



Agenda – EDC Regular Meeting

Tuesday, April 21st, 2020 at 4:30 p.m.

Internet Video Conference Due to
COVID -19 Pandemic

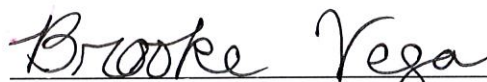
Board Members:

Bryan Bracewell - President, Cody Mauck – Vice President, S.H. McShan - Secretary,
Molly Alexander, Jessica Bega, Sue Brashar, Vicki Dumbeck

- I. Call to Order
- II. Approval of Minutes from the March 17th 2020 Meeting
- III. Public Comments - No discussion or action will occur beyond what is allowed by Texas Open Meetings Act
- IV. Financial Report
 1. Presentation by Charles Cunningham
- V. Discussion and Possible Action to approve the work plan from the EDC Director
- VI. Discussion and Possible Action to approve a payment to OnePoint Solutions in the amount of \$50,000 for employing 60 people as per the Economic Development Agreement.
- VII. Discussion and Possible Action to approve a maintenance grant for Marla Kay Jensen who is upgrading 115 N. Main Street in the amount of \$4,000.
- VIII. Discussion and Possible Action to approve a COVID-19 Grant Assistance Program for businesses affected by the COVID-19 Pandemic
- IX. Discussion and Possible Action to approve a Letter of Intent between the Elgin EDC and YERICO Manufacturing Inc. and instructing the EDC Director to sign the LOI
- X. Executive Session - The Elgin Economic Development Corporation Board of Directors will meet in a closed/executive session pursuant to the Texas Government Code, Chapter 551, to discuss the following: Section 551.072 - Deliberation about real property and/or potential sales, acquisitions, exchanges, leases, dispositions, incentives or values of real property. Section 551.074 Personnel Matters.
- XI. Reconvene - The Elgin Economic Development Corporation Board of Directors will reconvene into Open Session to discuss, consider and/or take any action necessary related to the executive session noted herein, or regular agenda items, noted above, and/or related items.
- XII. Announcements.
- XIII. Adjournment

CERTIFICATION

I certify that the above notice for an Elgin EDC meeting was posted on the bulletin board at the City Hall of Elgin, Texas on or before, 5pm, Friday April 18th, 2019



Brooke Vega, Executive Assistant

NOTICE OF ASSISTANCE AT A PUBLIC MEETING

The City of Elgin is committed to compliance with the Americans with Disability Act. The Council Chambers are wheelchair accessible and special marked parking is available in front of the building. Persons with disabilities who plan to attend this meeting and who may need assistance are requested to contact the City Secretary's Office at (512) 281-5724. Please provide forty-eight (48) hours notice when feasible.



EDC Regular Meeting Minutes

Tuesday, March 17th, 2020 at **5:00 p.m**

City Hall Annex, 310 North Main Street,
Elgin, Texas 78621

Board Members:

Bryan Bracewell - President, Cody Mauck – Vice President, S.H. McShan - Secretary,
Molly Alexander, Jessica Bega, Jeff Carter, & Sue Brashar

Attending: Bryan Bracewell, Cody Mauck, Molly Alexander, Jessica Bega, Sue Brashar,
Vicki Dumbeck, S.H. McShan (McShan arrived at 5:20 PM)

Absent:

Staff: Owen Rock, Brooke Vega, Charles Cunningham

- I. **Call to Order** The Meeting was called to order at 5:06 PM by Bryan Bracewell
- II. **Approval of Minutes from the December 10th, 2019 and January 24th, 2020 (EDC Board Retreat) EDC Meetings**
Brashar motioned to approve the two sets of minutes, seconded by Mauck. Motion passed unanimously.
- III. **Public Comments** - No public comments
- IV. **Financial Report by Charles Cunningham**
Charles gave a financial update.
- V. **Discussion and Possible Action to approve a refund to Allan Tolbert (Smart Corporation) in the amount of \$50,000 as per the Real Estate Contract.**
Alexander motioned to approve payment of \$50,000 to Allan Tolbert (Smart Corporation), seconded by Brashar. Mauck abstained. Motion passed 6-1.
- VI. **Discussion and Possible Action to review the Retreat Summary Report and to put it on the next EDC agenda for approval.**
No action taken.
- VII. **Executive Session - The Elgin Economic Development Corporation Board of Directors will meet in a closed/executive session pursuant to the Texas Government Code, Chapter 551, to discuss the following: Section 551.072 - Deliberation about real property and/or potential sales, acquisitions, exchanges, leases, dispositions, incentives or values of real property. Section 551.074 Personnel Matters**
The Board went into Executive Session at 5:33 PM.
- VIII. **Reconvene - The Elgin Economic Development Corporation Board of Directors will reconvene into Open Session to discuss, consider and/or take any action necessary related to the executive session noted herein, or regular agenda items, noted above, and/or related items.**
The board came out of executive session at 6:14 PM. No action was taken.
- IX. **Announcements.** – Owen congratulated Bryan for his award from the Chamber Banquet.
- X. **Adjournment** – The meeting adjourned at 6:20 PM

