



*** PUBLIC NOTICE ***

**NOTICE OF A CORINTH ECONOMIC DEVELOPMENT CORPORATION (CEDC)
REGULAR SESSION**

**Monday, October 3, 2016, 6:00 P.M.
CITY HALL - 3300 CORINTH PARKWAY**

* Pursuant to Texas Government Code Section 551.002, a quorum of the City Council of Corinth may attend the following meeting and may participate in discussion on the agenda items listed below, but will not take any action.

CALL TO ORDER

CITIZENS COMMENTS

In accordance with the Open Meetings Act, the Board is prohibited from acting on or discussing (other than factual responses to specific questions) any items brought before them at this time. Citizen's comments will be limited to 3 minutes. Comments about any of the published agenda items are appreciated by the Board and may be taken into consideration at this time or during that agenda item. *All remarks and questions addressed to the Board shall be addressed to the Board as a whole and not to any individual member thereof.* Section 30.041B Code of Ordinance of the City of Corinth

BUSINESS AGENDA

1. Consider and act on minutes from the September 12, 2016 meeting.
2. Consider and act on the CEDC Finance Report for the period ending August 2016.
3. Receive a presentation from Monica Utter, of Bill Utter Ford, on store expansion plans.
4. Consider and act on the proposed City of Corinth Chapter 380 Economic Development Agreement Policies and Procedures.
5. Hold a discussion and give staff direction on the proposed City of Corinth Policy Statement for Tax Abatement.
6. Consider and act on the creation of sub-committees to advance the efforts of the Corinth Economic Development Corporation in: (i) developing a Strategic Plan for Economic Development; (ii) executing a Comprehensive Branding Strategy; and (iii) implementing a Business Recruitment and Retention Program.
7. Reports and Updates.

1. Board Members.
2. Executive Director.

EXECUTIVE SESSION

If, during the course of the meeting, any discussion of any item on the agenda should need to be held in executive or closed session for the Board to seek advice from the City Attorney as to the posted subject matter of this Board Meeting, the Board will convene in such executive or closed session, in accordance with the provisions of the Government Code, Title 5, Subchapter D Chapter 551, to consider one or more matters pursuant to the following:

Section 551.071. Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; (2) and/or a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State of Texas clearly conflicts with chapter 551.

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

After discussion of any matters in executive session, any final action or vote taken will be in public by the Board. The Board shall have the right at any time to seek legal advice in Executive Session from its Attorney on any agenda item, whether posted for Executive Session or not.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON EXECUTIVE SESSION ITEMS.

ADJOURN

Posted this ____ day of _____, 2016 at ____ on the bulletin board at Corinth City Hall.

Jason Alexander, Economic Development Director
City of Corinth, Texas

EDC Regular Session

1.

Meeting Date: 10/03/2016

Title: Meeting Minutes

Submitted By: Jason Alexander, Director

Finance Review: N/A

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on minutes from the September 12, 2016 meeting.

AGENDA ITEM SUMMARY/BACKGROUND

The meeting minutes from September 12, 2016.

RECOMMENDATION

N/A.

Attachments

Meeting Minutes

**STATE OF TEXAS
COUNTY OF DENTON
CITY OF CORINTH**

On this 12st day of September, 2016 the Corinth Economic Development Corporation (CEDC) of the City of Corinth, Texas, met in Special Session at 6:00 P.M. at Corinth City Hall, located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members, to wit:

CEDC Board Members:

Lowell Johnson – President
Mike Amason – Vice President (6:03 pm)
David Burnett – Director
Wade May – Director
Jerry Blazewicz – Director
Don Glockel – Director

CEDC Board Members Absent:

Tina Henderson – Secretary

Others Present:

Jason Alexander, Executive Director
Catherine Stallcup, Administrative Assistant

CALL TO ORDER:

President Lowell Johnson called the meeting to order at 6:00 P.M.

BUSINESS AGENDA:

1. Consider and act on minutes from the August 1, 2016 meeting.

MOTION was made by Jerry Blazewicz to approve the minutes from the August 1, 2016 meeting as written.

Seconded by David Burnett.

Ayes:	Johnson, Blazewicz, Burnett, May, Glockel
Noes:	None
Abstain:	None
Absent:	Amason, Henderson

MOTION CARRIES

2. Consider and act on the CEDC Finance Report for the period ending July 2016.

Jason Alexander went over several figures in the budget for Fiscal Year 2015-2016. Alexander briefly discussed the hotel occupancy and tax collection report for the months of June and July. There are some discrepancies in the collections report. The Finance Department is looking into the discrepancies, and as soon as Alexander has an answer, he will report back to the Board. It appears that the exemptions report

by hotel management differed from that shown by the records. Otherwise, the anticipated collection of sales tax appears to be on target for Fiscal Year 2015-2016.

MOTION was made by Don Glockel to approve the CEDC Finance Report for the period ending July 2016.

Seconded by Johnson.

Ayes:	Johnson, Amason, Glockel, Blazewicz, Burnett, May
Noes:	None
Abstain:	None
Absent:	Henderson

MOTION CARRIES

3. Hold a discussion and give staff direction on the proposed City of Corinth Chapter 380 Economic Development Agreement Policies and Procedures.

Alexander opened the discussion on the proposed City of Corinth Chapter 380 Economic Development Agreement Policies and Procedures by discussing the purpose of Chapter 380 Economic Development Agreements and the City’s history for incentivizing projects. A tax abatement policy was adopted by the City several years ago, based primarily on the provisions found in Chapter 312 of the Texas Tax Code, in addition to some other incentives that City Council could consider for eligible projects. After reviewing the existing tax abatement policy, which has expired, Alexander believed it to be best to separate those economic development incentives falling under Chapter 312 of the Texas Tax Code from those common to Chapter 380 Economic Development Agreements. Alexander stated that he would bring a revised Tax Abatement Policy to the Board in October, pending legal review.

While explaining the policy, there were some questions and a brief discussion concerning loans (including SBA loans), working capital and loan guarantees.

Alexander wanted to make it clear

Alexander explained that this group will be the recommending body and it will go to City Council as a controlling body. There are quite a few controlling mechanisms within this document. One of the things we will get to further in the document is limiting its use to certain zoning districts and certain key areas.

Discussion was held regarding hourly wage and how it is calculated.

Alexander said this is meant to be a guideline to abide by, there may be some circumstances where some of the definitions might have to be modified based on that particular need. That will come under the agreement where you can have definitions and you can further clarify what a full time job would be.

Discussion was held regarding the paragraph on the MIXED-USE definition as well as line 125 which reads “enclosed space that is intended for shelter or enclosing of persons, property, equipment or process” emphasizing on the word “process”. Through the discussion the decision was made to take the word “process” from the Chapter 380 Agreement.

The Board discussed the qualifiers listed in Section 3, *Program Requirements*, and possible adjustments at considerable length. Two of the qualifiers to be adjusted included: (i) the removal of clause “a” under Paragraph A.1.; and (ii) providing a qualifier for additional full-time jobs that was more flexible, also under Paragraph A.2.

The Board also discussed Section 6, *Application Process*, at increased length, with the focus of much of the conversation on (i) the most appropriate time to discuss incentives, before or after the City approves the project; (ii) ensuring that the proposed policy include language in which City Council could modify the terms and conditions of any incentives agreement recommended by the Corinth Economic Development Corporation; and (iii) including a provision that protects the confidentiality of applicants to the extent state law allows. Alexander expressed to the Board that there are advantages to discussing incentives before and after the project is approved, and recommended that the Board consider discussing incentives after the project is approved to ensure that the project is supported by the community, and more importantly, allows staff an opportunity to enhance the project further through performance requirements.

Lowell Johnson recessed the meeting for a break at 8:07 pm.

Lowell Johnson called the meeting back to order at 8:12 pm.

There was a general discussion on whether to introduce a non-refundable processing fee for applicants requesting project incentives under the provisions of the proposed policy. Alexander expressed concern about legal costs associated with preparing and reviewing agreements for incentives with respect to the budget for legal consultation. The Board requested that Alexander research comparable cities to Corinth to see if non-refundable filing fees are included in the review of incentive applications at the next meeting.

Alexander shared with the Board that he would have a revised policy incorporating the Board's direction and guidance at the next meeting.

4. Consider and act on the creation of sub-committees to advance the efforts of the Corinth Economic Development Corporation in: (i) developing a Strategic Plan for Economic Development; (ii) executing a Comprehensive Branding Strategy; and (iii) implementing a Business Retention Program.

Johnson discussed the formation of three sub-committees to advance the efforts of the Corinth Economic Development Corporation. The purpose of forming the sub-committees, Johnson said, is two-fold: (i) to reach out to citizens and business owners interested in the City's economic development efforts and (ii) to provide [Alexander] with additional support on these three initiatives. The first sub-committee (Strategic Plan) would focus on the development of a strategic plan to guide the activities and actions of the Corinth Economic Development Corporation. Johnson asked Mike Amason and Burnett to lead the efforts of that sub-committee. The second sub-committee (Branding) would evaluate and assess Corinth's brand. May and Tina Henderson (in absentia) were asked by Johnson to lead the second sub-committee. May spoke briefly on some ideas for branding. The final sub-committee (Business Retention) would be responsible for the continued development and support of existing businesses. Johnson suggested that Henderson lead that sub-committee (in absentia).

Johnson then asked that the Board provide Alexander with the names of residents and business owners to volunteer for the various sub-committees.

No action was taken.

5. Reports and Updates

a. Board Members

No updates at this time.

b. Executive Director

No updates at this time.

Lowell Johnson recessed the Regular Session meeting and went into Closed Session meeting at 8:55 P.M. (See Executive Session)

Lowell Johnson reconvened the Regular Session meeting at 9:20 P.M.

EXECUTIVE SESSION:

If, during the course of the meeting, any discussion of any item on the agenda should need to be held in executive or closed session for the Board to seek advice from the City Attorney as to the posted subject matter of this Board Meeting, the Board will convene in such executive or closed session, in accordance with the provisions of the Government Code, Title 5, Subchapter D, Chapter 551, to consider one or more matters pursuant to the following:

Section 551.071. Private consultations with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; (2) and/or a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State of Texas clearly conflicts with chapter 551.

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

a. Deliberation of the employment, reassignment or duties of the Executive Director of the Corinth Economic Development Corporation.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

After discussion of any matters in executive session, any final action or vote taken will be in public by the Board. The Board shall have the right at any time to seek legal advice in Executive Session from its Attorney on any agenda item, whether posted for Executive Session or not.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON EXECUTIVE SESSION ITEMS.

There was no action taken from Executive Session.

ADJOURN:

There being no further business, the September 12, 2016 Special Session of the Corinth Economic Development Corporation stood adjourned at 9:20 pm.

Catherine J. Stallcup, Administrative Assistant
City of Corinth

Lowell Johnson – President
Corinth Economic Development Corporation

EDC Regular Session

2.

Meeting Date: 10/03/2016

Title: CEDC Finance Report

Submitted By: Jason Alexander, Director

Finance Review: N/A

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on the CEDC Finance Report for the period ending August 2016.

AGENDA ITEM SUMMARY/BACKGROUND

The financial report for the period ending August 2016.

RECOMMENDATION

N/A.

Fiscal Impact

Source of Funding: N/A

FINANCIAL SUMMARY:

N/A.

