CITY OF MISSION, TEXAS

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CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM AND INCENTIVE POLICY

INTEGRATED POLICY PACKAGE

Document status	**CITY ATTORNEY REVISED WORKSHOP DRAFT — NOT FOR EXECUTION**
Prepared	August 5, 2026
Proposed adoption	Resolution/Ordinance No. _____________
Proposed effective date	______________________________

IMPORTANT DRAFT STATUS

This revision incorporates the financial recommendations transmitted by the Assistant City Manager on August 4, 2026, including the three percentage matrices, the separate maximum-term formula, and the discounted fiscal-return standards. They remain proposed Council policy—not an entitlement or an approved award—unless and until the Council affirmatively adopts this Policy. Remove the attorney-review page and all drafting notes before final adoption.

POLICY • APPLICATION • MATRIX SCHEDULE • EVALUATION FORM • ANNUAL COMPLIANCE CERTIFICATE

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ATTORNEY REVIEW NOTES — REMOVE BEFORE ADOPTION

CONTROLLING ASSUMPTION

The August 4, 2026 framework contains staff recommendations for Council consideration, not evidence of Council adoption. This draft therefore incorporates those recommendations as proposed standards while preserving all Chapter 380 constitutional, funding, verification, and recapture controls.

The August 4 recommendations now incorporated into this draft are:

- $1.5 million minimum Qualified Capital Investment and $500,000 minimum Committed Annual Payroll for the standard matrix path, with no separate ten-FTE gate.
- Percentage ceilings of 80% for the ad valorem-based performance grant, 75% for the sales tax-based performance grant, and 50% for the hotel/tourism performance benchmark.
- A separate maximum-term formula of four years plus the applicable capital and payroll adjustments, capped at ten years.
- A 3.50% annual policy discount rate, a 1.50:1 minimum discounted Benefit-Cost Ratio (equivalent to a 50% discounted public ROI), and a maximum Discounted Payback Period equal to 75% of the calculated maximum term.

Items to complete or confirm before final adoption:

- Council must affirmatively adopt the proposed matrices, term method, fiscal thresholds, and ten-year fiscal Evaluation Period; this workshop draft does not establish an entitlement or approve a project.
- Finance must confirm the then-current ad valorem rate and components, the unrestricted City sales-tax share after MEDC and other dedicated allocations, and the municipal hotel-occupancy-tax rate before any project analysis or agreement.
- The 3.50% discount rate is drafted as a fixed policy assumption subject to later Council amendment, not as a representation of a continuously changing TexPool rate.
- Locate and reconcile any still-operative Council resolution delegating “all economic development activities” to MEDC, as described in the MEDC FY2022 audit, before adopting a parallel City-administered program.
- Use an ordinance to establish the Program and Policy unless the City Attorney confirms a resolution is the preferred local legislative form; use a separate Council action to approve each Agreement.

LEGAL CONFORMING EDITS

The property schedule is implemented as a post-tax Chapter 380 performance grant, not a Tax Code Chapter 312 abatement. The hotel schedule is a measurement benchmark unless restricted HOT use is independently lawful. All awards remain pay-after-performance and require written public-purpose findings, adequate return benefit, retained City controls, lawful and appropriated funding, verification, audit, recapture, Chapter 2264 terms, Chapter 380 reporting, open-meeting approval, and applicable transparency and ethics compliance.

CITY OF MISSION, TEXAS

CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM AND INCENTIVE POLICY

Adopted by __________________ *No.* ________ *on* __________, *20*___

1. ESTABLISHMENT; AUTHORITY; SCOPE

1.1 Establishment. The City Council of the City of Mission, Texas (the “Council”) establishes the City of Mission Chapter 380 Economic Development Program (the “Program”) under Texas Local Government Code § 380.001. This Policy provides the criteria and administrative framework for considering loans or grants of lawfully available public money, and the provision of municipal personnel or services, to promote state or local economic development and to stimulate business and commercial activity in the City.

1.2 Authority. The Program shall be administered consistently with the Texas Constitution; Local Government Code Chapter 380; the City Charter; the City budget and appropriations; all restrictions governing the proposed funding source; and other applicable federal, state, and local law. If this Policy conflicts with controlling law, controlling law governs.

1.3 Scope. This Policy governs City incentives approved under Chapter 380 after its Effective Date. It does not establish or replace a tax-abatement program under Tax Code Chapter 312; bind the Mission Economic Development Corporation (“MEDC”) or any other public entity; waive a generally applicable City law; or create authority to spend restricted revenue for an unauthorized purpose.

2. PROGRAM PURPOSE AND CONSTITUTIONAL SAFEGUARDS

2.1 Program purposes include expanding the City’s tax base; creating and retaining quality employment; attracting new commercial, industrial, retail, and hotel/tourism activity; supporting redevelopment; providing needed public infrastructure; diversifying the local economy; and producing other concrete, measurable public benefits.

2.2 Required findings. Before approving any Incentive, the Council shall find, based on the administrative record and the proposed Agreement, that:

- the Project promotes economic development or stimulates business or commercial activity within the authority of Local Government Code § 380.001;
- the predominant objective is a legitimate public purpose, not a merely private benefit;
- the City will receive a specifically identified, adequate return benefit that makes the transfer non-gratuitous; and
- the Agreement retains sufficient City control to ensure that the public purpose is accomplished, including pay-after-performance conditions, restricted or defined uses, measurable obligations, verification, audit, suspension, termination, and recapture.

2.3 Every Incentive must be reasonably proportional to verified performance and supported by a conservative fiscal and risk analysis. Projected secondary or indirect benefits may support a recommendation but may not substitute for an enforceable return benefit and retained controls.

3. DEFINITIONS

Term	Meaning
Affiliate	An entity that directly or indirectly controls, is controlled by, or is under common control with the Applicant.
Agreement	A written, Council-approved Chapter 380 economic development program agreement executed by the City and the recipient.
Applicant	The legal entity submitting an Application, together with any Affiliate whose performance or information is relied upon.
Application	The current City application form and all required attachments, certifications, updates, and supplemental materials.
Baseline	The value, revenue, employment, payroll, operations, or other activity existing before the Project, determined under an Agreement using a representative historical period and adjusted to prevent windfalls, relocation, or double counting.
Qualified Capital Investment (Capital Investment)	Verified expenditures for new taxable buildings, real-property improvements, and taxable tangible business personal property placed in service at the Project Site. Unless Council expressly finds otherwise, it excludes land acquisition, inventory, goodwill, financing costs, working capital, intangibles, taxes, incentives, and property transferred from another Mission site.
City	The City of Mission, Texas, acting through the Council or an authorized official.
City-Controlled Revenue	Revenue actually received and legally available to the City for the proposed payment, excluding state, county, MEDC, dedicated, debt-service, pass-through, restricted, or third-party funds unless their use is independently authorized.
Commencement Date	The date specified in the Agreement on which eligible performance measurement begins; it is not established by an Application or staff discussion.
Completion Date	The enforceable deadline for completing the committed Capital Investment and other construction obligations.
Eligible Incremental City Ad Valorem Revenue	The increase in City maintenance-and-operations ad valorem tax actually collected from the Project Site above the adjusted Baseline, net of refunds, corrections, collection costs, exemptions, and excluded or restricted components. It is a grant-calculation benchmark, not an abatement.

Term	Meaning
Eligible Incremental City Hotel Revenue	The increase in municipal hotel occupancy tax actually collected and attributable to the Project above the adjusted Baseline, net of refunds, corrections, collection costs, and excluded components. It is a performance benchmark; use of restricted hotel occupancy tax receipts remains governed by Tax Code Chapter 351 and other law.
Eligible Incremental City Sales Revenue	The increase in the City's unrestricted, general-purpose local sales and use tax actually received and attributable to the Project above the adjusted Baseline, net of refunds, audit adjustments, collection costs, reallocations, and excluded dedicated or restricted components.
Committed Annual Payroll	The enforceable stabilized annual amount of Qualified Annual Payroll the Applicant commits to attain and maintain under the Agreement.
Discount Rate	The fixed annual policy rate used for fiscal present-value calculations. The adopted initial rate is 3.50% until the Council amends it; it is not represented as a continuously changing TexPool yield.
Evaluation Period	Ten years beginning on the Operations Date, used solely for uniform fiscal comparison, with annual year-end cash flows and no terminal value.
Fiscal Benefits	Projected incremental City-Controlled Revenue reasonably attributable to the Project during the Evaluation Period, net of refunds, corrections, displacement, cannibalization, and leakage. Restricted City revenue is reported separately and excluded unless its use in the analysis is independently authorized.
Fiscal Costs	The proposed Incentive and all direct incremental City infrastructure, service, administration, maintenance, and other costs reasonably attributable to the Project during the Evaluation Period, net of enforceable reimbursements and without double counting.
Full-Time Equivalent	A permanent, nonseasonal W-2 position measured as 2,080 paid hours per year, or another consistently documented full-time equivalent approved in the Agreement. Independent contractors and temporary-agency personnel are excluded unless expressly approved.
Incentive	Any Chapter 380 grant, loan, reimbursement, fee participation, land or infrastructure participation, service, or other public subsidy provided under the Program.
Incentive Term	The maximum period during which a recipient may earn payments, beginning only upon the contractual trigger and never exceeding the approved term.
Maximum Aggregate Grant	The absolute nominal-dollar ceiling on all City payments and noncash assistance under an Agreement, excluding only items expressly identified in the Council approval.