ATTEST:

APPROVED:

S.H. McShan, Secretary

Bryan Bracewell, President

ELGIN ECONOMIC DEVELOPMENT CORP.

FY 2019-20 Adopted Operating Budget

Monthly Budget Report Mar 31, 2020

Admin. -Operations

Revenue

	Adopted	Monthly Mar 2020	Y-T-D Actual Mar 2020	Balance Remaining	% Re- maining
4200 Sales Tax	810,025	100,483	446,569	363,456	45%
8300 Interest Income	12,000	2,092	7,116	4,884	41%
8400 Rebate/refund	-	579	579	-	0%
	822,025	103,154	454,264	368,340	45%

Expenditures

Salaries and Benefits

50010 Reg Salary/Wages	143,862	11,024	71,661	72,201	50%
50130 Longevity	235		235	-	0%
50012 Overtime	270	176	176	270	100%
50200 Social Security	11,653	829	5,332	6,321	54%
50201 Retirement- TMRS	21,233	1,646	10,689	10,544	50%
50221 Group Medical Insurance	17,014	590	3,557	13,457	79%
50202 Worker's Compensation	567	50	323	244	43%
50204 Unemployment Ins.	255	32	480	(225)	-88%
50410 Car Allowance	7,200	553	3,592	3,608	50%
<i>Subtotal</i>	202,289	14,899	96,046	106,419	53%

Supplies and Materials

51001 Office Supplies	500	-	-	500	100%
51010 Postage	400	-	-	400	100%
51012 Printed Forms	2,500	-	697	1,803	72%
<i>Subtotal</i>	3,400	-	697	2,703	80%

Services/Other Charges

53132 Marketing/ Advertising	20,000	1,425	2,130	17,870	89%
53010 Consulting Services	10,000	-	519	9,481	95%
51707 Telephone	7,000	519	3,930	3,070	44%
51701 Electric Utility	1,000	205	1,474	(474)	-47%
53030 IT Services - Contract	4,000	407	2,564	1,436	36%
53004 Engineering Services	10,000		368	9,632	96%
53003 Audit Services	-	-	-	-	0%
53001 Legal Services	1,000		-	1,000	100%
Contract Services	-	24	201	-	0%
57101 Purchase Land	50,000	-	-	50,000	100%
Travel Training	5,000	73	1,534	3,466	69%
Dues/memberships	5,000		3,645	1,355	27%
53720 Employee Bond	250	-	-	250	100%
<i>Subtotal</i>	113,250	2,652	16,365	97,086	86%

Total Op.Expenditures 318,939 17,552 113,108 206,208 65%

ELGIN ECONOMIC DEVELOPMENT CORP.

FY 2019-20 Adopted Operating Budget

Business Recruit./

Retention Prog.

EDC Business Support

EXPENDITURES

Marketing Retention

	FY 2018-19 Expenditure			FY 2019-20 Expenditure	
	Adopted	Monthly Mar 2020	Y-T-D Actual Mar 2020	Balance Remaining	% Re- maining
53133 Recruitment- Marketing	50,000	-	-	50,000	100%
53134 Recruitment Incentives	100,000	-	-	100,000	100%
53135 Bus. Expansion- Incentives	15,000	-	-	15,000	100%
53136 Bus. Expans.- Infrastructure	60,000	-	-	60,000	100%
53137 Retention- Marketing	30,000	-	-	30,000	100%
53138 Retention- Incentives	37,000	-	-	37,000	100%
<i>Subtotal</i>	292,000	-	-	292,000	100%