Attachments

CEDC Finance Report



City of Corinth
Corinth Economic Development Corporation

Schedule of Revenues & Expenditures - Budget vs Actual (Unaudited)
 For the Period Ended August 2016

	Current Fiscal Year, 2015-2016					Prior Year
	Budget FY 2015-16	August 2016 Actual	Year-to- Date Actual	Y-T-D Variance	Y-T-D % of Budget	Aug-15 Y-T-D Actual
RESOURCES						
Sales Tax (.50¢)	\$ 611,131	\$ 75,989	\$ 506,268	(104,863)	82.8%	\$ 473,645
Interest Income	250	94	747	497	298.9%	467
Investment Income	7,000	1,719	15,597	8,597	222.8%	9,436
Miscellaneous Income	-	-	-	-	0.0%	-
Projective Incentive Default	-	-	-	-	0.0%	-
Transfers In	-	-	-	-	0.0%	-
TOTAL ACTUAL RESOURCES	618,381	77,801	522,612	(95,769)	84.5%	483,548
Use of Fund Balance	150,000	-	-	(150,000)	0.0%	-
TOTAL RESOURCES	\$ 768,381	\$ 77,801	\$ 522,612	\$ (245,769)	68.0%	\$ 483,548
EXPENDITURES						
Wages & Benefits	\$ 147,746	\$ 9,373	\$ 109,551	\$ (38,195)	74.1%	28,736
Professional Fees	105,487	1,670	74,067	(31,420)	70.2%	63,448
Maintenance & Operations	267,891	150,400	164,686	(103,205)	61.5%	27,199
Supplies	6,796	2,756	4,263	(2,533)	62.7%	-
Utilities & Communication	2,910	188	2,519	(391)	86.6%	1,841
Vehicles/Equipment & Fuel	-	-	-	-	0.0%	-
Training	29,400	158	5,230	(24,170)	17.8%	8,898
Capital Outlay	2,500	-	2,500	-	100.0%	-
Debt Service	-	-	-	-	0.0%	-
Charges for Services	105,401	-	105,401	-	100.0%	92,142
Transfer Out	100,250	-	50,250	(50,000)	50.1%	50,250
TOTAL EXPENDITURES	\$ 768,381	\$ 164,545	\$ 518,467	\$ (249,914)	67.5%	\$ 272,515
EXCESS/(DEFICIT)	\$ -	\$ (86,744)	\$ 4,145	\$ 4,145		\$ 211,034

KEY TRENDS

Resources

Sales Tax - As required by the Government Accounting Standards Board, sales tax is reported for the month it is collected by the vendor. August 2016 revenues are remitted to the City in October 2016. Sales Tax received in August represents June collections.

Investment Interest - Interest rates have been on the rise. As a result, funds are being invested at a higher rate than budgeted.

Expenditures

Transfer Out represents \$50,000 to the Park Development Fund and \$250 to the Tech Replacement Fund for the future purchases of computers.

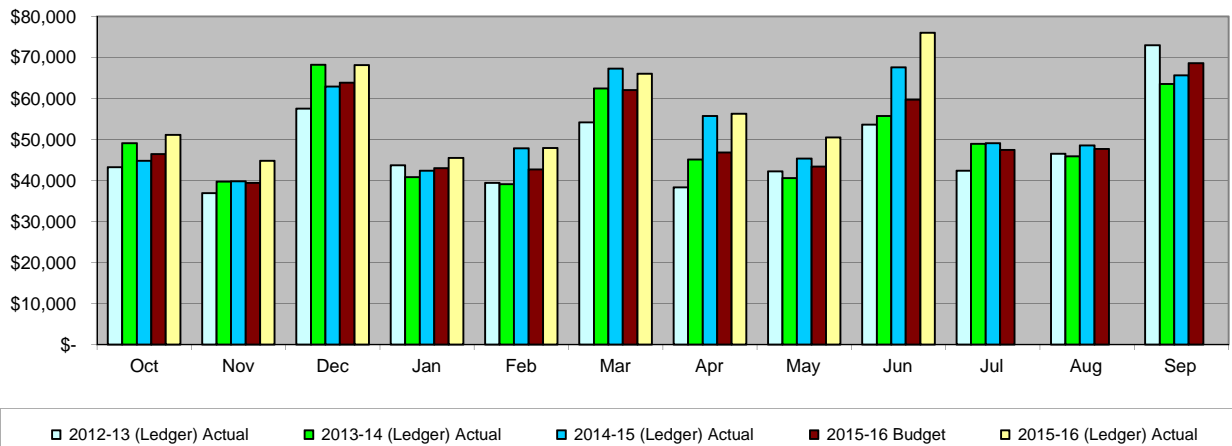
Budget Amendment was approved by City Council on February 18, 2016 for \$150,000 for the DATCU performance agreement, Ord# 16-02-18-03.



Corinth Economic Development Corporation
Economic Development Sales Tax
 PY Comparison and Variance Analysis

	2012-13 (Ledger) Actual	2013-14 (Ledger) Actual	2014-15 (Ledger) Actual	2015-16 Budget	2015-16 Cash Receipts	2015-16 (Ledger) Actual	Variance, Actual to Budget	Variance, Actual to Budget %	Variance, CY to PY	Variance CY to PY %
Oct	\$ 43,274	\$ 49,120	\$ 44,779	\$ 46,465	\$ 48,521	\$ 51,148	\$ 4,683	10.1%	\$ 6,369	14.2%
Nov	36,902	39,763	39,840	39,430	65,599	44,827	5,397	13.7%	4,987	12.5%
Dec	57,479	68,189	62,897	63,812	51,148	68,160	4,348	6.8%	5,263	8.4%
Jan	43,731	40,830	42,350	43,033	44,827	45,500	2,467	5.7%	3,150	7.4%
Feb	39,406	39,130	47,853	42,671	68,160	47,909	5,238	12.3%	56	0.1%
Mar	54,137	62,405	67,295	62,060	45,500	66,022	3,962	6.4%	(1,273)	-1.9%
Apr	38,339	45,146	55,712	46,851	47,909	56,230	9,380	20.0%	518	0.9%
May	42,219	40,602	45,372	43,382	66,022	50,483	7,101	16.4%	5,111	11.3%
Jun	53,609	55,689	67,547	59,669	56,230	75,989	16,320	27.4%	8,442	12.5%
Jul	42,368	48,929	49,072	47,450	50,483					
Aug	46,514	45,851	48,521	47,707	75,989					
Sep	72,950	63,495	65,599	68,601						
TOTAL	\$ 570,929	\$ 599,149	\$ 636,837	\$ 611,131	\$ 620,387	\$ 506,268	\$ 58,894	13.2%	\$ 32,623	6.9%

Monthly Collections Comparison



KEY TRENDS

Description

The sales tax in Corinth is 8.25% for goods and services sold within the City's boundaries. The tax is collected by businesses making the sale and is remitted to the State Comptroller of Public Accounts on a monthly, and in some cases, a quarterly basis. Of the 8.25%, the state retains 6.25% and distributes 1% to the City of Corinth, .25% to the Street Maintenance Sales Tax Fund, .25% to the Crime Control & Prevention District, and .50% to the Economic Development Corporation. The State distributes tax proceeds to local entities within forty days following the period for which the tax is collected by businesses.

Sales Tax - As required by the Government Accounting Standards Board, sales tax is reported for the month it is collected by the vendor. August 2016 revenues are remitted to the City in October 2016. Sales Tax received in August represents June collections.

Analysis

The EDC sales tax revenue reflects a year-to-date increase in collections compared to the budgeted amounts.

Revenues are deposited into the Economic Development Corporation Fund and must be used on behalf of the city in carrying out programs related to a wide variety of projects including public parks and business development. (Tex.Rev.Civ.St. art 5190.6-the Development Corporation Act of 1979).



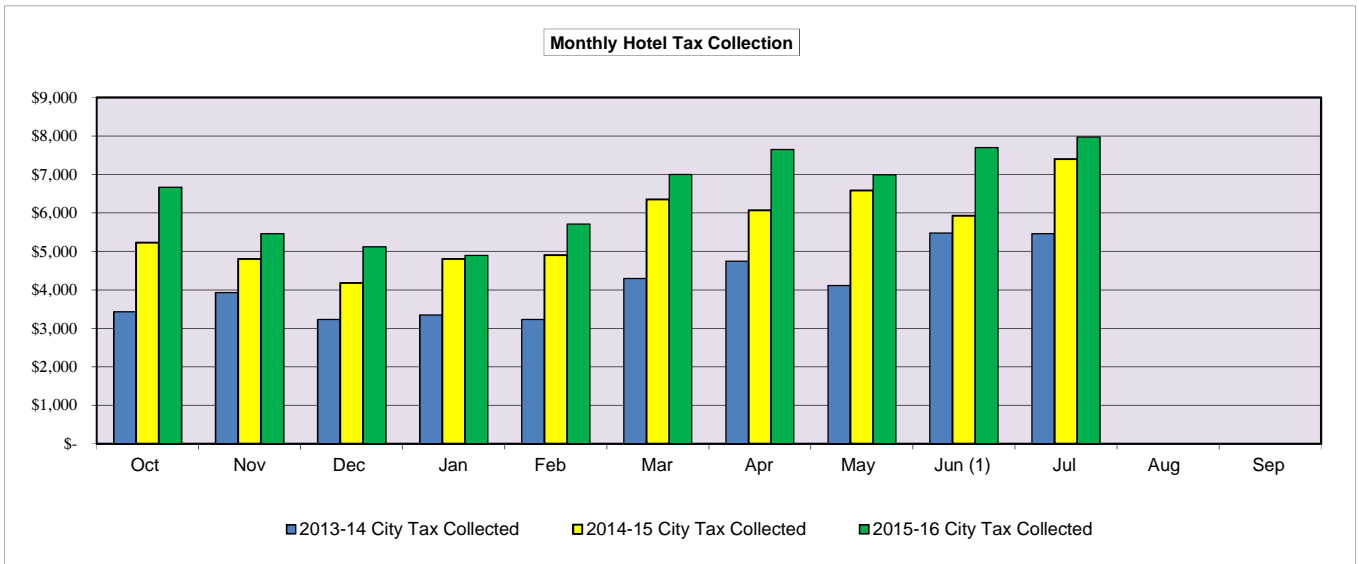
Hotel Occupancy Tax Collection Report

Comfort Inn & Suites

For the Period Ended August 2016

	Occupancy Rate	Total Gross Sales	Less Exemptions & Allowances	Total Taxable Revenues Reported	Taxable Revenues X 7%	Total City Tax Due	City Tax Collected FY 2015-16	Date Received	% Change CY to PY	City Tax Collected FY 2014-15	City Tax Collected FY 2013-14
Oct	71%	\$ 95,242	\$ -	\$ 95,242	\$ 6,667	\$ 6,667	\$ 6,667	11/23/2015	27.5%	\$ 5,230	\$ 3,434
Nov	61%	78,036	-	78,036	5,463	5,463	5,463	12/21/2015	13.8%	4,802	3,933
Dec	54%	73,073	-	73,073	5,115	5,115	5,115	1/19/2016	22.4%	4,179	3,234
Jan	53%	69,866	-	69,866	4,891	4,891	4,891	2/22/2016	1.8%	4,805	3,350
Feb	68%	81,595	-	81,595	5,712	5,712	5,712	3/21/2016	16.5%	4,904	3,227
Mar	73%	100,039	-	100,039	7,003	7,003	7,003	4/19/2016	10.3%	6,346	4,294
Apr	80%	112,029	2,790	109,239	7,647	7,647	7,647	5/20/2016	26.0%	6,069	4,741
May	70%	100,112	239	99,873	6,991	6,991	6,991	6/21/2016	6.1%	6,587	4,114
Jun (1)	79%	113,848	3,112	110,736	7,752	7,752	7,699	7/18/2016	29.9%	5,926	5,481
Jul	86%	114,084	180	113,903	7,973	7,973	7,973	8/22/2016	7.8%	7,394	5,461
Aug											
Sep											
TOTALS		\$ 937,925	\$ 6,321	\$ 931,604	\$ 65,212	\$ 65,212	\$ 65,160			\$ 56,242	\$ 41,269

(1) Exemption report provided by management differs from the exemptions claimed. Difference of \$52.04 is owed by Management.



KEY TRENDS

Description	Analysis
The City's Hotel Occupancy Tax is levied at 7% of room rental. City Ordinance 08-06-05-15 mandates that hotel occupancy taxes are due and payable to the City on or before the 20th day of the month for the previous months collections.	The Comfort Inn & Suites, the City's first hotel opened in March 2009.