Term	Meaning
New FTE	An FTE newly created at the Project Site that increases the Applicant's and Affiliates' aggregate employment within Mission above the adjusted Baseline. A transferred or replacement position is not new unless the Council makes a specific finding.
Operations Date	The verified date on which the Project opens or begins the sustained operations described in the Agreement.
Performance Year	Each annual measurement period specified in the Agreement.
Project	The defined economic development undertaking, business activity, property, investment, and obligations evaluated and approved by the Council.
Project Site	The land and improvements identified by street address, parcel identification, legal description, and, when appropriate, site plan in the Agreement.
Qualified Annual Payroll	Gross W-2 wages paid during a Performance Year to verified New FTEs at the Project Site, excluding benefits, employer taxes, contract labor, severance, and wages transferred from another Mission site unless expressly approved.
Stabilization Date	The contractual date by which the recipient must attain and thereafter maintain the committed Capital Investment, Qualified Annual Payroll, New FTEs, and operations.
Total Incentive Value	The aggregate nominal value of all City cash payments plus the documented value of fee waivers, land, City-funded infrastructure principally benefiting the Project, services, and other City assistance, without double counting. Present value shall also be reported in the fiscal analysis.

4. PROGRAM GOVERNANCE AND NON-ENTITLEMENT

4.1 No entitlement. This Policy is a discretionary evaluation framework. No person has a right to an Incentive, a particular percentage or term, negotiation, placement on an agenda, or Council action. The City may reject, reduce, defer, or discontinue review of any request at any time before execution of an Agreement.

4.2 No reliance. An Application, meeting, staff communication, matrix result, term sheet, or recommendation is nonbinding. An Applicant proceeds at its own cost and risk. Only an Agreement approved by the Council in open meeting and executed by authorized representatives binds the City.

4.3 Roles. The Council establishes policy and exclusively approves Incentives and material Agreement amendments. The City Manager or designee administers intake, due diligence, negotiation, monitoring, and payment recommendations. Finance verifies fiscal calculations and funding. The City Attorney reviews legal authority and form. MEDC may provide nonbinding technical assistance but cannot commit the City or its funds, and City approval does not commit MEDC or its revenues.

4.4 Funding. Every Incentive is subject to a lawful funding source, annual appropriation, availability of funds, and all revenue restrictions. No Agreement may create a debt in violation of law; pledge ad valorem taxes, the City's full faith and credit, or revenue the City does not control; or require a payment before all conditions precedent are satisfied.

5. ELIGIBLE AND INELIGIBLE PROJECTS

5.1 Priority project types. The Program primarily supports new or expanded commercial, industrial, manufacturing, distribution/logistics, office/headquarters, retail, hotel/tourism, healthcare, research, and mixed-use projects with a material taxable commercial component; strategic redevelopment; and other projects producing exceptional measurable public benefits.

5.2 Eligibility characteristics. A competitive Project ordinarily should:

- make a net-new Capital Investment and create New FTEs and Qualified Annual Payroll;
- increase City-Controlled Revenue or provide another quantifiable City benefit;
- be financially feasible but demonstrate that City participation materially affects location, scope, timing, or quality;
- be compatible with applicable plans, zoning, infrastructure capacity, and community objectives; and
- be undertaken by responsible entities current on taxes, fees, utilities, permits, and obligations to the City and other public entities.

5.3 Ordinarily ineligible. The following are ineligible unless the Council makes specific written findings of extraordinary public benefit and legal authority: residential-only projects; speculative land holding; projects completed before Application; activity that merely relocates or cannibalizes existing Mission activity without a net gain; routine maintenance or replacement; unlawful or nonconforming uses; entities in uncured default on a public incentive; and projects whose predominant benefit is private.

5.4 Absolute exclusions. No Incentive may support an unlawful purpose; cure delinquent taxes or City obligations; reimburse political contributions or lobbying; provide a gratuitous payment; evade procurement, tax-abatement, hotel-tax, debt, budget, or other statutory requirements; or benefit an entity prohibited from receiving the subsidy by applicable law.

6. STANDARD MATRIX ELIGIBILITY

6.1 Standard gate. To use an adopted matrix cell, a Project must commit to and timely achieve at least $1,500,000 in Qualified Capital Investment and at least $500,000 in Committed Annual Payroll, measured at the applicable row and column intersection, by the Stabilization Date. The standard path has no separate minimum FTE gate, but every Agreement shall establish project-specific job, wage, payroll, investment, completion, and operating commitments.

6.2 Measurement. Matrix placement is based on committed stabilized performance accepted by the City—not unverified projections. Threshold bands are nonoverlapping. Performance moved from another Mission location, public subsidies, and excluded investment or payroll do not increase placement.

6.3 Percentage ceiling. Each matrix cell states only the maximum percentage the Council may consider under the standard path. The City may recommend or approve less, impose an annual or aggregate cap, select one revenue stream, or deny the request. Matrix eligibility does not establish economic feasibility, public purpose, funding, or entitlement.

6.4 Maximum-term calculation. The maximum Incentive Term is calculated separately from the percentage matrix: four years, plus the applicable Capital Investment Adjustment of zero to three years, plus the applicable Annual Payroll Adjustment of zero to three years. The total may not exceed ten years. A ten-year maximum is available only when the Project reaches both the highest capital tier and the highest payroll tier. Appendix C states the adjustments and examples. Council may approve a shorter term but not a longer term under this Policy.

6.5 Alternative-path term reference. Solely to calculate a Discounted Payback ceiling for a Project below one or both standard minimums, a subminimum measure receives a zero-year adjustment. That convention does not create standard-matrix eligibility. Discounted Payback is computed from annual discounted cash flows and may be reported to two decimal places using straight-line interpolation within the crossing year.

6.6 Underperformance. If verified performance falls below the approved cell, the Agreement must reduce or eliminate the grant, re-tier the recipient to the verified cell when expressly permitted, shorten the remaining term when the verified tier produces a shorter maximum, and recapture overpayments. Exceeding a commitment never increases the approved percentage, term, or dollar cap without a Council-approved written amendment.

6.7 Adoption control. Appendix C states the proposed schedule for Council consideration. It becomes operative only if affirmatively adopted with this Policy or by a later Council action. Before adoption, the proposed values are not authority to award an Incentive.

7. PERMITTED INCENTIVE STRUCTURES AND SOURCE RESTRICTIONS

7.1 Ad valorem-based performance grant. The City may consider a post-payment grant of no more than 80% of Eligible Incremental City Ad Valorem Revenue. The taxpayer must timely pay all taxes in full. The grant is not an exemption or abatement; an actual tax abatement requires separate compliance with Tax Code Chapter 312, including then-current guidelines, criteria, zone, notice, hearing, and agreement requirements.

7.2 Sales tax-based performance grant. The City may consider a post-receipt grant of no more than 75% of Eligible Incremental City Sales Revenue. The calculation must exclude state, county, MEDC, dedicated, restricted, and pass-through components and may be paid only after the City receives and verifies the eligible revenue, subject to lawful tax-information access and confidentiality. Any stated City share, including the FY 2026 planning assumption of 1.50%, must be confirmed by Finance for the relevant period and is not guaranteed.

7.3 Hotel/tourism performance grant. The City may consider a post-receipt grant measured at no more than 50% of Eligible Incremental City Hotel Revenue. That revenue is a performance benchmark and is not pledged. The payment shall be made from lawful general-purpose funds unless the City Attorney determines, for the specific Project and use, that restricted municipal hotel occupancy tax receipts may lawfully fund the payment under Tax Code Chapter 351 or other authority and the Agreement restricts the funds accordingly.

7.4 Infrastructure or eligible-cost reimbursement. The City may reimburse verified, reasonable, necessary costs of approved improvements after completion, inspection, acceptance, proof of payment, and satisfaction of applicable procurement, public-works, bonding, wage, dedication, ownership, and maintenance requirements. The Agreement must identify eligible and excluded costs, milestones, retainage, and a maximum amount.

7.5 Other assistance. Subject to separate legal authority and written terms, Council may consider lawful fee participation, City services, land participation, or other Chapter 380 assistance. Pass-through charges, impact fees, utility rates, land dispositions, enterprise funds, and restricted funds remain subject to their own governing law. Loans are unavailable unless the Council first adopts separate underwriting, security, servicing, and default standards.