Total Bus. Recruit./Retention

292,000	-	-	292,000	100%
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EDC Debt Service

55101 Principal	50,000	-	-	50,000	100%
55102 Interest	12,586	-	6,293	6,293	28%
55105 Paying Agent	250	-	-	250	100%

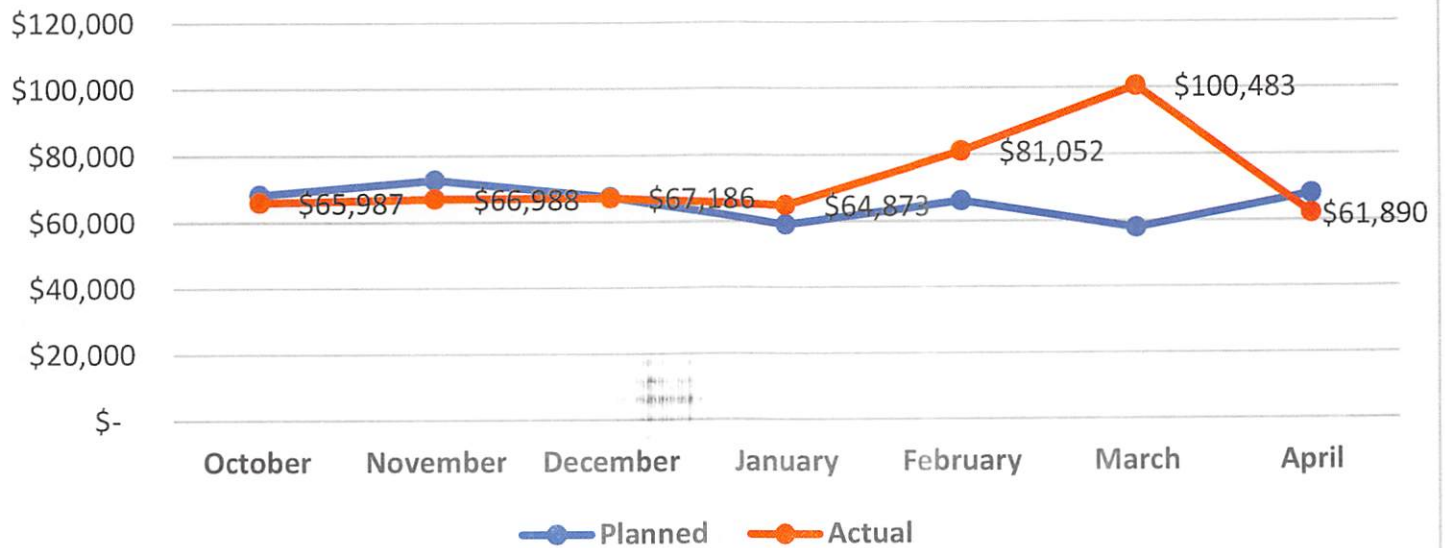
Subtotal

62,836	-	6,293	56,543	84%
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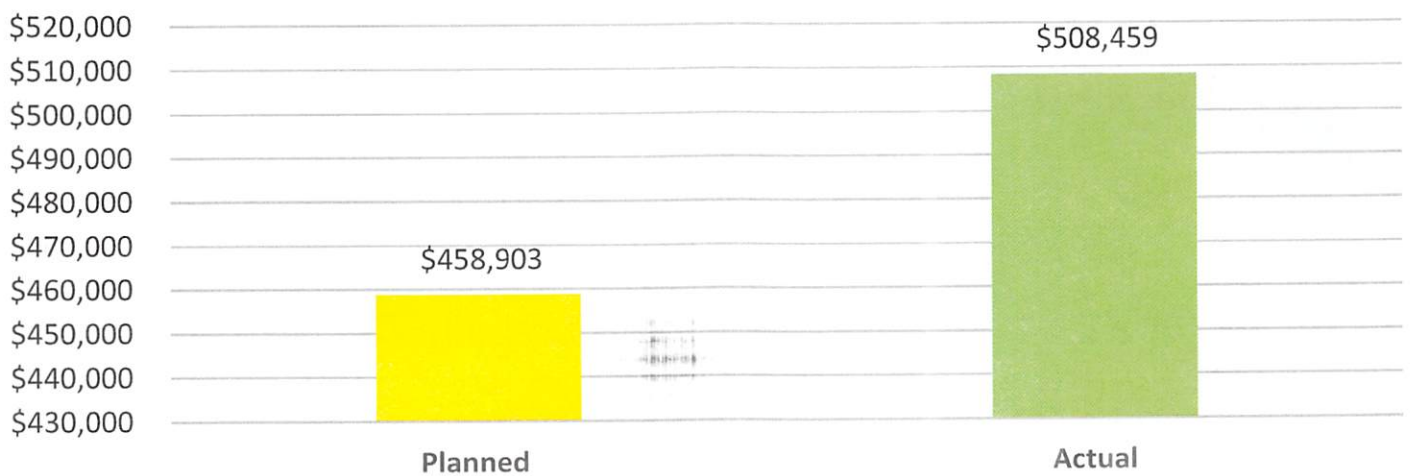
Total EEDC Expend.

