ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN THE CITY OF AUSTIN

AND HID GLOBAL CORPORATION

This Economic Development Agreement ("Agreement") is made and entered into as of October 11, 2012 (the "Effective Date") by and between HID Global Corporation (the "Company"), a Delaware corporation qualified to do business in Texas, with its principal places of business in Irvine, CA, and the City of Austin, a home-rule municipal corporation situated in Hays, Travis and Williamson Counties acting by and through its duly authorized City Manager or his designee (the "City"). The City is authorized by Chapter 380 of the Texas Local Government Code to create programs for the grant of public money to promote state and local economic development and to stimulate local business and commercial activity.

The City has authorized the creation of an economic development program under Chapter 380 of the Texas Local Government Code and has authorized the City Manager to make a grant of money to the Company to (i) establish a new manufacturing and distribution center in Austin and make capital investments in the Desired Development Zone and (ii) create and maintain New Full-time Jobs (together are the "Project").

The expansion of the Company's business in Austin will further state and local economic development and stimulate business and commercial activity in Austin. The Company accepts the City's grant and agrees to carry-out the Project, the terms of which are the subject of this Agreement.

The City and the Company agree as follows:

AGREEMENT

I. The Company's Obligations

1.01 Investment in the Desired Development Zone. The Company shall establish its Austin-based manufacturing and distribution center (the "Manufacturing and Distribution Center") at a facility located within the City's Desired Development Zone. The Company shall ensure that:

(a) after the Effective Date of this Agreement, and before June 30, 2014, the Company or its lessor, or landlord, or owner of the real property at which the Manufacturing and Distribution Center is located, has invested at least Thirty Million and No/100 Dollars ($30,000,000.00) in the construction of a new facility and

(b) after the effective date of this Agreement and before December 31, 2017 the Company has invested at least Six Million and No/100 Dollars ($6,000,000.00) in the purchase of business personal property to be installed and used at the Manufacturing and Distribution Center to support the operation of the Manufacturing and Distribution Center.

1.02 Construction Requirements for Manufacturing and Distribution Center.

(a) The Company shall make commercially reasonable efforts to hire 20% disadvantaged workers who are graduates of construction training programs for non-licensed construction tasks on the original construction of HID Global's facility. A disadvantaged worker is defined by Texas Government Code Section 2303.402(c) or lacks a high school diploma or a GED equivalent.

(b) The Company shall make commercially reasonable efforts to ensure that construction contractors and subcontractors (1) secure OSHA 10 hour training for all on-site personnel and OSHA 30 hour training for supervisors or superintendents, and (2) cover all their construction workers with workers' compensation insurance.

1.03 Creation and Retention of New Full-Time Jobs. The Company shall create at least two hundred seventy six (276) New Full-Time Jobs (as hereafter defined) located at the Manufacturing and Distribution Center, by December 31, 2015. A "New Full-Time Job," is a full-time job created after the Effective Date of this Agreement that is performed at the Manufacturing and Distribution Center by employees of the Company, and created as the result of the improvements to and operation of the Manufacturing and Distribution Center.

(a) The Company shall create and retain the New Full-Time Jobs as follows:
(i) 147 New Full-time Jobs before December 31, 2014; and
(ii) 276 New Full-time Jobs before December 31, 2015.

(b) The Company shall maintain the required New Full-Time Jobs as of December 31st of each year thereafter throughout the term of this Agreement.

(c) The average annual compensation, excluding health insurance and retirement benefits, for all New Full-time Jobs must not be less than the following amounts:

Year	Average Annual Compensation
2013	$ 44,336
2014	$ 44,336
2015	$ 53,163
2016	$ 53,163
2017	$ 53,163
2018	$ 53,163
2019	$ 53,163
2020	$ 53,163
2021	$ 53,163
2022	$ 53,163

If the average annual compensation for all New Full-time Jobs is less than the amount stated, the Company shall not be entitled to receive a Chapter 380 Payment for that year.

(d) If the number of people employed in New Full-Time Jobs falls below the number of jobs required by Sections 1.02(a) & (b):

1. The Company shall create or reinstate the requisite number of New Full-Time Jobs within ninety (90) days after December 31st of the applicable year; and

2. The average annual compensation for all New Full-time Jobs must not be less than the amount required in Section 1.02(c) as of the date which is 90 days after December 31st of the applicable year.

(e) If the Company fails to comply with the preceding Sections 1.02(a) through (d) within 90 days after December 31st of the applicable year, the Company shall not be entitled to receive the Chapter 380 Payment for such Employment Year. If the Company fails to comply with the preceding Sections 1.02(a) through (d) within the 90 day cure period after December 31st for such Employment Year the City, at its sole discretion, may thereafter terminate this Agreement in accordance with Section 3.08 (b) after giving the Company notice and an opportunity to cure said failure in accordance with Section 3.04 below.