7.6 Combined assistance. Qualification under one matrix does not create eligibility under another. A combined package requires express Council approval, disclosure of all City and non-City public assistance, a single Maximum Aggregate Grant, no double counting, and a fiscal analysis of the combined subsidy.

8. REVENUE AND GRANT CALCULATION STANDARDS

8.1 Baseline. Finance shall establish a conservative Baseline for each relevant tax and performance measure, ordinarily using at least the preceding twelve months and, for volatile or existing operations, up to three complete years. The Baseline may be adjusted for rate changes, abnormal events, Affiliates, relocations, transferred accounts, business closures, market cannibalization, annexation, and other factors needed to measure net-new activity.

8.2 Actual receipts. A tax-based payment shall be calculated only from eligible revenue actually received and retained by the City, after refunds, audits, corrections, chargebacks, collection costs, and exclusions. No payment is earned on estimated, accrued, disputed, delinquent, refunded, or restricted revenue.

8.3 Formula. Unless the Agreement imposes a lower limit, an annual revenue-based grant equals the lesser of: (a) the approved percentage multiplied by the verified eligible incremental revenue for that Performance Year; (b) the annual dollar cap; (c) the remaining Maximum Aggregate Grant; and (d) available, lawfully appropriated funds. All calculations remain subject to performance adjustments and offsets.

8.4 Term trigger. The Incentive Term begins on the first complete Performance Year after the Operations Date or other objective trigger stated in the Agreement. Delay does not extend the term unless a Council-approved amendment or an expressly delegated, nonfinancial extension provision applies.

8.5 Rate verification. Appendix C records FY 2026 planning assumptions only. Before evaluation and before each payment, Finance shall verify the then-current tax rate, the unrestricted or maintenance-and-operations component legally available to the City, all dedicated allocations, the Baseline, and actual receipts. A rate assumption does not pledge revenue, guarantee tax situs or allocation, or amend the eligible-revenue definitions.

9. ALTERNATIVE PUBLIC-BENEFIT PATHWAY

9.1 Purpose. A Project that does not qualify under the standard matrix may be considered only if it produces exceptional, measurable public benefit and satisfies either: (a) the discounted Benefit-

Cost Ratio test in Section 9.3; or (b) the Discounted Payback test in Section 9.4. Passing either test creates eligibility for consideration only; it does not establish entitlement or substitute for the constitutional findings and Agreement controls in Section 2.

9.2 Fiscal inputs. Finance shall calculate Fiscal Benefits and Fiscal Costs from annual Project-specific cash flows over the Evaluation Period. Benefits and costs must be incremental to an adjusted Baseline; reasonably attributable to the Project; net of refunds, corrections, displacement, cannibalization, leakage, overlapping aid, and enforceable reimbursements; and supported by stated data sources. Secondary economic effects may be disclosed separately but may not be counted unless independently verified and conservatively attributable.

9.3 Discounted Benefit-Cost Ratio and public ROI.

- Present Value (PV) of a year-t cash flow = cash flow ÷ (1 + 0.035)^t, using year-end convention unless Finance documents a more precise timing convention consistently for both benefits and costs.
- Discounted Benefit-Cost Ratio = PV of Fiscal Benefits ÷ PV of Fiscal Costs.
- Discounted Public ROI = (PV of Fiscal Benefits − PV of Fiscal Costs) ÷ PV of Fiscal Costs.

The alternative test is satisfied when the discounted Benefit-Cost Ratio is at least 1.50:1, which is mathematically equivalent to a discounted public ROI of at least 50%. If PV of Fiscal Costs is zero or negative, Finance must use a documented alternative analysis and the ratio test does not independently establish eligibility.

9.4 Discounted Payback. Discounted Payback occurs when cumulative PV of Fiscal Benefits first equals or exceeds cumulative PV of Fiscal Costs. The maximum permitted Discounted Payback Period is 75% of the maximum Incentive Term calculated under Section 6.4, applying the subminimum convention in Section 6.5 when necessary. Finance may report the crossing point to two decimal places by straight-line interpolation within the year; if the model does not support reliable interpolation, the next whole year controls. If cumulative benefits never equal cumulative costs, the test fails.

9.5 Uniform assumptions and sensitivity. Finance shall use the ten-year Evaluation Period and 3.50% Discount Rate, document the Baseline, revenue growth, collection assumptions, service and infrastructure costs, inflation treatment, cash-flow timing, discounting, data sources, and exclusions, and include at least a reasonable downside sensitivity case. Restricted City revenues must be shown separately and excluded from the ratio and payback tests unless the City Attorney confirms independent authority for their inclusion; inclusion never makes them a lawful Incentive funding source.

9.6 Standard-path disclosure. The fiscal model shall report the discounted Benefit-Cost Ratio, discounted public ROI, and Discounted Payback Period for every Project when practicable. The 1.50:1 and 75%-of-term thresholds are eligibility tests only for the alternative pathway and are not additional matrix gates. Council may approve less than the modeled maximum or deny any request that technically satisfies a threshold.

9.7 Alternative award limits. Passing an alternative test does not assign a percentage cell. Any alternative award must be sized from the demonstrated need and discounted model, remain within the applicable source ceiling in Section 7 and the maximum term calculated under Section 6, include annual and aggregate dollar caps, and satisfy every non-waivable legal and Agreement control. A matrix-qualified Project may not use the alternative pathway to obtain a higher percentage or longer term.

10. APPLICATION AND INTAKE

10.1 Timing. An Applicant should submit a complete Application before beginning construction, obtaining the permit that initiates the assisted work, executing binding project commitments, or otherwise commencing the activity for which assistance is requested. Council may consider a later request only upon written findings that the Project remains discretionary, the City's participation materially affects future performance, and the award is otherwise lawful and non-gratuitous.

10.2 Required form. An Applicant shall use Appendix A or a current administrative version that does not change substantive eligibility. The Application must identify the exact legal entity, authorized signer, Affiliates, Project Site, site control, sources and uses, financing, year-by-year investment, employment and payroll, projected City ad valorem/sales/hotel revenue, Baselines, timeline, requested structure, percentage cell, term adjustments and calculation, annual and aggregate maximums, Fiscal Benefits, Fiscal Costs, discounted BCR/ROI/Payback, other public assistance, public benefits, compliance history, conflicts, and required certifications.

10.3 Completeness. The City Manager or designee may reject or return an incomplete, untimely, unsupported, or facially ineligible Application without Council action. Review begins only after written administrative completeness; completeness is not eligibility or approval. The City may require supplemental records, independent verification, financial statements, tax authorizations, appraisals, credit support, and reimbursement of agreed third-party review costs.

10.4 Material changes. The Applicant must promptly update any material change in ownership, control, financing, location, scope, cost, employment, timeline, requested assistance, compliance status, or representation. A material omission or misstatement is grounds for rejection, termination, and recapture.

11. EVALUATION AND RECOMMENDATION

11.1 Review record. Staff shall use Appendix B to document mandatory legal gates, percentage-matrix placement, separate maximum-term calculation, alternative-path analysis when applicable, discounted BCR/ROI/Payback results, fiscal impact, funding source, public assistance, financial feasibility, credit and performance risk, public benefits, municipal costs, proposed controls, monitoring, and recapture.

11.2 Due diligence. Review may include entity and authority verification; site control and land-use review; tax and City account status; financial capacity; litigation, bankruptcy, debarment, environmental, and compliance review; prior incentive performance; related-party and Affiliate review; and independent confirmation of projections.

11.3 Required review. Finance shall approve the fiscal methodology, eligible revenue, funding source, appropriation status, and maximum exposure. The City Attorney shall review legal authority, public-purpose controls, required disclosures, and Agreement form. A legal sign-off confirms form and authority based on supplied facts; it is not a business recommendation.

11.4 Recommendation. The City Manager may recommend denial, deferral, negotiation within stated limits, or approval of a defined term sheet. Staff may negotiate only subject to Council approval and may not promise or bind an Incentive. Individual Councilmembers cannot commit the City.

12. COUNCIL CONSIDERATION AND APPROVAL

12.1 Agenda readiness. Before agenda placement, staff should confirm a complete legal name and entity type, authority and signer, Project Site legal description and site plan, objective term trigger, eligible revenue definition, funding source, performance schedule, public-purpose findings, maximum annual and aggregate exposure, mandatory remedies, Chapter 2264 terms, and applicable ethics and Form 1295 filings.

12.2 Meetings. The Council may deliberate in closed session only to the extent authorized by the Texas Open Meetings Act, including Government Code § 551.087 when applicable. Any final action or vote must occur in a properly posted open meeting.

