ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF AUSTIN
AND WEBSENSE, INC.

This Economic Development Agreement ("Agreement") is made and entered into as of February 24, 2014 (the "Effective Date") by and between Websense, Inc. (the "Company"), a Delaware corporation, with its principal place of business in San Diego, 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) locate its Corporate Headquarters in Austin and make capital investments in the Desired Development Zone, and (ii) create New Full-Time Jobs at the Corporate Headquarters ((i) and (ii) together are the "Project").

The location of the Company's Corporate Headquarters 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. Company's Obligations

1.01 Investment in the Desired Development Zone. The Company shall locate its Corporate Headquarters (the "Austin Center") at 10900 B Stonelake Boulevard or another facility within the City of Austin's Desired Development Zone. The Company shall ensure that:

(a) After the Effective Date of this Agreement, and before December 31, 2015, the Company or its lessor, or landlord, or owner of the real property at which the Austin Center is located, has invested at least Two Million, Six Hundred Ten Thousand and No/100 Dollars ($2,610,000) in leasehold improvements, including design, labor, and materials; and

(b) After the Effective Date of this Agreement and before December 31, 2015 the Company has invested at least Seven Million, Three Hundred Twenty-Five Thousand and No/100 Dollars ($7,325,000) in the purchase and installation of business personal property at the Austin Center to be used at the Austin Center to support the operations of the Austin Center.

1.02 Creation and Retention of New Full-Time Jobs. The Company shall create at least 470 New Full-Time Jobs (as hereafter defined) located at the Company's Austin Center by

December 31, 2016. A "New Full-Time Job," is a full-time job created after the Effective Date of this Agreement that is performed at the Austin Center by an employee of the Company, and created as the result of the improvements to and operation of the Austin Center.

(a) The Company shall create and retain the aggregate number of New Full-Time Jobs as follows:
   (i) 200 New Full-Time Jobs before December 31, 2014;
   (ii) 420 New Full-Time Jobs before December 31, 2015; and
   (iii) 470 New Full-Time Jobs before December 31, 2016.

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

(c) Employee Compensation.

1. Each employee in a New Full-Time Job must be compensated at a rate of at least $11 per hour, excluding bonuses or benefits, throughout the term of this Agreement.

2. The average annual compensation, including performance-based or other bonuses paid and excluding health insurance and retirement benefits, for all New Full-Time Jobs must not be less than $82,000 throughout the term of the Agreement. If the average annual compensation for all New Full-Time Jobs is less than the amount required, the Company shall not be entitled to receive the 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) The Company shall retain throughout the term of this Agreement the 4 full-time jobs that are currently located in Austin. To count towards satisfaction of this provision, each retained job must be a full-time job performed in the City of Austin by an employee of the Company (an "Existing Job").

(f) If on December 31 of any year during the term of this Agreement the number of Existing Jobs retained is less than 4, the number of New Full-Time Jobs required under Section 1.02 shall be increased job -for -job by the amount of the deficit in Existing Jobs.

(g) Throughout the term of this Agreement, the Company shall provide health insurance coverage for all employees in New Full-Time Jobs and their families/dependents, including same–sex domestic partners of employees in

New Full-Time Jobs. If the Company fails to provide the health insurance coverage required in the immediately preceding sentence in a calendar year, the Company will not be entitled to receive the Chapter 380 Payment for that year.

(h) If the Company fails to comply with the preceding requirements in Section 1.02(a), (b) or (d) the City, at its sole discretion, may 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.

1.03 Recruitment.

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

(c) The Company shall adhere to the Company's equal employment policies and practices (attached hereto as Exhibit A) and ensure that such policies and practices protect employees at the Company Headquarters in Austin from discrimination based on sexual orientation and gender identity.

(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.