1.04 Recruitment.

(a) In addition to its own efforts, the Company shall make commercially reasonable efforts to work with non-profit organizations such as the Greater Austin Asian Chamber of Commerce, the Austin Gay and Lesbian Chamber of Commerce, the Capital City African American Chamber of Commerce, the Greater Austin Hispanic Chamber of Commerce, the Austin/Travis County Reentry Roundtable, Minorities for Equality in Employment Education Liberty, the Texas Department of Assistive and Rehabilitative Services (DARS), the National Society of Black Engineers, the Society of Hispanic Professional Engineers, and/or other appropriate organizations to expand its pool of diverse candidates in hiring recruitment efforts for jobs at the Manufacturing and Distribution Center. The Company shall provide documentation of its efforts to the City upon request.

(b) The Company shall make commercially reasonable efforts to recruit residents of the Austin area for its New Full-time Jobs. The Company shall provide documentation of its efforts upon request to the City.

(c) The Company shall adhere to its equal employment policies and practices (attached hereto as Exhibit A).

(d) If the Company fails to comply as provided for in paragraphs (a), (b), or (c) above, the Company will be required to forfeit the Chapter 380 Payments scheduled to be paid pursuant to Section 2.01 for the year in which such default occurred.

1.05 Local Business Participation.

(a) In an effort to further stimulate and positively impact the local economy, the Company shall use commercially reasonable efforts to provide minority-owned, women-owned and local small businesses certified by the City's Small and Minority Business Resources Department (SMBR) an equal opportunity to participate as suppliers for materials and services purchased by the Company exclusively for use at its Manufacturing and Distribution Center. To assist in recruiting efforts, the Company is required to contact SMBR for a list of available City certified minority-owned, women-owned and local small businesses.

(b) Within ninety (90) days after the Effective Date, the Company shall submit to the City a reasonable supplier diversity policy regarding the Company's procurement of materials and services to be used exclusively at the Manufacturing and Distribution Center which may be reasonably modified from time to time by the Company, provided the policy and all modifications are approved by SMBR. The Company agrees to adhere to this policy for the procurement of materials and services for which the cost is more than Five Thousand and No/100 Dollars ($5,000.00) and for which there are qualified local certified M/WBE suppliers, providing competitive prices and with sufficient financial resources in light of the particular materials and services to be supplied. Failure to comply with this obligation shall be considered a breach of this Agreement. Should SMBR determine that the Company has failed to satisfy its obligation under this paragraph (a) the Company will forfeit the next anticipated Chapter 380 Payment as described in paragraph (g). With respect to any individual procurement of materials or services for which the cost is Five Thousand and No/100 Dollars ($5,000.00) or less, the Company is encouraged, but not required, to adhere to the requirements of this paragraph. The Company shall maintain and provide documentation of its efforts to comply with this paragraph (a) to SMBR as part of its monthly reports required under subsection 1.04(f).

(c) The Company shall comply with the applicable standards and principles of Chapters 2-9A through 2-9D of the City's ordinance for M/WBEs ("**M/WBE Program Ordinance**") in the design and construction of its Manufacturing and Distribution Center.

(d) With respect to any design or construction projects for the Company's Manufacturing and Distribution Center, including, but not limited to, leasehold improvements, the Company, the architect and the general contractor shall meet the following gender and ethnic-specific participation goals for each year in which design or construction occurs:

	Professional Services Participation Goals	Construction Participation Goals
African-American-owned Business Enterprises	1.9%	1.7%

Hispanic-owned Business Enterprises	9.0%	9.7%
Asian-American and Native American-owned Business Enterprises	4.9%	2.3%
Women-owned Business Enterprises	15.8%	13.8%

In an effort to meet the gender and ethnic-specific M/WBE utilization goals, the Company shall implement an outreach program designed to solicit participation of M/WBEs. These outreach efforts should also target small businesses generally. The Company may seek the assistance of SMBR in these outreach efforts as described in paragraph (e) below.

For any year in which the Company, the architect and the general contractor fail to meet each of these goals, the Company, the architect and the general contractor must demonstrate good faith efforts to meet the goals as described in the City's M/WBE Program Ordinance. The Company shall submit documentation demonstrating its own and the architect's and general contractor's good faith efforts to meet the goals as is required under the following paragraph (f). If the Company provides documentation to SMBR evidencing its own and its architect's and general contractor's good faith efforts, the Company shall be deemed in compliance with this paragraph (d). Failure to perform this obligation shall be considered a material breach of this Agreement. The City acknowledges that this obligation does not require the Company to modify, nullify or abrogate any contracts that the Company has entered into prior to the Effective Date of this Agreement.

(e) The Company shall apprise SMBR when the Company desires assistance from SMBR in its efforts to meet the gender and ethnic specific M/WBE utilization goals. This assistance may include providing a list of certified M/WBE firms from which the Company may solicit or cause the architect or its general contractor to solicit participation in the design and construction of any improvements, identifying potential scopes of work, establishing the bid packages, scheduling and hosting outreach meetings, and assisting the Company, its architect, or general contractor in soliciting M/WBE firms to provide bids. The Company is not required to solicit participation during a period in which the Company is not engaged in designing and/or constructing its Manufacturing and Distribution Center, but rather, the Company is required to incorporate the standards and principles of the City's M/WBE Program Ordinance including the foregoing M/WBE utilization goals into its development process as and when such process exists in connection with the Manufacturing and Distribution Center.