12.3 Approval. Approval must identify the recipient, Project, public purpose and return benefit, Incentive type, calculation base, approved percentage, matrix cell or alternative-path basis, maximum-term calculation, approved term and trigger, annual cap, Maximum Aggregate Grant, funding source, material commitments, and any deviation. No payment may be made before an Agreement is fully executed and all conditions precedent are met.

12.4 Deviations and hard ceilings. Council may deviate from a business criterion or standard eligibility band only through express written findings identifying the modified criterion, extraordinary public benefit, fiscal justification, and consistency with law. No individual award may exceed the applicable 80% ad valorem, 75% sales-tax, or 50% hotel/tourism source ceiling; the maximum term calculated under Section 6; or ten years. A higher ceiling requires a formal prospective amendment of this Policy before the award is considered. Council may not waive lawful authority, constitutional findings, an identified return benefit, retained controls, funding and appropriation, open-meeting approval, a written Agreement, verification, audit, mandatory remedies, Chapter 2264 obligations, or statutory reporting.

13. MANDATORY AGREEMENT TERMS

Every Agreement shall contain, as applicable:

- the exact parties, entity types, authority, authorized signers, Affiliates relied upon, and any guarantor;
- the statutory authority, Project description, Project Site legal description/site plan, predominant public purpose, return benefit, and retained City controls;
- objective Commencement, Completion, Operations, and Stabilization dates and the Incentive Term trigger;
- enforceable minimum Capital Investment, New FTE, Qualified Annual Payroll, wage, construction, operations, and maintenance commitments, with measurement rules and Baselines;
- the Incentive formula, eligible and excluded revenues or costs, percentage matrix or alternative-path basis, maximum-term calculation, approved percentage, annual cap, Maximum Aggregate Grant, term and trigger, payment timing, lawful source, and appropriation limitation;

- conditions precedent to each payment, including timely taxes and City obligations, no uncured default, verified performance, complete reports, and available appropriation;
- a defined use of funds and, when appropriate, segregated accounts, invoices, proof of payment, inspections, completion/acceptance standards, and prohibition on double reimbursement;
- annual compliance certificates, records and retention, lawful tax-information authorizations, City inspection and audit rights, and officer or independent certification when warranted;
- prohibitions on unauthorized assignment, change of control, relocation, closure, material Project change, and transfer of performance among Affiliates;
- events of default, notice and cure where appropriate, payment suspension, re-tiering or pro rata reduction, termination, offset, recapture, interest, collection costs, and cumulative remedies;
- full repayment for fraud, material misrepresentation, ineligible use, duplicate payment, or other circumstances specified by Council, plus security, guaranty, escrow, lien, or letter of credit when risk warrants;
- the Government Code Chapter 2264 representation and a repayment obligation stating the interest rate and terms, including payment not later than 120 days after required City notice following a qualifying conviction under 8 U.S.C. § 1324a(f);
- compliance with applicable laws, permits, taxes, public-information requirements, ethics and conflicts disclosures, and Form 1295 procedures when applicable;
- insurance, indemnity, public-infrastructure, bonding, procurement, wage, environmental, accessibility, and maintenance terms when applicable; and
- Texas law and proper venue; no waiver of governmental immunity; no third-party beneficiaries; no unauthorized debt; notices; force majeure; amendment authority; integration; severability; survival; and other protections approved by the City Attorney.

A term sheet, resolution, or Application does not replace the Agreement. Any material amendment—including a change to the recipient, Project Site, public purpose, eligible revenue, formula, percentage, term, annual or aggregate cap, performance obligations, assignment, or remedies—requires Council approval. Nonmaterial administrative corrections may be approved only under express Agreement authority and may not increase City exposure or reduce recipient obligations.

14. VERIFICATION, PAYMENT, AND ONGOING COMPLIANCE

14.1 Annual submission. No later than the contractual deadline after each Performance Year, the recipient shall submit Appendix D or an approved equivalent, supporting schedules, payroll and employment records, appraisal/tax records, invoices and proof of payment, tax authorizations, and any officer or independent certification required by the Agreement.

14.2 City verification. The administering department shall verify operational obligations; Finance shall verify the formula, eligible receipts, funding, cap, offsets, and appropriation; and the City Attorney may review unresolved legal issues. The City may inspect, audit, sample, reconcile to third-party records, request additional information, or engage an independent reviewer as permitted by the Agreement.

14.3 Pay after performance. Payment occurs only after written City verification of completed performance and satisfaction of all conditions. The City shall withhold disputed amounts and all payments during an uncured default. No interest accrues on a withheld or disputed grant unless the Agreement expressly and lawfully provides otherwise.

14.4 Records. The recipient shall preserve material Project, tax, payroll, employment, investment, construction, and incentive records for the Agreement term and at least four years after final payment or resolution of an audit, whichever is later, or longer if law or the Agreement requires.

14.5 Closeout. Before final payment, staff shall complete a final reconciliation, confirm continuing obligations, identify surviving audit and recapture periods, and document the public benefit received.

15. DEFAULT, CLAWBACK, SECURITY, AND REMEDIES

15.1 Mandatory remedies. Every Agreement must require reduction, forfeiture, or repayment when performance is not timely attained or maintained. The remedy schedule shall be proportionate to the missed obligation unless Council requires full recapture for a material failure. Payments may be offset against any amount owed to the recipient or Affiliate to the extent lawful.

15.2 Material defaults. Agreements shall address at least: missed investment, employment, payroll, wage, completion, operations, maintenance, reporting, or use obligations; delinquent taxes or City accounts; closure or relocation; unauthorized assignment or change of control; insolvency or loss of site control; false certification or material omission; unlawful conduct affecting the Project; duplicate reimbursement; audit obstruction; and breach of another material term.

15.3 Chapter 2264. A qualifying conviction under 8 U.S.C. § 1324a(f) requires repayment of the public subsidy with interest under Government Code Chapter 2264 and the Agreement, not later than the statutory deadline after City notice. This remedy is mandatory and independent of other remedies.

15.4 Security. Based on credit, construction, timing, and performance risk, Council may require a parent guaranty, personal or corporate guaranty, letter of credit, escrow, lien, deed restriction, performance bond, retainage, or other lawful security. The Agreement shall specify release conditions.

15.5 No exclusive remedy. Unless the Agreement expressly states otherwise, suspension, termination, recapture, offset, specific performance, damages, interest, collection costs, and other lawful remedies are cumulative. No administrative waiver changes an Agreement.

16. TRANSPARENCY, REPORTING, CONFIDENTIALITY, AND ETHICS

16.1 Chapter 380 reporting. The Agreement administrator shall deliver the executed Agreement and reporting worksheet to the City Secretary and Finance Department within five business days after execution, amendment, or renewal. No later than 14 calendar days after that event, the designated official shall submit the information required by Local Government Code § 380.004 and Government Code § 403.0246 to the Texas Comptroller in the prescribed manner, including the electronic Agreement, total monetary value, implicated tax source/type, parties, term, scope, and contact information. The City website shall maintain the required direct link to the Comptroller's local development agreement database or page, and staff shall verify the link at least annually.

16.2 Public information. Applications, evaluations, Agreements, payment records, and reports are subject to the Texas Public Information Act. Information may be withheld only as authorized by law. Marking material "confidential" does not control disclosure; an Applicant asserting an exception must separately identify the material and legal basis. Incentive information involving public funds may become public after an Agreement. The City may create a public evaluation summary while preserving lawfully protected workpapers.

16.3 Tax information. Confidential tax information may be accessed, used, and disclosed only as permitted by law and applicable authorizations. Public materials should aggregate or redact protected information without obscuring the Incentive formula, maximum exposure, performance obligations, or public payments.

16.4 Ethics. Applicants, officials, employees, agents, and consultants shall comply with Local Government Code Chapters 171 and 176, applicable City ethics rules, recusals, disclosure statements, and Conflict of Interest Questionnaires. The Applicant shall update disclosures when required. When Government Code § 2252.908 or City procedure applies, the required Form 1295 process must be completed before the City executes the Agreement.

17. ADMINISTRATION, FORMS, REVIEW, AND AMENDMENT

17.1 Administrative procedures. The City Manager may issue forms, instructions, Baseline protocols, verification procedures, and internal controls consistent with this Policy. Administrative changes may improve layout, request additional evidence, or implement law; they may not change substantive eligibility, matrix values, fiscal thresholds, Council authority, City exposure, or non-waivable safeguards.

17.2 Program register and annual report. The City shall maintain a register of Applications and Agreements sufficient to track status, maximum exposure, payments, performance, defaults, recaptures, and reporting. At least annually, staff should provide Council a public aggregate report and identify confidential details separately as law permits.

17.3 Periodic review. Council should review this Policy, the Matrix Schedule, fiscal assumptions, and administrative performance at least every two years and after a material statutory or judicial change. Council may amend or suspend the Program by formal action. No amendment impairs an executed Agreement unless the Agreement and law permit.