1.04 City Certified Minority- and Women-Owned and Local Small Business Participation.

(a) GENERAL. The Company shall comply with the applicable standards and principles of Chapters 2-9A (Construction), 2-9B (Professional Services), 2-9C (Nonprofessional Services) and 2-9D (Commodities) of the City's Code and Program Rules for M/WBEs ("**M/WBE Program**") in the purchase of commodities at its Austin Center by its employees at the Austin Center, and design and construction of its Austin Center (including leasehold improvements), in effect at the time of the solicitation for the particular scope of work or commodity purchase is to be completed. It is the Company's responsibility to contact the City's Small and Minority Business Resources Department ("**SMBR**") to ensure the Company is complying with the current and applicable ordinances and rules.

(b) INFORMATIONAL MEETING. Prior to the Company expending money subject to the requirements of this Section 1.04, or no less than ninety (90) days from the

Effective Date, the local representatives of each party will meet to discuss the requirements for compliance with the M/WBE Program and the City will advise the Company of all available resources to assist with compliance.

(c) SUPPLIES/COMMODITIES. 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 an equal opportunity to participate as suppliers for materials and services purchased by the Company exclusively for use at its Austin 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 prior to procuring supplies.

1. SUPPLIER DIVERSITY POLICY. Within ninety (90) days after the Effective Date, the Company shall submit to the City a reasonable supplier diversity policy which will not conflict with the Program regarding the Company's procurement of materials and services to be used exclusively at the Austin Center which may be reasonably modified from time to time by the Company, provided the policy and all modifications are approved by SMBR.

2. THRESHOLD AMOUNT. The Company agrees to adhere to this policy for the procurement of materials and services for which the cost is more than the purchasing authority established for the City Manager on an annual basis pursuant to Article VII (Finance) § 15 (Purchase Procedure) of the City Charter, 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. The City Manager's purchasing authority is $57,000.00 for the City's fiscal year 2013-2014, and may increase or decrease per the formula in the Charter. The City shall advise the Company annually of any changes to this threshold amount, or the Company may contact the City at any time for such information.

3. EXISTING CONTRACTS. This Section 1.04 shall not apply to valid contracts the Company has in existence on the Effective Date of this Agreement for the procurement of supplies.

(d) NON-COMPLIANCE. 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 section 1.04 the Company will forfeit the next anticipated Chapter 380 Payment as described in paragraph (j). With respect to any individual procurement of materials or services for which the cost is less than the amount established in subsection 1.04 (c)2 above, the Company is encouraged, but not required, to adhere to the requirements of this section 1.04. The Company shall maintain and provide documentation of its efforts to comply with this paragraph to SMBR as part of its monthly reports required under subsection 1.04(i) below.

(e) DESIGN AND CONSTRUCTION. The Company shall comply with the applicable standards and principles of the **M/WBE Program** in the design and construction of its Austin Center, including leasehold improvements, in effect at the time of solicitation for the particular scope of work to be completed. It is the Company's

responsibility to contact SMBR to ensure the Company is complying with the current and applicable ordinances and rules.

1. With respect to any design or construction projects for the Company's Austin Center, including, but not limited to, leasehold improvements, the Company, the architect and the general contractor shall meet the gender and ethnic-specific participation goals or subgoals for each year in which design or construction occurs as determined by the Director of SMBR in accordance with the M/WBE Program.

2. Prior to advertising a bid for any portion of the design or construction work, the Company shall submit to SMBR a copy of a proposed solicitation in order for the City to determine the gender and ethnic-specific participation goals or subgoals for the project. The determination by the Director shall be based on the proposed size, type and scope of work to be undertaken by the Company and described in the bid documents, and the availability of each group of M/WBEs to perform elements of the work. The City may utilize either the cumulative M/WBE goal or the subgoals for each group of minority persons in the proposed solicitation, or set project M/WBE participation goals as provided in Section 2-9A-19 *(Establishment of MBE/WBE Participation Levels for Individual Contracts in Construction)*, or as may subsequently be amended. The Director shall have ten business days from receipt of a bid package from the Company in order to evaluate and determine the required level for utilization of M/WBE project or phase-specific goals or subgoals, if any, and shall notify the Company in writing of the Director's determination.

(f) OUTREACH. 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 (h) below.