CITY OF CORINTH
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: AUGUST 31ST, 2016

130-Economic Development Corp
 FINANCIAL SUMMARY

% OF YEAR COMPLETED: 91.67

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
REVENUE SUMMARY						
SALES TAXES	611,131	75,988.90	506,267.75	0.00	104,863.25	82.84
INTEREST INCOME	7,250	1,812.33	16,344.20	0.00 (	9,094.20)	225.44
TOTAL REVENUES	618,381	77,801.23	522,611.95	0.00	95,769.05	84.51
EXPENDITURE SUMMARY						
ECONOMIC DEVELOPMENT	768,381	164,544.83	518,466.57	0.00	249,914.43	67.48
TOTAL EXPENDITURES	768,381	164,544.83	518,466.57	0.00	249,914.43	67.48
REVENUE OVER/(UNDER) EXPENDITURES	(150,000) (	86,743.60)	4,145.38	0.00 (	154,145.38)	2.76-

CITY OF CORINTH
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: AUGUST 31ST, 2016

130-Economic Development Corp

% OF YEAR COMPLETED: 91.67

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
<hr/>						
SALES TAXES						
130-0000-40200 SALES TAX	611,131	75,988.90	506,267.75	0.00	104,863.25	82.84
TOTAL SALES TAXES	611,131	75,988.90	506,267.75	0.00	104,863.25	82.84
INTEREST INCOME						
130-0000-41400 INVESTMENT INCOME	7,000	1,718.50	15,596.84	0.00 (	8,596.84)	222.81
130-0000-41410 INTEREST INCOME	250	93.83	747.36	0.00 (	497.36)	298.94
TOTAL INTEREST INCOME	7,250	1,812.33	16,344.20	0.00 (	9,094.20)	225.44
MISCELLANEOUS	_____	_____	_____	_____	_____	_____
TRANSFERS	_____	_____	_____	_____	_____	_____
<hr/>						
TOTAL REVENUE	618,381	77,801.23	522,611.95	0.00	95,769.05	84.51

130-Economic Development Corp
 DEPARTMENT - ECONOMIC DEVELOPMENT

% OF YEAR COMPLETED: 91.67

DEPARTMENTAL EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
WAGES & BENEFITS						
130-1700-50100 SALARIES	110,869	7,076.92	82,092.27	0.00	28,776.73	74.04
130-1700-50204 CAR ALLOWANCE	4,800	400.00	4,600.00	0.00	200.00	95.83
130-1700-50300 HEALTH INSURANCE	10,601	492.58	6,518.38	0.00	4,082.62	61.49
130-1700-50301 DENTAL INSURANCE	698	29.22	321.42	0.00	376.58	46.05
130-1700-50302 LIFE & DISABILITY INSURAN	543	40.41	444.51	0.00	98.49	81.86
130-1700-50303 BROKER FEES	208	17.09	152.41	0.00	55.59	73.27
130-1700-50304 PHS FEES	114	9.50	71.72	0.00	42.28	62.91
130-1700-50305 TMRS EMPLOYER	17,649	1,143.36	13,273.91	0.00	4,375.09	75.21
130-1700-50310 401A	0	30.00	360.00	0.00	(360.00)	0.00
130-1700-50316 EAP	17	1.45	15.95	0.00	1.05	93.82
130-1700-50317 COBRA ADMINISTRATION FEE	7	0.00	0.00	0.00	7.00	0.00
130-1700-50320 WORKERS COMP	343	23.44	253.92	0.00	89.08	74.03
130-1700-50401 MEDICARE EMPLOYER	1,690	109.51	1,266.03	0.00	423.97	74.91
130-1700-50405 TEXAS EMPLOYMENT COMM.	207	0.00	180.00	0.00	27.00	86.96
TOTAL WAGES & BENEFITS	147,746	9,373.48	109,550.52	0.00	38,195.48	74.15
PROF. SERV & CONTRACTUAL						
130-1700-51100 PROFESSIONAL SERVICES	92,579	0.00	64,127.29	0.00	28,451.71	69.27
130-1700-51300 LEGAL FEES	11,000	1,516.00	8,250.00	0.00	2,750.00	75.00
130-1700-51400 P&L INSURANCE	1,908	153.63	1,689.57	0.00	218.43	88.55
TOTAL PROF. SERV & CONTRACTUAL	105,487	1,669.63	74,066.86	0.00	31,420.14	70.21
MAINTENANCE & OPERATIONS						
130-1700-52000 ADVERTISING	4,437	400.00	2,050.00	0.00	2,387.00	46.20
130-1700-52004 COPIER CHARGES	300	0.00	0.03	0.00	299.97	0.01
130-1700-52210 BOARDS & COMMITTEE EXPENSE	1,000	0.00	0.00	0.00	1,000.00	0.00
130-1700-52215 PROMOTIONAL FEES	19,000	0.00	1,921.02	0.00	17,078.98	10.11
130-1700-52230 PROJECT INCENTIVES	238,704	150,000.00	160,000.00	0.00	78,704.00	67.03
130-1700-52500 DUES & SUBSCRIPTIONS	4,350	0.00	714.95	0.00	3,635.05	16.44
130-1700-52800 HIRING COST	100	0.00	0.00	0.00	100.00	0.00
TOTAL MAINTENANCE & OPERATIONS	267,891	150,400.00	164,686.00	0.00	103,205.00	61.48
SUPPLIES						
130-1700-53001 OFFICE SUPPLIES	1,796	2,756.17	2,845.71	0.00	(1,049.71)	158.45
130-1700-53205 OFFICE EQUIPMENT	5,000	0.00	1,417.61	0.00	3,582.39	28.35
TOTAL SUPPLIES	6,796	2,756.17	4,263.32	0.00	2,532.68	62.73
UTILITIES & COMMUNICATION						
130-1700-54100 TELEPHONE	156	14.90	110.43	0.00	45.57	70.79
130-1700-54105 INTERNET	432	58.44	326.57	0.00	105.43	75.59
130-1700-54106 AIRCARD	504	39.21	352.80	0.00	151.20	70.00
130-1700-54107 COMPUTER LICENSING	918	0.00	904.20	0.00	13.80	98.50
130-1700-54200 CELLPHONE	900	75.00	825.00	0.00	75.00	91.67
TOTAL UTILITIES & COMMUNICATION	2,910	187.55	2,519.00	0.00	391.00	86.56

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: AUGUST 31ST, 2016

130-Economic Development Corp

DEPARTMENT - ECONOMIC DEVELOPMENT

% OF YEAR COMPLETED: 91.67

DEPARTMENTAL EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
TRAVEL & TRAINING						
130-1700-56000 TRAINING	13,900	158.00	2,128.00	0.00	11,772.00	15.31
130-1700-56100 TRAVEL/MEALS/LODGING	14,500	0.00	3,101.87	0.00	11,398.13	21.39
130-1700-56200 MILEAGE	1,000	0.00	0.00	0.00	1,000.00	0.00
TOTAL TRAVEL & TRAINING	29,400	158.00	5,229.87	0.00	24,170.13	17.79
CAPITAL OUTLAY						
130-1700-57000 CAPITAL OUTLAY	2,500	0.00	2,500.00	0.00	0.00	100.00
TOTAL CAPITAL OUTLAY	2,500	0.00	2,500.00	0.00	0.00	100.00
TRANSFERS & COST ALLOC.						
130-1700-59001 COST ALLOCATION OUT-GENER	105,401	0.00	105,401.00	0.00	0.00	100.00
130-1700-59101 TRANSFER OUT	100,000	0.00	50,000.00	0.00	50,000.00	50.00
130-1700-59111 TRANSFER OUT - TECH REPLA	250	0.00	250.00	0.00	0.00	100.00
TOTAL TRANSFERS & COST ALLOC.	205,651	0.00	155,651.00	0.00	50,000.00	75.69
TOTAL ECONOMIC DEVELOPMENT	768,381	164,544.83	518,466.57	0.00	249,914.43	67.48
TOTAL EXPENDITURES	768,381	164,544.83	518,466.57	0.00	249,914.43	67.48
REVENUE OVER/(UNDER) EXPENDITURES	(150,000)	(86,743.60)	4,145.38	0.00	(154,145.38)	2.76-

EDC Regular Session

3.

Meeting Date: 10/03/2016

Title: Presentation on Store Expansion Plans - Bill Utter Ford

Submitted By: Jason Alexander, Director

Finance Review: N/A

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Receive a presentation from Monica Utter, of Bill Utter Ford, on store expansion plans.

AGENDA ITEM SUMMARY/BACKGROUND

Bill Utter Ford is one of the longest tenured corporate citizens in Corinth. In response to Ford Motor Company's initiative to improve its competitive position with the marketplace, the company is reinvesting in its dealerships by encouraging store expansion and supporting enhanced visual treatments. Monica Utter, with Bill Utter Ford, will make a presentation to the Corinth Economic Development Corporation that summarizes Ford Motor Company's Strategy and how this strategy will impact the operations of Bill Utter Ford for many years to come. In addition, Utter and her team, will also share their plans for store expansion and how the vision and scope of the project will benefit Corinth economically and physically for many years to come, as well.

RECOMMENDATION

N/A.

EDC Regular Session

4.

Meeting Date: 10/03/2016

Title: Proposed Chapter 380 Economic Development Incentives Policy

Submitted By: Jason Alexander, Director

Finance Review: N/A

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on the proposed City of Corinth Chapter 380 Economic Development Agreement Policies and Procedures.

AGENDA ITEM SUMMARY/BACKGROUND

Chapter 380 of the *Texas Local Government Code*, Miscellaneous Provisions Relating to Municipal Planning and Development, allows municipalities to establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality to promote state or local economic development. As it pertains to the City of Corinth, the purpose for proposing the Chapter 380 Economic Development Policies and Procedures (hereafter "Policies and Procedures") is to establish a clear set of guidelines and criteria for the City Council and the Board of Directors of the Corinth Economic Development Corporation to consider and negotiate flexible incentive agreements to achieve and sustain the highest quality of development and grow the tax base.

After receiving direction from the Board of Directors at the September 12, 2016 meeting, staff in collaboration with the City Attorney, revised the proposed Policies and Procedures to reflect the following key changes (these revisions are in red/purple in the Policies and Procedures):

- **A new definition for mixed-use (Lines 122 - 133).** The previously proposed definition has been rewritten to reflect a simpler definition in which no more than 50 percent of the total gross floor area will be used for residential uses, and no less than 50 percent of the total gross floor area will be used for lodging, office, restaurant and/or retail uses. This definition ensures that both the City Council and Corinth Economic Development Corporation are in the best position possible to negotiate and consider incentives for mixed-use development proposals.
- **A revised definition for target industry (Lines 135 - 136).** The definition for target industry has been revised in support of the proposal to allow projects deemed as "target industry" at the discretion of the City to engage developers in incentives prior to project approval.
- **Removed the first qualifier under Paragraph A.1. (Lines 147- 149).** This qualifier has been removed.
- **Removed the third and fourth qualifiers under Paragraph A.1. (Lines 154 - 158).** The third qualifier was removed to Paragraph A.2., as the Board of Directors communicated to staff the desire for the qualifier for additional full-time jobs to have some ambiguity for increased flexibility, and the fourth qualifier is reflected in the second qualifier (Line 179).
- **Removed outside of the MX-C, Mixed-use Commercial Zoning Districts (Lines 160 - 161).** With a stronger definition for "mixed-use" the need to single-out a particular certain zoning district becomes irrelevant. Furthermore, it does not limit the Board of Directors nor City Council from considering such projects under the MX-C zoning designation.
- **Revised the Application Process (Lines 217 - 222, Lines 224 - 228 and Lines 239 - 249).** The application process has been revised in order to achieve the following: (i) the discretion of the City Council to consider incentives for a target industry prior to the required approvals from City Council, Planning and Zoning Commission and Planning and Development Department as applicable; (ii) all other projects not determined by City Council to be target industries, as proposed, would go through the application process; and (iii)

additional language affirming that City Council has the ability to modify terms and conditions of incentive agreements under this Policy and confidential information provided by the applicant will be protected to the extent allowed by state law. Additionally, other than incentives for target industries, which the City Council may review at any time, in its discretion, before project approval, all applications must be submitted after project approval. This revised language achieves a balance between recommending incentives for a project before or after City approval (Line 220-221).

In consideration that the City wants to project a business-friendly climate, and to encourage the application of incentives plan under these Policies and Procedures, staff recommends that the Board not assess a non-refundable filing fee. This will encourage the use of the incentive and affirm Corinth as a pro-business community.

Should the Board of Directors deliver an affirmative recommendation of the proposed Policies and Procedures, staff will then present the document to the City Council during their Work Session on November 3, 2016. If City Council determines that the Policies and Procedures will achieve the economic and physical development interests of Corinth, staff will then present the document to City Council for action and consideration during their Regular Session on November 17, 2016. If the policy is approved, the City will have adopted its first incentives policy structured under the provisions of Chapter 380 of the *Texas Local Government Code*.

RECOMMENDATION

Staff recommends that the Board of Directors approve the proposed Chapter 380 Economic Development Agreement Policies and Procedures.

Fiscal Impact

Source of Funding: N/A

FINANCIAL SUMMARY:

N/A.

