

ECONOMIC DEVELOPMENT GUIDELINES

Copperas Cove Economic Development Corporation City of Copperas Cove Coryell County

I. Introduction

Recipients of Community incentives should be on EDC Target Industry List:

- 738910 Telemarketing Services
- 738905 Reservation Services
- 7374 Computer Processing & Data Preparation & Processing Services
- 4225 General Warehousing & Storage
- 20 Food & Kindred Products
- 3448 Prefabricated Metal Buildings & Components
- 2451 Manufactured Housing Builders
- 2452 Prefabricated Wood Buildings & Components
- 3489 Ordnance & Accessories
- 4513 Air Courier Services
- 4512 Air Cargo Carriers

Qualifying Statements:

Community incentives will be equally available to qualifying existing businesses and those recruited from outside Coryell County. Both existing and new businesses must qualify for incentives based on capital investment that would increase the ad valorem value and/or gross payroll added in Copperas Cove and a time requirement for maintaining a physical location and conducting business in Coryell County.

(A.) Value added agriculture projects such as food processors or natural fiber processors might be examined as for their “technology transfer” potential.

(B.) Decisions on requests for any companies relocating from one city to another in Coryell County will be referred to the appropriate City Councils.

(C.) Community incentives will not be offered to retail business.

(D.) All recipients of community incentives will sign a mutually agreed-upon performances agreement based on increase ad valorem value by capital investment and/or gross payroll, in addition to a requirement for the company to maintain a business location and conduct business in Copperas Cove and Coryell County for a specified period of time.

(E.) An economic and fiscal impact analysis will be conducted for each applicant for community incentives. The community return on investment (pay-back) time period projected by the impact analysis will, in all cases, be no more than ten (10) years.

Approval authorities, at their discretion, **may require shorter return or investment time periods**. This analysis should be completed before the County Commissioners Court or the City of Copperas Cove grants any formal approval of tax abatement.

(F.) A health and environmental risk assessment may be conducted for each applicant for community incentives, as requested by the Economic Development Corporation Board of Directors or City of Copperas Cove.

(G.) After presentation of community incentive proposals to a prospect, the prospect will have a specified period of time to respond with acceptance, rejection or suggested changes to the proposal when feasible, the time period will be 30 days. The proposal will become null and void if not acted upon by the prospect within the specified time frame.

II. Due Diligence and Assessment of Applicants:

All applicants and/or prospects for community incentives will use the same guidelines despite the fact that industrial, manufacturing, and added value applicants will induce higher levels of ad valorem values and personal income. Given this scenario, applicants that meet or exceed eligibility requirements in a given category may well represent different economic development alternatives. Due diligence will be required of each prospect and/or applicant for community incentives as follows:

As a part of the review process, each applicant should provide the following:

- (1) A project description, which should include a description of the company, its products, the capital investment, increased ad valorem value, payroll, size of the building, acreage, inventory levels and so forth.
- (2) An application, request or proposal for incentives in a written format, describing the incentives and/or concessions being requested or considered.
- (3) A professionally - prepared business plan to include but not limited to, executive summary, company history, historical and pro forma financial information and company principal(s) resumes.
- (4) An annual report of the company, if available.
- (5) A professionally prepared economic and fiscal impact analysis (City, County, School).
- (6) Statement(s)/evidence of credit worthiness,
- (7) A copy or description of contracts related to the firm's new or expanding business, including real estate leases, purchase agreements, build-to-suit agreements, as well as banking and financial agreements.

- (8) A summary report outlining major factors and impacts, both positive and negative, on the community and taxing units, especially the impact on the school district. *

***Note:** These guidelines also recommend that the Copperas Cove Independent School District be **exempted** from any tax abatement policy/guidelines to be considered. The impact analysis will be from a standpoint of additional students and/or requirements that any prospect or applicant would require of the district.

Due diligence packages will be reviewed by the local economic development staff and EDC Board of Directors. The County Commissioners and City Council members should also review it. The entire Board of Directors of the Economic Development Corporation and the Executive Director may want to sit as the Prospect Review Committee. The Board Chairman may, also appoint a Prospect Review Committee of at least three (3) individuals including the Executive Director of the Corporation.