(f) The Company shall provide monthly reports to SMBR no later than the 10th day of each month to track (i) the utilization on a percentage basis of M/WBE firms in the

design and construction of the New Improvements; and (ii) a summary of the Company's efforts to implement the standards and principles of the City's M/WBE Program Ordinance. SMBR shall provide the forms to be used by the Company in submitting such reports.

(g) Within thirty (30) days of receipt of the Company's final monthly report (as is required under paragraph (f) above for the preceding year, January 1st through December 31st (the "**SMBR Compliance Period**"), SMBR shall determine whether the Company is in compliance with the requirements of this Section 1.04. Should SMBR determine that the Company (or its architect or general contractor), has not complied with the obligations of this Section 1.04, the Company will forfeit the next anticipated Chapter 380 Payment. For example, if the Company (or its architect or general contractor) fails to comply with its obligations under Section 1.04 for one year, the Company will be required to forfeit one Chapter 380 Payment. If the Company fails to comply with the obligations for two years, the Company will be required to forfeit two Chapter 380 Payments, and so on.

1.06 Compliance with City Regulations. For the construction or remodeling, including leasehold improvements, of the Manufacturing and Distribution Center, or the construction or remodeling of any future facilities in the City's planning jurisdiction during the term of this Agreement, the Company will comply with all City Code regulations, including water quality regulations in effect at the time any site plan application is filed, unless the Company has negotiated an agreement with the City to comply with overall impervious cover limits and provide the currently required water quality controls. This means the Company will not assert possible Chapter 245 rights to avoid compliance with water quality regulations during the term of this Agreement. If, during the term of this Agreement, a development does not comply with water quality regulations in effect at the time any site plan application is filed for such development, after proper notice and a reasonable opportunity to cure the deficiency in accordance with Section 3.04, below, the City may terminate this Agreement by giving the Company written notice of its election to terminate.

1.07 Certificate of Compliance and Inspection.

(a) Beginning March 31, 2014 and continuing each year thereafter during the term of this Agreement, the Company shall deliver to the City before March 31 of each year a Certificate of Compliance utilizing the form attached as Exhibit "B".

(b) In the Certificate of Compliance, the Company shall warrant to the City that it is in full compliance with each of its obligations under this Agreement.

(c) The City, and/or its representative(s), including third-parties contracted by the City, has the right to inspect all relevant records of the Company as are reasonably necessary to verify compliance with all requirements of this Agreement. Inspections shall be preceded by at least two week's notice in writing to the Company, shall be conducted at the Company's Austin-based manufacturing and distribution center or other mutually agreeable location.

(b) 60% of the City property taxes levied on the increase of real property taxable valuation after the Effective Date of this Agreement for the Manufacturing and Distribution Center and improvements thereon which are owned or leased by the Company.

Such payment will commence with the tax year 2013 and terminate upon payment of the taxes for tax year 2022.

Replacements of existing personal property must be New Equipment and Machinery placed into service for, or supporting the operation of the Manufacturing and Distribution Center after the effective date in order to be eligible for the Chapter 380 Payment under this Agreement. Real property improvements constructed at the Manufacturing and Distribution Center, by or for the Company after the Effective Date are included among the property referenced in Section 2.01(b). Property taxes on the value of existing real property improvements are not included in the amount eligible for Chapter 380 Payments under section 2.01(b).

2.02 Schedule for Chapter 380 Payments and Coordination with Travis Central Appraisal District (TCAD).

(a) In order to properly identify property which is eligible for Chapter 380 Payments, the Company will work with TCAD to create separate TCAD accounts for both new real property improvements and personal property acquired after the Effective Date.

(b) With respect to the Chapter 380 Payments described in Section 2.01 above, on or before March 31st of each year during the term of this Agreement, the Company shall provide evidence to the City confirming the amount of the City property taxes paid by the Company to the Travis County tax collector or its successor (the "Property Tax Notice"). The Chapter 380 Payments with respect to the property taxes shall be based on the amount stated in the Property Tax Notice.

(c) Provided the Company has demonstrated that it complied with the terms of the Agreement, the Chapter 380 Payment shall be paid to the Company by the City on an annual basis for the preceding year, on or before October 31st following the tax year for which taxes were paid. For example, the first Chapter 380 Payment shall be based on taxes paid for the calendar year 2013, and shall be paid on or before October 31, 2014, and the last Chapter 380 Payment shall be based on taxes paid for the calendar year 2022, and shall be paid on or before October 31, 2023.

(d) If, after the October 31 payment date of any year, the Company is required to pay more City property taxes on its property with respect to which a Chapter 380 Payment is provided under this Agreement than the amount stated in the Property Tax Notice for the year preceding the applicable October 31 payment date, then the Company shall notify the City in writing of the amount of additional Property Tax paid by the Company to the County tax collector or its successor (the "Additional Property Tax Notice"). The City shall pay the Company the amount stated in the Additional Property Tax Notice at the same time as the next payment is due to the Company.

1.08 Texas Government Code Chapter 2264. In accordance with Chapter 2264 of the Texas Government Code, the Company agrees not to knowingly employ any person who is not lawfully admitted for permanent residence to the United States or who is not authorized under law to be employed in the United States ("Undocumented Worker").

