

Taylor Economic Development Corporation Incentives Guidelines

Adopted: February 17, 2010

SECTION 1. PURPOSE

1.01 Guiding Principles

The City of Taylor (the "City") and the City of Taylor Economic Development Corporation ("EDC") are aggressive in their promotion of local business expansion and new business investments. Both the city and the EDC offer a variety of incentives to industries and commercial enterprises for the purpose of local economic development. The community is committed to the promotion and retention of high quality development and jobs which promote our economic development objectives. This document outlines the criteria by which public assistance is provided by the EDC. Nothing herein shall imply or suggest that the City or EDC is under any obligation to provide any business incentive to any applicant.

See Appendix B for Definitions.

SECTION 2. PREMISES

2.01 Priority on Primary Jobs

The EDC's priority is to offer incentives to projects that will create new primary jobs (i.e. jobs that form the economic base of the community, created by enterprises that import new wealth into the local economy). What constitutes a primary job is described in greater detail below. Primary employers may range in size from one employee to thousands of employees.

2.02 Community Belief System

Our community believes that a new primary job created by an existing employer is as valuable as a new primary job created by a new company. Therefore, the EDC will consider appropriate incentives to qualifying existing businesses as well as those recruited from outside the city. In general, it is the belief of the community that Taylor should continue to become a better place - not just a bigger place - so prudence will be taken by the EDC Board and City Council in evaluating each company and project requesting incentives.

2.03 Case-by-Case Basis

It is the policy of the EDC to provide economic development incentives on a case-by-case basis. This individualized design of a total incentive package is intended to allow maximum flexibility in addressing the unique aspects of each applicant and its proposed project while enabling the City and the EDC to better respond to the changing needs of the community.

2.04 Expectations for Performance

If developers and/or companies seek financial assistance from the public sector in order to start up or expand their operations, they must be prepared to:

- (a) Invest in the community through job creation and capital investment;
- (b) Make a long-term commitment to the community;
- (c) Treat the EDC and local governments as they would any other contracting party; and
- (d) Expect consequences for breaching their agreement;

These expectations for performance also apply to non-primary employers such as public entities, quasi-governmental and non-profit agencies which are financially supported by the EDC on a project basis.

2.05 Guidelines with Flexibility to Respond to Individual Needs

Although nearly every economic development project has unique requirements, the EDC has established these guidelines that can be explained to a prospect in advance. These guidelines may be modified over time as appropriate. In addition, the EDC has flexibility to accommodate different types of economic development opportunities or special situations.

2.06 Determining Appropriate Levels of Investment

The amount or level of local incentives offered to prospective developers and/or companies should ultimately be based on the projected increases in the quality, value and size of the local workforce (both in number of jobs and the level of wages), the value of real property, the value of personal property, and other forms of revenue that contribute to the economic well-being of Taylor's residents and taxing entities. Incentives will be used when they will make a difference in a project's likelihood of success and/or the city's competitive advantage in securing the project, both of which include the expansion **or retention of** existing businesses. Incentives may also be provided to a company when the EDC is convinced that the incentives are needed to retain existing primary jobs which would otherwise be lost.

2.07 Interchangeability of Terms

For purposes of this policy and suggested guidelines, the following terms are considered related and interchangeable: development agreement, incentives agreement, performance agreement, and redevelopment agreement.

The following terms are also considered related and interchangeable: incentives, benefits, benefits package, and incentives package. Incentives can be defined but is not limited to cash grants, land grants, forgivable loans, non-forgivable loans, training grants, discounted land sales, and services in-kind.

SECTION 3. APPLICABILITY

These policies apply to new, relocating, renovated, modernized, redeveloped, and/or expanding businesses or projects. These policies also apply to historic structures and residential redevelopment so long as they directly contribute to the expansion or relocation of a primary employer.

The EDC is a "Type A" sales-tax funded corporation (formerly called a "Type 4A") and is authorized to offer economic development incentives under the Development Corporation Act of 1979 (the "4A Act").

3.01 Eligible Type A Projects

The tax is primarily intended for manufacturing and industrial development, and cities may use the money raised by this sales tax to acquire or pay for land, buildings, equipment, facilities, expenditures, targeted infrastructure and improvements for purposes related to:

- (a) Manufacturing and industrial facilities, recycling facilities, distribution centers, small warehouse facilities;
- (b) Research and development facilities, regional or national corporate headquarters facilities, primary job training facilities for use by institutions of higher education, job training classes; telephone call centers; and career centers not located within a junior college taxing district;
- (c) A general aviation business service airport that is an integral part of an industrial park;
- (d) Certain infrastructure improvements, which promote or develop new or expanded business enterprises;

- (e) Port- and rail-related facilities to support inland and waterborne commerce; and
- (f) Maintenance and operating costs associated with projects.¹

Any activities of a development corporation must always be in furtherance of and attributable to a project. The EDC is responsible for managing economic development projects in the city. Except in certain specific instances, EDC projects must result in the “creation or retention of primary jobs.”