673,775	17,552	119,401	554,751	103%
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Sales Tax Revenue by Month - Planned v Actual Thru April



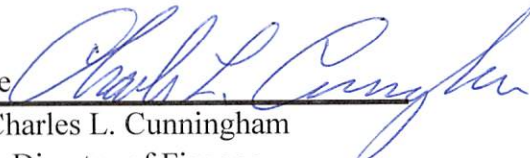
Sales Tax -Cumulative Total Y-T-D Thru April 2020



EEDC - 2ND Quarter Investment Report- Fiscal Year 2019-20

OPERATING ACCOUNTS -

Financial Institution	Fund	Account Name	Beginning Balance 12/31/2019	Total Deposits / (Withdrawals)	Total Interest	Ending Balance 3/31/2020
First National Bank						
	018	Economic Development Corp.	338,946.02	242,361.54	1,924.81	583,232.37
	018	EDC Sales Tax Reserve	36,482.86	-	167.38	36,650.24
	018	EDC CD Brique		-	-	0.00
		Sub-total	375,428.88	242,361.54	2,092.19	619,882.61
		NET- Deposits/(Withdrawals)		-	2,092.19	
		TOTAL - INVESTMENTS	375,428.88			619,882.61

Signature 
 Charles L. Cunningham
 Director of Finance

* Weighted Average to Maturity (WAM)



Elgin Economic Development Corporation Retreat January 2020



Prepared By
Tim Chase CEcD, FM, HLM
National Sales Manager
ProTRACKPlus and
President of Quality Metrics
tchase@myprotrackplus.com

Summary of the Elgin EDC 2020 Retreat

January 24, 2020

I. Definition of Economic Development for Elgin, Texas

Mission: To improve the economy of Elgin by attracting new businesses, and helping entrepreneurs grow businesses, expanding existing businesses, and helping entrepreneurs grow.

Vision: Elgin is Perfectly Situated for Creative Opportunity



The Elgin Economic Development Board of Directors met on January 24, 2020 for a 4-hour retreat to help redefine economic development for Elgin and to identify all pressing issues and establish a priority for addressing them. Mr. Tim Chase, a 30-year veteran of running local EDOs of all sizes, was hired to facilitate the Retreat. He began with a brief refresher on the reasons communities undertake economic development efforts and gave definitions for Economic Development, Community Development, Business Development and how these are often considered synonymous but in reality they are significantly different.

Chairman Bryan Bracewell called the meeting to order telling the group that he had prayed about the meeting in an effort to ensure the group would make well-informed decisions and that the process and the participants would remain on-task to maximize results. Mr. Chase assured he would deliver such results.



Chairman Bracewell made an excellent suggestion that we employ a “Parking Lot” flipchart reserved for ideas that have great value, but which are not within the group’s power to resolve during the retreat.