Attachments

Proposed Chapter 380 Economic Development Incentives Policy
PowerPoint Presentation

17 **WHEREAS**, granting economic development incentives is one of the principal means by which
18 the public sector and the private sector can forge a partnership to promote real economic growth within a
19 community; and

20 **WHEREAS**, any economic development incentives offered must be strictly limited in application
21 to those new and existing businesses that bring new wealth to the community in order to avoid reducing the
22 needed tax revenues of area taxing authorities; and

23 **WHEREAS**, Chapter 380 of the *Texas Local Government Code* permits municipalities to establish
24 and provide for economic development programs, including programs for making loans and grants of public
25 money and providing personnel and services of the municipality, as an incentive for the development or the
26 redevelopment of property within the municipality; and

27 **WHEREAS**, the City Council of the City of Corinth, Texas desires to establish such a program to
28 develop and expand the local economy by promoting and encouraging projects that will enhance the City's
29 economic base, that will stimulate business and commercial activity and that will diversify and expand job
30 opportunities;

31
32 **NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORINTH,**
33 **TEXAS:**

34

35

I.

36 THAT the facts and recitations contained in the preamble of this Resolution are hereby found and declared
37 to be true and correct, and are incorporated herein in their entirety.

38

II.

39 THAT the Chapter 380 Economic Development Program Policies and Procedures attached hereto as Exhibit
40 “A” and incorporated herein, is hereby adopted as the guidelines and criteria for the City of Corinth to make
41 loans and grants of public money to promote economic development and stimulate business and commercial
42 activity in the City pursuant to Chapter 380 of the *Texas Local Government Code*.

43

III.

44 THAT the City of Corinth may elect to make use of the Chapter 380 Economic Development Program
45 Policies and Procedures, as set forth in Exhibit “A”, to consider and negotiate incentives to enable and to
46 encourage and sustain economic growth while also implementing sufficient control over public funds, and
47 that said policies and procedures may be leveraged with other incentives provided by the City.

48

IV.

49 THAT this Resolution shall be effective immediately upon its approval.

50

51 **PASSED, APPROVED AND EFFECTIVE** this ____ day of _____, 2016.

52

53

54

Bill Heidemann, Mayor

55

56 **ATTEST:**

57

58

59 Kimberly Pence, City Secretary

60

61

62 **APPROVED AS TO FORM:**

63

64

65 City Attorney

66

EXHIBIT "A"

67

CITY OF CORINTH, TEXAS

68

CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM POLICIES AND PROCEDURES

69

70

SECTION 1.

71

GENERAL STATEMENT OF PURPOSE AND POLICY

72

The City of Corinth is dedicated to achieving and sustaining the highest quality of development in all areas

73

of the City; and to a continuous improvement in the quality of life for its citizens. The City of Corinth has

74

previously developed economic development programs and incentives designed to encourage high quality

75

businesses and other commercial concerns to locate, expand and remain in the City of Corinth. Now the

76

City of Corinth seeks to augment its economic development efforts to attract and retain high quality

77

development and jobs by establishing these Chapter 380 Economic Development Program Policies and

78

Procedures ("Policies and Procedures") as a guide when considering applications for economic

79

development incentives.

80

These Policies and Procedures are established in an effort to develop and expand the local economy

81

by promoting and encouraging development and redevelopment projects that enhance Corinth's economic

82

base; diversifying and expanding employment opportunities across generational boundaries; and promoting

83 projects that create additional revenue for Corinth, without substantially increasing demand on City services
84 or infrastructure. Ultimately, the preeminent purpose of the programs established under these Policies and
85 Procedures is to protect and augment the City's ability to continuously deliver first class municipal services
86 for the safety, enjoyment and comfort of Corinth residents.

87 In furtherance of these goals, the City may elect, on a case-by-case basis, to give consideration to
88 providing incentives to applicants in accordance with these Policies and Procedures as authorized by
89 Chapter 380 of the *Texas Local Government Code*, as amended from time to time.

90 Nothing in these Policies and Procedures shall be intended to imply or suggest that the City is under
91 any obligation to provide incentives to any applicant. All applicants shall be considered on a case-by-case
92 basis. Approval or denial of any incentives shall be at the sole discretion of City Council, ~~upon receiving a~~
93 ~~recommendation from the Corinth Economic Development Corporation as prescribed in Section 6.~~ Those
94 applicants granted incentives as a Chapter 380 Economic Development Program, under these Policies and
95 Procedures, shall be required to enter into an agreement with the City containing all of the terms required
96 in Section 7, and as required by applicable state laws, in order to protect the public's interest of receiving a
97 public benefit in exchange for public funds, assets and services invested to stimulate economic development
98 in Corinth.

99

100

SECTION 2.

101

DEFINITIONS

102

Wherever used in these Policies and Procedures, the following terms shall have these meanings ascribed to

103

them:

104

A. AGREEMENT: shall mean a contractual agreement between a property and/or business owner and the City for the purpose of providing one or more economic development programs.

105

106

B. BUSINESS PERSONAL PROPERTY: shall mean tangible personal property other than inventory and supplies:

107

108

1. that is subject to ad valorem taxation by the City; **and**

109

2. that is located on the property subject to an incentive agreement; **and**

110

3. that is owned or leased by the party to the incentive agreement; **and**

111

4. that was not located in the City prior to the effective date of the incentive agreement.

112

C. CITY: shall mean the City of Corinth, Texas.

113

D. CITY ATTORNEY: shall mean the City Attorney of the City of Corinth, Texas.

114

E. CITY COUNCIL: shall mean the City Council of the City of Corinth, Texas.

115

F. FULL-TIME JOB: shall mean:

116

1. employment of at least thirty-five (35) hours per week with full benefits, including at a

117

minimum, health and disability insurance and retirement plan options; **and**

118 2. employment with an average (mean) hourly wage equal to, or above that calculated by the
119 United States Bureau of Labor for the Dallas-Fort Worth-Arlington Metropolitan Statistical
120 Area; and

121 3. does not include seasonal employment.

122 ~~G. MIXED-USE: for the purposes of these Policies and Procedures, shall mean any proposed projects~~
123 ~~which deliver a complementary and visually harmonious mixture of retail, residential, office, open~~
124 ~~space and/or lodging uses to market. For any proposed project to be considered a mixed-use~~
125 ~~development, a minimum of fifty (50) percent of the total amount of habitable space (i.e., any~~
126 ~~enclosed space that is intended for shelter or enclosing of persons, property, equipment or process)~~
127 ~~shall be dedicated to retail, office and/or lodging uses as defined in the City of Corinth Unified~~
128 ~~Development Code. For the purposes of this definition, bars, cafés, restaurants, et cetera, shall be~~
129 ~~considered retail.~~

130 G. MIXED-USE: shall mean a project in which no more than fifty (50) percent of the total gross floor
131 area will be used as residential space and no less than fifty (50) percent of the total gross floor area
132 used for lodging, office, restaurant and/or retail uses as defined in the Corinth Unified Development
133 Code as amended from time to time.

134 H. TARGET INDUSTRY: shall mean a business, structure or other project deemed vital to the City’s
135 current, anticipated or ongoing growth and development needs and goals. The City ~~may~~has
136 discretion to amend the definition of~~determine its~~ “needs” from time to time as the City’s
137 circumstances warrant, or as the City determines appropriate to meet or further its development or
138 other economic goals.

140 SECTION 3.

141 **PROGRAM REQUIREMENTS**

142 A. To be eligible for consideration to receive incentives as a Chapter 380 Economic Development
143 Program, ~~under these Policies and Procedures,~~ a project must first meet one or more of the
144 minimum requirements set forth in Paragraph A.1. and one or more of the minimum requirements
145 set forth in Paragraph A.2.:

146 1. The project:

147 ~~(a) — will result in a minimum increased revenue for another existing locally owned City~~
148 ~~business or businesses of Two Hundred and Fifty Thousand Dollars (\$250,000)~~
149 ~~within the City limits; or~~

150 ~~(b)(a)~~ will result in a minimum increased taxable value for the City of Two Hundred and

151 Fifty Thousand Dollars (\$250,000) in real property and/or business personal

152 property ~~tax~~ (excluding inventory and supplies) per City fiscal year within the City

153 limits; ~~or~~

154 ~~(c)~~ will result in a minimum of fifty (50) additional full-time jobs in the City; ~~or~~

155 ~~(d)~~ will result in a minimum increased taxable value for the City of Two Hundred

156 Thousand Dollars (\$200,000) in real property and/or business personal property

157 (excluding inventory and supplies) within the C-2, Commercial Zoning Districts;

158 and the MX-C, Mixed Use Commercial Zoning Districts; ~~or~~

159 ~~(e)(b)~~ is a mixed use project intended to develop or revitalize key areas of the City zoned

160 for mixed-use development ~~outside of the MX-C, Mixed Use Commercial Zoning~~

161 ~~Districts~~, that incorporates a variety of different retail, restaurant, residential, office

162 and/or lodging users within a coherent, high quality and sustainable setting; ~~or~~

163 ~~(f)(c)~~ is specifically determined by resolution of the City Council to bring public benefit

164 to the City consistent with Section 1; AND

165 2. In addition, the project:

166 (a) will make a unique or unequalled contribution to the development or redevelopment

167 efforts within the City limits due to its:

168 (1) benefit to the environment; ~~or~~

169 (2) financial magnitude; ~~or~~

170 (3) significance to the community; or

171 (4) superior functional or visual characteristics (e.g., architecture, landscape,

172 land use, parking, signage, streetscapes, et cetera); ~~or~~

173 (b) will enhance the City's fiscal ability to provide high quality municipal services for

174 the safety, comfort and enjoyment of Corinth residents; ~~or~~

175 (c) will enhance the City's public infrastructure by including the improvement and/or

176 construction of infrastructure that may or may not be contiguous to the project, and

177 may or may not be related to the project (e.g., drainage, lamp posts, parking, roads,

178 sidewalks, water/sewer); ~~or~~

179 (d) will result in an additional increase of full-time jobs within the City; or

180 ~~(d)~~(e) is ~~qualified as~~ a target industry.

181 B. All projects shall be considered on a case-by-case basis. However, eligible projects meeting more
182 than one requirement from Paragraphs A.1. and A.2. above will be preferred over projects that meet
183 only the minimum of one requirement from Paragraphs A.1. and A.2. above.

184 C. Projects shall not be eligible for incentives if a building permit has been issued for the project, or
185 if construction has already commenced prior to making an application in accordance with these
186 Policies and Procedures. Notwithstanding the foregoing, the City shall have the sole and absolute
187 discretion to authorize incentives for the expansion of an existing business or project as determined
188 appropriate by the City to meet the goals of these Policies and Procedures.

189 D. Incentives will be provided only to the extent that the revenues realized by the City, and attributable
190 to the project, equals or exceeds the minimum amount established by the agreement. Furthermore,
191 the public benefit or the amount of revenue realized by the City and attributable directly to the
192 project must be commensurate with the value of any incentives granted under this program. The
193 City retains the sole discretion to determine whether ~~or not~~ the standards set forth in these Policies
194 and Procedures and/or executed agreements have been or will be met.

195

196

SECTION 4.

197

ADDITIONAL CONSIDERATIONS

198 Additional factors to be considered by the Corinth Economic Development Corporation in deciding whether
199 to recommend a project to City Council for incentives include:

- 200 A. the number and types of jobs to be created or retained; ~~and~~
- 201 B. the market conditions and growth potential for the business activity; ~~and~~
- 202 C. the financial capacity of the applicant to undertake and complete the proposed project; ~~and~~
- 203 D. other incentive programs for which the applicant has qualified or has applied; ~~and~~
- 204 E. any other factors the Corinth Economic Development Corporation finds beneficial and/or relevant
205 to accomplishing the City's economic development goals and objectives.

206

207

SECTION 5.

208

INCENTIVES

209 As incentives to business and commercial enterprises, the City may provide economic development loans
210 or grants to the enterprise in a lump sum payment or through installment payments as deemed appropriate
211 by City Council and as expressly set forth in the terms of an agreement approved ~~by a majority vote of the~~
212 City Council.

213

214

SECTION 6.

215 **APPLICATION PROCESS**

216 A. All applications for consideration as a Chapter 380 Economic Development Program shall be made
217 on forms supplied by the Corinth Economic Development Corporation. Applications for incentives,
218 and subsequent discussions under these Policies and Procedures, shall only occur after the project
219 has been approved by the City (e.g., City Council, Planning and Zoning Commission and Planning
220 and Development Department as applicable). Other than incentives for target industries, which City
221 Council may review at any time in its discretion, applications submitted prior to City approval of
222 any project will not be processed. Applicants may be required to furnish additional information to
223 show compliance with the minimum requirements contained in Section 3 at any point in the
224 application process. Eligible applications will be presented to the Board of Directors of the Corinth
225 Economic Development Corporation first during their regular or special session. If the Board of
226 Directors ~~of the Corinth Economic Development Corporation~~ determines the applicant has met the
227 minimum Program Requirements in Section 3, then the Executive Director ~~of the Corinth~~
228 ~~Economic Development Corporation~~ will be permitted to collaborate with the applicant to propose
229 an agreement in accordance with the terms in Section 7. The applicant and the Executive Director
230 shall have at least thirty (30) working days to propose an agreement; and only after the Executive
231 Director and the applicant have drafted a proposed agreement, will it be presented to the Board of

232 Directors of the Corinth Economic Development Corporation for a recommendation to the City
233 Council.

234 B. At its sole discretion, City Council may consider the proposed agreement, and may take action on
235 the proposal as it deems appropriate. Under no circumstances shall anything in these Policies and
236 Procedures, and/or anything in the application form and process create any property, contract or
237 other legal right for any person, entity or corporation to have the City Council consider or grant
238 incentives.