III. Proposal Presentation

The following steps for each prospect seeking community incentives will precede presentations to the appropriate approval authority:

- (A.) Project Introduction of company (name if possible), product, capital investment, increased ad valorem value, gross payroll, number of jobs created, size of building, acreage, etc.
- (B.) Progress Report and Preliminary Proposal Due diligence report and preliminary proposal for community incentives.
- (C.) Final proposal and presentation for decision
 - Economic and fiscal impact analysis, health and environmental risk assessment (if required), further due diligence and final incentives proposal.

No prospect report or proposal will be submitted to a decision making authority without being first reviewed and approved by all preceding authorities. Proposals impact analysis, and other material related to the decision-making process will be delivered to the appropriate individuals at least three (3) days prior to the meeting at which decisions are to be made regarding the proposal. **A typical prospect presentation and approval process will flow as follows:**

- (1) EDC Staff
- (2) EDC Prospect Review Committee
- (3) EDC Board of Directors
- (4) Copperas Cove City Council and/or Coryell County Commissioners Court.

IV. Approval Authority

Authority to approve a project for receipt of community incentives will be vested as follows:

- (1) Up to \$25,000.00 - EDC Board of Directors
- (2) Over \$25,000.00 -- The Copperas Cove City Council and/or Coryell County Commissioners Court. The City Council or Commissioners Court can only grant tax abatement. Its Board of Directors must approve Fees/and transactions for property owned by the Copperas Cove Industrial Foundation, Inc. before forwarding the proposal to the City Council.

V. Primary Community Incentives

The criteria for establishing the value and term of the tax abatement authorized are presented in two categories, ad valorem tax or gross payroll. The City Council in December, 2000 and the Coryell County Commissioners adopted these tax abatement guidelines January 2001. They must be adopted every two years.

Ad Valorem Tax Value **OR** Annual Gross Payroll Recommended Abatement Schedule

Applicant Category A:

\$200,000 to \$1,499,999	\$150,000 to \$699,999	Year 1: 90%
		Year 2: 80%
		Year 3: 70%
		Year 4: 60%
		Year 5: 45%
		Year 6: 25%
		Year 7: 10%

Applicant Category B:

\$1,500,000 to \$2,999,999	\$700,000 to \$1,199,999	Year 1: 90%
		Year 2: 80%
		Year 3: 75%
		Year 4: 65%
		Year 5: 55%
		Year 6: 45%
		Year 7: 35%
		Year 8: 20%
		Year 9: 10%

Applicant Category C:

\$3,000,000 to \$4,999,999	\$1,200,000 to \$1,499,999	Year 1: 95%
		Year 2: 90%
		Year 3: 85%
		Year 4: 80%

Year 5: 75%
 Year 6: 60%
 Year 7: 45%
 Year 8: 30%
 Year 9: 20%
 Year 10: 10%

Applicant Category D:

\$5,000,000 to \$9,999,000	\$1,500,000 to \$2,999,999	Year 1: 100% Year 2: 95% Year 3: 90% Year 4: 85% Year 5: 80% Year 6: 75% Year 7: 65% Year 8: 50% Year 9: 30% Year 10: 15%
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Applicant Category E:

\$10,000,000 or more	\$3,000,000 or more	Year 1: 100% Year 2: 100% Year 3: 95% Year 4: 95% Year 5: 90% Year 6: 85% Year 7: 75% Year 8: 60% Year 9: 30% Year 10: 15%
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VI. Other Community Incentives

The following are negotiable on a case analysis basis by the appropriate authority:

- (1) Developed Land.
- (2) Undeveloped Land.
- (3) Infrastructure Improvements
- (4) Speculative Building
- (5) Building Modifications
- (6) One-stop municipal permitting.
- (7) Waiver of municipal fees.
- (8) Rental Subsidy
- (9) Hiring and Job Training Assistance
- (8) Small Business Development Center (SBDC) assistance.
- (10) Chamber of Commerce membership

VII. Section 380 Agreements

In accordance with Section 380 of the Local Government Code, the City of Copperas Cove may, from time to time, provide loans and grants of public money to promote state or local economic development to stimulate business and commercial activity in the municipality. All agreements made pursuant to Section 380 of the Local Government Code must be approved by the City Council.

Adopted by City Council on January 4, 2005.

Adopted by Copperas Cove EDC on January 20, 2005

Adopted by the Coryell County Commissioners Court on February 14, 2005