The term primary job means:

1. A job that is available at a company for which a majority of the products or services of that company are ultimately exported to regional, statewide, national or international markets infusing new dollars into the local economy; and
2. Is included in one of the following qualified North American Industry Classification System (NAICS) sector codes, as defined in the Development Corporation Act of 1979, As amended.

3.02 Qualified NAICS sectors by Number:²

NAICS Sector Number	Description
11	Agriculture
211-213, 221	Mining and Utilities
331-330	Manufacturing
42	Wholesale Trade
48-49	Transportation and Warehousing
51	Information (excluding 512131 and 512132)
523-525	Securities, Commodity Contracts, and Other Financial Investments and Related Activities; Insurance Carriers and Related Activities; Funds, Trusts, and Other Financial Vehicles
5413- 5419	Scientific Research and Development Services (excluding 5414 and 5418)
551	Management of Companies and Enterprises
56142	Telephone Call Centers
922140	Correctional Institutions
928110	National Security

3.03 Target Industries

In 2008, the EDC prioritized its five strategic clusters around:

- (a) Renewable Energy and Green Industries (see Advanced Manufacturing and Energy Generation);
- (b) Advanced Manufacturing including precision metal fabrication & next generation materials;
- (c) Construction Materials;
- (d) Artisan and Architectural Products including but not limited to small retail-manufacturing combinations; and
- (e) Automotive OEM and Supplier Manufacturing.

The EDC also encourages the development of the following clusters:

- (f) Food and beverage production and distribution
- (g) Headquarters, Back-office and digital media development.**

¹ Office of the Texas Comptroller of Public Accounts.
http://www.window.state.tx.us/taxinfo/taxpubs/tx96_302.html

² The Texas Economic Development Sales Tax (2009) Primer for Local Officials – Texas Economic Development Council.

SECTION 4. TYPES OF BENEFITS

4.01 Use of Funds

The EDC has discretion over what types of incentives may be offered or granted to a project. The EDC Board has published the following preferences for types of financial assistance it will consider. Whenever possible, the EDC Board will issue grants as forgivable loans.

- (a) **Land Grants** – EDC currently owns more than 100-acres of real property for development by primary employers. The first preference for EDC is to sell property at or below market value to qualified applicants. For eligible projects, EDC may provide a land grant with a promissory note as a requirement of the development agreement.
- (b) **Infrastructure Grants** – Typically reserved for water, wastewater, electric, telecommunications, roads, and gas line improvements. May also include rail improvements.
- (c) **Real Property Improvement Grants** – Can be used for finish-out, plumbing, electrical and other types of general building and facility improvements.
- (d) **Deal-closing/Relocation Grants** – For major impact projects, EDC may provide funds for property acquisition, relocation of employees and/or equipment, or other EDC-approved uses.
- (e) **Venture Grants** – Typically awarded to high-risk companies. Requires higher level of due diligence of the company and its investors. May also require company provide a specific dollar value of product- or service-related benefits to the community. The EDC Board and Staff reserve the right to determine which companies are classified as high-risk before entering into an agreement.
- (f) **Entrepreneurship Grants** – Typically awarded to start-up, early-stage or emerging technology companies. Requires higher level of due diligence of the company and its investors. May also require company provide a specific dollar value of product- or service-related benefits to the community. The EDC Board and Staff reserve the right to determine which companies are eligible for entrepreneurship grants before entering into an agreement. ~~As much as two percent (2%) of the EDC's sales tax revenue may awarded for entrepreneurship grants to encourage and assist new start-ups and spin-off companies.~~

4.02 Structure of Funds

Virtually all grants to primary employers are awarded by EDC as forgivable loans, requiring personal guarantees on promissory notes from majority stockholders or company owners (for some larger enterprises this may be waived). Additional information regarding liens and guarantees appear below.

SECTION 5. ELIGIBILITY AND EVALUATION CRITERIA

5.01 Eligibility Criteria

The following criteria must be met for an applicant to be considered eligible to contract for an economic development incentive:

- (a) The company should have a profitable operating history and be well-managed;
- (b) The proposed development and/or redevelopment should create and maintain jobs that are equal to or larger than Taylor area wages for comparable positions OR within 15% of the Williamson County average weekly wage rate for the industry sector according to Labor Market and Career Information from the Texas Workforce Commission;
- (c) The project must conform to community character and economic development goals; and
- (d) The project must conform to the requirements of the City's zoning ordinance, building codes and other applicable City ordinances.

5.02 Evaluation Criteria

In addition to the minimum requirements stated above, the following criteria will be considered to determine what level of incentives will be provided to the applicant. EDC will consider various factors to determine the viability, extent and size of the development incentive. Eligibility for incentives will be considered on the basis of the initial eligibility criteria listed in *5.01* of this *Section 5*. After such eligibility has been determined, the EDC will evaluate the following factors to determine whether any public subsidy is warranted:

(a) Employment Impact

- Wage levels of jobs to be created or retained, as well as benefits offered to fulltime employees; and
- Number of jobs brought to the community, as well as value and skills of positions created/retained.