239 C. Nothing within these Policies and Procedures shall be construed to prevent the City Council from
240 modifying the terms and conditions of any incentives agreement recommended by the Corinth
241 Economic Development Corporation to the City Council.

242 D. Information provided by applicants on the Application Form may be subject to release to the public
243 pursuant to the Texas Public Information Act as codified in Chapter 552 of the *Texas Government*
244 *Code*. However, certain information provided to the City in connection with an application under
245 these Policies and Procedures may be confidential and not subject to public disclosure until the
246 incentives agreement is executed. The City will respond to requests for disclosure as required by
247 law, and will assert exceptions to disclosure as it deems relevant. The City will make reasonable

248 attempts to notify applicants of the request so it may assert its own objections to the Attorney

249 General.

250

251 SECTION 7.

252 **AGREEMENT TERMS**

253 An agreement established under a Chapter 380 Economic Development Program shall at minimum include:

254 A. a complete description of the location of the proposed program or projects included in the program;

255 and

256 B. a timetable and list of the kind of improvements or development that the program will include, and

257 conditions to assure that the program meets or exceeds the City's requirements relating to property

258 values and revenues, which in no case shall be less than the minimum program requirements set

259 forth in these Policies and Procedures, including without limitation those set forth in Section 3,

260 above; and

261 C. a timetable and list of the kind and amount of property values, revenues, incomes or other public

262 benefits that the proposed program will provide; and

263 D. a provision establishing the duration of the agreement; and

- 264 E. a provision identifying the method for calculating and the source of funding for any grant, loan,
265 refund, in-kind or other incentive either up front or over the time provided in the agreement; and
- 266 F. a provision identifying whether any grant, loan or other incentive provided in the agreement will
267 be utilized for construction costs or for other specified business expenses; and
- 268 G. a provision providing benchmarks or other tangible means for measuring whether the applicant and
269 other responsible parties have met their obligations under the agreement; and
- 270 H. a provision providing for access to and authorizing inspection of the property and applicant's
271 pertinent business records by municipal employees in order to determine compliance with the
272 agreement; and
- 273 I. a provision for the cancellation of the agreement and/or nonpayment of incentives if the program
274 is determined to not be in compliance with the agreement; and
- 275 J. a provision for recapturing City funds granted or loaned, or for recapturing the value of other public
276 assets granted or loaned, if the applicant does not meet his/her/its/their duties and obligations under
277 the terms of the agreement; and
- 278 K. a provision that allows assignment of the agreement with prior written approval of the City Council
279 and at the sole discretion of the City Council provided that:



- 280 1. all the duties, liabilities, obligations and rights under the agreement are assigned from the
281 assignor to the assignee; and
- 282 2. the assignment document is in a form and contains content acceptable to the City Attorney;
283 and
- 284 L. provisions relating to administration, delinquent taxes, indemnification and reporting requirements
285 are included; and
- 286 M. a provision that the agreement may be amended by the parties to the agreement by using the same
287 procedure for approval as is required for entering into the agreement; and
- 288 N. a provision providing for auditing of the program, including authorizing City access to both non-
289 privileged and/or confidential documents for the purpose of conducting the audit; and
- 290 O. other provisions as the City Council shall deem appropriate.

292 SECTION 8.

293 **SEVERABILITY**

294 It shall be the policy and intention of the City to consider and negotiate agreements which are legally subject
295 to being adopted under the laws of the State of Texas. Should any section, subsection, paragraph, sentence,
296 phrase or word in these Policies and Procedures be held to be invalid, illegal or unconstitutional by a court

297 of competent jurisdiction, the balance of these Policies and Procedures shall stand, and shall remain
298 enforceable.



PROPOSED CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM POLICIES AND PROCEDURES

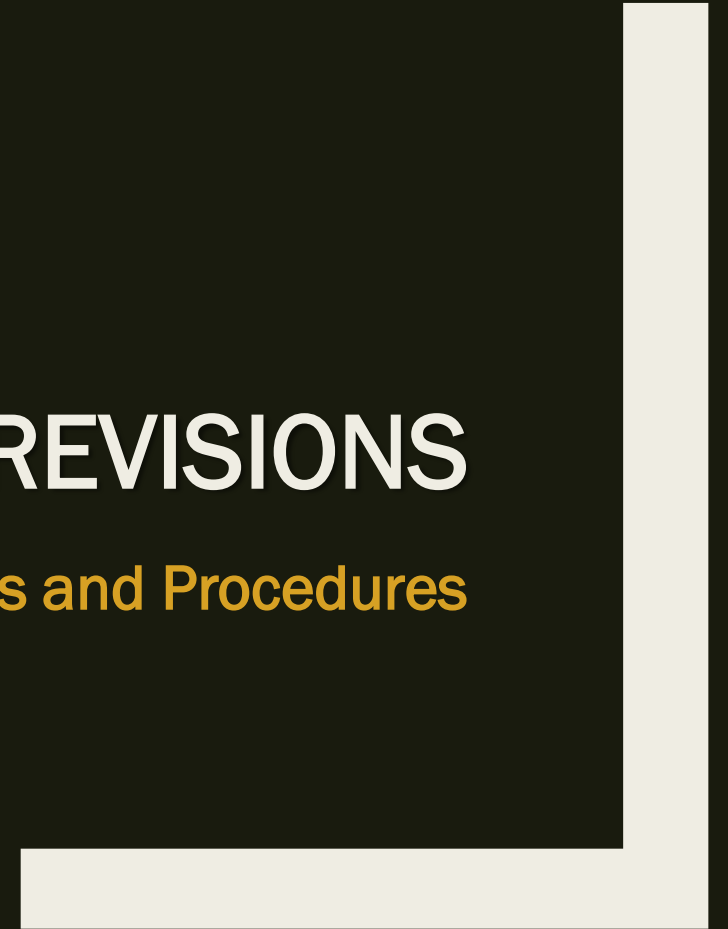
October 3, 2016

Presentation Agenda

- Revisions to the Policies and Procedures
- Key Takeaways

REVISIONS

Chapter 380 Economic Development Policies and Procedures



A new definition for mixed-use

Lines 122 – 133

- Mixed-use: *“shall mean a project in which no more than 50 percent of the total gross floor area will be used for residential uses, and no less than 50 percent of the total gross floor area will be used for lodging, office, restaurant and/or retail uses.”*

A revised definition for target industry

Lines 135 – 136

- Target industry: *“shall mean a business, structure or other project deemed vital to the City’s current, anticipated or ongoing growth and development needs and goals. The City has discretion to determine its “needs” from time to time as the City’s circumstances warrant, or as the City determines appropriate to meet or further its development or other economic goals.”*

Removed first qualifier

Lines 147 – 149

- At the direction of the Board, removed:
 - ~~*“[W]ill result in a minimum increased revenue for another existing locally owned City business or businesses of Two Hundred and Fifty Thousand Dollars (\$250,000) within the City limits; or”*~~

Removed third and fourth qualifiers

Lines 154 – 158

- ~~*“[w]ill result in a minimum of fifty (50) additional full-time jobs in the City”*~~
- ~~*“[W]ill result in a minimum increased taxable value for the City of Two Hundred Thousand Dollars (\$200,000) in real property and/or business personal property (excluding inventory and supplies) within the C-2, Commercial Zoning Districts; and the MX-C, Mixed Use Commercial Zoning Districts; or*~~

Revised mixed-use/full-time job qualifiers

Lines 160 – 161, 179

- Removed “outside of the MX-C, Mixed Use Commercial Zoning Districts” from Lines 160 – 161, because of the amended definition for mixed-use
- Added “will result in an additional increase of full-time jobs within the City; or” to Line 179

Application process

Lines 217 - 222, 224 - 228



Application process (continued)

Lines 239 – 249

- Included language that City Council reserves the right to modify the terms and conditions of incentive agreements recommended by the Board in Paragraph C
- Included language for confidentiality and public disclosure to the extent allowed by state law in Paragraph D

KEY TAKEAWAYS

The Key Points





Key Takeaway No. 1

- The key revision to the proposed Policies and Procedures is the amendment of the definition for “target industry” and the discretion of the City Council to review and consider incentives for projects qualified as target industries; other projects must wait until after City approval before requesting incentives

Key Takeaway No. 2

- With these revisions to the Policies and Procedures, the Board can be assured of presenting a well-crafted and coordinated incentives plan to City Council for further direction and guidance as necessary; and fulfilling the next step towards creating a menu of incentives for quality projects that are consistent with Corinth's vision and values



PROPOSED CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM POLICIES AND PROCEDURES

October 3, 2016

EDC Regular Session

5.

Meeting Date: 10/03/2016

Title: Proposed Policy Statement for Tax Abatement

Submitted By: Jason Alexander, Director

Finance Review: N/A

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Hold a discussion and give staff direction on the proposed City of Corinth Policy Statement for Tax Abatement.

AGENDA ITEM SUMMARY/BACKGROUND

Chapter 312 of the *Texas Tax Code*, Property Redevelopment and Tax Abatement Act, authorizes municipalities to provide tax abatement benefits as an economic development tool to encourage certain types of real and business property investment within reinvestment zones that will result in the creation, retention and expansion of new jobs and grow the tax base. The City adopted an incentives policy a few years ago that merged guidelines and criteria under Chapter 312 of the *Texas Tax Code*, and Chapter 380 of the *Texas Local Government Code*. This proposed Policy Statement for Tax Abatement focuses solely on the development and implementation of guidelines and criteria under Chapter 312 of the *Texas Tax Code*.

Staff is presenting the proposed Policy Statement for Tax Abatement to the Corinth Economic Development Corporation Board of Directors with the following goals: (i) to explain its intended applicability, limitations and implementation; (ii) to discuss eligibility requirements for projects; and (iii) to introduce pertinent factors that should be considered in the development and execution of any such incentives agreement.

Some highlights of the Policy Statement for Tax Abatement include: (i) one standard economic qualification (minimum capital investment) of \$250,000 for all facilities, rather than a separate minimum capital investment based on the type of facility and scope of the project; and (ii) a non-refundable administrative processing fee of \$1,000.00 for associated administrative costs (e.g., public hearings required by state law and notifications) and \$500.00 for associated administrative costs to modify any tax abatement agreement approved by City Council. Existing businesses, as proposed, requesting consideration for a tax abatement are exempt from the non-refundable administration fee.

After receiving direction from the Board of Directors during the October 3, 2016 Regular Session, staff will make the necessary revisions to the Policy Statement for consideration and action at the November 7, 2016 Regular Session. Pending an affirmative response from the Board of Directors, staff will then take the proposed Policy Statement to City Council in Workshop Session, on November 17, 2016, with anticipated consideration and action taken by the City Council during their Regular Session on December 1, 2016.

RECOMMENDATION

N/A.

Fiscal Impact

Source of Funding: N/A

FINANCIAL SUMMARY:

N/A.

