

Ordinance NO. 2014-10-7-2

VILLAGE OF VINTON
CHAPTER 380 PROGRAM FOR
ECONOMIC DEVELOPMENT INCENTIVES
POLICIES AND PROCEDURES

I. General Purpose and Objectives

The Village of Vinton, Texas (The City) is committed to the promotion and retention of high-quality development in all parts of the City and to an ongoing improvement in the quality-of-life for its citizens. Insofar as the enhancement and expansion of the local economy generally serve these objectives, the City has established these Policies and Procedures known as Chapter 380 Program for Economic Development Incentives, as authorized by Chapter 380 of the Texas Local Government Code and amended from time to time.

These Policies and Procedures are established in an effort to develop and expand the local economy by promoting and encouraging development and redevelopment projects that enhance the City's economic base. Moreover, the City endeavors to diversify and/or expand job opportunities and promote and encourage projects that create additional revenue for the City without substantially increasing the demand on City services or infrastructure. The ultimate goal and public purpose of programs established hereunder is to protect and enhance the City's fiscal ability to provide high-quality municipal services for the safety, comfort, and enjoyment of its residents.

In furtherance of these objectives, the City will, on a case-by-case basis, consider providing economic development incentives to applicants in accordance with these Policies and Procedures.

Nothing in this document is intended to imply or suggest that the City is under any obligation to provide economic development incentives to any applicant. The decision to approve or deny economic incentives shall be at the discretion of the City Council of the City. Each applicant granted economic development incentives as a part of a Chapter 380 Economic Development Program (also referred to as "Program") must enter into an agreement with the City containing all terms required by these Policies and Procedures and State Law to protect the public interest of receiving a public benefit in exchange for public funds.

II. Criteria

All incentives provided by the City must, as their underlying goal, further economic development within Vinton. The goals to be achieved by the granting of the incentive should be measurable and be binding upon the recipient of the incentive, as set forth in an agreement between the City and the recipient.

In addition, the project

- Is qualified as a **target industry** according to the Vinton Policy Statement for Tax Abatement; the abatement shall only apply to the improvements to the property; no abatement shall be given to the present appraised value.
- Will make a unique or unequalled contribution to development or redevelopment efforts in Vinton, due to its magnitude, significance to the community or aesthetic quality; or

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- Will enhance the City's fiscal ability to provide high quality municipal services for the safety, comfort and enjoyment of Vinton residents.
- However, a project shall not be eligible for incentives under these Policies and Procedures if both a Building Permit and Certificate of Occupancy have been issued for the project prior to making application in accordance with these Policies and Procedures.

In addition, the following criteria must be satisfied. The project **MUST**:

- Include solid evidence provided by the business that demonstrates the business's financial stability and capacity to complete the project;
- Be in compliance with all local, state and federal laws.
- However, a project shall not be eligible for incentives under these Policies and Procedures if both a Building Permit and Certificate of Occupancy have been issued for the project prior to making application in accordance with these Policies and Procedures.

The Village of Vinton, through the implementation of this policy, shall endeavor to accomplish the following strategic objectives:

- The Village of Vinton supports the attraction and retention of companies that have strong Regional and National markets for their products or services.
- The Village of Vinton supports large private commercial recreational and tourism ventures that attract a Regional or National client base.
- The Village of Vinton supports the revitalization of identified redevelopment areas and enterprise zones.
- The Village of Vinton supports increased health care coverage as a strategic objective.

III. Qualification Criteria

In order to be eligible for incentives, a project must meet qualifying standards in at least ONE of the categories below. ALL projects must receive a job credit of 25 or more to be eligible.

Job Credit Scoring:

a. Wages

| | |
|------------------------------------|--------|
| Less than Median County Wage (MCW) | = 0X |
| 100% to 119% of MCW | = 1.0X |
| 120% to 149% of MCW | = 1.5X |
| 150% or greater of MCW | = 2.0X |

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b. Number of Jobs

Example: XYZ Company is establishing operations and hiring or retaining 40 workers

Credit for number of jobs will be based on the wage levels above. For instance, if a company is hiring or retaining 5 jobs at less than MCW, 5 jobs at MCW, 10 jobs at 125% of MCW and 20 jobs at 150% of MCW then their job credit would be calculated as follows:

| Salary | Jobs | * | Factor | = | Credits |
|--------------------|-----------|----------|----------|----------|----------------|
| Less than MCW | 5 | * | 0 | = | 0 |
| MCW | 5 | * | 1 | = | 5 |
| 125% of MCW | 10 | * | 1.5 | = | 15 |
| <u>150% of MCW</u> | <u>20</u> | <u>*</u> | <u>2</u> | <u>=</u> | <u>40</u> |
| Totals: | 40 | | | = | 60 Job Credits |

Category 1 - Quality Jobs - 80% of jobs must be at or above the MCW

If 80% of the jobs pay at least the Median County Wage the company is eligible for a 50% Grant.