(g) For any year in which the Company, the architect and the general contractor fail to meet each of the goals or subgoals established by the Director, 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 (i). 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 these paragraphs (e),(f) and (g). 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.

(h) 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 established for the purchase of commodities and supplies procured by and for the Austin Center, and design and construction of improvements. 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 Austin Center, but rather, the Company is required to incorporate the standards and principles of the City's M/WBE Program including the M/WBE utilization goals established by the Director into its development process as and when such process exists in connection with the Austin Center.

(i) 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 improvements; (ii) the utilization on a percentage basis of M/WBE firms in the purchase of commodities and/or supplies by and for the Austin Center; and (iii) a summary of the Company's efforts to implement the standards and principles of the City's M/WBE Program. SMBR shall provide the forms to be used by the Company in submitting such reports.

(j) Within thirty (30) days of receipt of the Company's final monthly report (as is required under paragraph (i) 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.

1.05 Construction Worker Requirements.

(a) The Company agrees to pay and shall require its contractors to pay workers retained for any construction on the Project described in section 1.01 (Investment in the Desired Development Zone), or as may otherwise be amended and increased by the City, including remodeling and leasehold improvements, the higher wage of:

1. Prevailing wages, as defined by the City and as may be subsequently amended (see subsection (b) below); or

2. Living Wage ($11.00 per hour).

(b) Wage Rates Defined. The City has adopted prevailing wage rates by ordinance as the wage specified in a Department of Labor (DOL) published wage determination for a particular construction trade in Travis County (Davis Bacon

Wage Rates) or as the result of a City wage survey conducted according to DOL established methodology.

(c) Company's Responsibilities. Prior to commencement of and during construction of the Austin Center, in order to comply with this section 1.05 (Construction Worker Requirements), it is the Company's responsibility to:

1. Contact the City's Contact Management Department (CMD) and obtain the current prevailing wage rates in effect for Building Construction Type (BC) and Heavy Highway Construction (HH) for the construction workers performing work on the particular scope of work to be completed for all or part of the Project described in section 1.01;

2. Maintain certified weekly payrolls on-site for every contractor and subcontractor performing work on the project. Certified weekly payrolls must contain the name, address and occupation of each worker employed by the Company, its contractor or subcontractor, and the actual per diem wages paid to each worker;

3. Employee Certification. The Company and its contractor or subcontractor shall identify in writing the classification agreed to by each worker, and pay no less than the specified wage rate or Living Wage. A form designating the worker's classification and wage rate shall be signed by each worker, and if work performed by the worker is different than the rate or trade classification agreed upon, the worker shall be paid for the work completed no less than the minimum prevailing wage rate for that specified trade or Living Wage ($11.00 per hour), whichever is higher.

4. Payroll Deduction Authorization Form. The Company or its contractor or subcontractor shall prepare for each worker's signature a payroll deduction authorization form identifying all payroll deductions **excluding** those required by law, such as federal income taxes, Medicare and Social Security.

5. A statement of Compliance shall be signed and dated by the party responsible for supervising the payment of persons employed or contracted by the Company, contractor or subcontractor, and identify the name of the signatory party and title, name of project, payroll period and name of contractor or subcontractor. The statement shall attest that the payroll complies with the terms of this Agreement and 29 CFR issued by the Secretary of Labor.

6. Provide a single point of contact responsible for monitoring and enforcing the Company's construction process.

7. Erect and maintain a wage rate postings board in English and Spanish (form posting available from the City) displaying the wage rate per worker classification that may be working on the site, placed in a conspicuous place at the Project site accessible for all workers to view.