(b) Investment

- Type and value of proposed private and/or public improvements;
- Amount of any local taxes or revenues (sales & use, ad valorem, utilities, fees, etc.) to be generated directly by the Community; and
- The costs, if any, to be incurred by the Community to provide facilities, or services directly resulting from the improvements.

(c) Other Factors Considered

- Likelihood of a development incentive being a determining factor in a business' decision to locate or expand its operations;
- The financial capacity of the applicant to undertake, complete and sustain the proposed project;
- Other incentive programs and matching grants relating to the project for which the applicant has applied or is qualified; and
- Other, unanticipated factors deemed relevant by the Board at its discretion.

(d) Community Impact

- Appropriate type of activity (e.g. office, manufacturing, warehousing, retail, etc.); appropriate use and zoning;
- The positive or negative impact on the opportunities of existing businesses;
- The impact on the opportunities of attracting additional business or residents to the community;
- The market conditions and growth potential for the business activity;
- The productive life of proposed improvements;
- Whether high quality architecture and site design including landscaping and public amenities beyond the minimum required by the City will be provided; and
- Whether the project is environmentally compatible with no appreciable negative impact on quality of life perceptions.

SECTION 6. GENERAL POLICIES

- (a) Every application for economic development incentives must be in conformance with the mission, goals, and objectives reflected in the EDC Board Goals and the City's Comprehensive Plan, as amended. Financial incentive awards are herein referred to as benefits.
- (b) **Maximum Length of Time for Economic Development Incentives Agreement** – the maximum period for a development agreement is generally ten (10) years and may extend beyond ten (10) years, but in no case beyond twenty (20) years, if mutually beneficial to the qualified applicant and the community.
- (c) **Capital Investment** - property tax abatements, rebates and/or exemptions may be granted by the City, and are generally handled in a separate development agreement directly with the city. For EDC incentives, there shall be no minimum capital investment or job requirements as shown in EDC Appendix "A". However, there shall be a priority of benefits awarded to companies which meet the minimum suggested level of capital investment and job requirements. For projects making a new capital investment below \$500,000 the EDC will assess the total net benefit to the community on a by assessing the combined value of all new capital investments, taxable revenue generated in Taylor, the creation of jobs, or an increase in the amount of wages paid per employee, an increase in the number of employees residing within the City of Taylor, Texas, or in some cases intangible value created by a specific product, service, or industry sector.
- (d) **New and Retained Jobs** - the EDC recognizes that new and retained jobs are as important to the local economy as new capital investment. The EDC also recognizes that not all applicants will meet the preferred minimum number of jobs or wage levels due to the dynamics of certain industries or the size of certain companies. An applicant may qualify for benefits with only the minimum required capital investment without providing the suggested minimum number of jobs as specified in EDC *Appendix "A" – Recommendations for Benefit Awards*. If less than the suggested minimum number of employees is proposed, yet the minimum required investment is met, the EDC Board may, on a case-by-case basis, enter into a development agreement which may reflect an appropriate benefit and time period based on the capital investment alone.
- (e) **Wages and Residency** - to qualify for a higher benefit per employee or time period, the required wage, residency, and employment verification data for the preceding calendar year shall be submitted to the EDC. See *EDC Appendix "A" – Recommendations for Benefit Awards*.
- (f) **Land Grants** – Under circumstances where the EDC is providing a land grant through a conveyance of property at reduced or no cost to a company, the company may be required in some circumstances to do one or more of the following:
 - a) Consent to a lien on the real property by the EDC;
 - b) Deposit money into an escrow fund until all terms of the agreement are reached and/or until the EDC board approves release of the lien, whichever occurs sooner;
- (g) **Historic Preservation Incentive Bonus** – This grant is intended to provide incentives to allow for the renovation and restoration of commercial, industrial or residential historical structures for the direct use by a primary employer. A Historical Preservation Incentive Bonus should not exceed 50% of the total benefits package, nor should the Incentive Bonus exceed 50% of the costs of the total improvements completed. A Historic Preservation Incentive Bonus shall not be granted for the purposes of providing routine maintenance and upkeep. The total amount available for grant is subject to annual budget appropriations by the EDC Board. ~~and will not exceed five percent (5%) of the EDC's sales tax revenue.~~
- (h) **Renovation Criteria for a Historic Property** - an owner of a structure requesting a Historical Preservation Incentive Bonus must meet the criteria of a historic structure as established by the city of Taylor, the State of Texas or the National Historic Register and meet

the preservation requirements determined on a case-by-case basis by the City. The City shall be entitled to verify the quality and scope of the restoration or renovation before EDC grants any Historic Preservation Incentive Bonus. An application may be required to be eligible.