(a) During the term of this Agreement, the Company shall notify City of any complaint brought against the Company alleging that the Company has employed Undocumented Workers.

(b) If the Company, or a branch, division or department of the Company is convicted of a violation under 8 U.S.C. Section 1324a(f), the total amount of economic development grants it has received, together with interest at the rate of five percent (5%) from the date of each payment of an economic development grant, shall be repaid by the Company to the City not later than the one hundred twentieth (120th) day after the date the City notifies the Company of the violation.

(c) The City shall recover court costs and reasonable attorney's fees incurred if it prevails in an action brought pursuant hereto to recover past economic development grants and interest. The Company shall not be liable for a violation of Chapter 2264 by a subsidiary, affiliate, or franchisee, or by a person with whom the Company contracts.

1.09 Failure to Meet Obligations. In the event that the Company fails to fulfill its obligations under this Agreement, and does not cure such failure after City sends notice of an Event of Default (as hereafter defined) to the Company and expiration of the cure period described in Section 3.04 below, the City may, at its option, terminate this Agreement in accordance with Section 3.08 (b) below. Upon termination of this Agreement for the Company's failure to cure an Event of Default, the City shall not be required to further pay, and the Company shall not be entitled to receive any further payments under this Agreement. The foregoing sentence shall not release the City from its obligation to make payment for any prior year(s) of this Agreement during which the Company did fulfill its obligations under the performance guidelines set forth in Sections 1.01 through 1.07, above.

1.10 Completion of Obligations. The Company's obligations to the City pursuant to this Agreement shall be completed whenever the Company has (i) made the required investment as provided in Section 1.01, and (ii) fulfilled the requirements in Section 1.02 to receive the incentive payments from the City as provided in Section 2.01.

II. City Obligations

2.01 Economic Development Incentive. As consideration for the Company's performance of its obligations under this Agreement, for a period of ten years beginning on the Effective Date, the City shall pay to the Company an annual Chapter 380 Payment ("Chapter 380 Payments") in an amount equivalent to:

(a) 60% of the City property taxes levied on all personal property acquired after the Effective Date of this Agreement that is installed in the Manufacturing and Distribution Center; plus

obligations under this Agreement for the year in which the City does not appropriate the necessary funds.

(d) To the extent there is a conflict between this Section 3.02 and any other language or covenant in this Agreement, this Section 3.02 shall control.

3.03 Representations and Warranties. The City represents and warrants to the Company that the economic development program and this Agreement are within its authority, and that it is duly authorized and empowered to establish the economic development program and enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. The Company represents and warrants to the City that it has the requisite corporate authority to enter into this Agreement.

3.04 Event of Default. If either the City or the Company should fail in the performance of any of its obligations under this Agreement, such failure or omission to perform shall constitute an "Event of Default" under this Agreement. When an Event of Default occurs, the non-defaulting party shall provide the defaulting party with written notice of the alleged Event of Default (pursuant to Section 3.09, below), and allow the defaulting party a minimum period of ninety (90) calendar days after the receipt of this notice to cure such Event of Default, prior to terminating this Agreement, instituting an action for breach of contract or pursuing any other remedy for the event of default.

3.05 Entire Agreement. This Agreement contains the entire agreement between the Parties. All prior negotiations, discussions, correspondence, and preliminary understandings between the parties and others relating to the Parties' obligations are superseded by this Agreement. This Agreement may only be modified, altered or revoked by written amendment signed by the City and the Company.

3.06 Binding Effect. This Agreement shall be binding on and inure to the benefit of the Parties, their respective successors and assigns.

3.07 Assignment. Except as provided below, the Company may not assign its rights or obligations under this Agreement to a third party without prior written approval of the City. The City's approval of the assignment shall not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary, the Company may assign all or part of its rights and obligations under this Agreement without the prior consent of the City to an affiliate of the Company in which the Company owns at least a fifty percent (50%) interest, or to a third party lender advancing funds for the acquisition, construction or operation of the Company's Manufacturing and Distribution Center facility.

3.08 Termination.

(a) Termination by the Company for convenience. In the event the Company elects not to proceed with the Project as contemplated by this Agreement, the Company shall notify the City in writing, and this Agreement and the obligations on the part of both Parties shall be deemed terminated and of no further force or effect. Provided that, such termination for convenience shall not release the City from its obligation to make a Chapter 380 Payment for any prior year(s) of this Agreement during which

(e) If the Company's property taxes owed are reduced at any time after the City's receipt of the Property Tax Notice or Additional Property Tax Notice, the Company must promptly notify the City of this change. If such notification is received by the City after the City has made the applicable Chapter 380 Payment to the Company, the subsequent Chapter 380 Payment will be reduced to reflect the property tax reduction of the prior year. If this reduction occurs during the last year of the Term, the Company must promptly refund to the City the amount reflecting the reduction in taxes for the applicable year.

A summary explanation and examples of payment of grants under this Agreement is attached as Exhibit "C".