Attachments

Proposed Policy Statement for Tax Abatement

1 **RESOLUTION NO. 16-12-01-_____**

2
3 **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORINTH, TEXAS**
4 **TO ESTABLISH A POLICY STATEMENT FOR TAX ABATEMENT TO GUIDE**
5 **THE GRANT OF TAX ABATEMENT AS AN INCENTIVE TO ACHIEVE AND**
6 **SUSTAIN DEVELOPMENT OPPORTUNITIES OF THE HIGHEST QUALITY**
7 **WITHIN THE CITY LIMITS; TO PROVIDE CRITERIA FOR THE REVIEW AND**
8 **GRANT OF TAX ABATEMENT INCENTIVES; TO PROVIDE A SEVERABILITY**
9 **CLAUSE; AND TO PROVIDE AN EFFECTIVE DATE.**
10

11 **WHEREAS**, the attraction of long term investment, and the establishment of new jobs in the City
12 of Corinth by virtue of the creation and adoption of a policy statement for tax abatement, will enhance and
13 promote local economic development and will stimulate business and commercial activity in the City, and
14 enhance the economic base of area taxing authorities; and

15 **WHEREAS**, the City of Corinth must compete with other communities across the nation currently
16 offering tax inducements to attract new plant and development projects; and

17 **WHEREAS**, the grant of economic development incentives, including tax abatements and refunds,
18 is one of the primary means by which the public sector and private sector can forge a partnership to promote
19 real economic growth within a community; and

20 **WHEREAS**, any economic development incentives granted must be strictly limited in application
21 to those new and existing businesses that bring new wealth to the community in order to avoid reducing the
22 needed tax revenues of area taxing jurisdictions; and

23 **WHEREAS**, the Property Redevelopment and Tax Abatement Act, as codified in Chapter 312 of
24 the *Texas Tax Code* as amended, authorizes municipalities to adopt guidelines and criteria for granting tax
25 abatements; and

26 **WHEREAS**, the City Council of the City of Corinth desires to establish guidelines and criteria for
27 tax abatements;

28

29 **NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORINTH,**
30 **TEXAS:**

31

32

I.

33 THAT the facts and recitations contained in the preamble of this Resolution are hereby found and declared
34 to be true and correct, and are incorporated herein in their entirety.

35

II.

36 THAT the City of Corinth elects to become eligible to participate in tax abatement and the Policy Statement
37 for Tax Abatement attached hereto as Exhibit "A" and incorporated herein, is hereby adopted as the
38 guidelines and criteria for the City of Corinth to grant tax abatement as a means to promote sustainable
39 economic development and stimulate business and commercial activity within the City, pursuant to Chapter
40 312 of the *Texas Tax Code*.

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III.

THAT the City of Corinth may elect to make use of the guidelines and criteria in the Statement Policy for Tax Abatement, as set forth in Exhibit “A”, to consider and negotiate tax abatements as incentive to enable and to encourage and sustain meaningful economic growth while also implementing sufficient control over public funds, and that said policy may be leveraged with other incentives provided by the City.

IV.

THAT this Resolution shall be effective immediately upon its approval.

PASSED, APPROVED AND EFFECTIVE this ____ day of _____, 2016.

Bill Heidemann, Mayor

ATTEST:

Kimberly Pence, City Secretary

62 **APPROVED AS TO FORM:**

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64 _____

65 City Attorney

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EXHIBIT “A”

CITY OF CORINTH
POLICY STATEMENT FOR TAX ABATEMENT

SECTION 1.

GENERAL PURPOSE AND OBJECTIVES

The City of Corinth is dedicated to achieving and sustaining the highest quality of development in all areas of the City; and to a continuous improvement in the quality of life for its citizens. These objectives are met, in part, by the enhancement and expansion of the local economy. Towards this end, the City of Corinth may elect, on a case-by-case basis, to give consideration to granting tax abatement as an economic development incentive in accordance with the Property Redevelopment and Tax Abatement Act, as codified in Chapter 312 of the *Texas Tax Code*, as amended (the “Act”).

It shall be the policy of the City of Corinth to make tax abatement available for both new facilities, and for the expansion or modernization of existing buildings. It shall also be the policy of the City of Corinth that said consideration will only be provided in accordance with the procedures and criteria outlined in this Policy Statement for Tax Abatement (“Policy Statement”). Nothing herein shall imply, nor suggest that the City of Corinth is under any obligation or duty to grant tax abatement to any eligible applicant. The City of Corinth may elect to only grant a tax abatement on the increment in value added to a particular property by a specific development proposal meeting the economic development objectives and goals of the City.

86 All applicants shall be considered on a case-by-case basis, and the decision to approve or deny tax
87 abatement shall be at the sole discretion of the City Council. Tax abatement agreements are made with the
88 owners of real property (and/or lessees if required) to exempt from taxation all or a portion of the value of
89 the real property, business personal property or both. The duration of a tax abatement may be for a period
90 of time deemed appropriate by the City Council, based on the economic life of the improvements, and
91 consistent with the provisions of this Policy Statement, but in no case for more than ten (10) years in
92 accordance with state law. Additionally, the City Council may impose terms and conditions in the tax
93 abatement agreement to govern the provision of each specific tax abatement. The City Council shall review
94 and evaluate this Policy Statement every two (2) years to ensure that the economic needs of the City of
95 Corinth are being met in order to promote a strong and balanced local economy.

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SECTION 2.

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DEFINITIONS

99 Wherever used in this Policy Statement, the following terms shall have these meanings ascribed to them:

100 A. AGREEMENT: shall mean a contractual agreement between a property owner and taxing authority
101 for the purpose of tax abatement.

102 1. In no event shall the duration of a tax abatement term exceed ten (10) years.

103 B. BASE YEAR VALUE: shall mean the taxable value of eligible property at the time of the execution
104 of the tax abatement agreement, plus the agreed upon value of eligible property made after January
105 1st but before the execution of the tax abatement agreement.

- 106 C. BUSINESS PERSONAL PROPERTY: shall mean tangible personal property other than inventory
107 and supplies:
- 108 1. that is subject to ad valorem taxation by the City;
 - 109 2. that is located on the property subject to a tax abatement agreement;
 - 110 3. that is owned or leased by the party or parties to the tax abatement agreement; and
 - 111 4. that was not located in the City prior to the effective date of the tax abatement agreement.
- 112 D. DEFERRED MAINTENANCE: shall mean any improvements necessary for continued operations,
113 which do not improve productivity or alter the process technology.
- 114 E. ECONOMIC LIFE: shall mean the number of years a property improvement is expected to be in
115 service in a facility.
- 116 F. EXPANSION: shall mean the addition of buildings, structures, fixed machinery or equipment for
117 the purposes of increasing production capacity or revenues.
- 118 G. FACILITY: shall mean property improvements completed, or in the process of construction, which
119 together comprise an integral whole.
- 120 H. FULL-TIME JOB: shall mean
- 121 1. employment of at least 35 hours per week with full benefits, including at a minimum, health
122 and disability insurance and retirement plan options;
 - 123 2. employment with an average (mean) hourly wage equal to, or above that calculated by the
124 United States Bureau of Labor for the Dallas-Fort Worth-Arlington Metropolitan Statistical
125 Area; and
 - 126 3. does not include seasonal employment.

127 I. INVESTMENT: for the purposes of this Policy Statement, shall be defined as capital expenditures
128 on property and/or equipment as provided in the Act.

129 J. MODERNIZATION: shall mean the replacement and upgrading of existing facilities that increases
130 the productive input or output; updates the technology; and/or substantially lowers the unit cost of
131 operation, thereby extending the economic life of the facility. Modernization may result from the
132 construction, alteration or installation of buildings, structures, fixed machinery or equipment.

133 1. Modernization shall not be for the purpose of reconditioning, refurbishing, repairing or the
134 completion of deferred maintenance.

135 K. NEW FACILITY: shall mean any property previously undeveloped which is placed into service by
136 means other than expansion or modernization.

137 L. REINVESTMENT ZONE: shall mean any area designated as such for the purpose of tax abatement
138 as authorized by the Act.

139 M. TAX ABATEMENT: shall mean the full, or the partial exemption of ad valorem taxes for eligible
140 properties in a reinvestment zone designated as such for economic development purposes.

141 1. Tax abatement may be granted for the real property improvements and/or business personal
142 property.

143 N. VALUE: wherever used in this Policy Statement, shall mean value as determined by an appraisal
144 prepared by the Denton County Appraisal District, unless otherwise specified.

145

146 SECTION 3.

147 **MINIMUM STANDARDS FOR TAX ABATEMENT**

148 To be considered for tax abatement, the proposed project must be located within a designated reinvestment
149 zone and meet Paragraphs A and B, and one or more of the following criteria as provided in below:

150 A. The proposed project involves a minimum capital investment of Two Hundred and Fifty Thousand
151 Dollars (\$250,000.00) as shown in Section 4; **and**

152 B. The proposed project, pursuant to the Act, is located within a designated reinvestment zone; **and**

153 C. The proposed project makes a substantial contribution to the City’s redevelopment efforts or special
154 area plans by enhancing functional or visual characteristics (e.g., architecture, landscape, parking,
155 signage, streetscapes, et cetera); **or**

156 D. The proposed project will have high visibility or image impact, or is of a significantly higher level
157 of development quality; **or**

158 E. The proposed project will serve as a catalyst or magnet to attract other high quality businesses or
159 development; **or**

160 F. The proposed project will not solely and primarily have the effect of transferring employment from
161 one part of the City to another; **or**

162 G. The cost of City services required to serve the proposed project will not exceed the amount of taxes
163 generated if tax abatement is granted; **or**

164 H. The proposed project is located within in an area which might not otherwise be developed because
165 of constraints of topography, ownership patterns or site configuration; **or**

166 I. The proposed project stimulates concentrations of employment and/or commercial activity; **or**

167 J. The proposed project will be a benefit to existing business and not compete with existing businesses
168 to the extent of being a detriment to the local economy as a whole.

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SECTION 4.

TAX ABATEMENT AUTHORIZED

- A. CREATION OF NEW VALUE. A tax abatement may only be granted to the added value of eligible property improvements made subsequent to, and specified in a tax abatement agreement between the City and the property owner and lessee (if required) subject to any such terms and conditions as the City Council may require.

- B. ELIGIBLE FACILITIES. A tax abatement may be granted for new facilities, and for expansion or modernization of existing facilities.
 - 1. the economic life of a facility or improvements shall exceed the life of the tax abatement agreement.

- C. LEASED FACILITIES. If a leased facility is granted a tax abatement, the tax abatement agreement shall be executed with the lessor and the lessee.

- D. ELIGIBLE PROPERTY. A tax abatement may be applied to improvements to real property **and/or** business personal property, excluding inventory and supplies, to the extent allowed by state law.

- E. INELIGIBLE PROPERTY. The following types of property shall generally be fully taxable, and ineligible for tax abatement:
 - 1. deferred maintenance investments; **and**
 - 2. furnishings and other forms of movable personal property; **and**
 - 3. housing; **and**
 - 4. inventory; **and**

- 190 5. land; **and**
- 191 6. supplies; **and**
- 192 7. vehicles; **and**
- 193 8. vessels; **and**
- 194 9. improvements to real property which have an economic life of less than fifteen (15) years;
- 195 **and**
- 196 10. improvements for the generation or transmission of electrical energy not wholly consumed
- 197 by a new facility or expansion; **and**
- 198 11. any improvements including those to manufacture, store or distribute natural gas, fluids or
- 199 gases, which are not integral to the operation of the facility; **and**
- 200 12. any property owned or used by the State of Texas or any political subdivision of the State
- 201 of Texas.

202 F. **MINIMUM CAPITAL INVESTMENT.** In order to be considered eligible for a tax abatement, the

203 minimum capital investment for any proposed project shall not be less than Two Hundred and Fifty

204 Thousand Dollars (\$250,000.00).

205 G. **TAX ABATEMENT TERM.** A tax abatement term shall be granted effective with the January 1st

206 valuation date immediately following the date of execution of the tax abatement agreement.

207 H. **TAX ABATEMENT VALUE.** The subjective criteria outlined in Section 3 of this Policy Statement

208 will be used by the Board of Directors of the Corinth Economic Development Corporation in order

209 to provide the City Council with a recommendation; and will be used by City Council to determine

210 whether a tax abatement is in the best interests of the City. Specific considerations shall include the

211 (i) degree to which a proposed project will further the City’s economic development objectives and
212 goals **and** (ii) the relative economic, physical and social impact of the proposed project on the City.

213 Tax abatement may be granted for new facilities and for the expansion or modernization of existing
214 facilities per Tables 4-A and 4-B. Once a determination has been made that a tax abatement should
215 be granted, the eligible property and term of the tax abatement shall be guided by referencing Tables
216 4-A and 4-B; provided, however, that the aforesaid two tables **are not** controlling. The City Council
217 shall have full power to determine eligibility and length of tax abatements on a **case-by-case basis**,
218 depending on the full circumstances. In addition:

- 219 1. a proposed project may be eligible for a bonus tax abatement of ten (10) percent providing
220 that the proposed project will create a minimum of twenty-five (25) new full-time jobs;
221 **and**
- 222 2. the maximum percentage of a tax abatement granted under this Policy Statement shall not
223 exceed sixty (60) percent, including a bonus tax abatement, except as specifically provided
224 for in Paragraph I. below.