18. TRANSITION; SEVERABILITY; EFFECTIVE DATE

18.1 Existing Agreements. A fully executed Chapter 380 agreement in effect before the Effective Date remains governed by its terms and the law applicable to it unless formally amended.

18.2 Pending matters. An application or proposed agreement not fully approved and executed before the Effective Date is subject to this Policy. No pending project shall be placed on a Council agenda for approval until staff completes the required legal, fiscal, entity, site, term, performance, disclosure, and Agreement-readiness review.

18.3 Repealer. On the Effective Date, this Policy supersedes prior City Chapter 380 policy criteria to the extent stated in the adopting action, without affecting vested rights under an executed Agreement.

18.4 Severability. If a provision or application of this Policy is held invalid, the remaining provisions and applications remain effective to the fullest lawful extent.

18.5 Effective Date. This Policy takes effect on ______________________, after Council adoption. Appendix C becomes operative only to the extent expressly adopted with this Policy or by a later Council action. Adoption of the Program does not approve any individual Project or Agreement.

APPENDIX A — CHAPTER 380 PROGRAM APPLICATION

SUBMISSION NOTICE

Submit before commencing the assisted activity. Submission is not an offer, reservation, entitlement, or approval. Do not include Social Security numbers, personal bank information, or other unnecessary sensitive personal information. Attach requested business records in a separate, clearly indexed package.

A1. Intake and Applicant Identity

City intake no.: ___________________	**Date received:** ___________________
Applicant exact legal name: _________________	**Assumed name (if any):** _________________
Entity type / formation state: _______________	**Texas SOS file no.:** ___________________
Texas taxpayer no.: ___________________	**Federal EIN (last four only):** XXX-XX-________
Principal business address: _______________	**Registered agent / address:** _______________
Parent entity: _____________________	**Guarantor proposed:** ___________________

List each Affiliate, controlling owner (10% or greater), and entity whose financial or operational performance supports this Application. Attach an ownership chart if needed.

Name / entity	Relationship / ownership	Formation state / file no.	Role in Project

A2. Authorized Contacts

Primary contact / title: _________________	**Phone:** _________________________
Email: ___________________________	**Mailing address:** ___________________
Authorized signer / title: _________________	**Authority basis:** ☐ officer ☐ resolution ☐ other _________
Legal counsel / contact: _________________	**Financial adviser / contact:** _____________

A3. Project and Site

Project name: ____________________	**Project type:** ☐ commercial ☐ industrial ☐ retail ☐ hotel/tourism
Street address: __________________	**Parcel / account no(s).:** ______________
Current owner: __________________	**Applicant's interest:** ☐ owner ☐ lessee ☐ option ☐ other
Inside City limits? ☐ yes ☐ no	**If no, inside ETJ?** ☐ yes ☐ no
Existing use / zoning: ________________	**Proposed use / zoning:** ______________
Acres / building area: ________________	**Site-control expiration:** ______________

Attach the legal description, current survey or site plan, evidence of site control, photographs, and a description of existing and proposed operations.

A4. Project Narrative and But-For Explanation

Describe the Project, products/services, market, customers, construction and operating plan, competing locations, and why Mission is being considered.

Response: ____

Explain specifically how City participation affects the Project's location, scope, quality, timing, financing gap, infrastructure, or public benefits. Identify what changes if assistance is not approved.

Response: ____

A5. Development and Operating Schedule

Milestone	Planned date	Evidence / notes
Land/site control		
Financing commitment		
Design / development approvals		

Milestone	Planned date	Evidence / notes
Permit application		
Construction start		
Construction completion		
Certificate of occupancy		
Operations Date		
Stabilization Date		

A6. Sources and Uses

Report the full Project cost, including items excluded from Capital Investment. Attach detailed estimates, financing evidence, and a year-by-year draw schedule.

Uses	Amount	Eligible Capital Investment?	Basis / attachment
Land acquisition	$	Ordinarily no	
Building / new construction	$		
Real-property improvements	$		
Taxable equipment / BPP	$		
Soft costs / professional fees	$	Ordinarily no	
Infrastructure	$	Project-specific	
Working capital / inventory	$	No	
Other: _______________	$		
TOTAL PROJECT COST	$		

Sources	Amount	Committed?	Evidence / conditions
Applicant equity	$	☐ yes ☐ no	
Senior debt	$	☐ yes ☐ no	
Subordinate / other debt	$	☐ yes ☐ no	
Other public assistance	$	☐ yes ☐ no	
Requested City assistance	$	☐ yes ☐ no	
Other: _______________	$	☐ yes ☐ no	
TOTAL SOURCES	$		

A7. Year-by-Year Capital Investment

Calendar / fiscal year	Building / improvements	Taxable BPP	Other	Cumulative eligible total
	$	$	$	$
	$	$	$	$
	$	$	$	$
	$	$	$	$
	$	$	$	$

A8. Employment, Payroll, and Wages

State existing Mission-wide and Project-Site Baselines separately. New FTEs must be net-new to Mission unless the Council expressly approves otherwise.

Measure	Current Mission total	Current Project Site	Stabilized commitment	Date achieved
FTEs				
Annual W-2 payroll	$	$	$	
Average annual wage	$	$	$	
Median annual wage	$	$	$	
Employees receiving benefits				

Performance Year	New FTEs	Retained FTEs	Qualified Annual Payroll	Average wage	Benefits / notes
			$	$	
			$	$	
			$	$	
			$	$	
			$	$	
			$	$	
			$	$	

Describe principal job categories, hiring schedule, skill requirements, recruitment/training plans, shift structure, use of temporary or contract labor, and anticipated benefit package.

Response: ____

A9. Baseline and Projected City Revenue

Report only the City component reasonably attributable to the Project. Identify the source, methodology, tax rate, historical period, assumptions, and preparer. Do not include state, county, MEDC, dedicated, restricted, pass-through, or other entities' revenue in the eligible City amount.

Performance Year	City M&O ad valorem	Unrestricted City sales tax	Municipal HOT benchmark	Other City revenue	Basis / preparer
Baseline	$	$	$	$	
1	$	$	$	$	
2	$	$	$	$	
3	$	$	$	$	
4	$	$	$	$	
5	$	$	$	$	
6	$	$	$	$	
7	$	$	$	$	
8	$	$	$	$	
9	$	$	$	$	
10	$	$	$	$	

A10. Requested City Incentive

Identify the exact requested calculation base, rate, term trigger, annual cap, aggregate cap, and use. Attach a year-by-year payment model. The request does not bind the City.

Requested structure	Rate / formula	Term / trigger	Annual cap	Aggregate amount	Use of funds
☐ Ad valorem-based grant			$	$	

Requested structure	Rate / formula	Term / trigger	Annual cap	Aggregate amount	Use of funds
☐ Sales tax-based grant			$	$	
☐ Hotel/tourism grant			$	$	
☐ Infrastructure reimbursement			$	$	
☐ Fee / service participation			$	$	
☐ Land / other: _________			$	$	

Matrix / fiscal item	Applicant entry
Requested schedule and percentage cell	Schedule: ___________________ Row: ___________________ Column: ___________________ Cell maximum: ______%
Maximum-term calculation	4 years + capital adjustment ______ + payroll adjustment ______ = ______ years
Requested percentage and term	______% for ______ years; proposed trigger: ____
Alternative path, if non-matrix	☐ discounted BCR / ROI ☐ Discounted Payback Result: ______________________________

Attach annual Fiscal Benefits and Fiscal Costs, the 3.50% discounted cash-flow model, BCR, public ROI, Discounted Payback, maximum-term calculation, assumptions, and downside sensitivity. Applicant calculations are subject to Finance verification.

A11. All Other Public Assistance

Entity / program	Type	Requested	Approved	Terms / status
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	

Include MEDC, county, state, federal, tax increment, enterprise-zone, utility, workforce, infrastructure, fee, land, financing, and other assistance. Attach each term sheet or agreement and identify any overlapping eligible costs.

A12. PUBLIC BENEFITS

☐ Net-new tax base and City-Controlled Revenue

☐ New FTEs, higher wages, benefits, or workforce training

☐ Redevelopment of vacant, blighted, or underused property

☐ Needed public infrastructure or community facility

☐ Tourism, room-night, convention, or destination activity

☐ Target-industry diversification, supply-chain, or catalytic impact

☐ Small/local business, disadvantaged area, or other measurable benefit

Quantify each claimed benefit, identify the date it will occur, and state how the City can verify it.

Response:

____

A13. COMPLIANCE AND RISK DISCLOSURES

Answer for the Applicant, Project entity, controlling parent, Affiliates materially involved in the Project, and proposed guarantor. Attach explanations for every “Yes.”