- (i) **Commercial or Mixed Use Historic Structure** - If a historically significant commercial structure is intended to be used for a primary-employer in a manner that is consistent with the district in which the structure is located, the owner of the property may apply for the Historic Preservation Incentive Bonus, provided however, the maximum Historical Preservation Incentive Bonus should not exceed 50% of the total benefits package, nor should the Incentive Bonus exceed 50% of the costs of the total improvements completed.
- (j) **Venture Fund Requirements** – Due to the inherit risk associated with higher-risk companies, those entities receiving venture grant funds from EDC may be required to become a client of the Small Business Development Center (an affiliate of the U.S. Small Business Administration/SBA), SCORE (an SBA-Affiliate), business incubators or other business-management counseling providers. Additional due diligence beyond normal EDC guidelines may be required. The total amount available for grant is subject to annual budget appropriations by the EDC Board.
- (k) **Entrepreneurship Fund Requirements** – Due to the inherit risk associated with emerging technology or early-stage companies, those entities receiving entrepreneurship grant funds from EDC may be required to become a client of the Small Business Development Center (an affiliate of the U.S. Small Business Administration/SBA), SCORE (an SBA-affiliate), business incubators or other business-management counseling providers. Additional due diligence beyond normal EDC guidelines may be required. The total amount available for grant is subject to annual budget appropriations by the EDC Board.
- (l) **Building Permit** – All individuals/corporations seeking economic development incentives shall submit an application for financial assistance/incentives to the EDC's President/CEO. If the project involves building, construction, and/or remodeling, the application for assistance must be submitted prior to the submittal of an application for a city permit(s).
- (m) **Application for Financial Assistance/Incentives (TAFI)**- The application for economic development incentives may include but is not limited to the company's history and profile (including a listing of the parent companies, company principals, etc.), sufficient information that demonstrates the economic viability of the applicant and the applicant's project, 3-digit NAICS industry number, number of jobs to be created or retained, proposed capital investment, proposed wages, schedule of improvements, site plan, and an indication of when the improvements will be completed. Applications are available online at www.taylorcdc.org
- (n) **Guarantees** – The EDC may require a personal guarantee by major stockholders on forgivable loans until the terms of the agreement are met, or until the EDC board releases the lien, whichever occurs sooner. Exemptions may be granted on a case-by-case basis.
- (o) **Personal Property Liens** – The EDC may require a pledge of collateral which could include a lien on certain assets until the terms of the agreement are met, or until the EDC board releases the lien, whichever occurs sooner.
- (p) **Real Property Liens** –No liens can exist on the property owned or controlled by the qualified applicant prior to or during the term of the economic development agreement, except for mortgage liens recognized by the EDC Board. Should new liens be filed on the property after the initiation of the economic development agreement and during the term of the agreement, the agreement may be terminated.
- (q) **Contract Labor** – At least 80% of employees will be employed **directly and permanently** by the business **or leased permanently from a professional employer organization (PEO) long-term (employed six months or longer contiguously)**. **The percentage of temporary personnel identified as "contract labor" provided by staffing services providers should not exceed 20%.**

- (r) **Bankruptcy** - If the company or any of its major stockholders filed for bankruptcy within the previous three years, the EDC may reject the request for economic development incentives. If, at any time, during the period the agreement is in effect, the company should file for bankruptcy, close, or relocate out of the incorporated limits of the city of Taylor, the agreement shall become breached and the applicant may become subject to recapture as provided for in the agreement.
- (s) **Application Fee** - An application fee may be established by the EDC Board in order to recover reasonable costs associated with the processing and evaluation of an application for incentives.
- (t) **Inspections** - The EDC President/CEO and/or an EDC designee shall be entitled to request evidence, at any time, that the Applicant has complied with the application for economic development incentives and other information necessary to determine the validity of a development agreement and that the development agreement should continue.
- (u) **Economic Development Incentives Agreement** - A qualified applicant must execute an economic development incentives agreement approved publicly by vote in an open meeting by the EDC Board. Approval requires a simple majority and quorum of the EDC board.
- (v) **Default/Clawback/Recapture** - In the event of a default under an economic development incentives agreement, the EDC shall be entitled to exercise all rights and privileges provided under law and equity to terminate the agreement and to recapture any financial payments or benefits provided by the EDC. This clawback includes calling any notes as payable upon demand and demanding reimbursement of all reasonable legal fees incurred by the EDC for the defaulted agreement, including legal recapture fees on the default.
- (w) **Waivers**– Unless otherwise specified in writing in a specific economic development agreements, all contracts for incentives or loans from the EDC assume that the EDC does not waive its rights under the contract if it delays enforcement of any default/clawback or breach provisions.
- (x) **EDC Not Obligated To Provide Economic Development Incentives** - This policy is not a contract or obligation on the EDC or the City to grant any economic development incentives or services, but allows the EDC to grant economic development incentives based on criteria established by these guidelines, the application requirements, and policies and procedures promulgated by the EDC, and an economic development incentives agreement approved by the EDC Board on a case by case basis.
- (y) **Existing Values Not Eligible** - An agreement for the reimbursement of taxes paid for tangible personal and real property shall not include property that was existing on the tax rolls prior to the time of the agreement.
- (z) **Redevelopment Due to an Act of Nature** - When the damage from the Act of Nature (Force Majeure) has resulted in a substantial reduction in value of the facility as compared to the value immediately prior to the Act of Nature as determined by Williamson Central Appraisal District, the facility owner shall have the burden to prove the required decrease in value to the satisfaction of the EDC if the minimum capital investment required by a development agreement is not met. At all times during the length of the agreement, the company must maintain adequate liability insurance on the business and its assets (both real and personal property). If insufficient insurance coverage is determined to be a factor in the company's inability to meet the terms of the agreement for maintaining jobs and/or property values on the Taylor tax rolls after an event defined by an Act of Nature, the EDC may terminate the agreement and accelerate clawback provisions and demand payment on any notes.
- (aa) **Proprietary Information** – When an application is submitted to the EDC, information contained in the application for economic development incentives will be withheld from public record in accordance with limits provided by State law. See Section 10 below regarding Confidentiality and Proprietary Information for more details.