225 I. **SPECIAL NOTE**. Nothing contained in this Policy Statement shall be construed to limit, or restrict
226 the City Council in the exercise of its sole and absolute discretion in setting terms for tax abatement,
227 or the percentage of tax abatement in any particular application for tax abatement. The City Council
228 may grant a tax abatement if the City Council deems that the tax abatement is in the best interests
229 of the City because:

- 230 1. it will increase or preserve the City's tax base; **and/or**
- 231 2. it will finance or improve the City's infrastructure; **and/or**

- 232 3. it will provide, or help acquire or construct public facilities; **and/or**
- 233 4. it will contribute to the redevelopment or renewal of distressed corridors; **and/or**
- 234 5. it will contribute to the diversity and quality of the City's business community; **and/or**
- 235 6. it will provide quality employment opportunities within the City, and enhance the skills of
- 236 existing employees so as to support their advancement into higher-paying positions.

237 TABLE 4-A.

238 **CONSTRUCTION OF A NEW FACILITY**

<u>MINIMUM CAPITAL INVESTMENT</u>	<u>PERCENTAGE OF ABATED TAXES</u>	<u>TAX ABATEMENT TERM</u>
\$250,000 - \$499,000	25%	1 year
\$500,000 - \$999,999	25%	3 years
\$1,000,000 - \$4,999,999	25%	5 years
\$5,000,000 - \$9,999,999	50%	7 years
\$10,000,000 or greater	50%	10 years

239

240 TABLE 4-B.

241 **EXPANSION OR MODERNIZATION OF AN EXISTING FACILITY**

<u>MINIMUM CAPITAL INVESTMENT</u>	<u>PERCENTAGE OF ABATED TAXES</u>	<u>TAX ABATEMENT TERM</u>
\$250,000 - \$499,000	25%	3 years
\$500,000 - \$999,999	50%	3 years
\$1,000,000 - \$4,999,999	50%	5 years
\$5,000,000 - \$9,999,999	50%	7 years
\$10,000,000 or greater	50%	10 years

242

243 SECTION 5.

244 **PROCEDURAL GUIDELINES**

245 Any individual or corporation desiring for the City to consider granting tax abatement to encourage location
246 or expansion or modernization of operations within Corinth shall be required to comply with the following
247 procedural guidelines:

248 A. PRELIMINARY APPLICATION STEPS.

- 249 1. the applicant shall complete the “Application for Tax Abatement Form” (said application
250 form shall require such financial information and other information as deemed appropriate
251 for evaluating the financial capacity and other factors of the applicant); **and**
- 252 2. the applicant shall address all of the criteria outlined in Section 3 in letter format; and
- 253 3. the applicant shall prepare a plat or survey showing the precise location of the property and
254 all of the roadways within five hundred (500) feet of the site; **and**
- 255 4. the applicant shall prepare a time schedule for undertaking and completing all the planned
256 improvements; **and**
- 257 5. the applicant shall provide a tax certificate verifying that there are no past due taxes on the
258 applicant’s property located within the proposed reinvestment zone; **and**
- 259 6. the applicant shall provide a study of feasibility, prepared by a certified public accountant,
260 that shall include, but certainly shall not be limited to, (i) an estimate of the economic effect
261 of the abatement of taxes and (ii) the benefit to the City and the property to be covered by
262 such tax abatement; **and**

- 263 7. if metes and bounds describe the property, a complete a legal description shall be provided;
- 264 **and**
- 265 8. in the case of an expansion or a modernization, the applicant shall also include a statement
- 266 of the facility’s current property value, stated separately for the real property and business
- 267 personal property; **and**
- 268 9. the applicant shall complete all of the forms and information detailed in items 1 through 8
- 269 above, and shall submit them along with a non-refundable filing fee in the amount of One
- 270 Thousand Dollars (\$1,000.00) for associated administrative costs to the Executive Director
- 271 of the Corinth Economic Development Corporation. Any existing business applying for
- 272 tax abatement for the expansion or modernization of an existing facility shall be exempt
- 273 from this non-refundable filing fee.

274 B. **APPLICATION REVIEW STEPS.**

- 275 1. the Executive Director of the Corinth Economic Development Corporation shall review all
- 276 the information in the application package detailed in Paragraph A. above for completeness
- 277 and accuracy within ten (10) working days (additional information may also be requested
- 278 as needed); **and**
- 279 2. the application package shall be distributed to the appropriate City departments for internal
- 280 review and comments; **and**
- 281 3. the copies of the complete application package along with staff comments shall be provided
- 282 to the Board of Directors of the Corinth Economic Development Corporation.

283 C. **CONSIDERATION OF THE APPLICATION.**

- 284 1. the Board of Directors of the Corinth Economic Development Corporation will then review
285 and consider the application package along with all relevant materials at a regular or special
286 session and provide a recommendation to the City Council (additional information may be
287 requested as needed); **and**
- 288 2. the recommendation, with all relevant materials, from the Board of Directors of the Corinth
289 Economic Development Corporation will be forwarded to the City Council for their review
290 and consideration at a regular or special session.

291 D. **PUBLIC HEARING AND APPROVAL.**

- 292 1. no later than the seventh day before the date of the public hearing, the City shall give and
293 publish notice of the public hearing in accordance with the Act; **and**
- 294 2. the City Council may hold the public hearing and determine whether the proposed project
295 is feasible and practical and would be of benefit to the land included in the reinvestment
296 zone and to the municipality after the expiration of a tax abatement agreement; **and**
- 297 3. the City Council may consider adopting an ordinance designating the area described in the
298 legal description of the proposed project as a commercial or industrial reinvestment zone;
299 **and**
- 300 4. the City Council may consider adopting a resolution approving a tax abatement agreement
301 between the City and the applicant governing the provision of the tax abatement within the
302 reinvestment zone; **and**
- 303 5. no later than the seventh day before the date on which the City enters into a tax abatement
304 agreement, the City shall deliver written notice in accordance with the Act, to the presiding

305 officer of the governing body of each of the other taxing authorities in which the property
306 subject to the tax abatement agreement is located; **and**

307 6. the governing bodies of the appropriate taxing authorities may consider the ratification of,
308 and participation in the tax abatement agreement between the City and the applicant.

309 E. Information provided by applicants in the application package may be subject to release to the
310 public pursuant to the Texas Public Information Act as codified in Chapter 552 of the *Texas*
311 *Government Code*. However, certain information provided to the City in connection with an
312 application under these Policies and Procedures may be confidential and not subject to public
313 disclosure until the incentives agreement is executed. The City will respond to requests for
314 disclosure as required by law, and will assert exceptions to disclosure as it deems relevant. The
315 City will make reasonable attempts to notify applicants of the request so it may assert its own
316 objections to the Attorney General.

317

318 SECTION 6.

319 **MODIFICATION OF TAX ABATEMENT AGREEMENTS**

320 Any requests by the applicant to modify the terms and conditions of a tax abatement agreement subsequent
321 to City Council action shall be accompanied by the payment of a non-refundable, modification processing
322 fee in the amount of Five Hundred Dollars (\$500.00) for associated administrative costs.

323

324 SECTION 7.

325 **TAX ABATEMENT AGREEMENT**

- 326 A. A tax abatement agreement with the owner of the facility, and the lessee (if required), shall include,
327 but shall not be limited to:
- 328 1. a general description of the project; **and**
 - 329 2. a legal description of the property; **and**
 - 330 3. the amount of the tax abatement and the percent of value to be abated each year; **and**
 - 331 4. the duration of the tax abatement; **and**
 - 332 5. the type, number, location and timetable of the planned improvements; **and**
 - 333 6. the proposed use of the facility and nature of construction; **and**
 - 334 7. any specific terms and conditions to be met by the applicant; **and**
 - 335 8. all the contractual obligations in the event of default, delinquent taxes, recapture, violation
336 of terms and conditions and administration and assignment; **and**
 - 337 9. a provision that the tax abatement agreement shall include a "buy local" provision in which
338 the recipient of tax abatement shall agree to give preference and priority to local suppliers,
339 manufacturers and labor and contractors, except in situations where not reasonably possible
340 to do so without accruing additional expenses, substantial inconvenience **and/or** sacrifice
341 in operating efficiency (for the purpose of this provision, local shall be construed to be the
342 City of Corinth); **and**
 - 343 10. a provision that allows for assignment of the tax abatement agreement with the prior written
344 approval of the City Council (adoption by resolution) provided that: (i) all duties, liabilities,
345 obligations and rights under the tax abatement agreement are assigned from the assignor to

346 the assignee and (ii) the assignment document is in a form and contains content acceptable
347 to the City Attorney; **and**

348 11. a provision that stipulates that the employees **and/or** designated representatives of the City
349 shall have access to all of the improvements during the term of the tax abatement to inspect
350 the facilities and improvements to determine whether the terms and conditions of the tax
351 abatement agreement are being met (all such inspections shall be conducted in a manner as
352 to not unreasonably interfere with the construction and/or operation of the facility, and all
353 such inspections shall be made with one or more representatives of the property owner in
354 accordance with his/her/its safety standards).

355 B. The City Council shall have full power to impose any other terms and conditions in a tax abatement
356 agreement that the City Council deems necessary to promote the purpose of this Policy Statement.

357

358 **SECTION 8.**

359 **DENIAL OF TAX ABATEMENT**

360 Neither a reinvestment zone nor a tax abatement agreement shall be authorized if it is determined:

361 A. That there would be a substantial adverse impact on the provision of municipal service or to the tax
362 base; **and/or**

363 B. That any construction has commenced with regard to a proposed project prior to the execution of a
364 City Council authorized tax abatement agreement; **and/or**

365 C. That the planned or potential use of the property would constitute a hazard to public safety, morals
366 or health; **and/or**

- 367 D. That the applicant has insufficient financial capacity; **and/or**
- 368 E. That violation of other codes, ordinances or regulations exists; **and/or**
- 369 F. For any other reason deemed appropriate by the City Council.

370

371 SECTION 9.

372 **TAXABILITY**

373 From the execution of the tax abatement agreement until the end of the tax abatement period, taxes shall be
374 payable as follows:

- 375 A. The value of ineligible property provided in Section 3 above shall be fully taxable; **and**
- 376 B. The base year value of existing eligible property shall be fully taxable; **and**
- 377 C. The added value of new eligible property shall be taxed in the manner, and for the period provided
378 for in the tax abatement agreement; **and**
- 379 D. The added value of new eligible property shall be fully taxable at the end of the tax abatement term.

380

381 SECTION 10.

382 **RECAPTURE**

383 Should a project granted tax abatement cease to operate for any reason, excepting: (i) a temporary basis due
384 to fire, explosion, or other accident, casualty or natural disaster; **or** (ii) should any terms and conditions of
385 the tax abatement agreement not be satisfied, including projected added value or the creation of the number
386 of new jobs; **or** (iii) should the ad valorem taxes on any property owed to the City become delinquent, then
387 in any such event, the tax abatement agreement shall be subject to termination, and all the abated taxes shall

388 be recaptured with accrued interest to the extent allowed by state law, and paid to the City within sixty (60)
389 days of the termination.

390

391

SECTION 11.

392

ADMINISTRATION

393 A. The owner of property subject to tax abatement shall certify annually to the Executive Director of
394 the Corinth Economic Development Corporation by January 31st that said owner is compliant with
395 each applicable term and condition of the tax abatement agreement. At a minimum, the certification
396 shall include a statement that (i) the property improvements have been completed and (ii) the initial
397 value of the property meets the requirement of the tax abatement agreement. Additionally, each tax
398 abatement agreement shall define any further applicable terms subject to certification.

399 B. The City shall have the right of entry to verify the annual certification. The individual or corporation
400 for which the tax abatement was issued shall provide access to records, files and other information
401 for such an inspection during normal business hours. Failure to allow the City entry will forfeit the
402 tax abatement agreement, and cause repayment of all abated taxes and accrued interest to become
403 due. If the City requests, the individual or corporation shall, at their own cost, audit the equipment
404 or approved replacement equipment to assure the City that the equipment is still in good working
405 order and that all equipment originally made part of the tax abatement is in good working condition.

406

407

SECTION 12.

408

SUNSET PROVISION

409 This Policy Statement shall be effective upon the date of its adoption, and shall remain in full force for two
410 (2) years, at which time its provisions shall be evaluated and reviewed by City Council to determine whether
411 the City's economic development objectives have been achieved. Based on that evaluation and review, this
412 Policy Statement will be modified, renewed or eliminated. Provided, however, that nothing set forth herein
413 shall affect the terms and conditions of tax abatement agreements that are entered into before, or during the
414 applicable term of this Policy Statement.