Question	Yes	No	Attachment / explanation
Delinquent taxes, City utility accounts, fees, assessments, or other public obligations?	☐	☐	
Uncured default, termination, clawback, or dispute under a governmental incentive?	☐	☐	
Bankruptcy, insolvency, receivership, foreclosure, or material going-concern issue in the last five years?	☐	☐	
Pending or threatened litigation, investigation, debarment, or enforcement material to the Project?	☐	☐	
Known environmental condition, code violation, permit issue, or land-use noncompliance at the Site?	☐	☐	

Question	Yes	No	Attachment / explanation
Proposed relocation or transfer of jobs, payroll, taxable property, or sales from another Mission location?	☐	☐	
Related-party transaction included in Project costs or requested reimbursement?	☐	☐	
Change of ownership or control anticipated before stabilization or during the requested term?	☐	☐	

A14. Ethics and Required Filings

List any family, employment, business, gift, income, agency, or ownership relationship involving the Applicant or its agents and a City local government officer or family member that may require disclosure under Local Government Code Chapter 176 or other ethics law. Attach Form CIQ when applicable and update it as required.

Disclosure / filing: ____

Form CIQ filed? ☐ not applicable ☐ attached ☐ previously filed / date ___________. Form 1295 status: ☐ not applicable ☐ to be completed before execution ☐ completed / certificate no. ___________.

A15. Required Attachments

- ☐ Formation, good-standing, authority, ownership/Affiliate chart, and signer evidence
- ☐ Project narrative, legal description, site plan/survey, and evidence of site control
- ☐ Detailed sources and uses, estimates, financing commitments, and year-by-year schedule
- ☐ Historical and projected financial statements and Project pro forma requested by the City
- ☐ Investment, jobs, payroll, wage, and hiring schedules with supporting methodology
- ☐ Historical Baseline and projected City revenue schedules with tax-rate and attribution support
- ☐ Requested Incentive model, exact terms, uses, annual and aggregate caps, and payment schedule
- ☐ All other public incentive applications, term sheets, agreements, and overlapping-cost disclosure

☐ Tax, account, litigation, bankruptcy, environmental, related-party, and prior-default explanations

☐ Chapter 176 / CIQ and other required disclosures; Form 1295 when applicable

☐ Government Code Chapter 2264 certification below

☐ Other City-requested due diligence: ____________________________

A16. APPLICANT CERTIFICATIONS AND AUTHORIZATIONS

- I am authorized to submit this Application for the Applicant and to make the certifications below.
- The Application and attachments are true, complete, and accurate in all material respects, and the Applicant will promptly update material changes.
- The Applicant authorizes the City, to the extent lawful, to verify entity status, taxes, Project records, employment, payroll, investment, financing, public incentives, and other information supplied, and will execute reasonable information releases.
- The Applicant understands that submission, completeness, staff review, matrix placement, or negotiation creates no entitlement, offer, reliance right, or City obligation; only a fully executed Council-approved Agreement can bind the City.
- The Applicant understands that it proceeds at its own cost and risk and that the City may deny, reduce, defer, or end review before execution.
- The Applicant understands that records may be subject to the Texas Public Information Act; a confidentiality label does not control disclosure; and the Applicant must separately identify any claimed exception and legal basis.
- The Applicant has disclosed all other public assistance, related entities, material compliance issues, conflicts, and prior incentive defaults requested by this Application.
- The Applicant understands that false, incomplete, or misleading information may result in rejection, termination, payment withholding, recapture, interest, and other remedies.

GOVERNMENT CODE CHAPTER 2264 STATEMENT

The Applicant certifies that the Applicant, or a branch, division, or department of the Applicant, does not and will not knowingly employ an undocumented worker. The Applicant understands that any Agreement must require repayment of the public subsidy with interest at the rate and on the terms stated in the Agreement if, after receiving the subsidy, the Applicant or a branch, division, or department is convicted of a violation under 8 U.S.C. § 1324a(f), with repayment due not later than the 120th day after the date the City notifies the Applicant of the violation, as required by Texas Government Code Chapter 2264.

Applicant exact legal name: ______________	**By (signature): __________________**

Printed name: ____________________	**Title: ________________________**
Date: ________________________	**Email / phone: __________________**
Notary / corporate attestation if requested: ______	______________________________

APPENDIX B — STAFF EVALUATION AND COUNCIL FINDINGS FORM

USE

Complete the legal and eligibility gates before scoring business merits. Attach protected workpapers separately. The public agenda summary should disclose the recipient, Project, formula, term, caps, obligations, public purpose, return benefit, and City controls without exposing information lawfully withheld.

B1. Intake and Completeness

City intake no.: ___________________	**Application date:** ___________________
Applicant: _________________________	**Project:** ___________________________
Project Site: _______________________	**Review lead:** _______________________
Administratively complete? ☐ yes ☐ no	**Completeness date / deficiencies:** ____________
Commenced before Application? ☐ yes ☐ no	**If yes, Council exception analysis attached?** ☐ yes ☐ no

B2. Mandatory Legal and Eligibility Gates

Gate	Pass	Fail	N/A	Evidence / reviewer
Exact entity, authority, authorized signer, Affiliates, and guarantor verified	☐	☐	☐	
Project Site address, parcel, legal description, site plan, and site control verified	☐	☐	☐	
Chapter 380 economic-development/business-activity purpose identified	☐	☐	☐	
Predominant public purpose and adequate return benefit supported	☐	☐	☐	
Pay-after-performance, restricted/defined use, verification, audit, and recapture controls feasible	☐	☐	☐	
Lawful City-controlled funding source and appropriation path identified	☐	☐	☐	
No prohibited use of restricted, MEDC, debt-service, pass-through, or third-party revenue	☐	☐	☐	
Applicant current on City and public obligations or cure condition identified	☐	☐	☐	

Gate	Pass	Fail	N/A	Evidence / reviewer
Project and Applicant otherwise lawful, feasible, and not absolutely excluded	☐	☐	☐	
Chapter 2264 statement received; Agreement repayment terms planned	☐	☐	☐	
Chapter 171/176, City ethics, CIQ, and Form 1295 applicability reviewed	☐	☐	☐	
Open-meeting, public-information, tax-confidentiality, and Comptroller-reporting plan identified	☐	☐	☐	

STOP RULE

Do not advance an Application that fails a non-waivable legal gate. Identify a lawful cure or recommend denial. Matrix qualification cannot cure a legal failure.

B3. Verified Project Commitments and Baselines

Measure	Adjusted Baseline	Applicant projection	Proposed enforceable minimum	Verification source
Capital Investment	$	$	$	
New FTEs				
Qualified Annual Payroll	$	$	$	
Average wage	$	$	$	
Operations / maintained use				
City M&O ad valorem revenue	$	$	$	
Unrestricted City sales revenue	$	$	$	
Municipal HOT benchmark	$	$	$	

Baseline period(s), adjustments, Affiliate treatment, relocation/cannibalization controls, and data limitations:

____

B4. Standard Matrix Analysis

Schedule	Capital row	Payroll column	Cell max. %	Staff %	Calculated max. term
Ad valorem-based			%	%	years
Sales tax-based			%	%	years
Hotel/tourism			%	%	years

Capital adjustment: ______ years	**Payroll adjustment: ______ years**
Maximum term: 4 + ______ + ______ = ______ years	**Staff-proposed term: ______ years**
Proposed term trigger: ________________________________	**Schedule adoption reference: ______________________**

Standard thresholds satisfied? Capital ≥ $1.5 million: ☐ yes ☐ no. Payroll ≥ $500,000: ☐ yes ☐ no. If more than one schedule is proposed, combined-assistance analysis and a single Maximum Aggregate Grant are required.

B5. Alternative Public-Benefit Pathway

Complete for every Project when practicable, but apply the pass/fail thresholds only if the Project does not qualify under the standard matrix. Attach annual discounted cash flows, assumptions, source data, and the downside sensitivity case.

Metric	Formula / assumption	Result	Adopted threshold	Pass?
Evaluation Period	10 years / dates		10 years	
Discount Rate	Fixed annual rate	____%	3.50%	
PV of Fiscal Benefits	Discounted Project-attributable City revenue	$		
PV of Fiscal Costs	Discounted Incentive + direct City costs	$		
Discounted BCR	PV benefits ÷ PV costs	____ : 1	1.50 : 1	☐

Metric	Formula / assumption	Result	Adopted threshold	Pass?
Discounted Public ROI	(PV benefits − PV costs) ÷ PV costs	____%	50% equivalent	☐
Calculated Maximum Term	4 + capital adj. + payroll adj.	____ years	≤ 10 years	
Discounted Payback	Cumulative PV benefits = PV costs	____ years	≤ 75% of max. term	☐

A non-matrix Project must satisfy either the BCR/ROI test or the Discounted Payback test. The BCR and ROI entries are mathematically equivalent expressions of one test. Passing does not establish entitlement. Identify restricted revenue separately and do not treat it as a funding source without independent legal authority.

