meets two or more of the thresholds in Section 3, Subsection A.                                                                                                                                                                                                                                                                                                                                  | X                          |  |                              |            |
|                                                                                     | 10. New value of eligible property shows a minimum investment of more than \$200 million.                                                                                                                                                                                                                                                                                                                    |                            |  | X                            |            |
| <b>TOTAL POSSIBLE POINTS</b>                                                        |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              | <b>100</b> |
| <b>TOTAL SCORE</b>                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              | <b>95</b>  |
| <b>SECTION 4. PROPERTY TAX REBATES AND JOBS-BASED GRANTS</b>                        |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              |            |
|                                                                                     | A firm can receive either a property tax rebate OR a jobs-based grant. The point range below describes the maximum level to be provided. All incentives are performance-based and are not paid up front.                                                                                                                                                                                                     |                            |  |                              |            |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              |            |
|                                                                                     | <b>General Fund Impact:</b> Property tax rebates will not be provided which result in a Web-LOCI computed net loss for the General Fund. Property tax rebates are for property taxes generated by the Project and will not exceed 100% in any year.                                                                                                                                                          |                            |  |                              |            |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              |            |
|                                                                                     | <b>Total Points Scored:</b>                                                                                                                                                                                                                                                                                                                                                                                  | <b>Property Tax Rebate</b> |  | <b>Jobs-Based Grant</b>      |            |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              |            |
|                                                                                     | Less than 60 points                                                                                                                                                                                                                                                                                                                                                                                          | No Consideration           |  | No Consideration             |            |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              |            |
|                                                                                     | 60 to 79 points                                                                                                                                                                                                                                                                                                                                                                                              | Up to 30%                  |  | Up to \$100/job              |            |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              |            |
|                                                                                     | 80 points or more                                                                                                                                                                                                                                                                                                                                                                                            | Up to 50%                  |  | Up to \$150/job              |            |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              |            |
|                                                                                     | <b>EXTRAORDINARY ECONOMIC IMPACT:</b> A firm that scores at least 60 points AND meets at least one threshold from Section #3A will be eligible to be considered for additional incentives. The firm will be eligible for up to an additional 10% incentive for each criteria met in Section #3B. The percent for each criteria will be recommended by City Staff and then evaluated and approved by Council. | Up to 100%                 |  | Up to an Additional \$50/job |            |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              |            |
| <b>SECTION 5. THRESHOLD FOR EXCEPTION PROCESS FOR SECTION #1E, #1F, #1G, or #1H</b> |                                                                                                                                                                                                                                                                                                                                                                                                              |                            |  |                              |            |
|                                                                                     | Section #1A, #1B, #1C, and #1D are Minimum Requirements that cannot be waived. An exception application form must be submitted by the applicant and approved with a 2/3 majority vote of Council in order to waive Minimum Requirements Section #1E, #1F, #1G, or #1H.                                                                                                                                       |                            |  |                              |            |