8. Coordinate with city staff or its authorized representatives.

(d) The Company shall allow CMD staff or other staff designated by the City Manager, or third party representatives retained by the City to:

1. Access the Project site, provided that such access does not unreasonably interfere with the Project,

2. Audit documents related to construction worker wages paid to determine wage compliance,

3. Interview workers, provided that such interviews do not unreasonably interfere with the Project,

4. Conduct on-site observations related to wage compliance, provided that such observations do not unreasonably interfere with the Project, and

5. Review all construction-related certified payroll reports on-site once a month or as requested by the City.

(e) Wage Rate Infraction. The City shall notify the Company of any wage rate issues identified by the City. The ninety day opportunity to cure of Section 3.04 (Event of Default) shall not apply to individual wage rate infractions in this section 1.05. Depending on the severity of the infraction, the Company shall or require its contractors to correct and remediate any wage rate issues identified within the timeframe specified in the notice provided by the City, not to exceed thirty days. The parties may agree to shorten or extend the time period for the Company or its contractor to comply depending on the type and severity of the wage rate infraction.

(f) The Company shall make commercially reasonable efforts to ensure that all contractors and subcontractors constructing the Austin Center cover all their construction workers with workers' compensation insurance. The Company shall make commercially reasonable efforts to ensure that contractors and subcontractors constructing the Austin Center provide their construction workers with OSHA 10-hour safety training and shall provide evidence of compliance with this requirement to the City or to third party representatives retained by the City.

1.06 Compliance with City Regulations. For the construction of real property improvements to the Company's Austin 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 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, 2015 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 weeks' notice in writing 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 (120^{th}) 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, 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 1.08, above.

II. City's Obligations

2.01 Economic Development Incentive. As consideration for the Company's performance of its obligations under this Agreement, during the Term of the Agreement City shall pay to the Company annual Chapter 380 payments (the "Chapter 380 Payments") calculated according to the following formula:

(a) The City's total obligation to the Company under this Agreement shall not exceed Four hundred thirty eight thousand and No/100 Dollars ($438,000).

(b) For the Company obligations performed under Article I during calendar years 2014 through 2023, the City shall pay the Company $100 for each New Full-Time Job created and retained as of December 31st of the applicable year if the Company has complied with all of its obligations under this Agreement.

2.02 The City's first payment shall be made on or before October 31, 2015 for the Company's performance for the year ending December 31, 2014. The City's final payment shall be in consideration for the Company's performance during the year ending December 31, 2023. The City shall make the payments required under this section on or before October 31 following each qualifying year. 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), 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, 2023 and the City shall make its final payment to the Company under this Agreement on or before October 31, 2024.

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 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 Austin Center.

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.

(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:

Websense, Inc.
Attn: James Hagan, SVP and Chief Financial Officer
10240 Sorrento Valley Road
San Diego, California 92121
Phone: (858) 320-9573
Fax: (858) 784-9573
Re: Economic Development Agreement

with copy to:

Websense, Inc.
Attn: JT Taylor, VP and General Counsel
10240 Sorrento Valley Road
San Diego, California 92121
Phone: (858) 320-9427
Fax: (858) 784-4427
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 Development Department
301 West 2nd Street
Austin, Texas 78701
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 to the provision deemed to be illegal, invalid or unenforceable.

3.13 Paragraph Headings. The paragraph 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 Austin Center or the design, construction or operation of any portion thereof.

3.16 Public and Confidential Information. All records and information provided to the City and its representatives to verify compliance with this Agreement, including monthly and annual reports shall be considered public information, and shall be available for public inspection, and may be posted on the City's website without further advance notice to the Company. Other 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 "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. The City has the right to conduct on-site inspections of documents to establish compliance, including but not limited to payroll records reflecting the names, hire dates, salaries and number of hours compensated of all individuals in New Full-Time Jobs.

3.17 Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental, or consequential damages.

3.18 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.

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

Websense, Inc.
a Delaware corporation

By: _____
James Hagan
SVP and Chief Financial Officer

Date: _____, 2014

CITY OF AUSTIN,
a home-rule municipal corporation

By: _____
Marc A. Ott
City Manager

Date: _____, 2014

Approved as to form:

_____
Jacqueline Cullom, Assistant City Attorney

EXHIBITS:

Exhibit "A": Fair Employment Policies and Practices

Exhibit "B": Certificate of Compliance

EXHIBIT "A"
Fair Employment Policies and Practices

Please refer to following page.

