

STATE OF TEXAS §
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COUNTY OF BELL §

**LETTER OF AGREEMENT BETWEEN
THE CITY OF KILLEEN, TEXAS AND
KILLEEN ECONOMIC DEVELOPMENT CORPORATION**

THIS LETTER OF AGREEMENT (“Agreement”) is entered into by and between the City of Killeen, Texas, a home-rule municipal corporation (“City”), and the Innovation Black Chamber of Commerce (“IBCC”), a non-profit corporation, collectively the “Parties”.

RECITALS

WHEREAS, the City desires to promote the economic development of the City of Killeen by attracting new businesses and expanding existing businesses within the City;

WHEREAS, the existence, development, and expansion of business, commerce, and industry are essential to the economic growth of the City and to the full employment, welfare, and prosperity of its citizens;

WHEREAS, IBCC has expressed its specific intent to use City provided funds, which come into its control, to promote and encourage the economic development of the City;

WHEREAS, the actions authorized in this Agreement will further that objective and ensure aggressive and positive economic development activity in the City, work to reduce unemployment or underemployment in the City, and develop and expand commerce in the City; and

WHEREAS, this Agreement is authorized by Texas Local Government Code Section 501.007(b).

AGREEMENTS

NOW THEREFORE, in consideration of the promises and covenants herein contained, the Parties agree as follows:

1. **Scope of Services.** City does hereby contract with IBCC to promote the economic development of the City and to render the services herein contained and as more thoroughly detailed in Exhibit A. In consideration of the Funding, IBCC does hereby agree to accept such engagement and to discharge such duties in accordance with the terms and conditions set forth herein.

2. Term & Termination. This Agreement shall become effective upon the date the last required signature is affixed to this Agreement (“Effective Date”) and shall automatically terminate after one year. Either party may terminate this Agreement by giving written notice at least thirty days in advance of the six-month anniversary of this Agreement. Such termination shall become effective six months following the Effective Date and no second payment is owed by City.

3. Funding. For those considerations described herein, the City agrees to pay IBCC two equal payments of \$25,000 for a total amount not to exceed \$50,000.00 (the “Funds” or “Funding”). The first payment shall be due within thirty days of the Effective Date, or upon submission by IBCC of all paperwork required by the City’s Finance Department; whichever occurs later. Unless terminated pursuant to Paragraph 2, the second payment shall be due six months thereafter, or upon the submission of a mid-year performance report; whichever occurs later.

4. Operation. IBCC shall encourage and further the economic development of the City of Killeen by performing those duties as more thoroughly identified in the *Scope of Services, Performance Measures, and Reporting Requirements*; attached hereto and incorporated herein for all purposes as Exhibit A.

5. Permitted Use of Funds. (a) It is expressly understood and agreed to by the Parties that the Funds received from the City that are paid to IBCC shall be used solely for the purposes of encouraging and promoting the economic development of the City of Killeen, by way of performing those acts and conducting those activities authorized by Chapters 501 and 504 of the Texas Local Government Code as that statute provides at the time of execution of this agreement and as said statute or any amendment or successor statute thereto shall hereafter provide.

(b) The Funds may be spent for day-to-day operations, supplies, salaries, office rental, travel expenses, and other administrative costs of IBCC, only if said administrative costs are incurred directly in the promotion of economic development for the City. However, funds may not be spent for travel for a person to attend an event or conduct an activity the primary purpose of which is not directly related to the promotion of economic development or to the performance of the person’s job in an efficient and professional manner.

(c) Notwithstanding the provision above, it is specifically understood between the Parties that IBCC shall have the authority to commit and spend Funds received from the City for the following types of projects without the necessity of securing the prior approval of the City Council, provided that expenditures contribute directly to the creation of new jobs or retention of existing jobs in the City of Killeen:

- i. Improvement of infrastructure, such as streets, roads, drainage structures, utility and sewer lines and connections, bridges, and other construction projects.
- ii. Extensions of existing roads.
- iii. Business, industrial, or commercial expansion grants.
- iv. Any amounts of money required to be committed for securing State or Federal matching grant funds for economic development.
- v. Construction of buildings and structures to attract business, commerce, and industry.
- vi. Purchase or acquisition of other interests in land for present or future business, commercial or industrial expansion.
- vii. Professional services, such as architectural, engineering, economic, or other studies, whether contracted for by IBCC itself or on behalf of businesses or industries which are potential employers in the City of Killeen, and legal services necessitated by any of the items or activities listed in this Paragraph 5.
- viii. Professional services and/or expenses associated with the creation and/or retention of military and/or civilian jobs.
- ix. Insurance to secure IBCC's interest in any such projects, as well as liability insurance for the officers, directors, and executive director of IBCC against claims of damage based on the actions of said persons in furtherance of their positions and duties regarding IBCC as authorized under Section 8.01(K) of the IBCC Bylaws.
- x. Any and all requirements, whether by law or contract, for the posting of any bond.