Category 2 - Targeted Location

1. Valley Chile Road (Doniphan to 1-10)
2. Doniphan Road (Valley Chile Road to Chicken Farm Road)
3. South Desert Boulevard (north City limit to South City limit)

Grant Amounts will be based on the following:

25% Grant - A minimum of 80% of the jobs paying at least 90% of the MCW or;

50% Grant - A minimum of 90% of the jobs paying at least 90% of the MCW.

Category 3 - Business Type

- A. Market for service or product is Regional, National or Global, or;

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- B. *R&D, publishing, software, television & radio, design, music, film, toys & games, advertising, architecture, performing arts, crafts, video games design, fashion design and art.

Grant Amounts will be based on the following:

25% Grant - A minimum of 80% of the jobs paying at least 90% of the MCW or;

50% Grant - A minimum of 90% of the jobs paying at least 90% of the MCW.

Category 4 – Capital Intensive Project

If 80% of Jobs pay at least 90% of MCW

AND;

Capital Investment is **\$30M – \$49M** – then the company is eligible for 30% Grant
Capital Investment is **\$50M or more** - then the company is eligible for 35% Grant

Or;

If 90% of Jobs pay at least 90% of MCW

AND;

Capital Investment is **\$30M - \$49M** - then company is eligible for **60% Grant**
Capital Investment is **\$50M or more** - then company is eligible for **65% Grant**

Category 5 – Increased Health Care Coverage Incentive

1) In order to qualify under this Category, **80%** of the jobs must pay at least **80%** of the MCW and must met 2 of the criteria below:

- Locate in a Targeted Location, or;
- Be a Business Type identified under Category 3, or;
- Make a minimum investment of **\$30M**, or;
- Must otherwise be eligible under one of the following bonus categories:

- a) **Target Location #1**
- b) Headquarters unit move, or;
- c) **Research and Development component as described in guidelines;**

AND;

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2) Medical Benefit % must be paid according to the following table:

| MCW | Employees Medical Premium to be Paid |
|-----------|--------------------------------------|
| 90 - 100% | 50% |
| 85 - 89% | 75% |
| 80 - 84% | 100% |

AND;

3) Must agree to a **FIRST SOURCE HIRING PRACTICE** that could include the following:

Before jobs are announced to and filled by the general public, the company will commit to first utilize the job posting/announcement opportunities of the **Rio Grande Workforce Development Board** and its job placement programs.

Companies qualifying under this Category will be eligible for a **50% Grant**. Company may still be eligible for any additional bonus incentive earned under Category 6 if applicable.

Category 6 – Bonus Incentives

In order to be eligible under this section, a company must first establish eligibility in one of the prior categories (1 – 5)

A 50% Bonus may be earned if:

1. The company locates a headquarters unit with a minimum of 100 employees to Vinton.
2. The company locates their Research & Development (as defined by Federal Tax Code) in Vinton (25% of the total jobs must be Research & Development related or directly support the Research & Development function).

IV. Value of Incentives

Following an assessment of the narrative response, the City Administrator shall determine whether it is in the best interest of the City to recommend that an incentive be offered to the applicant. Consideration of the request will include such items as the degree to which the applicant's request furthers the goals and objectives of the community or meets or compliments a special need identified by the community.

Incentives may be in the form of tax reimbursements, grants, loans, use of City personnel or services, or a combination thereof.

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V. Application

- A. Applicants shall complete the attached "Application for Chapter 380 Economic Development Incentives", contained within the Appendix section of this document as "Appendix A"
- B. The business, in order to receive any such incentives from the Village of Vinton will make available credible information, including but not limited to capital investment and employment projections, to enable the Village of Vinton to prepare a fiscal impact analysis. The recipient will also make available an update of this data available annually after business operations have begun. The decision to provide any economic development incentives will be considered on a project-by-project basis, in accordance with the criteria set forth in this policy, and at the discretion of the Village of Vinton's City Council.
- C. In certain cases, Applicants shall prepare a metes and bounds description or plat showing the location of the property to which the incentive(s) applies, all roadways within 500 feet of the site, all existing land uses and zoning within 500 feet of the site, and the address of the property.
- D. Applicants shall submit Items A and B above to:

Village Administrator
Village of Vinton
436 E. Vinton Rd.
Vinton, Texas 79821
(915) 886-5104 (direct)
(915) 886-4120 (fax)
Email: jgarza@vintontx.us

- E. Information provided by applicants on the Application may be subject to public release, pursuant to the Texas Public Information Act. However, certain information provided to the City in connection with an Application may be confidential and not subject to public disclosure until the agreement is executed. The Village of Vinton will respond to requests for disclosure, as required by law, and will assert exceptions to disclosure as it deems relevant. The City will make reasonable attempts to notify applicants of requests so that they may assert their own objections to the Texas Attorney General.