SECTION 7. FISCAL IMPACT

EDC may request the City to prepare a fiscal impact analysis in response to an application for economic development assistance. This analysis shall identify, over a period of no less than ten (10) years and up to twenty (20) years, the amount of gross and net benefit the community will derive from assisting the Qualified Applicant. The target return on investment ratio desired from the project is a minimum of 1:0.75 over a period of ten years.

SECTION 8. APPLICATION PROCEDURE

Any person or company requesting that the EDC provide an economic development incentive should generally comply with the following procedure. These procedures may be changed on a case-by-case basis to accommodate specific needs of a project.

Step 1 - Submission of required documents by the applicant to EDC and/or EDC legal counsel. Information submitted by the applicant regarding the requested incentive is confidential to the extent allowed by law. See the Confidentiality and Proprietary Information section below.

The applicant shall submit a completed Application for Financial Assistance (TAFA), together with the following:

- Business plan
- Current Financials (Balance Sheet and Income Statement, Year to Date)
- Past Financials (Balance Sheet and Income Statements, Past two completed fiscal years)
- Financial Pro-Formas (at least 3-5 years forward-looking)
- Brochures or marketing materials about the company's products and/or services.
- Federal Income Tax Returns from the company and/or owner(s) when appropriate

Step 2 – Review of application and supporting documents by EDC staff.

The application will be reviewed initially by the EDC staff and/or a subcommittee of the EDC Board. Prior to the EDC's review of the proposed incentives, the application may be distributed to the applicable department(s) of the City for review and comment. Additional information related to the application and the project may be requested by the EDC and/or the City to complete its due diligence. To evaluate the merits of the project, information may be gathered by the city or the EDC from third-party sources including but not limited to Dun & Bradstreet Business Information Reports, credit-checks, Better Business Bureau reports, records from title companies or courts, and/or other publicly-accessible data. Failure to timely submit and additionally requested information may cause the application to be rejected and will be deemed withdrawn by the applicant without further action by the EDC.

Step 3 – In-person request for assistance by the Company to the EDC Board. Staff makes preliminary recommendations to EDC Board.

If the staff and/or **Board** subcommittee determines that application has merit worth considering, the President/CEO will make a recommendation to the EDC Board at a regular meeting or at a special meeting as allowed by state law.

Step 4 – EDC Board review and action.

The EDC Board will determine whether it is in the best interests of the community to provide economic development incentives to the applicant. The Board will consider the approval of an economic development incentive agreement and determine what benefits to award the applicant as well as the conditions of the assistance agreement. The Board may consider criteria other than those set forth in this policy, including but not limited to, such matters as the relative degree to which the project/applicant furthers the goals and objectives of the community or meets or complements a special need identified by the EDC Board or City Council. The EDC and/or the City

Council will call and conduct public hearings when required by law or if a particular project merits public input for the safety or environmental impact of neighboring residences.

Step 5 – Letter of Agreement prepared and signed by applicant and authorized EDC representative.

EDC will work with its legal counsel to detail all terms of the agreement in a formal Letter of Agreement which will be signed and dated by the applicant and the EDC President/CEO or other authorized EDC representative.

Step 6 – Supporting legal documents (promissory notes, guarantees, and other required documents) will be prepared by EDC legal counsel and executed by both the applicant and the EDC President/CEO or other authorized EDC representative. Certain documents may be legally-recorded/filed.

Step 7 – Conditions for payment are met by the applicant and documented to the EDC staff.

Step 8 – Benefits are disbursed according to the terms of the agreement.

Step 9 – Annual compliance reports will be filed with the EDC according to the terms of the agreement on or before the date specified. Supporting documentation to verify compliance will be provided as required by the assistance agreement.

Step 10 – As long as all terms of the agreement are successfully being met and completed, the project will remain in good standing and will be closed favorably at the designated maturity date, whereupon a 1099, release of lien(s), release of guarantee(s) and/or any other appropriate documentation will be sent to the client at the appropriate time.

SECTION 9. INTERGOVERNMENTAL COORDINATION

The granting of the property tax reimbursement and other development incentives shall be coordinated between the property taxing units, the EDC, and other appropriate organizations so designated. If the individual property taxing entities offer property tax reimbursement to an owner, then in accordance with state law, a contract will be executed between the various individual property taxing units governing the reinvestment zone and the owner, the contract shall specify terms and conditions of the property tax reimbursement.

