

(10/2/22)



## **ECONOMIC DEVELOPMENT ASSISTANCE POLICY**

The Heath Economic Development Corporation (HEDC) and Heath Municipal Benefits Corporation (HMBC) provide financial assistance for qualified projects in accordance with guidelines that encourage quality commercial development that expands the City of Heath sales and property tax base and contributes to a higher quality of life without altering the City's culture as a premier D/FW suburb. Projects are considered on a case-by-case basis.

The HEDC and HMBC provide economic development assistance to selected applicants, subject to procedural requirements set forth in a contract along with applicable federal, state and local laws. Prospective applicants may include existing businesses relocating to Heath; new businesses opening in Heath; and existing businesses currently operating in Heath. Nothing in these guidelines shall imply or suggest that the City of Heath, HEDC or HMBC is under any obligation to provide any economic development assistance to any applicant.

The City of Heath, HEDC and HMBC reserve the right to conduct a background check on all applicants and to investigate an applicant's credit and financial history in terms as each relate to the applicant's project. Criteria used to judge a project's viability in the City of Heath include the number of jobs created and the sales tax and the property tax to be generated. Therefore, applicants who are successful in obtaining economic development assistance will be required to provide revenue, sales tax, employment and other business data reports as specified and scheduled in a performance agreement. There may also be circumstances that require significant collateralization and securitization agreements and the City of Heath, HEDC and the HMBC being named as additional insured, loss payee, or named in other insurance policies and/or banking/financing documents.

For assistance requests involving HEDC-owned land or HMBC-owned land, the HEDC and HMBC Board as land owners will also seek proof of a commitment to new construction that not only meets City of Heath architectural standards, requirements and ordinances, but fits the HEDC/HMBC vision for high-quality development that is visually aesthetic; complements the architectural style of current and planned buildings; contributes to the sense of being a destination-oriented business corridor; and will be of lasting value to the City and its citizens.

The purpose of this policy is to establish guidelines for providing economic development assistance. Notwithstanding these guidelines the City, the HEDC and HMBC retain the right to take any action allowed by law without consideration of or the necessity of amending these guidelines.

## ECONOMIC DEVELOPMENT ASSISTANCE EVALUATION CRITERIA

Any request for economic development will be evaluated based upon a review of the following criteria that each applicant will be requested to address in narrative as well as application form. All incentives provided must have as their underlying goal to further economic development and the quality of life in the City of Heath.

### Community Impact

- What effect would the project have on the local housing market?
- What environmental impact, if any, will be created by the project?
- How compatible is the project with the City's Comprehensive Plan?
- What effect would the project have on other taxing entities?

### Employment Impact

- How many jobs will be brought to Heath?
- What types of jobs will be created?
- What will be the total annual payroll?

### Fiscal Impact

- How much real and personal property value will be added to the tax rolls annually?
- How much direct sales tax will be generated annually?
- How will the project affect existing business?
- What infrastructure construction would be required?
- What is the total projected annual operating budget of the facility?

### Fiscal Impact Facts to Utilize

*based upon rates effective as of 10/2021*

#### Sales Tax Breakdown:

Total Sales Tax	8.25%
Sales Tax to the State	6.25%
Local Sales Tax	2%
-To the City of Heath	1%
-To the HEDC	0.5%
-To the HMBC	0.5%

#### Mixed Beverage Tax:

Total Mixed Beverage Tax	6.7%
-To the State	5.99%
-To the City of Heath	.71%

#### Property Ad Valorem Tax:

City of Heath:	\$0.339307	per \$100
County:	\$0.313100	per \$100
Rockwall ISD:	\$1.460300	per \$100