2.03 The City is not obligated to make a grant payment for any year which does not qualify (*i.e.*, the City has determined that the Company has failed to meet the required performance measure or condition applicable to the Company for that year) and has provided written notice to the Company of such determination on or before October 31st of the following year and has given the Company an opportunity to cure such failure in accordance with Section 3.04 below.

III. General Terms

3.01 Term. The term for this Agreement is ten (10) years. This Agreement shall become enforceable upon execution and delivery by the City and the Company. Unless this Agreement is terminated earlier in accordance with Section 3.08, the Company's obligations to perform under this Agreement shall be completed on December 31, 2022 and the City shall make its final payment to the Company under this Agreement on or before October 31, 2023, provided the Company has demonstrated compliance with the terms of the Agreement.

3.02 Payments Subject to Future Appropriation. This Agreement shall not be construed as a commitment, issue, pledge or obligation of any specific taxes or tax revenues for payment to the Company.

(a) All payments or expenditures made by the City under this Agreement are subject to the City's appropriation of funds for such payments or expenditures to be paid in the budget year for which they are made.

(b) The payment(s) to be made to the Company, or other expenditure(s) under this Agreement, if paid, shall be made solely from annual appropriations of the City as may be legally set aside for the implementation of Article III, Section 52a of the Texas Constitution, Chapter 380 of the Texas Local Government Code, or any other economic development or financing program authorized by statute or home-rule powers of the City under applicable Texas law, subject to any applicable limitations or procedural requirements.

(c) In the event the City does not appropriate funds in a given fiscal year for payments due or expenditures under this Agreement, the City shall not be liable to the Company for such payments or expenditures unless and until appropriation of the necessary funds is made; provided, however, that the Company, in its sole discretion, shall have the right, but not the obligation, to terminate this Agreement and shall have no

the Company did fulfill its obligations under the performance guidelines set forth in Sections 1.01 though 1.07 above.

(b) Termination for Cause. If either Party to this Agreement fails to meet its obligations under this Agreement, and the non-defaulting party provides notice of the Event of Default as set forth in Section 3.04, above, and the Event of Default is not cured within the ninety (90) calendar day cure period, this Agreement may be terminated by the non-defaulting party after expiration of the ninety (90) calendar day cure period.

3.09 Notice. Any notice and/or statement required or permitted to be delivered shall be deemed delivered by actual delivery, by facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses:

To the Company:

HID Global Corporation
Attn: Chief Financial Officer
15370 Barranca Parkway
Irvine, CA 92618
Phone: (949) 732-2000
Fax: (949) 732-2120
Re: Economic Development Agreement

To the City:

City of Austin
Attn: City Manager
301 West 2nd Street
Austin, Texas 78701
(P.O. Box 1088, Austin, Texas 78767)
Phone: (512) 974-2200
Fax :(512) 974-2833

with copies to:

City of Austin
Attn: Director, Economic Growth and Redevelopment Services Office
301 West 2nd Street
Austin, Texas 78704
Phone: (512) 974-7802
Fax: (512) 974-7825

City of Austin
Attn: Jacqueline Cullom, Assistant City Attorney
301 West 2nd Street, 4th Floor
Austin, Texas 78701

Phone: (512) 974-2268
Fax: (512) 974-2894

Either party may designate a different address at any time upon written notice to the other party.

3.10 Interpretation. Each of the Parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall be interpreted as being drafted by both Parties in conjunction with the other, neither more strongly for, nor against any party.

3.11 Applicable Law and Venue. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas. Venue for any dispute arising under this Agreement shall lie in the state courts of Travis County, Texas.

3.12 Severability. In the event any provision(s) of this Agreement is deemed illegal, invalid or unenforceable under present or future law(s) by a court of competent jurisdiction, it is the intention of the Parties that the remainder of this Agreement shall not be affected. It is also the intention of the Parties that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision will be substituted by written amendment to this Agreement which is legal, valid or enforceable and similar in terms as possible to the provision deemed to be illegal, invalid or unenforceable.

3.13 Section Headings. The Section headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

3.14 No Third Party Beneficiaries. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party.

3.15 No Joint Venture. It is acknowledged and agreed by the Parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The City, its past, current and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with the Manufacturing and Distribution Center or the design, construction or operation of any portion thereof.

3.16 Public and Confidential Information. Information provided by or on behalf of the Company under or pursuant to this Agreement that the Company considers as proprietary shall be maintained as confidential to the extent allowed by law. If proprietary financial or trade secret information is requested under the Texas Public Information Act, the City shall follow the standards set out in the Act and under the Texas Attorney General's procedures for such requests, and the Company shall be responsible for defending the confidentiality of such information. Other records and information provided to the City and its representatives to verify compliance with this Agreement shall be available for public inspection. The City's right to verify the existence of Fulltime employees will be accomplished in a manner that does not breach any privacy policy of Company.

3.17 Counterparts. This Agreement may be executed in several identical counterparts by the Parties on separate counterparts, and each counterpart, when so executed and delivered, shall constitute an original instrument, and all such separate counterparts combined shall constitute one (1) original agreement.

3.18 Exhibits. The following Exhibits are attached and incorporated by reference for all purposes:

Exhibit "A":	Fair Employment Practices
Exhibit "B":	Certificate of Compliance
Exhibit "C":	Schedule of Reports and Payments

EXECUTED by the authorized representatives of the Parties on the dates indicated below.