SECTION 10. CONFIDENTIALITY AND PROPRIETARY INFORMATION

Economic Development corporations are made subject to the provisions of the Public Information Act under the Development Corporation Act of 1979 found in Texas Revised Civil Statutes Article 5190.6. The following information summarizes the Open Records Exceptions for Economic Development Purposes.³

Section 552.131 allows governmental bodies to withhold certain information related to economic development negotiations between a governmental entity and a business that the governmental body is seeking to have locate, stay or expand within or near the territory of the governmental body. Under this provision, the governmental body must withhold trade secrets of the business prospect that were related to economic development negotiations.⁴ Similarly, governmental bodies must withhold certain commercial and financial information about the business prospect that was acquired during economic development negotiations if release of the information would result in substantial competitive harm to the business prospect.⁵ The test for trade secret and commercial and financial information is the same for this exception as it is in section 552.110.

³ 2006 *Texas Public Information Act Made Easy* by the Office of the Texas Attorney General.

⁴ TEX. GOV'T CODE ANN. § 552.131 (a)(1) (Vernon 2004).

⁵ *Id.* § 552.131 (a)(2).

Additionally, until an agreement is made with the business prospect, the governmental body may withhold information about a financial or other incentive being offered to the business prospect if the incentive directly or indirectly results in the expenditure of public funds or in a reduction of funds received by a governmental body.⁶ Any information about a financial or other incentive that is withheld under this provision would have to be released after an agreement is executed with the business prospect.⁷

The EDC recommends that any proprietary and confidential information regarding an applicant be sent by the applicant's attorney directly to the EDC legal counsel for review by the EDC and/or appropriate designees of the EDC staff or Board.

SECTION 11. AMENDMENTS, REPEAL, RENEWAL

These guidelines are effective for two (2) years from the date adopted by the EDC Board, but may be amended or repealed by a majority vote of three of five members of the EDC Board.

⁶ *Id.* § 552.131 (b).

⁷ *Id.* § 552.131(c).

EDC APPENDIX A – RECOMMENDATIONS FOR BENEFIT AWARDS

Disclaimer: Although nearly every economic development project has unique requirements, the EDC has this recommended set of potential benefits that can be explained to a prospect in advance. These recommendations may be modified on a case-by-case basis. In addition, the EDC has flexibility to accommodate different types of economic development opportunities or special situations. It is generally assumed that the total benefits (award) will not exceed the higher value of the award based on jobs or the award based on capital investment. In some cases, a blend of benefits from jobs and capital investment can be considered, but the value of the combined benefits should not to exceed the highest benefits awarded by either jobs OR capital investment, and all benefits must still meet the target ROI as defined in the Taylor Economic Development Corporation Incentives Guidelines.

OPTION 1 - POTENTIAL AWARDS BASED ON JOBS:

Annual Wages/Job At Least	Annual Wages/Job Up to	Potential Award Per Job	Potential Award for 10 Jobs	Potential Award for 25 Jobs	Potential Award for 50 Jobs	Potential Award for 100 Jobs	Potential Award for 200 Jobs
\$ 35,000	\$ 40,000	\$ 1,000	\$ 10,000	\$ 25,000	\$ 50,000	\$ 100,000	\$ 200,000
\$ 40,000	\$ 50,000	\$ 1,200	\$ 12,000	\$ 30,000	\$ 60,000	\$ 120,000	\$ 240,000
\$ 50,000	\$ 60,000	\$ 1,500	\$ 15,000	\$ 37,500	\$ 75,000	\$ 150,000	\$ 300,000
\$ 60,000	\$ 80,000	\$ 2,000	\$ 20,000	\$ 50,000	\$ 100,000	\$ 200,000	\$ 400,000
\$ 80,000	\$ 100,000	\$ 2,400	\$ 24,000	\$ 60,000	\$ 120,000	\$ 240,000	\$ 480,000
\$ 100,000	beyond	\$ 3,000	\$ 30,000	\$ 75,000	\$ 150,000	\$ 300,000	\$ 600,000

OPTION 2 – ADD TAYLOR RESIDENCY BONUS: Up to 30% per job

OPTION 3 - POTENTIAL AWARDS BASED ON CAPITAL INVESTMENT:

Awards based on capital investment will be determined on a case-by-case basis by the maximum offer of property tax abatement, rebate and exemption incentives plus any fee waivers, infrastructure improvements, sales tax rebates and other benefits offered by the City of Taylor, Taylor EDC, Taylor ISD, and Williamson County. Because there is a multiplier effect created by new jobs and capital investments by primary employers, it is recommended that the minimum ROI (Return on Investment) to the Taylor Community over a ten year period is at least 0.75:1

Specifically, the total revenues + benefits to the community (city, county, schools, EDC) minus the total costs to the community for delivering any services and incentives (tax abatements + sales tax rebates + grants + loans + fee waivers + infrastructure) should equal or exceed at least 75% of the direct benefits from the investments and jobs.

Examples:

- A project with an ROI of 1.2 generates benefits equal to 120% of the costs to the community.
- A project with an ROI of .75 generates benefits equal to 75% of the costs to the community.