B6. FISCAL IMPACT AND CITY EXPOSURE

Performance Year	Eligible City revenue	Incremental City cost	Proposed cash grant	Noncash assistance	Net City benefit
1	$	$	$	$	$
2	$	$	$	$	$
3	$	$	$	$	$
4	$	$	$	$	$
5	$	$	$	$	$
6	$	$	$	$	$
7	$	$	$	$	$
8	$	$	$	$	$
9	$	$	$	$	$
10	$	$	$	$	$
TOTAL / NPV	$	$	$	$	$

Proposed annual cap: $_________________	**Maximum Aggregate Grant:** $_______________
Nominal Total Incentive Value: $_____________	**Present value of Incentive:** $_______________
Identified funding source: _______________	**Available / appropriation status:** ___________
Discount rate / source: 3.50% / Policy	**Sensitivity cases attached?** ☐ yes ☐ no

Excluded revenues/costs, other public assistance, overlapping reimbursements, and limitations:

____

B7. PUBLIC BENEFIT AND CONSTITUTIONAL FINDINGS

Required finding	Supported	Not supported	Record citation / explanation
Project promotes economic development or stimulates business/commercial activity under § 380.001.	☐	☐	
Predominant objective is a legitimate public purpose, not a merely private benefit.	☐	☐	
City receives a specifically identified, adequate, enforceable return benefit.	☐	☐	
Payments occur only after verified performance; no speculative or unconditional advance.	☐	☐	
Funds have a defined/restricted use or are directly proportionate to actual Project-generated activity.	☐	☐	
City retains reporting, certification, inspection, audit, withholding, termination, and recapture controls.	☐	☐	
Incentive is reasonably proportional to verified performance and fiscal benefit.	☐	☐	

Proposed public-purpose and return-benefit language for Council action:

____

B8. RISK, FEASIBILITY, AND SECURITY

Risk area	Low	Med.	High	Mitigation / evidence
Project financing and equity committed	☐	☐	☐	

Risk area	Low	Med.	High	Mitigation / evidence
Applicant / guarantor financial capacity	☐	☐	☐	
Construction cost and completion risk	☐	☐	☐	
Revenue projection and market risk	☐	☐	☐	
Employment / payroll attainment risk	☐	☐	☐	
Site control, land use, and infrastructure risk	☐	☐	☐	
Affiliate / related-party / change-of-control risk	☐	☐	☐	
Prior incentive and compliance history	☐	☐	☐	
Environmental / litigation / bankruptcy risk	☐	☐	☐	
Public assistance and double-reimbursement risk	☐	☐	☐	

Recommended security: ☐ none ☐ parent guaranty ☐ guaranty ☐ letter of credit ☐ escrow ☐ lien/deed restriction ☐ bond/retainage ☐ other ___________. Release conditions: ______________________________.

B9. PROPOSED PERFORMANCE, MONITORING, AND REMEDIES

Obligation	Deadline / duration	Evidence	Payment adjustment	Recapture / security
Capital Investment				
New FTEs				
Qualified Annual Payroll				
Wage / benefits				
Construction / infrastructure				
Operations / maintenance				
Annual reporting / audit				

Obligation	Deadline / duration	Evidence	Payment adjustment	Recapture / security
Other				

B10. Agreement-Readiness Checklist

Item	Complete	N/A	Responsible / notes
Parties / entity type / authority / signer / guarantor	☐	☐	
Legal description / site plan / site control	☐	☐	
Public purpose / return benefit / retained controls	☐	☐	
Commencement / completion / operations / stabilization / term trigger	☐	☐	
Eligible revenue or costs / Baseline / rate / term / annual and aggregate caps	☐	☐	
Performance / reporting / verification / audit / records	☐	☐	
Funding / appropriation / no debt / restricted-revenue protections	☐	☐	
Default / cure / reduction / offset / termination / clawback / interest / security	☐	☐	
Assignment / control change / relocation / material amendment	☐	☐	
Chapter 2264 / ethics / CIQ / Form 1295 / public information / tax confidentiality	☐	☐	
Comptroller 14-day reporting and website-link responsibility	☐	☐	

B11. Departmental Reviews and Recommendation

Review	Recommendation / conditions	Name / signature	Date
Economic development / project lead			
Planning / engineering / infrastructure			

Review	Recommendation / conditions	Name / signature	Date
Finance — fiscal method, source, exposure			
City Attorney — form and authority			
Other: ___________			

LEGAL REVIEW LIMIT

City Attorney review confirms legal form and authority based on the supplied record; it does not constitute a business or financial recommendation.

City Manager recommendation: ☐ deny ☐ defer / supplement ☐ negotiate within limits below ☐ approve proposed term sheet ☐ other.

Conditions / recommendation:

____

City Manager name / signature: _______________	**Date:** ____________________________
Proposed Council meeting: _________________	**Agenda item / posting:** _________________

B12. Council Findings and Action

Action field	Council action
Disposition	☐ approved ☐ denied ☐ tabled ☐ remanded ☐ other
Recipient / Project	
Incentive structure / calculation base	
Approved percentage / term / trigger	
Annual cap / Maximum Aggregate Grant	$ _______________ / $ _______________
Funding source / appropriation	

Action field	Council action
Minimum investment / FTE / payroll	
Public purpose / return benefit / controls	
Deviation and written findings	☐ none ☐ attached / stated in motion
Agreement / resolution no.	
Motion / second / vote	
Open-meeting action date	

Council-approved findings, conditions, and deviations (attach adopted action if additional space is needed):

APPENDIX C — INCENTIVE MATRIX SCHEDULE

PROPOSED SCHEDULE — COUNCIL ADOPTION REQUIRED

The values below incorporate the Assistant City Manager's August 4, 2026 recommendations for Council consideration. A matrix cell is a percentage ceiling only; the maximum term is calculated separately. The schedule becomes operative only upon affirmative Council adoption. Every award remains discretionary and subject to legal eligibility, annual and aggregate dollar caps, verified performance, lawful funding, and a written Agreement.

Matrix placement uses the intersection of committed Qualified Capital Investment and Committed Annual Payroll. The nonoverlapping bands below state how boundary amounts are treated. A Project below either standard minimum does not qualify for a percentage cell and may proceed only through the Alternative Public-Benefit Pathway.

C1. Standard Eligibility Bands

Qualified Capital Investment	Capital adjustment	Committed Annual Payroll	Payroll adjustment
$1,500,000 through $5,000,000	+0 years	$500,000 through $1,000,000	+0 years
>$5,000,000 through $10,000,000	+1 year	>$1,000,000 through $2,500,000	+1 year
>$10,000,000 through $25,000,000	+2 years	>$2,500,000 through $5,000,000	+2 years
>$25,000,000	+3 years	>$5,000,000	+3 years

For an alternative-path reference term only, a measure below its standard minimum receives a zero-year adjustment. That convention does not place the Project in a percentage matrix.

C2. Proposed Ad Valorem-Based Performance Grant Matrix

Maximum percentage of Eligible Incremental City Ad Valorem Revenue. Taxes are paid in full before any grant; this is not a Tax Code Chapter 312 abatement. Debt-service and other restricted components are excluded.

Qualified Capital Investment ↓ / Committed Annual Payroll →	$500k–$1M	>$1M–$2.5M	>$2.5M–$5M	>$5M
$1.5M–$5M	25%	35%	45%	55%
>$5M–$10M	35%	45%	55%	65%
>$10M–$25M	45%	55%	65%	75%
>$25M	55%	65%	75%	80%

Proposed adoption reference: ___________________ No. ______ on __________. Staff verification: ___________________.

C3. Proposed Sales Tax-Based Performance Grant Matrix

Maximum percentage of Eligible Incremental City Sales Revenue actually received and retained by the City. State, county, MEDC, dedicated, restricted, and pass-through components are excluded.

Qualified Capital Investment ↓ / Committed Annual Payroll →	$500k–$1M	>$1M–$2.5M	>$2.5M–$5M	>$5M
$1.5M–$5M	20%	30%	40%	50%
>$5M–$10M	30%	40%	50%	60%
>$10M–$25M	40%	50%	60%	70%
>$25M	50%	60%	70%	75%

Proposed adoption reference: ___________________ No. ______ on __________. Staff verification: ___________________.

C4. Proposed Hotel/Tourism Performance Grant Matrix

Maximum percentage measured by Eligible Incremental City Hotel Revenue. The benchmark does not pledge restricted hotel occupancy tax receipts. Payment is from lawful general-purpose funds unless a project-specific legal determination authorizes a restricted use under Tax Code Chapter 351 or other law.