HID GLOBAL CORPORATION
a Delaware corporation

By:_____
Denis R. Hébert
President & CEO

Date: October 11, 2012, 2012

CITY OF AUSTIN,
a home-rule municipal corporation

By:_____
Marc A. Ott
City Manager

Date: 10/4/12, 2012

Approved as to form:

_____
Assistant City Attorney

EXHIBITS:

Exhibit "A": Fair Employment Policies and Practices

Exhibit "B": Certificate of Compliance

Exhibit "C": Schedule

January 1, 2012

To: All Employees

Subject: **EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION POLICY**

The continued success of HID Global Corporation depends heavily on the full and effective utilization of qualified people, regardless of race, color, religion, sex, age, national origin, disability, pregnancy, medical condition, family care status, marital status, sexual orientation, veteran status and any other basis protected by federal or state law. We have a continuing obligation to hire and develop the best people we can find, basing our judgment on their job-related qualifications, not only because it is legally required but also because it is morally right and good business.

We will continue to direct our employment and personnel practices toward ensuring truly equal opportunity for everyone.

We intend that all matters relating to recruiting, hiring, training, compensation, benefits, promotions, transfers, layoffs, recall from layoffs, Company-sponsored educational, social and recreational programs and all treatment on the job will be free of discriminatory practices.

As opportunities for transfer, advancement and promotions occur, periodic reviews and analysis of personnel records will be made to ensure that all minority and female employees continue to receive equal consideration and that only valid requirements are imposed for these opportunities.

The Senior Human Resources Generalist, Mary Jane Rylaarsdam, will have responsibility for the implementation of our Affirmative Action Plan and is designated as the EEO Coordinator. With the cooperation and assistance of appropriate staff and operating personnel, the EEO Coordinator will monitor the Company's performance and report to the Vice President, Human Resources periodically on the results.

Please contact Ms. Rylaarsdam regarding any equal employment opportunity or affirmative action questions or concerns. She can be reached at (949) 732-2011.

We intend to measure ourselves against specific objectives that will continue to move our total employment practices forward with full and equal participation of all employees in the opportunities available at HID Global Corporation.

Thank you for your cooperation.

Denis Hebert
President and CEO

Exhibit B

Certificate of Compliance

Company: HID Global

Reporting Year: January 1 through December 31, 20__ Year # ___ of 10

1.0 Investment

1.1 §1.01 of the Agreement states that after the Effective Date and before June 30, 2014, HID Global (or its lessor or landlord or the owner of the real property of HID Global's Manufacturing and Distribution Center) shall invest at least $30,000,000.00 to construct HID Global's Austin Manufacturing and Distribution Center.

a. To date the City has not verified HID Global's investment in constructing the Company's Manufacturing and Distribution Center.

b. $_____ has been invested to construct HID Global's Manufacturing and Distribution Center for the reporting year ending December 31, 20__.

1.2 §1.01 of the Agreement states that after the Effective Date and before December 31, 2017, HID Global shall invest at least $6,000,000.00 in Business Personal Property to be installed and used at HID Global's Manufacturing and Distribution Center to support the operation of the Manufacturing and Distribution Center.

a. To date the City has not verified HID Global's investment in Business Personal Property.

b. HID Global has invested $_____ in Business Personal Property at the Manufacturing and Distribution Center for the reporting year ending December 31, 20__.

2.0 Employment

2.1 §1.02(a) and 1.02(b) of the Agreement require HID Global to create 294 New Full-time Jobs by December 31, 2014 and retain those New Full-time Jobs throughout the term of the Agreement. The cumulative job creation schedule is as follows:

147 New Full-time Jobs before December 31, 2014; and
276 New Full-time Jobs before December 31, 2015.

Number of New Full-time Jobs created and retained as of December 31, 20__: ___

2.2 §1.02(c) of the Agreement requires that the average annual compensation, excluding health insurance and retirement benefits, of the New Full-Time Jobs created and retained shall be as follows:

Year	Minimum Average Annual Compensation
2013	$ 44,336
2014	$ 44,336
2015	$ 53,163
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Exhibit B

Certificate of Compliance

Company: HID Global

Reporting Year: January 1 through December 31, 20__ Year # ___ of 10

2.3 Did the average annual compensation, excluding health insurance and retirement benefits, of the New Full-Time Jobs created and retained during the year ended December 31, 20__ equal or exceed the requirements in §1.02(c) of the Agreement?

☐ Yes ☐ No

2.4 As of December 31, 20__ did the number of New Full-time Jobs and created and retained fall below the numbers required under §1.02(a) and 1.02(b) of the Agreement?

☐ Yes ☐ No

If not, skip to Section 3.

2.5 Did HID Global re-establish, create or reinstate the required number of New Full-time Jobs created and retained within 90 days after December 31, 20__ as required by §1.02(d) of the Agreement?

☐ Yes ☐ No

2.6 Number of New Full-time Jobs created and retained as of March 31, 20__: _____

2.7 Did the average annual compensation, excluding health insurance and retirement benefits, of the New Full-Time Jobs created and retained as of March 31, 20__ equal or exceed the requirements in §1.02(c) of the Agreement?