EXHIBIT "A"
Fair Employment Policies and Practices

Equal Employment Opportunity Employer

Websense is an equal employment opportunity employer and strives to comply with all applicable laws prohibiting discrimination based on race, color, creed, sex, age, national origin or ancestry, physical or mental disability, veteran status, marital status, medical condition, genetic information, sexual orientation, gender identity and expression (gender-related appearance and behavior) as well as any other category protected by federal, state, or local laws. All such discrimination is unlawful and all persons involved in the operations of Websense are prohibited from engaging in this type of conduct.

In accordance with applicable federal and state law protecting qualified individuals with known disabilities, Websense will attempt to reasonably accommodate those individuals unless doing so would create an undue hardship on Websense Any qualified applicant or employee with a disability who requires an accommodation in order to perform the essential functions of the job should contact the Human Resources and request an accommodation.

You should report every instance of unlawful discrimination to the Human Resources Department of Websense, regardless of whether you or someone else is the subject of the discrimination. Detailed reports—including names, descriptions, and actual events or statements made—will greatly enhance Websense's ability to investigate. Any documents supporting the allegations should also be submitted. While Websense respects privacy concerns, it cannot promise to keep any report or complaint of discrimination or harassment confidential. Based on your report, Websense will conduct an investigation. Websense prohibits any and all retaliation for submitting a good faith report of unlawful discrimination or for cooperating in any investigation. Any manager or employee who retaliates against the accuser or those involved in the investigation will be disciplined, up to and including discharge from employment.

If the investigation determines that prohibited discrimination or other conduct violating Websense policy has occurred, Websense will take disciplinary action, up to and including termination of employment, against those who engaged in the misconduct. Websense will also evaluate whether other employment practices should be added or modified in order to deter and prevent that conduct in the future. You will be informed of whatever action(s) Websense takes to resolve and remedy the situation.

EXHIBIT "B"
Certificate of Compliance Form

Please refer to following page.

Exhibit B

Certificate of Compliance

Company: Websense, Inc.

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

1.0 Investment

1.1 §1.01(a) of the Agreement requires that after the Effective Date and before December 31, 2015, Websense, Inc. or its lessor, or landlord, or owner of the leasehold at which the Austin Center is located, shall invest at least $2,610,000 in leasehold improvements,including design, labor, and materials.

a. To date the City has not verified Websense, Inc.'s leasehold improvements in Websense, Inc.'s Austin Center.

b. $_____ has been invested in leasehold improvements of Websense, Inc.'s Austin Center for the reporting year ending December 31, 20__.

1.2 §1.01(b) of the Agreement requires that after the Effective Date of this Agreement and before December 31, 2015 Websense, Inc. shall invest at least $7,325,000 in the purchase and installation of business personal property at the Austin Center.

a. To date the City has not verified Websense, Inc.'s investment in business personal property.

b. Websense, Inc. has invested $_____ in business personal property at the Austin 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 Websense, Inc. to create 470 New Full-time Jobs at the Austin Center by December 31, 2016 and retain those New Full-time Jobs throughout the term of the Agreement. The job creation schedule is as follows:

a. 200 New Full-time Jobs before December 31, 2014;
b. 420 New Full-time Jobs before December 31, 2015; and
c. 470 New Full-time Jobs before December 31, 2016.

2.2 §1.02(e) of the Agreement requires Websense, Inc. to retain 4 Existing Jobs throughout the term of the Agreement.

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

2.4 Number of Existing Jobs retained as of December 31, 20__: _____

2.5 §1.02(c).1 requires that each employee in a New Full-time Job must be paid at least $11 per hour, excluding bonuses or benefits.

2.6 §1.02(c).2 of the Agreement requires that the average annual compensation, excluding health insurance and retirement benefits, of employees in the New Full-Time Jobs created and retained shall be at least $82,000 throughout the term of the Agreement.

2.7 Were all employees in New Full-time Jobs paid at least $11 per hour, excluding bonuses and benefits, and did the average annual compensation, excluding health insurance and retirement benefits, of the employees in 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

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2.8 §1.02(g) requires that throughout the term of this Agreement, Websense, Inc. shall provide health insurance coverage for all employees in New Full-time Jobs and their families/dependents, including same-sex domestic partners of employees in New Full-time Jobs.