II. Budget Issues

Charles Cunningham, City CFO, presented the group with the current financials and entertained questions. (See Exhibit A) EDC Director Owen Rock then led a

discussion on the history and current standing of the various land and infrastructure investments that have been developed to encourage growth, saying “I’m extremely encouraged that the investments completed in December represent an outstanding product in the central Texas marketplace.” During this discussion two key issues surfaced:

1. Reimbursement to the City - The City has requested the EDC take immediate measures to repay a portion of the funds they committed to the construction of the business park’s infrastructure. The amount requested is \$2.0 million. A deadline for repaying these funds was set for January 2021.
2. State Grant - The EDC has successfully won a grant from the state to be used to pay for necessary improvements to land making it “Shovel Ready” and thereby encouraging new capital investment and job creation. The amount of the grant is \$1.0 million to be received by the EDC if and when a user for the land has broken ground. The EDC has a Development Agreement with a

nursing home company that is committed to breaking ground no later than July 2021. Assuming this happens, the state will execute the grant and the EDC will use the funds to reimburse themselves for the previous investment. If this or another user does not break ground by that time, under the terms of the grant award, the EDC will not receive the \$1.0 million.



In an effort to narrow the focus of discussions, the grant award being up to 18 months away was put in the “Parking Lot” for future consideration.

III. Identification of Issues

While Mr. Rock explained the intricacies of the land, infrastructure, and current levels of interest from possible projects, the group’s discussion touched on a large number of related topics including:

1. Pay the City \$2.0 million by January 2021.
2. Generate income for this payment by:
 - a. Sell the fully developed lots near the Seaton medical facility in the front of the park.
 - b. Sell future users on the concept that if they agree to locate towards the back of the park, arrangements will be made to provide necessary roads, sewer, water and stormwater management being made-ready as necessary.
3. To enhance the chances of land sales, the EDC should author a Request for Qualifications (RFQ) and circulate it to potential commercial real estate brokers with whom to list the properties.
4. To broaden efforts to encourage capital investments and job creation, the group discussed the concept of partnering with a ‘for-profit’ developer to expedite results.
5. The group agreed that a very specific marketing plan should be created to encourage faster sale of property.
 - a. Hosting a familiarization event on site and inviting regional Brokers, Developers, and potential users should be included in the plan.
 - b. Included in this plan should be a way to target companies that need the workforce skills inherent in Elgin’s commuting workforce.
6. Quality of Life enhancements were deemed to be valuable, including:



- a. Helping new retail and service businesses locate in town.
- b. Construction of ADA compliant restroom facilities centrally located in downtown.
- c. Exploring and better understanding of how such development will impact revenues for the Tax Increment Redevelopment Zone (TIRZ).

VI. Sources of Income

To ensure all possible resources are studied and in an attempt to forecast possible revenues over a reasonable timeline, the group was asked to hypothesize sources and timing of all possible revenues.

<u>Sources of Revenue</u>	<u>Estimated Value</u>	<u>Estimated Timeline</u>
1. State Grant	\$1.0 million	18 months
2. Land Sales		
a. Front property	\$2.6 million	24 months
b. Back property	\$3.7 million*	60 months
3. EDC's Net Cash Per Year	\$3.0 million**	10 years
4. EDC's Financing Capacity	>\$4.0 million	15 years
(In priority as voted by the Board)		
a. Sell land to create primary jobs		
b. Issue Bonds		
c. Private Bank with a line of credit		
d. City to finance by issuing Certificates of Obligation		

** The group used \$1.50 per sq. ft. as a sales price for the back parcels and then reduced that forecast by 50% to ensure an extremely conservative estimate.*

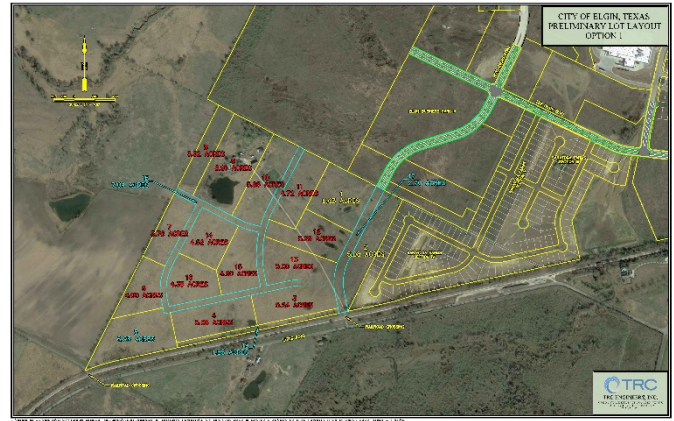
*** The group estimated \$300,000 per year generated from net unexpended revenues to the EDC from sales tax collections over 10 years. This number is extremely conservative using a zero percentage of annual increases in revenues.*

IV. Board Vote on Order of Priority

Board member were asked to place colored dots beside each issue as a way of personally voting to select the range of most-to-least important. Here are the results:

1. Pay City \$2.0 million by January 1, 2021.
2. Sell front parcels in the business park.
3. Liquidate back parcels (Discount price heavily in return for primary job creation).
4. Issue an RFQ for a private for-profit development partner including:
 - a. Determine a set of acceptable terms under which the developers must operate.
 - b. Enter into a Development Agreement including pay-for-performance language.