Qualified Capital Investment ↓ / Committed Annual Payroll →	$500k–$1M	>$1M–$2.5M	>$2.5M–$5M	>$5M
$1.5M–$5M	10%	15%	20%	25%
>$5M–$10M	25%	35%	50%	50%
>$10M–$25M	50%	50%	50%	50%
>$25M	50%	50%	50%	50%

Proposed adoption reference: ___________________ No. ______ on __________. Staff verification: ___________________.

C5. MAXIMUM INCENTIVE TERM

TERM FORMULA

Maximum Incentive Term = 4 years + Capital Investment Adjustment + Annual Payroll Adjustment, not to exceed 10 years. Percentage and term are determined separately; Council may approve less than either maximum.

Capital / payroll tier	Entry (+0)	Second (+1)	Third (+2)	Highest (+3)
Entry capital (+0)	4 years	5 years	6 years	7 years
Second capital (+1)	5 years	6 years	7 years	8 years
Third capital (+2)	6 years	7 years	8 years	9 years
Highest capital (+3)	7 years	8 years	9 years	10 years

Illustrative verified facts	Calculation	Maximum term
$2.0M capital / $750k payroll	4 + 0 + 0	4 years
$8.0M capital / $1.8M payroll	4 + 1 + 1	6 years
$15.0M capital / $3.5M payroll	4 + 2 + 2	8 years
$30.0M capital / $6.0M payroll	4 + 3 + 3	10 years

C6. DISCOUNTED FISCAL-RETURN STANDARDS

Standard	Proposed policy value	Application
Evaluation Period	10 years from Operations Date	Uniform fiscal comparison; no terminal value
Discount Rate	3.50% annually	Fixed policy assumption until Council amendment
Minimum discounted BCR	1.50 : 1	Alternative pathway; equivalent to 50% discounted public ROI
Maximum Discounted Payback	75% of calculated maximum term	Alternative pathway; 3.00 to 7.50 years

Calculated maximum term	Maximum Discounted Payback
4 years	3.00 years
5 years	3.75 years
6 years	4.50 years
7 years	5.25 years
8 years	6.00 years
9 years	6.75 years
10 years	7.50 years

BCR = PV of Fiscal Benefits ÷ PV of Fiscal Costs. Discounted public ROI = (PV of Fiscal Benefits − PV of Fiscal Costs) ÷ PV of Fiscal Costs. Discounted Payback is the point when cumulative PV benefits equal or exceed cumulative PV costs. A 1.50:1 BCR and 50% ROI are equivalent expressions of one test; a non-matrix Project may satisfy that test or the separate payback test.

C7. FY 2026 Planning Assumptions and Calculation Controls

Item	Framework assumption	Policy control
City ad valorem rate	$0.5580 per $100 total rate	Finance must identify and use only actual eligible M&O collections; debt-service revenue is excluded
Unrestricted City sales-tax share	1.50% after EDC allocation	Finance must verify the actual unrestricted City share and all allocations for each period
Municipal hotel occupancy tax rate	7.00%	Benchmark only; restricted receipts are not a funding source without independent legal authority

Annual revenue-based grant = the lesser of: approved percentage × verified eligible incremental City revenue; annual cap; remaining Maximum Aggregate Grant; or available lawful appropriation, after all performance adjustments and offsets. The rates above are dated planning inputs—not guaranteed rates, payment promises, or amendments to the Policy’s eligible-revenue definitions.

ADOPTION CONTROL

Until the Council affirmatively adopts the proposed schedule, its percentages, term formula, and fiscal thresholds are unavailable as program authority. Even after adoption, every individual award requires a complete legal and fiscal record, written constitutional findings, and a Council-approved Agreement containing all non-waivable safeguards.

APPENDIX D — ANNUAL COMPLIANCE CERTIFICATE AND PAYMENT REQUEST

RECIPIENT INSTRUCTION

Submit by the Agreement deadline for each Performance Year. Attach every required schedule and record. A submission is not an approval or payment authorization. The City may require additional verification, audit, correction, or recapture.

D1. AGREEMENT AND REPORTING PERIOD

Recipient exact legal name: _______________	**Agreement / resolution no.:** _______________
Project: ____________________________	**Project Site:** ________________________
Performance Year: _____________________	**Submission date:** ___________________
Operations Date: _____________________	**Current Incentive year / remaining term:** ________
Recipient contact: _____________________	**Email / phone:** _____________________

D2. PERFORMANCE CERTIFICATION

Commitment	Agreement minimum	Current-year actual	Cumulative actual	Met?	Attachment
Capital Investment	$	$	$	☐	
New FTEs				☐	
Qualified Annual Payroll	$	$	$	☐	
Average wage	$	$	$	☐	
Construction / infrastructure				☐	
Operations / maintenance				☐	
Other: ___________				☐	

Describe any shortfall, delay, force-majeure claim, cure, or anticipated change. State when and how performance will be restored.

____

D3. Eligible Revenue / Cost and Grant Calculation

Calculation item	Amount	Source / attachment
Current eligible City revenue or eligible reimbursable cost	$	
Less adjusted Baseline	$	
Less refunds, corrections, excluded/restricted amounts, and offsets	$	
Verified eligible incremental base	$	
Approved percentage	%	
Calculated amount before caps	$	
Annual cap	$	
Remaining Maximum Aggregate Grant	$	
Recipient payment request	$	

D4. Compliance Status

Certification	Yes	No	N/A	Explanation / attachment
All taxes, City utilities, fees, permits, assessments, and other public obligations are current.	☐	☐	☐	
No event of default exists, and no fact has occurred that with notice or time would become a default, except as disclosed.	☐	☐	☐	
No unauthorized assignment, change of control, relocation, closure, material Project change, or Affiliate transfer occurred.	☐	☐	☐	
No duplicate reimbursement or undisclosed public assistance paid the costs or performance supporting this request.	☐	☐	☐	
All submitted payroll, employment, investment, revenue, cost, and operational records are complete and reconcile to source records.	☐	☐	☐	
The recipient maintained required insurance, security, permits, operations, and records.	☐	☐	☐	

Certification	Yes	No	N/A	Explanation / attachment
All Chapter 176 / CIQ and other ethics disclosures have been filed and updated when applicable.	☐	☐	☐	
No conviction or notice requiring repayment under Government Code Chapter 2264 occurred, except as disclosed.	☐	☐	☐	

Disclosures, exceptions, notices, claims, or requested City determinations:

____

D5. REQUIRED ATTACHMENTS

- ☐ Officer-certified payroll register and FTE schedule; employee-identifying data redacted from the public copy
- ☐ Capital Investment ledger, invoices, proof of payment, fixed-asset schedule, and appraisal/tax support
- ☐ Sales, hotel, or other revenue schedule and lawful verification authorization, as applicable
- ☐ Construction completion, inspection, acceptance, dedication, and eligible-cost records, as applicable
- ☐ Taxes, City accounts, permits, insurance, and required security status evidence
- ☐ Other public assistance and overlapping reimbursement reconciliation
- ☐ Independent accountant, engineer, architect, appraiser, or other certification required by the Agreement
- ☐ Explanation and cure plan for every exception or shortfall

D6. OFFICER CERTIFICATION

The undersigned authorized officer certifies, after reasonable inquiry, that this submission and its attachments are true, complete, and accurate in all material respects; the claimed performance and amount comply with the Agreement; all material changes and defaults have been disclosed; records will be retained and made available for lawful City verification and audit; and the recipient understands that a false certification may cause withholding, termination, recapture, interest, collection costs, and other remedies.

Recipient exact legal name: ______________	**By (signature): __________________**

Printed name: ____________________	**Title:** ________________________
Date: ________________________	**Email / phone:** __________________
Independent certification attached? ☐ yes ☐ no ☐ not required	**Prepared by:** ____________________

D7. City Verification and Payment Authorization

Review step	Verified amount / status	Reviewer / signature	Date
Administrative completeness			
Project / operations performance			
Capital Investment / costs			
Employment / payroll			
Eligible revenue / Baseline			
Funding / appropriation / caps			
Default / offset / recapture review			
Legal issue review, if required			

Calculated amount before adjustments: $____________	**Annual cap:** $__________________
Performance adjustment / offset: $____________	**Remaining aggregate cap:** $____________
Recommended payment: $________________	**Lawful appropriation available?** ☐ yes ☐ no
Payment disposition: ☐ approve ☐ partially approve ☐ withhold ☐ deny	**Default / recapture action opened?** ☐ yes ☐ no

Verification findings, adjustments, conditions, and notice to recipient:

____

Program administrator: __________________	**Date: ___________________________**
Finance authorization: __________________	**Date: ___________________________**
City Manager / designee: ________________	**Date: ___________________________**

PAYMENT CONTROL

No payment is authorized by this form alone. Payment remains subject to the executed Agreement, verified conditions precedent, available lawful appropriation, City financial controls, and any additional authorization required by the Council or City Charter.