

# Mayor and Council Communication

DATE: 06/08/21

M&C FILE NUMBER: M&C 21-0383

LOG NAME: 17SMARTACTIONEDPA

## **SUBJECT**

(CD 4) Authorize Execution of an Economic Development Program Agreement with SmartAction, LLC or an Affiliate, in an Amount Not to Exceed \$660,000.00 for the Relocation of its Corporate Headquarters to the City of Fort Worth and Associated Employment Commitments

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## **RECOMMENDATION:**

It is recommended that the City Council authorize the City Manager to execute an economic development program agreement with SmartAction, LLC or an Affiliate, to provide a grant in an amount not to exceed \$660,000.00 for the relocation of its corporate headquarters to the City of Fort Worth and the employment of at least 66 full-time employees with wages at or above \$65,800.00.

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## **DISCUSSION:**

SmartAction, LLC, (Company) is a company that provides artificial intelligence-based services to businesses across diverse industries. The United States (U.S.) headquarters are based in El Segundo, California and was founded in 2002. The Company is rapidly expanding its presence and market share in the U.S. Following a national site search, the Company will be relocating its corporate headquarters within the City of Fort Worth in a temporary office space at 9800 Hillwood Pkwy, Suite 140. The Company will be required to lease a minimum of 7,400 square feet of permanent office space within the City of Fort Worth on or before January 1, 2022.

In order to facilitate the relocation of the corporate headquarters, the City proposes to provide a grant in an amount not to exceed \$660,000.00 as authorized by the Chapter 380, Texas Local Government Code. Company is eligible for 380 grants under Section 9 of the City's General Chapter 380 Policy relating to incentives for *Technology Company Projects*, which allows up to \$10,000.00 for each new full-time job in the first three years of operation with minimum annual salaries of \$65,800.00.

Company's commitments include the following:

- Company must lease temporary office space within the City of Fort Worth prior to the deadline for leasing permanent office space.
- Company must lease a minimum of 7,400 square feet of permanent office space within the the City of Fort Worth on or before January 1, 2022.
- Company must provide a minimum of 66 full-time jobs by December 31, 2022 and retain the 66 full-time jobs through December 31, 2025.
- Company must pay the 66 employees with a full-time job an annual minimum salary of \$65,800.00 during the entire term of the agreement.

In exchange for Company's commitments, the City will enter into a three-year Economic Development Program Agreement for a maximum amount of \$10,000 for each new full-time job with an annual salary over \$65,800, for a total payment amount not to exceed \$660,000.00. There is a potential for clawbacks if the company does not meet its obligations.

Clawbacks:

- If, at any time during the term of the Agreement, the Company only employs between 46 and 65 Full-Time Jobs, then Company will be required to pay the City \$15,000 for each Full-Time Job below the minimum required 66. For example, if the Company has 46 Full-Time Jobs, then the Company must pay the City \$300,000.00 ((66-46 = 20) x \$15,000)
- If, at any time during the term of the Agreement, the Company employs less than 46 Full-Time Jobs, then the Company will be required to pay the City the full \$660,000.00

The company will initially be located in Council District 4.

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## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2021 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

**Submitted for City Manager's Office by:** Jay Chapa 5804

**Originating Business Unit Head:** Robert Sturns 2663

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