5. Create an aggressive Marketing Plan to include:
 - a. Marketing Elgin as a viable business location.
 - b. Sale of “Shovel Ready” sites ideally for primary job creation.
 - c. Target industries that must have Elgin’s unique workforce skills to succeed rather than only using occupations.
6. Create a Retention & Expansion Plan to include:
 - a. Primary focus on export or primary job employers.
 - b. Second focus on retail and service job employers.



V. Parking Lot Items

During the planning process Mr. Chase encouraged participants to place the following items in the “Parking Lot” for future consideration:

1. The EDC voiced a desire to have a written Development Agreement with the City detailing the City’s position on future requests of the EDC for reimbursement of investments in infrastructure in the business park made by the City.
2. The question was further defined as “Does the City consider their investment as ‘sunk costs’ and therefore does not intend to ask the EDC for reimbursement?”
3. The Board needs to fully explore the pros and cons of delegating the development of the park to a private developer including setting expectations for such developer’s profits, incentives to offer, and anticipated timing.
4. The Board agreed that while it is imperative that the EDC’s Director explore all opportunities for the sale of land and creation of wealth, the Board will not make financial decisions based on only the possibility of such projects coming to fruition.
5. The Board desires to re-visit the organization’s Mission and Vision statements in the near future to confirm their continued validity.

VI. Determining Metrics that will Demonstrate Success

The Board, with Mr. Chase’s input, discussed possible kinds of metrics that should be considered in demonstrating success including but not limited to:

- a. The “Big Four” Metrics That Can’t be Overlooked
 - i. Capital investment
 - ii. Job creation
 - iii. Net new tax revenue
 - iv. Personal income growth over time

- b. Additional Metrics to be Considered
 - i. The number of RFIs received
 - ii. The number of RFIs responded to
 - iii. The number of site visits
 - iv. The number of offers made
 - v. The ratio of incentives paid per job created
 - vi. Other metrics as routinely agreed upon (Explore IEDC's Metric Book)



VII. Final Considerations

Mr. Chase applauded the EDC's efforts for transparency and widespread inclusion of all entities that play a major role in the economic development process including but not limited to:

1. City Council – Those Council members who sit on the EDC Board should prepare a summary of the EDC's current efforts and present a report to Council at a minimum of a quarterly basis.
2. Elgin Chamber of Commerce
3. Elgin ISD
4. Austin Community College
5. Commercial and Residential Real Estate Brokers – local and regional
6. Austin Chamber of Commerce's economic development organization titled Opportunity Austin – membership and participation in OA strongly encouraged
7. Representation from the Governor's Office of Economic Development and Tourism
8. Bastrop County District Representative
9. Water Board Representative
10. Electric and Gas Utility Representative
11. Other Key individuals who are influential in the decision-making of Elgin – Poohbahs

VIII. Action Steps

The Board was very pleased with the results achieved during the four-hour session and will undertake the following action steps:

1. Mr. Chase will deliver a summary report of the Retreat for the Board's consideration, possible editing, and final approval at their next meeting.
2. Once the Retreat summary has been approved, EDC staff will create a set of Goals, Objectives, and Action Steps, including timeline for completion, resources needed, and assignment of support people and entities.
3. This Strategic Plan will be presented by staff to the Board for consideration, editing, and final approval.

4. The final Strategic Plan will be presented to the City Council by the two Council members with seats on the EDC Board and ideally, they will ask for City Council approval.
5. The EDC staff will prepare a quarterly report on the status of each Goal and a progress plan for completion.