2.9 Did Websense, Inc. provide benefits, including health insurance coverage to all employees in New Full-time Jobs and their families/dependents during the year ended December 31, 20__ as required in §1.02(e) of the Agreement?

☐ Yes ☐ No

2.10 As of December 31, 20__ did the number of New Full-time Jobs or Existing Jobs fall below the numbers required in §1.02 of the Agreement?

☐ Yes ☐ No

If not, skip to Section 3.

2.11 Did Websense, Inc. create or reinstate the required number of New Full-time Jobs within 90 days after December 31, 20__ as required by §1.02(f) of the Agreement?

☐ Yes ☐ No

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

2.13 Were all employees in New Full-time Jobs paid at least $11 per hour, excluding bonuses and benefits, and did the average annual compensation, excluding health insurance and retirement benefits, of the employees in 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 Websense, Inc. to:

a. make commercially reasonable efforts to work with local non-profit organizations such as the Austin Gay and Lesbian Chamber of Commerce, the Greater Austin Black Chamber of Commerce, the Greater Austin Asian Chamber of Commerce, the Greater Austin Hispanic Chamber of Commerce, the Austin/Travis County Reentry Roundtable, Minorities for Equality in Employment Education Liberty & Justice, the Texas Department of Assistive and Rehabilitative Services (DARS), and/or other appropriate organizations to expand its pool of diverse candidates in hiring recruitment efforts for jobs at the Austin 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, and ensure that such policies and practices protect employees at the Company's Headquarters in Austin from discrimination based on sexual orientation and gender identity.

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

☐ Yes ☐ No

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4.0 Local Business Participation

4.1 §1.04(a) of the Agreement requires Websense, Inc. to comply with the applicable standards and principles of Chapters 2-9A (Construction), 2-9B (Professional Services), 2-9C (Nonprofessional Services) and 2-9D (Commodities) of the City's Code and Program Rules for M/WBEs ("**M/WBE Program**") in the purchase of commodities at its Austin Center by its employees at the Austin Center, and design and construction of its Austin Center (including leasehold improvements), in effect at the time of the solicitation for the particular scope of work or commodity purchase is to be completed. It is the Company's responsibility to contact the City's Small and Minority Business Resources Department ("**SMBR**") to ensure the Company is complying with the current and applicable ordinances and rules.

Did Websense, Inc. comply with the 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 that prior to the Company expending money subject to the requirements of Section 1.04, or no less than ninety (90) days from the Effective Date, the local representatives of each party will meet to discuss the requirements for compliance with the M/WBE Program and the City will advise the Company of all available resources to assist with compliance.

Did Websense, Inc. comply with the requirements in §1.04(b) of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

4.3 §1.04(c) of the Agreement requires that:

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 an equal opportunity to participate as suppliers for materials and services purchased by the Company exclusively for use at its Austin 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 prior to procuring supplies.

b. Within 90 days after the Effective Date, the Company shall submit to the City a reasonable supplier diversity policy which will not conflict with the Program regarding the Company's procurement of materials and services to be used exclusively at the Austin Center which may be reasonably modified from time to time by the Company, provided the policy and all modifications are approved by SMBR.

c. The Company agrees to adhere to this policy for the procurement of materials and services for which the cost is more than the purchasing authority established for the City Manager on an annual basis pursuant to Article VII (Finance) § 15 (Purchase Procedure) of the City Charter, 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.

d. Section 1.04 shall not apply to valid contracts the Company has in existence on the Effective Date of this Agreement for the procurement of supplies.