6. Prohibited Use of Funds. IBCC may not use more than 10% of the Funds received by the City, as outlined in Paragraph 14, for promotional purposes. Additionally, no funds received from the City may be used for:

(a) Any political activity or advertising, including, but not limited to, activities or advertising to (i) further the election, for the support or defeat of any candidate for public office, (ii) any activity undertaken to advocate passage or defeat of a measure, or (iii) any other reason prohibited by Chapter 504 of the Texas Local Government Code.

7. City Council Approval Required. As to acts or activities not specifically listed in Paragraph 5 above or as provided in Exhibit A, prior to any such expenditure or

commitment of the Funds, IBCC must obtain approval by the City for any such acts or activities that IBCC may undertake that are consistent with its Articles of Incorporation, its Bylaws, and applicable statutes that call or require the expenditure or commitment of funds transferred by the City to IBCC.

8. Standards of Performance. The standards for measuring IBCC's fulfillment of its obligations and responsibilities under this Agreement are based on the following criteria:

- (a) Location of new business enterprises, commerce, and industries in the City of Killeen;
- (b) Accurate and timely flow of information to the City Council;
- (c) Operating within accordance of the City of Killeen's Economic Development Policy;
- (d) Operating the economic, business, commercial and industrial development function within the scope of the budget, work program and standards of performance;
- (e) Coordination of various community groups involved with economic, business, commercial and industrial development effort;
- (f) Citizen satisfaction with the economic, business, commercial and industrial development effort;
- (g) Stable relations with the City Council, citizen groups, economic development allies and business, commercial and industrial prospects; and
- (h) Such other standards as may from time to time be established by mutual agreement of the Parties.

9. Financial Records. IBCC shall maintain complete and accurate financial records of expenditures made by IBCC with the Funds and on request of the City Council, the City Manager, or other person, shall make the records available for inspection and review by the City Council or other person. The City Council may, upon reasonable notice, audit all books and records of IBCC pertaining to the Funding.

10. Reporting. As detailed in Exhibit A, IBCC shall provide a quarterly detailed report to the City Council on the amount and nature of all expenditures or commitments made of Funds received from the City and IBCC's progress and plans in promoting the economic development of the City of Killeen. At least fifteen days prior to reporting to the City Council, IBCC shall provide a copy of the detailed report to the Executive Director of Development Services.

11. Records. IBCC shall maintain complete and accurate records related to the Funds received pursuant to this Agreement for at least four years after termination of this Agreement, or longer if required by law. Upon reasonable notice, the City may review such records. The Parties acknowledge that the City is subject to the Texas Public Information Act and that any records related to this Agreement may be subject to disclosure in accordance with law.

12. Confidentiality. It is specifically agreed and understood between the Parties that negotiations and discussions between IBCC and potential employers in the City of Killeen may require confidentiality in the identity of the potential employer and the nature of the matters under negotiation. It is agreed and understood between the Parties that, to the extent consistent with the Texas Open Meetings Act and the Texas Open Records Act (Texas Government Code, Chapters 551 and 552, respectively), and any other applicable statute or regulation, IBCC may freely conduct such confidential discussions or negotiations without prior or subsequent notice to the City Council, unless and until some public action by IBCC or the City is required, or unless and until the release of such information to the City Council is approved by the potential employer.

13. Independent Contractor. The Parties agree and understand that IBCC is an independent contractor and is not an officer, agent, or employee of the City. IBCC shall select and employ such persons as it may deem necessary to fulfill its obligations and responsibilities under this Agreement. Said persons shall remain employees of IBCC and shall not be considered officers, agents, or employees of the City. The power to hire, manage, supervise, direct, and discharge such employees shall be vested solely and exclusively with IBCC. The City shall not manage, direct, supervise, or discharge said persons or direct them in the performance of their duties for IBCC under this Agreement.

14. Indemnification. IBCC agrees to indemnify, save harmless, and defend the City of Killeen from any and all claims, causes of action, and damages of every kind arising from the operations of IBCC, its officers, agents, and employees, carried out in furtherance of this Agreement.

15. Insurance. IBCC shall carry or cause to be carried public liability and bodily injury insurance on all automobiles used in the operations embraced by this Agreement in the amount of two hundred fifty thousand dollars (\$250,000) for each person and five hundred thousand dollars (\$500,000) for each occurrence, and property damage liability insurance in the amount of one hundred thousand dollars (\$100,000) for each occurrence, or a combined single limit of six hundred thousand dollars (\$600,000).

Said policies of insurance must be approved by the City and must be written by companies acceptable to the City and shall name the City of Killeen as an additional insured.

16. Texas Law. This Agreement shall be subject to and governed by the laws of the State of Texas. The Parties agree that for venue purposes, any and all lawsuits, disputes, or causes of action shall be in Bell County, Texas.

17. Severability. If any provision of this Agreement shall, for any reason, be held to violate any applicable law, then the invalidity of such a specific provision in this Agreement shall not be held to invalidate the remaining provisions of this Agreement.