Building Maintenance
Grant Program

APPLICATION



Please carefully read the following:

A business may receive assistance for one grant per building during the fiscal year (October 1 to September 30). Funding assistance is approved and awarded at the sole discretion of the Elgin Economic Development Corporation (EDC) Board. Some projects must be approved by the Historic Review Board prior to EDC consideration. **Funding assistance is distributed as a reimbursement grant after the applicant submits paid receipts for the completed project and a certificate of occupancy is issued for the building for commercial use.**

All applicants should plan to attend the board meeting when applications are reviewed. Please provide 10 copies of all documentation. A summary of expenses (receipts) with total to be considered must be included. Mail to PO Box 591 Elgin 78621 or deliver to 310 N Main Street.

1. Applicant(s) name(s): Marla Kay Jensen
2. Business name: Red Boutique Salon & Spa LLC
3. Mailing address: 115 N Main St.
4. Applicant contact information: Phone 512 743-2342 Cell Same
E-mail redboutiquesalonspa@gmail.com

5. Physical address of property for which a grant is being requested: 115 N Main St.
Elgin IL 78621

6. Is the business a Sole Proprietorship, Partnership, Corporation, Other: LLC

7. Brief description of business activity: Salon and Spa (massage/sauna)
Clothing boutique Hair services

8. A description of the project for which funding is requested. (Attach additional sheets if necessary.)

texture paint interior walls, plumbing, electrical, fixtures, backyard fencing, pergola
stain and seal concrete floors, paint & landscape exterior

9. Amount of grant funds being requested: \$ 4,000.00

10. Total cost of project for which grant funds are requested: \$ 8,000.00 (estimated)

11. Number of full-time/part-time employees: 0 Full Time Part Time

11. Date business established in Elgin: Oct 15 2019 lease signed / opening date TBD

12. Is the property owned or ✓ leased by the Applicant?

If leased:

- (1) Name of lessor Patsy Graham
- (2) Address of lessor 5804 Shoal Creek Blvd
- (3) Lessor contact: Phone 512 777-8762
- (4) Rental Term: 3 years

AFFIRMATION OF APPLICANT(S)

I (We) the undersigned do hereby acknowledge and/or certify, as the case may be, the following:

1. That the submission of this Application does not create any property, contract, or other legal rights in any person or entity to have the EDC provide grant funding.
2. That if grant funding is approved, full compliance will be maintained with all the provisions of the "Guidelines and Criteria", and/or special provisions attached as a part of the grant, and that failure to do so can be grounds for ineligibility to receive previously approved grant funding.
3. That before application is to be reviewed by the EDC, a designee(s) of the EDC shall have the right to inspect the business and work to be considered.
4. That the EDC reserves unto itself its absolute right of discretion in deciding whether or not to approve a grant relative to this application, whether or not such discretion is deemed arbitrary or without basis in fact.
5. That the laws of the State of Texas shall govern the interpretation, validity, performance, and enforcement of the "Guidelines and Criteria", and this Application, and that if any provision or provisions of these should be held invalid or unenforceable, the validity and enforceability of the remaining provisions of these shall not be affected thereby.
6. That the information provided in this Application, and all that may have been affixed hereto, is true and correct, and that the EDC may rely on all of the information herein contained, and all that may have been affixed hereto, as being true and correct

Signed this day 7 of April 2020

Maria Kay Jensen
(Print Applicant Name)

Maria Kay Jensen
(Applicant Signature)

Signed this day ____ of _____ 20__

(Print Applicant Name)

(Applicant Signature)

COVID-19 Emergency Grant Program Application

Background

The Elgin Economic Development Corporation (EDC) is implementing a COVID-19 Emergency Grant Program to provide assistance to local businesses suffering from financial impacts related to the COVID-19 (coronavirus) pandemic pursuant to the authority of the EDC under Sec. 505.103, Local Gov't Code and the EDC Board's intent to promote local businesses during this time of local disaster. The purpose of this program is to provide working capital for personnel costs, rent, utilities, etc. for existing small business enterprises within the city of Elgin, Texas.

The EDC will provide grants in the amount of \$2,000. The application period for this grant will remain open until September 30, 2020; until funding has been exhausted; or until the EDC determines that its program goals have been satisfied.