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Did Websense, Inc. comply with the requirements in §1.04(b) of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

4.4 §1.04(e) of the Agreement requires that:

a. Websense, Inc. comply with the applicable standards and principles of the **M/WBE Program** in the design and construction of its Austin Center, including leasehold improvements, in effect at the time of solicitation for the particular scope of work to be completed. It is the Company's responsibility to contact SMBR to ensure the Company is complying with the current and applicable ordinances and rules.

b. With respect to any design or construction projects for the Company's Austin Center, including, but not limited to, leasehold improvements, the Company, the architect and the general contractor shall meet the gender and ethnic-specific participation goals or subgoals for each year in which design or construction occurs as determined by the Director of SMBR in accordance with the M/WBE Program.

c. Prior to advertising a bid for any portion of the design or construction work, the Company shall submit to SMBR a copy of a proposed solicitation in order for the City to determine the gender and ethnic-specific participation goals or subgoals for the project.

Did Websense, Inc. comply with the requirements in §1.04(e) of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

4.5 §1.04(f) of the Agreement requires Websense, Inc., in an effort to meet the gender and ethnic-specific M/WBE utilization goals, to implement an outreach program designed to solicit participation of M/WBEs. These outreach efforts should also target small businesses generally.

Did Websense, Inc. comply with the requirements in §1.04(f) of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

4.6 §1.04(h) of the Agreement requires Websense, Inc. to apprise SMBR when the Company desires assistance from SMBR in its efforts to meet the gender and ethnic specific M/WBE utilization goals established for the purchase of commodities and supplies procured by and for the Austin Center, and design and construction of improvements. 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 Austin Center, but rather, the Company is required to incorporate the standards and principles of the City's M/WBE Program including the M/WBE utilization goals established by the Director into its development process as and when such process exists in connection with the Austin Center.

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Did Websense, Inc. comply with the requirements in §1.04(e) of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

5.0 Additional Covenants

5.1 Did Websense, Inc. comply with its obligations in §1.05 of the Agreement to pay construction workers (i) prevailing wages or (ii) $11 per hour, whichever is higher, during the year ended December 31, 20__?

☐ Yes ☐ No

5.2 Did Websense, Inc. comply with its obligations in §1.05(f) of the Agreement to make commercially reasonable efforts to ensure that all contractors and subcontractors constructing the Austin Center (1) cover all their construction workers with workers compensation insurance and (2) provide their construction workers with OSHA 10-hour safety training during the year ended December 31, 20__?

☐ Yes ☐ No

5.3 Did Websense, Inc. timely submit this Certificate of Compliance as is required under §1.07 of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

5.4 Did Websense, Inc. comply with the other provisions of the Agreement during the year ended December 31, 20__?

☐ Yes ☐ No

6.0 Chapter 380 Payment Request

6.1 In return for Websense, Inc.'s performance of its obligations under the Agreement, the City will pay annual economic development incentive payments. The City's total obligation to Websense, Inc. shall not exceed $438,000.

6.2 For Websense, Inc.'s obligations performed each year during 2014 through 2023, the City shall pay $100 per New Full-time Job created and retained as of December 31 of the applicable year, provided Websense, Inc. has complied with all its obligations under the Agreement.

6.3 To date, the City has not made any economic development incentive payment to Websense, Inc.

6.4 Number of New Full-time Jobs from §2.2 or §2.10 above: _____

6.5 Total request for year 20___: _____

I, the authorized representative for Websense, Inc. hereby certify that the above information is correct and accurate pursuant to the terms of the Agreement. I further certify that Websense, Inc. complied fully with all terms of the Chapter 380 Economic Development Agreement during the year ended December 31, 20__, including Section 1.06 regarding Compliance with City Regulations and Section 1.08 regarding Texas Government Code Chapter 2264. I understand that providing a false statement regarding Websense, Inc.'s compliance or non-

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compliance with the terms of the agreement may subject Websense, Inc. to not receive incentives or the City seeking remedies or termination of the agreement.

Signature: _____

Printed Name: _____

Title (Chief Financial Officer or equivalent): _____

Date: _____

State of Texas
County of Travis

This instrument was acknowledged before me on _____ (Date) by _____ (Name of Officer),

_____ (Title of Officer), of Websense, Inc., a Delaware corporation, on behalf of said

corporation.

_____
Notary Public's Signature

(Personalized Seal)