18. Survival. Any provision of this Agreement providing for indemnity, insurance or a duty that necessarily will not be completed until after the expiration or termination of this Agreement shall continue in full force and effect until such a time as all duties have been fully performed.

19. Non-waiver. Failure to enforce any provision of this Agreement by either party shall not constitute a waiver of that provision for purposes of the subsequent enforcement of that provision or the remainder of this Agreement.

20. Entire Agreement. This Agreement shall represent the entire agreement by and between the Parties and it may not be changed except by written amendment duly executed by all Parties.

(signature page follows)

EXHIBIT A

SCOPE OF SERVICES, PERFORMANCE MEASURES, AND REPORTING REQUIREMENTS

Service Objective.

The Innovation Black Chamber of Commerce (“IBCC”) shall provide services through the Innovation Business Service Center (“IBSC”) as a structured, implementation-focused service platform designed to assist businesses through business formation, advisory support, AI consulting, capital-readiness guidance, technical assistance, workshops, structured sprints, and related support services.

Scope of Services.

IBCC shall provide the following services:

- 1. Business Intake and Assessment** Business intake, triage, client onboarding, and business assessments, including digital maturity and operational readiness reviews with identification of opportunities for AI and automation where appropriate.
- 2. Business Consultation and Advisory Services** One-on-one business consultations and strategic advisory support, including advisory services related to operations, growth planning, customer development, financial readiness, and implementation support.
- 3. AI Consulting and Advisory Services** AI consulting and advisory services as an integrated component of Innovation Business Services for the clients served under this Agreement. These services may include assessing client processes, identifying appropriate AI and automation use cases, providing AI strategy guidance, recommending tools and workflows, and supporting implementation of at least one AI-enabled process or tool as part of a client action plan, where appropriate.
- 4. Business Formation Assistance** Guidance on entity structure, startup readiness, registration steps, basic startup compliance considerations, and referrals to appropriate professional resources when specialized advice is needed.
- 5. Veteran Small Business Formation Assistance** Support for veteran entrepreneurs seeking to form or formalize veteran-owned businesses and guidance or referrals related to applicable veteran-owned business qualification pathways.
- 6. Structured Workshops, Sprints, and Technical Assistance** Workshops, implementation sprints, and technical assistance sessions intended to help clients build practical business assets and implementation plans.
- 7. Capital-Readiness Guidance** Capital-readiness support, funding pathway navigation, and referral coordination for clients seeking to access capital or improve financial readiness.

8. **Business Intelligence and Informational Support** Informational support related to compliance readiness, procurement readiness, certifications, operational planning, policy-relevant business updates, and growth planning.
9. **Business Network Facilitation** Introductions, business network facilitation, collaboration support, and related follow-up activities.

Performance Measures

IBCC shall use reasonable efforts to track and report measurable service outputs and outcomes, including:

- Number of businesses served, with a target annual service volume of ninety-six (96) total clients.
- Number of intakes and assessments completed;
- Number of one-on-one consultations delivered;
- Number of workshops, sprints, or technical assistance sessions conducted;
- Number of capital-readiness engagements and referrals made;
- Number of clients receiving business formation assistance;
- Number of clients receiving veteran small business formation assistance;
- Number of clients self-reporting completion of business formation or formalization steps after receiving assistance;
- Number of clients receiving AI consulting and advisory services as part of Innovation Business Services;
- Number of clients self-reporting implementation of at least one AI-enabled process or tool after receiving such services;
- Participant feedback, satisfaction indicators, and representative success stories.

Annual Service Targets

For annual performance tracking during the term of the Agreement, IBCC shall use reasonable efforts to ensure that:

- **Ninety-six (96) total clients** receive Innovation Business Services during the contract year, based on an operating pace of approximately eight (8) clients per month.
- IBCC delivers services at an estimated unit service value of \$500 per client, with an estimated monthly service value of approximately \$4,167.
- Each of the ninety-six (96) clients is offered business formation assistance and AI consulting and advisory services as part of the Innovation Business Services model.

- IBCC tracks and reports the number of clients who receive AI consulting and the number who self-report implementing at least one AI-enabled process or tool after receiving such services.

Reporting Requirements

IBCC shall submit written reports to the City on a quarterly basis. Each quarterly report shall include:

- A summary of services delivered during the reporting period;
- Counts of major activities and service categories;
- Progress toward the performance measures and annual targets set forth in this Exhibit A;
- Notable outcomes, challenges, emerging business needs, and recommendations;
- A summary of AI consulting and advisory engagement activity;
- A summary of business formation and veteran small business formation activity;
- Any supporting information reasonably requested by the City to document performance.

Invoice Support Documentation

IBCC shall also submit a final year-end report summarizing services delivered during the term, aggregate performance results, key outcomes, and recommendations for future service delivery.

Each monthly invoice submitted under this Agreement shall be supported by enough documentation for the City to confirm that the services billed were performed during the applicable billing period and are consistent with this Exhibit A.