☐ Yes ☐ No

3.0 Recruitment

3.1 §1.03 of the Agreement requires HID Global to:

a. Make commercially reasonable efforts to work with non-profit organizations such as the Greater Austin Asian Chamber of Commerce, the Capital City African American Chamber of Commerce, the Greater Austin Hispanic Chamber of Commerce, the National Society of Black Engineers, the Austin Gay and Lesbian Chamber of Commerce, the Austin Travis County Reentry Roundtable, Minorities for Equality in Employment Education and Liberty, the Society of Hispanic Professional Engineers, the Texas Department of Assistive and Rehabilitative Services (DARS), and other appropriate organizations as approved by the City, to expand its pool of diverse candidates in hiring recruitment efforts for the jobs at the Manufacturing and Distribution Center;

b. Make commercially reasonable efforts to recruit residents of the Austin area for its New Full-time Jobs; and

c. Adhere to its Equal Employment Policies and Practices attached as Exhibit A to the Agreement.

3.2 Did HID Global comply with the recruiting requirements in §1.03 of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

Exhibit B

Certificate of Compliance

Company: HID Global

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4.0 Local Business Participation

4.1 §1.04(a) of the Agreement requires HID Global to use commercially reasonable efforts to provide minority-owned, women-owned and local small businesses certified by the City's Small and Minority Business Resources Department (SMBR) an equal opportunity to participate as suppliers for materials and services purchased by the Company exclusively for use at its Manufacturing and Distribution Center.

Did HID Global comply with the local business participation requirements in §1.04(a) of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

4.2 §1.04(b) of the Agreement requires HID Global to:

a. Develop and submit to the City a reasonable supplier diversity policy regarding HID Global' procurement of materials and services to be used exclusively at the Manufacturing and Distribution Center within 90 days of the Effective Date of the Agreement; and

b. Adhere to this policy for the procurement of materials and services at the Manufacturing and Distribution Center with respect to any individual procurement of materials or services for which the cost is more than $5,000.

Did HID Global comply with the local business participation requirements in §1.04(b) of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

4.3 Was there any design or construction work at HID Global's Manufacturing and Distribution Center during the year ended December 31, 20__?

☐ Yes ☐ No

If not, skip to Section 5.0.

4.4 §1.04(c) of the Agreement requires HID Global to comply with the applicable standards and principles of Chapters 2-9A through 2-9D of the City's M/WBE Program Ordinance in the letting of contracts for design and construction of the company's Austin Manufacturing and Distribution Center

4.5 §1.04(d) of the Agreement requires that with respect to any design or construction projects at the company's Austin Office, HID Global, its architect and general contractor shall meet the following ethnic/gender-specific participation goals:

	Professional Services Participation Goals	Construction Participation Goals
African-American-owned Business Enterprises	1.9%	1.7%
Hispanic-owned Business Enterprises	9.0%	9.7%
Asian-American and Native American-owned Business Enterprises	4.9%	2.3%
Women-owned Business Enterprises	15.8%	13.8%

Exhibit B

Certificate of Compliance

Company: HID Global

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In an effort to meet the ethnic/gender-specific M/WBE utilization goals, HID Global shall implement an outreach program designed to solicit participation of minority-owned and women-owned businesses. These outreach efforts should also target small businesses generally. HID Global may seek SMBR's assistance in these outreach efforts as described in Section 1.04(d).

For any year in which HID Global and the general contractor fail to meet each of these goals, HID Global and the architect or general contractor must demonstrate good faith efforts to meet the goals as described in the City's M/WBE Program Ordinance. HID Global shall submit periodic documentation demonstrating its own, the architect's and/or the general contractor's good faith efforts to meet the goals, as required under Section 1.04(f) of the Agreement.

4.6 §1.04(e) of the Agreement requires HID Global to apprise SMBR when the Company desires assistance from SMBR in its efforts to meet the gender and ethnic specific M/WBE utilization goals.

4.7 §1.04(f) of the Agreement requires HID Global to provide monthly reports to SMBR, on forms provided by SMBR, to track (i) the utilization on a percentage basis of M/WBE firms in the design and construction of buildings or improvements; and (ii) a summary of HID Global's efforts to implement the standards and principles of the City's M/WBE Program Ordinance.

4.8 Did HID Global comply with the requirements in §1.04(c), 1.04(d) and §1.04(e) and §1.04(f) of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

5.0 Additional Covenants

5.1 Did HID Global timely submit its Property Tax Notice as is required under Section 2.02(b) of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

5.2 Did HID Global timely submit this Certificate of Compliance as is required under Section 1.06 of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

5.3 Did HID Global comply with the other provisions of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

Exhibit B

Certificate of Compliance

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6.0 Chapter 380 Payment Request

6.1 Based on HID Global's performance during the term of the Agreement, the Agreement provides for annual Chapter 380 payments equal to 60% of the City of Austin property taxes paid on the increase in taxable value of the Manufacturing and Distribution Center and on new business personal property acquired after the Effective Date of the Agreement that is installed and used at the Manufacturing and Distribution Center.