EDC APPENDIX A – RECOMMENDATIONS FOR BENEFIT AWARDS (CONT'D)

See the following examples below. These examples were derived though a formula, and when this example was later applied to actual past projects in Taylor, the actual awards were comparable to the following:

EXAMPLE POTENTIAL AWARDS:

New Capital Investment At least	New Capital Investment Up To	Assumes Property Tax Awards Do Not Exceed	Example Potential Award
\$ -	\$ 500,000	20% Rebate for 5 yrs	\$ 60,000
\$ 500,000	\$ 1,000,000	20% Rebate for 5 yrs	\$ 100,000
\$ 1,000,000	\$ 2,000,000	40% Rebate for 5 yrs	\$ 185,000
\$ 2,000,000	\$ 5,000,000	60% Rebate for 5 yrs	\$ 250,000
\$ 5,000,000	\$ 20,000,000	90% Rebate for 10 yrs	\$ 300,000
\$20,000,000	Unlimited	90% Rebate for 10 yrs	TBD

(Insert Actual Examples Below – 1 large and 1 small)

EDC APPENDIX B – DEFINITIONS

1. Abatement – a reduction of a qualified applicant's ad valorem property taxes, excluding the value of land and any value existing prior to the date of an agreement approved between the city and the qualifying applicant, including, buildings, machinery, and any other real and personal property values, prior to the payment of the annual property tax liability.
2. Assistance, public – the provision of financial or other incentives by the City that is intended to assist a qualified applicant with the location, expansion, repair, or relocation to or within the city of Taylor.
3. Act of Nature -means an act occasioned exclusively by violence of nature and in no sense attributable to human action.
4. Agreement - means a contractual agreement between a property owner or tenant and a property taxing authority for the purpose of providing economic development incentives.
5. Base Year Value - means the taxable property value of the applicant's real and personal property, as determined by the Williamson County Appraisal District, located in a designated reinvestment zone on January 1 of the year identified in the economic development incentives agreement.
6. Capital Investment - means an activity that adds value to the community's tax base by either real or business personal property improvements
7. City - shall mean the city of Taylor, Texas
8. Community – includes all the local taxing jurisdictions such as the city of Taylor, Taylor Independent School District, Taylor Economic Development Corporation, and Williamson County.
9. Deal-closing/Relocation Grants – For major impact projects, the EDC may provide funds for property acquisition, relocation of employees and/or equipment, or other EDC-approved uses. These funds are more discretionary in nature and are typically used when other EDC grants are not sufficient to cover the gap for projects which have an intangible value which cannot always be quantified. The EDC reserves the right to determine when these types of grants are used.
10. Downtown Redevelopment Area - means an area primarily located in the downtown area which is also Reinvestment Zone #4, created by ordinance 99-22.
11. EDC – refers to the Taylor Economic Development Corporation
12. Enterprise Zone - see Reinvestment Zone
13. Entrepreneurship Grants – refers to funds allocated by the EDC Board for the purpose of stimulating or supporting new business enterprises, usually in the form of forgivable loans. Typically reserved for start-up companies which are in the early stages of business planning or establishing customers, revenues and operational/management practices. Can be considered high-risk due to the infancy of the companies, but may also be low-to-moderate risk for established entrepreneurs commercializing or expanding new products and services.
14. Expansion - means the addition of buildings, structures, fixed machinery, or equipment for the purpose of increasing production capacity or revenues.
15. Facility - means property improvements completed or in the process of construction which together comprise an integral whole.
16. Facility, New - means a property previously undeveloped which is placed into service by means other than expansion or modernization.

17. Fiscal Impact Analysis - means a quantification of the financial impacts and benefits (revenues and expenditures) to the city of Taylor, Taylor Independent School District, Taylor Economic Development Corporation, and Williamson County in response to an application for economic development incentives.
18. Forgivable Loan – A loan provided by the EDC which is secured by a promissory note and all instruments of security or guarantee for repayment of the note if called. These loans often have fixed principal and interest payments for a fixed term. If all terms of a performance contract are met, the EDC may “forgive” the loan and convert the loan into a grant, not seeing repayment from the borrower.
19. Full-Time Equivalent, FTE - means an employee or employees whose annual hours either equal, in the case of a full-time permanent employee, or add up to, as in the case of several part time permanent employees, a full-time employee. (See also Jobs; Wages; Jobs, new)
20. High-Risk – refers to companies which do not exhibit a strong propensity for success to due their financial position in their liquidity, cash flow, accounts receivables, net assets or which may exhibit other credit risks based on management experience, product/service offerings, or market demand as determined by the EDC based on financial reports, business plans, or other relevant information.
21. Historically Significant Structure - means a structure that is either located in a district located on the National Register of Historic Places or is a structure located on the National Register of Historic Places as designated by the National Parks Service or designated as such by the State of Texas.
22. Infrastructure Grants – refers to funds used for improvements or construction of roads and utilities such as water mains, wastewater mains, electric power, telecommunications, and gas mains. May also include rail or airport improvements. Generally site- and project-specific.
23. Jobs - refers to the number of full-time equivalent (FTE) positions. (See also Full Time Equivalent; Wages; Jobs, new)
24. Jobs, New - means a new or retained job.
25. Land Grant – means conveyance of real property to an employer or prospective employer for the purpose of creating primary jobs. The sales price of the property is determined by the EDC board and may be at a reduced or no cost to the company. Some land grants may include special owner financing provisions in lieu of donation of property outright at closing.
26. LEED Certified Building – certification as determined by the US Green Building Council.
27. Modernization - means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology, or substantially lowers the unit cost of operation, and extends the economic life of the facility. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery, or equipment. It shall not be for the purpose of renovation, reconditioning, refurbishing, repairing, or completion of deferred maintenance.
28. Neighborhood Empowerment Zone - see Reinvestment Zone
29. PEO / Professional Employer Organization - provides an integrated service that manages human resource responsibilities and employer risks for their clients. A PEO delivers these services by establishing and maintaining an employer relationship with the employees at the client's worksite and by contractually assuming certain employer rights, responsibilities and risk. The PEO may hire employees on behalf of an company and then lease those employees to the employer on a contractual basis, providing wages, benefits and related human resources management services as requested or required by the company.

