TOMBALL ECONOMIC DEVELOPMENT CORPORATION

SUGGESTED REDLINE EDITS AND REVISIONS

This document turns the memo's recommendations into adoption-ready language for the Chapter 380 Incentive Policy Framework, the City's economic development policy. Part 1 lists each proposed edit with its exact insertion point. Part 2 shows the edits in place as a redline. Part 3 lists the changes we recommend folding into the Chapter 312 tax abatement resolution at its next scheduled review. Proposed insertions appear in red; any deleted text appears in red with strikethrough. Sections not shown are unchanged.

We have not marked up the Chapter 312 abatement resolution. It was readopted in February 2026 and is frozen for two years under the Texas Tax Code, and amending it early requires a three-quarters vote of the City Council. The right path is to align it at its next review, using the guidance in Part 3, rather than reopen it now.

A note on job quality: an earlier draft proposed a minimum wage tied to the Harris County average wage. We have removed that floor. A county-average threshold would screen out target industries such as food manufacturing that pay below the county average yet bring real investment and quality jobs. Instead, the edits below make job quality a factor that TEDC staff weigh in evaluation, wages relative to the relevant industry, benefits, full-time status, and advancement, with room to favor higher-quality projects and no fixed threshold.

PART 1: PROPOSED LANGUAGE AND INSERTION POINTS

Statement of purpose and rationale. Insert into Section 1 (Purpose). Establishes this Policy as the City's economic development policy, states why the City offers incentives, and cross-references that any Chapter 312 tax abatement operates under and consistent with this Policy and the Comprehensive Plan.

Job quality as a staff evaluation factor. Insert into Section 1 (Evaluation of Projects). TEDC staff weigh the quality of the jobs a project creates, wages relative to the relevant industry, benefits, full-time status, and advancement, and may favor higher-quality projects. This is a factor in staff evaluation, not a fixed wage threshold, so target industries such as food manufacturing are not excluded by a single benchmark.

Build target sectors into the criteria. Insert into Section 3 (Prioritization), after the target industries list. Target-industry projects receive priority and may qualify for enhanced terms, and TEDC reconciles the list with its Target Industry Analysis.

Early-stage flexibility in the existing grant. Insert into Section 5.F.v (Job Creation/Retention). Allow the grant to support early-stage primary employers in the target industries whose early needs are equipment and space rather than payroll, so a new program is not required.

5. Proportional recapture. Insert into Section 10. Where a project partially meets its commitments, recapture is calculated in proportion to the shortfall rather than as full forfeiture, as the agreement specifies.

6. Incentive-performance section in the annual report. Insert into Section 9 (Administration). TEDC includes in its existing annual report a deal-level summary reporting, for each active agreement, commitments against delivered results and total incentive value.

7. Optional staff scoring guide. Insert into Section 1 (Evaluation of Projects). Staff may apply a standardized scoring guide that informs, but does not replace, case-by-case discretion.

PART 2: CHAPTER 380 INCENTIVE POLICY FRAMEWORK (REDLINE)

SECTION 1: PURPOSE

Purpose. The Tomball Economic Development Corporation (TEDC) is committed to the attraction and retention of high-quality jobs in all parts of the city and to enhance the quality of life for its citizens. TEDC also seeks public-private partnerships to grow Tomball's tax base, expand economic activity, and build a fiscally sustainable community. TEDC will, on a case-by-case basis, consider providing incentives and grants to promote economic development, as described herein. This document outlines the general process and procedures used to evaluate and approve incentives.

This Policy is the City of Tomball's economic development policy. It states why the City offers incentives, to bring investment and jobs that would not occur without public participation and that advance the goals of the 2025 Comprehensive Plan, and it sets the terms on which incentives are provided. The City offers incentives not to subsidize activity that would happen anyway, but to secure public benefit the market would not deliver on its own, and it expects a measurable return for every dollar committed. Every incentive tool described in this Policy, including any tax abatement granted under Chapter 312 of the Texas Tax Code, is intended to operate under and consistent with this Policy and the Comprehensive Plan.

SECTION 1: EVALUATION OF PROJECTS

Evaluation of Projects. All applicants and projects will be evaluated by TEDC staff based on a variety of factors including, but not limited to, jobs created, jobs retained, ad valorem property tax, sales tax, hotel occupancy tax, industry sector, geographic location, and other significant public benefits. Staff recommendations pertaining to the use of the incentives described herein shall be guided by this Policy. Among these factors, TEDC staff weigh the quality of the jobs a project creates, including wages relative to the relevant industry, benefits, full-time status, and opportunities for advancement, and may give preference to projects offering higher-quality jobs. This is a factor in staff evaluation, not a fixed wage threshold, so that target industries such as food manufacturing and other industrial users are not excluded by a single benchmark. TEDC staff may also apply a standardized scoring guide that weights these factors to support consistent recommendations. The scoring guide informs, and does not replace, the case-by-case discretion of TEDC and the Tomball City Council.

SECTION 3: PRIORITIZATION

TEDC has a specific list of target industries. TEDC prioritizes attracting and retaining businesses within its designated target industries including: Biotechnology & Lifesciences, Food Production & Processing, Information & Computer Technology, and Advanced Manufacturing.

Projects in TEDC's target industries receive priority in the evaluation of incentive applications and may qualify for enhanced incentive terms, including longer terms or higher award levels, where the project advances the goals of the Comprehensive Plan. TEDC will periodically reconcile this target industry list and the priority places identified above with its most recent Target Industry Analysis and Comprehensive Plan, so that the policy and the City's economic strategy stay aligned.

SECTION 5.F.V: JOB CREATION/RETENTION PERFORMANCE-BASED GRANT PROGRAM

Job Creation/Retention Performance-Based Grant Program. This program provides financial assistance to qualifying expanding, new, or relocating companies in the form of cash grants for projects that create or retain primary jobs. Only "primary employers" are eligible to receive a job creation/retention cash incentive. TEDC may use this grant flexibly to support early-stage primary employers in the target industries whose early needs are equipment or space rather than immediate payroll, before they are creating jobs at the scale this grant otherwise rewards.

SECTION 9: ADMINISTRATION OF TEDC INCENTIVE POLICY

TEDC staff will be the primary administrators of this incentive policy. As needed, TEDC will present updates to Tomball City Council regarding incentive Projects, compliance with Performance Agreements, and other related issues. TEDC will include in its annual report an incentive-performance summary for the public and the City Council that reports, for each active agreement, the jobs and capital investment committed against the jobs and capital investment delivered, and the total value of incentives provided. This summary supports the City's disclosure obligations under GASB Statement No. 77 and applicable Texas reporting requirements.

SECTION 10: INCENTIVE AGREEMENTS AND RECAPTURE

Incentives awarded by TEDC shall be evidenced by a written Performance Agreement with the party responsible. The particular terms and conditions of such agreements may vary with the specific project and incentive(s). Applicants are advised that their failure to meet the terms and conditions of an incentive agreement may result in termination of the agreement, reduction of project incentives, and/or required repayment ("recapture") of any prior project incentives received by the project owner. Where a project partially meets its performance requirements, recapture shall be calculated in proportion to the shortfall in jobs created, jobs retained, or capital investment, rather than as a full forfeiture, unless the Performance Agreement provides otherwise. Each Performance Agreement shall state the method used to calculate recapture.

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