415

416

SECTION 13.

417

RESERVATION OF RIGHTS

418 Nothing in this Policy Statement shall limit the authority of the City to examine each application for tax
419 abatement before it on a **case-by-case basis** and to determine in its sole and absolute discretion whether or
420 not a proposed project should be granted a tax abatement; **and** whether or not it complies with this Policy
421 Statement is feasible; **and** whether or not the proposed abatement of taxes will inure to the long-term benefit
422 of such taxing authority.

423

424

SECTION 14.

425

SEVERABILITY

426 Should any section, subsection, paragraph, sentence, phrase or word in this Policy Statement is held to be
427 invalid, illegal or unconstitutional by a court of competent jurisdiction, the balance of this Policy Statement
428 shall stand and shall remain enforceable.



PROPOSED POLICY STATEMENT FOR TAX ABATEMENT

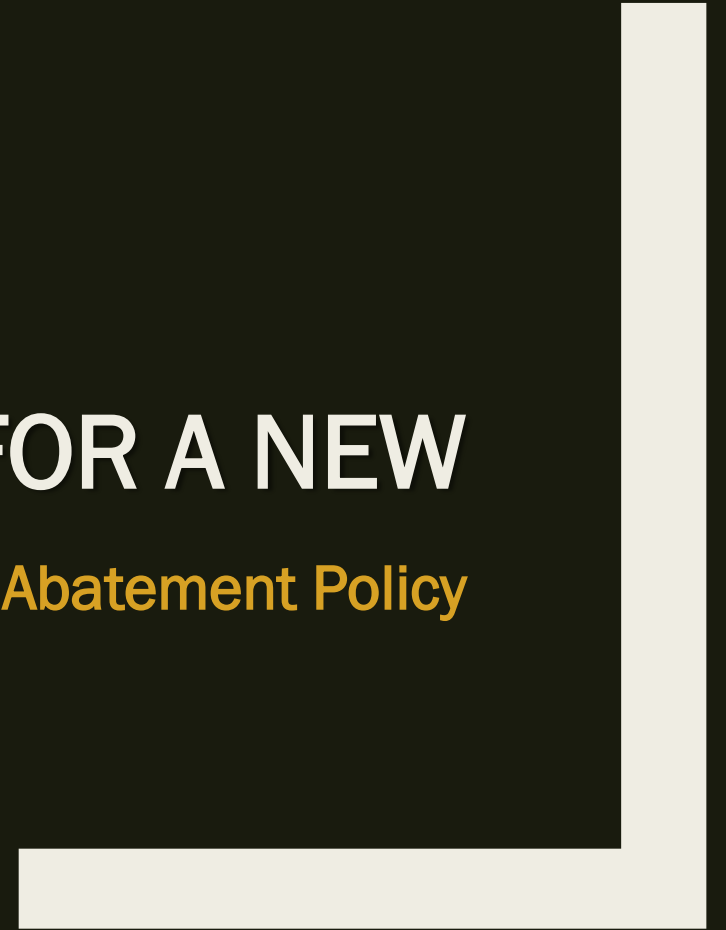
October 3, 2016

Presentation Agenda

- The need for a new tax abatement policy
- The proposed policy statement for tax abatement
- Key Takeaways

A NEED FOR A NEW

Tax Abatement Policy



Need for new tax abatement policy

- Chapter 312 of the *Texas Tax Code*, the Property Redevelopment and Tax Abatement Act, requires that guidelines and criteria adopted under the provisions thereof must be amended every two (2) years
- The previous tax abatement policy expired

Need for new tax abatement policy (cont'd)

- Economic qualifications (minimum capital investment within three years):
 - *For a new facility, excluding retail/entertainment/tourism: \$2,000,000.00*
 - *For an expanded or modernized facility: \$350,000.00*
 - *For retail/entertainment/tourism: \$750,000*

- Combines elements of Chapter 380 of the *Texas Local Government Code*

THE PROPOSED

Policy Statement for Tax Abatement



Section 3: Minimum standards

Lines 146 – 168

- This section proposes minimum standards for City Council and the Corinth Economic Development Corporation to consider; however, the first two criteria must be met as established by the Policy Statement and state law:
 - *The proposed project must involve a minimum capital investment of \$250,000.00*
 - *The proposed project must be located within a reinvestment zone*

Section 4: Tax abatement authorized

Lines 170 – 183

- Tax abatement may only be granted to the added value of eligible property
- Tax abatement may be granted for new facilities or expansion or modernization of existing facilities (the economic life of a property improvement must exceed the term of the tax abatement)
- Real property and/or business property eligible for tax abatement

Section 4: Tax abatement authorized (cont'd)

Lines 202 – 224

- The Minimum capital investment of \$250,000 for all proposed projects
- Tax abatement term effective with the January 1st valuation date following the date of execution of the tax abatement agreement
- The maximum percentage of a tax abatement shall not exceed 60% (including a bonus tax abatement of 10% for creating 25 full-time jobs)

Table 4-A.:

Construction of a new facility

MINIMUM CAPITAL INVESTMENT	PERCENTAGE OF ABATED TAXES	TAX ABATEMENT TERM
\$250,000 - \$499,000	25%	1 year
\$500,000 - \$999,999	25%	3 years
\$1,000,000 - \$4,999,999	25%	5 years
\$5,000,000 - \$9,999,999	50%	7 years
\$10,000,000 or greater	50%	10 years

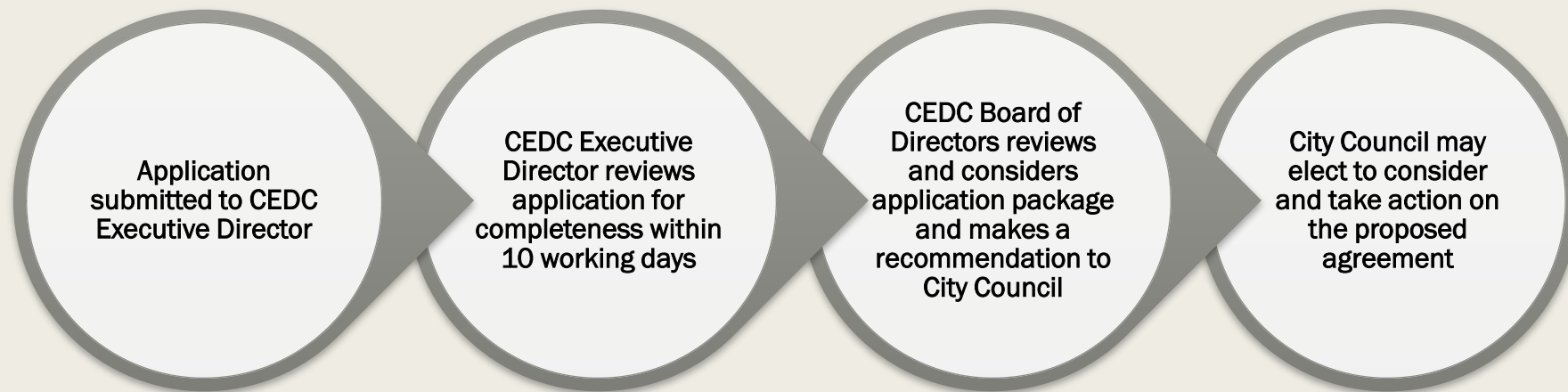
Table 4-B.:

Expansion or modernization of existing facility

MINIMUM CAPITAL INVESTMENT	PERCENTAGE OF ABATED TAXES	TAX ABATEMENT TERM
\$250,000 - \$499,000	25%	3 years
\$500,000 - \$999,999	50%	3 years
\$1,000,000 - \$4,999,999	50%	5 years
\$5,000,000 - \$9,999,999	50%	7 years
\$10,000,000 or greater	50%	10 years

Section 5: Procedural Guidelines

Lines 243 – 308



A non-refundable filing fee of \$1,000.00 is required to process applications; existing businesses are exempt from the non-refundable filing fee.

Section 7: Tax abatement agreement

Lines 324 – 356

- Proposes all of the information to be included within an abatement agreement
- A “buy local” clause – recipients must give preference to local business owners
- City shall have access to all of the improvements during the abatement term
- City Council may impose other terms and conditions as deemed appropriate

Section 8: Denial of tax abatement

Lines 358 – 369

- Project may adversely impact municipal services or the tax base;
- Construction commenced before the approval of tax abatement;
- Proposed project constitutes a hazard to public health, morals or safety
- Applicant has insufficient financial capacity to complete the project;
- There are outstanding violations of other codes and ordinances; and/or
- Any other reason deemed appropriate by the City Council

Section 9: Taxability

Lines 371 – 379

- Taxes are payable as follows:
 - *The value of ineligible property is fully taxable*
 - *The base year value of existing eligible property*
 - *The added value of new eligible property (per the tax abatement agreement)*
 - *The added value of new eligible property at the end of the tax abatement term*

Section 10: Recapture

Lines 381 – 389

- If a project granted tax abatement should cease to operate, excepting for the following, then abated taxes will be recaptured with interest within 60 days:
 - *A temporary basis due to fire, explosion or other accident, casualty or natural disaster;*
 - *The terms and conditions of the tax abatement agreement not be satisfied; or*
 - *The ad valorem taxes owed to the City becomes delinquent*

Section 11: Administration

Lines 391 – 405

- The recipient of a tax abatement must annually certify to the City by January 31st compliance with each applicable term and condition of the tax abatement agreement
- The City shall have the right of entry to verify the annual certification

KEY TAKEAWAYS

The Key Points



Key Takeaway No. 1

Limitations on the Policy Statement

- The Policy Statement must be adopted every two (2) years
- The Policy Statement can only use tax abatement as an incentive
- The Policy Statement may only be amended or repealed by a vote of three-fourths ($\frac{3}{4}$) of the members of the governing body

Key Takeaway No. 2

- As proposed, this Policy Statement establishes a framework for the City to consider and negotiate tax abatement agreements to achieve and sustain premium development and while supporting existing businesses wishing to expand and operate within an increasingly competitive marketplace



PROPOSED POLICY STATEMENT FOR TAX ABATEMENT

October 3, 2016

EDC Regular Session

Meeting Date: 10/03/2016

Title: Advisory Committees for Corinth Economic Development Corporation

Submitted By: Jason Alexander, Director

Finance Review: N/A

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on the creation of sub-committees to advance the efforts of the Corinth Economic Development Corporation in: (i) developing a Strategic Plan for Economic Development; (ii) executing a Comprehensive Branding Strategy; and (iii) implementing a Business Recruitment and Retention Program.

AGENDA ITEM SUMMARY/BACKGROUND

Pursuant to Section 5.02, *Officers*, of the Bylaws of the Corinth Economic Development Corporation (the "Corporation"), the President of the Corporation is authorized to appoint sub-committees with the approval of the Board of Directors to advance the business undertakings of the Corporation. In addition, Section 4.07, *Sub-committees of the Board*, of the Bylaws allows the Board of Directors to designate no more than three directors to create (serve) on an official sub-committee. The sub-committees may only function as a recommending body, with the Board of Directors only, having the capability to exercise any official action of the Corporation.

As envisioned, the Board would designate three sub-committees comprised of Board Directors and business owners and citizens interested in advancing the City's economic development efforts. Each sub-committee is charged with advancing one of the following efforts:

- **Strategic Plan.** Developing a strategic plan for to guide the actions and activities of the Economic Development Corporation and articulate both the City's and Board of Directors commitment to a strong, diverse tax base, the highest quality of life for all citizens and economic opportunity for all.
- **Comprehensive Branding.** Executing a comprehensive branding strategy that evaluates Corinth's brand and value to customers both internal and external to the City, as well as to promote an image that evokes a positive connection emotionally and visually.
- **Business Recruitment and Retention.** Implementing a business recruitment and retention program that is responsible for identifying and targeting new businesses that will grow the tax base, complement existing businesses and contribute positively to the community's quality of life while advocating for the interests of existing business operators.

With the exception of the sub-committee responsible for the implementation of Business Recruitment and Retention, it is anticipated that the sub-committees will be temporary, and at the completion of the goal, would be disbanded. The sub-committees are also envisioned as an avenue towards promoting the goals and objectives of the Corinth Economic Development Corporation while allowing residents, corporate citizens and others with Corinth's economic interests at heart, to act as influential change agents in the development and implementation of economic development policies and strategies.

RECOMMENDATION

The Board has the discretion to create the sub-committees, as well as to nominate and appoint volunteers to the sub-committees.

Fiscal Impact

Source of Funding: N/A

FINANCIAL SUMMARY:

N/A.