30. Qualified Applicant – an entity that commits to meet the minimum investment requirement as stipulated herein and desires assistance from the City to relocate, locate, or expand to or in the City.
31. Qualified Commercial Project – a commercial project meeting the minimum investment levels as defined by City of Taylor Incentives Guidelines Appendix “A.”
32. Reimbursement - means the partial refund of ad valorem property taxes and other funds for eligible properties for economic development purposes.
33. Real Property Improvement Grants – refers to funds that are typically used for remodeling expenditures or construction expenditures such as general carpentry, finish-out, plumbing, electrical and other types of general building and facility improvements. Usually includes permanent improvements which add some value to the taxable value of the property. May also include construction of improvements to land, not typically considered infrastructure such as landscaping, fencing, irrigation systems, etc. Does not include improvements to personal property such as equipment or machinery which is not a permanent part of the facility.
34. Recapture of Forgivable Loans or Grants - shall mean the repayment of loans, grants or other incentives in the event the applicant fails to perform in accordance with these guidelines and the economic development incentives agreement during any time the economic development incentives agreement is in effect. Recapture may also include the filing of lien(s) on the property or securitized assets for which an economic development incentives agreement was created.
35. Recapture of Property taxes - shall mean the repayment of abated real and business personal property taxes or other incentives provided in the event the applicant fails to perform in accordance with these guidelines and the economic development incentives agreement during any time the economic development incentives agreement is in effect. Recapture may also include the filing of a lien on the property for which an economic development incentives agreement was created.
36. Redevelopment - means replacement or reconstruction of a portion or all of a facility that has been damaged by an Act of Nature
37. Redevelopment Project – a commercial project damaged by an act of Nature.
38. Reinvestment Zone - is an area designated as such for the purpose of property tax reimbursement as authorized by Chapter 312, Property Redevelopment and Property tax Reimbursement Act, Title 3, Local Property taxation, Texas Property tax Code, as amended. It may also include a State designated enterprise (EZ) zone or locally designated neighborhood empowerment zone (NEZ).
39. Residency, Local - shall mean employees that reside in the 76574 zip code.
40. SBA – refers to the U.S. Small Business Administration
41. SBDC – refers to the Small Business Development Center, an SBA affiliate.
42. SCORE – means the “Counselors of America’s Small Business Owners” which is a national association dedicated to helping small business owners form and grow their businesses. SCORE is a partner of the U.S. Small Business Administration (SBA).
43. Target Industry - means an industry identified in the 2004 Taylor Economic Development Plan, as amended, and further identified in City of Taylor Incentives Guidelines Exhibit “B” and/or the targeted industries list mentioned above in Section 3.03.
44. Target Return on Investment Ratio – means a ratio of public dollars invested, or provided as incentives to a qualified project, to the eventual financial benefits the community will derive over a specific period of time from the qualified project.

45. Value - shall mean the value as determined by an appraisal prepared by Williamson County Appraisal District, unless otherwise specified. If a facility is damaged by an Act of God Nature and an appraisal of the damaged facility is not available from Williamson County Appraisal District "decrease in value" may be determined by an independent appraiser agreed upon by the City and either the owner of the facility or applicant for the property tax reimbursement. The term "value added" means increase in appraised value.
46. Vendor, Local - shall mean a vendor with a Taylor address and from which sales and use taxes are credited to the city of Taylor.
47. Venture Fund – refers to funds allocated by the EDC Board for the purpose of supporting high-risk business enterprises, usually in the form of forgivable loans. Typically reserved for companies which are operating with emerging technologies, unproven markets or volatile revenues. Usually considered high-risk due to the infancy of the companies, but may also be low-to-moderate risk for established entrepreneurs commercializing or expanding new products and services
48. Wages, gross – a full time permanent employee’s annual income before federal and other withholdings.
49. Wages Paid - shall mean the average weekly wages paid for all of the full time equivalent jobs in this industry or industries the applicant is part of as reported by the most recent US Bureau of Labor Statistics’ ES 202 report, or similar reporting mechanism, for Williamson County.