VI. Application Review Process

Companies meeting the qualification standards above who wish to pursue incentives will need to pay a \$750 nonrefundable application fee in order to formally request incentives.

An economic impact analysis will be conducted by the Economic Development Department of the Village of Vinton pursuant to an Interlocal Agreement for Economic Development Services, on every project considered for incentives. The delivery mechanism of choice for incentives will be the Chapter 380

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agreement; however, the City reserves the right to use any other source available in the award of incentives. As a matter of general policy, tax abatements and Chapter 380 agreements entered into as a result of this policy will not be used simultaneously unless the revenue stream from which the Chapter 380 agreement is paid is derived from sources other than property tax.

Agreements may be conditioned on the completion of specific improvements to real property and/or job numbers and salaries levels being met. The Agreements shall contain recapture clauses in the event that such conditions are not met.

The City is charged with developing a recommendation to the Vinton City Council. In most cases, Incentives will be limited to 50% of the calculated direct, indirect and induced benefit, (excluding any bonus incentives earned) unless extraordinary benefit can be shown. All incentives packages will be limited to 100% of the taxes (real & property) actually collected in any given year unless approved by specific Vinton City Council action. For Section III, Category 2, the Vinton City Council may consider offering incentives based on capital investment only. Final Percentages of all grants will be at the sole discretion of the Vinton City Council.

In addition;

- A. All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested, as needed.
- B. The Administrator may use personnel and third parties, as required, to assist in the application review process.
- C. Upon review, the Administrator shall determine whether he/she will recommend a proposed incentive to the applicant, subject to final City Council approval. The proposed incentive recommendation by the Administrator is not binding upon the City Council. Rather, it is a conditional offer, subject to the approval of, the City Council.
- D. Upon receipt of the Administrator's offer, applicants shall have ninety (90) days to accept, decline, or request an extension of the proposed offer. All official responses and requests shall be made in writing to the Village Administrator. In certain circumstances, the City may alter the time frame.
- E. Upon written acceptance by the applicant of the offer, the recommendation of the Village Administrator with all relevant materials will be forwarded to the City Council.

VI. Economic Incentive Agreement Terms

At a minimum, any agreement providing for an economic development incentive under this Program shall include the following provisions:

- 1. Recapture of all incentives provided in the Agreement in the event of default by the party;

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2. No assignment of the Agreement, in whole or in part, by the Applicant without prior approval of the City Council;
3. Written certification by the Chief Financial and/or Executive Officer of the Applicant that it has complied with the terms and conditions of the Agreement;
4. City's right of inspection to the property to ensure compliance with the Agreement; and
5. If the creation of a minimum number of jobs is a part of the consideration provided by the City, such jobs must be maintained for a period established in the Agreement.
6. Incentives cannot be transferred as a result of a change in the majority ownership of the business without the expressed written consent of the Village of Vinton. Any new owner shall file a new application for an economic development incentive. It shall be the responsibility of the business to notify the City of any such substantive change.
7. Section 2264.051: A public agency, state or local taxing jurisdiction, or economic development corporation shall require a business that submits an application to receive a public subsidy to include in the application a statement certifying that the business, or a branch, division, or department of the business, does not and will not knowingly employ an undocumented worker. Added by Acts 2007, 80th Leg., R.S., Ch. 853, and Sec. 1, eff. September 1, 2007.


This Chapter 380 Program for Economic Development Incentives Policies and Procedures is approved this 7th day of October, 2014, and shall become effective on November 1st, 2014.


Madeleine Praino, Mayor

ATTEST:

Jessica Garza, City Secretary

APPROVED AS TO FORM:



Shane English, City Attorney

7. Health Insurance

- What type of Health insurance will the company offer employees? What percentage of Healthy insurance will the company pay?

***Please submit Paperwork to certify Health benefits, which will be offered to employees**

SECTION D. INVESTMENT INFORMATION

8. Total dollar amount for proposed project improvements:

| Real Property | |
|--|----|
| Land | \$ |
| Existing Building Improvements | \$ |
| New Building Improvements | \$ |
| Total | \$ |
| Personal Property | |
| <u>Equipment</u> | |
| Computers | \$ |
| Machinery | \$ |
| Other- Specify (attach additional sheets if necessary) | \$ |
| Furniture and Fixtures | \$ |
| Total | \$ |
| Grand Total | \$ |

9. What is the present year Central Appraisal District appraised value on:

| | | | |
|----------------------|----|--------------------------|----|
| Real Property | \$ | Personal Property | \$ |
|----------------------|----|--------------------------|----|

9. Please provide timeline for proposed project:

SECTION E. CERTIFICATION

I hereby certify that the information contained on this application is true and correct.

Name and Title of Officer of Company: _____

Signature: _____

Date: _____

Return Completed Application to:

Village Administrator
Village of Vinton
436 E. Vinton Rd.
Vinton, Texas 79821
(915) 886-5104 (direct)
(915) 886-4120 (fax)
Email: jgarza@vintontx.us