	Real Property	Business Personal Property
City property taxes paid for January 1, 20__ valuation:	_____	_____

Chapter 380 Payment Request: _____

6.2 Property Tax Notice is attached:

☐ Yes ☐ No

I, the authorized representative for HID Global hereby certify that the above information is correct and accurate pursuant to the terms of the Agreement. I further certify that HID Global complied fully with the Chapter 380 Economic Development Agreement during the year ended December 31, 20__, including Section 1.05 regarding Compliance with City Regulations and Section 1.07 regarding Texas Government Code Chapter 2264.

Signature: _____

Printed Name: _____

Title (Chief Financial Officer or equivalent): _____

Date: _____

Exhibit C
Schedule of Reports and Payments

	Company's Actions	*TCAD's Actions*	*City's Actions*
2012	1 Execute agreement 2 Work with TCAD to set up accounts to hold real property and business personal property investment 3 Invest in real property improvements and business personal property	Establish baseline of real property	1 Execute agreement
2013	1 Comply with Chapter 380 Agreement	On January 1 appraise Year 1 value of applicable accounts	1 Budget anticipated Year 1 payment
2014	1 By January 31, pay taxes on Year 1 appraised value 2 By March 31, provide Year 1 Certificate of Compliance 3 Comply with Chapter 380 Agreement	On January 1, appraise Year 2 value of applicable accounts	1 Verify Year 1 Chapter 380 payment amount 2 Verify Year 1 compliance 3 Budget anticipated Year 2 payment 4 Make Year 1 incentive payment by October 31
2015	1 By January 31, pay taxes on Year 2 appraised value 2 By March 31, provide Year 2 Certificate of Compliance 3 Comply with Chapter 380 Agreement	On January 1, appraise Year 3 value of applicable accounts	1 Verify Year 2 Chapter 380 payment amount 2 Verify Year 2 compliance 3 Budget anticipated Year 3 payment 4 Make Year 2 incentive payment by October 31
2016	1 By January 31, pay taxes on Year 3 appraised value 2 By March 31, provide Year 3 Certificate of Compliance 3 Comply with Chapter 380 Agreement	On January 1, appraise Year 4 value of applicable accounts	1 Verify Year 3 Chapter 380 payment amount 2 Verify Year 3 compliance 3 Budget anticipated Year 4 payment 4 Make Year 3 incentive payment by October 31
2017	1 By January 31, pay taxes on Year 4 appraised value 2 By March 31, provide Year 4 Certificate of Compliance 3 Comply with Chapter 380 Agreement	On January 1, appraise Year 5 value of applicable accounts	1 Verify Year 4 Chapter 380 payment amount 2 Verify Year 4 compliance 3 Budget anticipated Year 5 payment 4 Make Year 4 incentive payment by October 31
2018	1 By January 31, pay taxes on Year 5 appraised value 2 By March 31, provide Year 5 Certificate of Compliance 3 Comply with Chapter 380 Agreement	On January 1, appraise Year 6 value of applicable accounts	1 Verify Year 5 Chapter 380 payment amount 2 Verify Year 5 compliance 3 Budget anticipated Year 6 payment 4 Make Year 5 incentive payment by October 31
2019	1 By January 31, pay taxes on Year 6 appraised value 2 By March 31, provide Year 6 Certificate of Compliance 3 Comply with Chapter 380 Agreement	On January 1, appraise Year 7 value of applicable accounts	1 Verify Year 6 Chapter 380 payment amount 2 Verify Year 6 compliance 3 Budget anticipated Year 7 payment 4 Make Year 6 incentive payment by October 31
2020	1 By January 31, pay taxes on Year 7 appraised value 2 By March 31, provide Year 7 Certificate of Compliance 3 Continue to comply with terms of agreement	On January 1, appraise Year 8 value of applicable accounts	1 Verify Year 7 Chapter 380 payment amount 2 Verify Year 7 compliance 3 Budget anticipated Year 8 payment 4 Make Year 7 incentive payment by October 31

Exhibit C
Schedule of Reports and Payments

2021	1 By January 31, pay taxes on Year 8 appraised value 2 By March 31, provide Year 8 Certificate of Compliance 3 Continue to comply with terms of agreement	On January 1, appraise Year 9 value of applicable accounts	1 Verify Year 8 Chapter 380 payment amount 2 Verify Year 8 compliance 3 Budget anticipated Year 9 payment 4 Make Year 8 incentive payment by October 31
2022	1 By January 31, pay taxes on Year 9 appraised value 2 By March 31, provide Year 9 Certificate of Compliance 3 Continue to comply with terms of agreement	On January 1, appraise Year 10 value of applicable accounts	1 Verify Year 9 Chapter 380 payment amount 2 Verify Year 9 compliance 3 Budget anticipated Year 10 payment 4 Make Year 9 incentive payment by October 31
	1 By January 31, pay taxes on Year 10 appraised value 2 By March 31, provide Year 10 Certificate of Compliance		1 Verify Year 10 Chapter 380 payment amount 2 Verify Year 10 compliance 3 Make Year 10 incentive payment by October 31