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## **ECONOMIC DEVELOPMENT APPLICATION ASSISTANCE PROCESS**

### **STAGE ONE**

1. Initial contact is made by the applicant to HEDC/HMBC staff to discuss the project and the application process for requesting economic development assistance.
2. Applicant submits Preliminary Project Application to HEDC/HMBC staff that includes an executive summary of the project and assistance sought.
3. HEDC/HMBC staff reviews the request for compliance with Type A and/or Type B funding and the HEDC/HMBC Board's vision for approved projects. If the proposed project meets guidelines, the HEDC/HMBC staff will begin its due diligence process via appropriate background, credit and financial checks along with determining the viability of the project.
4. Based upon the results of the background, credit and financial checks, the Preliminary Project Application may be distributed to the HEDC/HMBC Board for review, and an introductory meeting is scheduled with HEDC/HMBC staff and the appropriate City staff and HEDC/HMBC Board representatives for further discussion and possible recommendation to move to Stage Two of the process.

### **STAGE TWO**

1. A Comprehensive Project Application is submitted to HEDC/HMBC staff with all items outlined in the Application Checklist as warranted and available.
2. The completed Comprehensive Project Application is submitted to the HEDC/HMBC Board, HEDC/HMBC legal counsel, and City planning staff for internal review. The review process will include further due diligence (at the complete discretion of the HEDC/HMBC Board, staff and advisors) and obtaining proof that adequate financing is available for the project.
3. If all requirements are met, the applicant's request will be placed on the agenda of an upcoming HEDC/HMBC Board meeting during which the applicant may formally present their project in person on the record and in front of the entire Board. The Board may request additional information or approve or disapprove moving forward. The meeting may include a public hearing if required by federal and state law.
4. If the request is approved by the HEDC/HMBC Board, a draft contract and performance agreement with all applicable terms will be prepared and negotiated by the HEDC/HMBC legal counsel and the applicant's legal counsel. The final agreement will be brought to the HEDC/HMBC Board for a vote.
5. If approved by the HEDC/HMBC Board, the contract and performance agreement goes before the Heath City Council for final review and approval or disapproval. This may include public hearings if required by federal and state law.
6. If approved by City Council, a final resolution for the project is adopted by City Council and filed as appropriate.
7. All information presented to the City of Heath, HEDC and the HMBC during a public meeting becomes a matter of public record. Concerns regarding this legal requirement may be discussed by the applicant with the City staff and City attorney prior to submitting an application.

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## **PROJECT EVALUATION GUIDELINES**

***Criteria to be evaluated for each application for economic development assistance by the HEDC and/or HMBC includes, but is not limited to:***

- **Number of Jobs that Will be Created by the Business**
- **Capital Investment to be Made by the Applicant and Financial Capacity**
- **Annual Sales Tax Revenue Generated by the Business**
- **Annual Property Tax Revenue Paid for the Business Property**
- **Quality of Life Enhancements**

***Prospective applicants may include:***

- **Existing Businesses Relocating to Heath**
- **Existing Businesses Opening a New Location in Heath**
- **New Businesses Opening in Heath**
- **Existing Businesses Currently Operating in Heath**

Economic development assistance for approved projects meeting qualifications for the use of Type A and/or Type B funds may be in the form of a loan, a grant or a combination of such. *(See Guidelines to the Use of Type A and Type B Funds.)*

Each applicant will be evaluated on a case-by case basis, so that the total assistance package, if offered, may be designed specifically for each project. The HEDC and HMBC may require a repayment provision on all economic development assistance. These repayment provisions would specify requirements an applicant must fulfill in order to continue to receive assistance and should specify the terms for repayment of assistance should an applicant be in default of its contract and performance agreement with the HEDC and HMBC.

Contracts/performance agreements may also specify that annual tax returns, certified financial statements, revenue reports, and/or local and state tax filings, and an official copy of all sales tax statements submitted by the business to the state comptroller's office be provided to the HEDC and HMBC as deemed necessary or required. There may also be circumstances that require significant collateralization and securitization agreements and the City of Heath, HEDC and the HMBC being named as additional insured, loss payee, or named in other insurance policies and/or banking/financing documents.

***Nothing herein shall imply or suggest the HEDC, HMBC or City of Heath is under any obligation to provide incentives to any application.***

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