The grant is available to all non home-based small businesses in the City of Elgin. Priority will be given to businesses that have had to: close, lay off employees, limit operations to take-out, curbside, or delivery. Categories of eligible small businesses include: retail (storefront), restaurant/food business; personal care (barber shop, nail salons, spas, etc.); and social assistance (childcare, etc.); art galleries and performance venues; and small manufacturing businesses.

Ineligible Businesses:

Home-based businesses
non-profit organization
Adult related businesses
Chain stores/restaurants
Churches and Religious Organizations

Eligible Businesses must meet all of the following criteria.

- 15 employees or less
- The business must be located in the corporate city limits of Elgin, and must be in compliance with all applicable zoning, land use, and other ordinances.
- Proof of applicant's ownership of the business, or proof that the owner of such business has approved the application for grant funds, shall be required.
- The applicant must be current on all property and sales taxes due
- Engaged in activities that are legal under city and state law.
- Meet program technical requirements including ability to provide financial records to support grant request.
- Registered with the Texas Secretary of State's Office

There is a limit of one grant per applicant. The EDC is the sole and final authority in determining eligibility for funding.

If you have questions, or for assistance with your application, please contact Owen Rock at the City of Elgin EDC

Work: 512-229-3226

Email: Orock@ci.elgin.tx.us

APPLICATION

1. Business name _____

Address Line 1 _____

Address Line 2 _____

City _____

State _____

ZIP Code _____

2. Email Address _____

3. Name of business owners _____

4. Business Category (Restaurant, Day care) _____

5. Is this the only place of business? Yes No

If not, please list all business names, locations, addresses: _____

6. Is the business a franchise? * Yes No

7. Please describe how COVID 19 mitigation recommendations and/or requirements have impacted your business? _____

8. Compare your current **estimated** net income for the month ending 3/31/2020 with your actual net income from 3/31/2019. If you were not in operation in 2019 you may use your actuals from February 2020. Please note in the text field what two time periods you are comparing to illustrate your decreased net income for March 2020.

Estimated revenue / net income then: _____

Estimated revenue / net income now: _____

10. How many FTE (full time equivalent) employees are employed at the business at this time?

Full Time: _____

Part Time: _____

11. How many FTE (full time equivalent) employees would you employ under normal business conditions at this time?

Full Time: _____

Part Time: _____

12. If approved, please list expenses for which you would apply EDC Board funding towards. _____

Please attach a copy of your most recent Balance Sheet in your email with your completed application. Applications received without a balance sheet will not be considered.

I certify that the information I have given is truthful and accurate to the best of my ability. Financial Information provided has not been manipulated to exaggerate the financial duress of this business. I understand that the information submitted in this application will be shared with the EDC Board, comprised of individuals that will determine the allocation of funding to applicants. I understand that the decisions to whom the money will be granted is at the sole discretion of the EDC Board.

Signed: _____



April 6, 2020

IHN-Hong Min
YERICO manufacturing Inc
619 Mogonye Lane
Elgin, TX 78621

Re: Letter of Intent – YERICO Expansion Project

Dear IH,

This correspondence is provided as documentation of our continuing dialogue relative to a project being contemplated by Yerico Manufacturing, Inc in partnership with the Elgin Economic Development Corporation (“EDC”). Based on our most recent discussions, we believe that we now concur on the primary issues and an acceptable general framework for an overall agreement that will make this project a reality in our community.

This Letter of Intent is being provided to formally clarify for the record the general terms of an Economic Development Agreement (“Agreement”) with the Elgin EDC in support of the YERICO Manufacturing, Inc currently known as YERICO Expansion ("Project") as proposed by YERICO Manufacturing ("Developer"). **YERICO Manufacturing, Inc and the EDC expressly acknowledge that this Letter of Intent is non-binding and merely an expression of interest by the parties in consummating the partnership as described herein.**

Based on our most recent discussions, following is a list of the pertinent elements that would be included in an Agreement and/or other appropriate legal document:

The Project

The project is being identified as four phases. Phases 1, 2 & 3 will be under construction in 2021 and phase 4 will be under construction by 2026

Project Phases

Although there remain many details to be identified, sufficient preliminary data has been provided now as to the overall size and scope of Project One, with the primary components of same being:

- a) In Phase 1, Developer will construct a 20,000 sq. ft. R&D, office and warehouse facility with an approximate cost of \$2,400,000 in construction and an estimated \$1,000,000 in equipment. The facility will employ 20 full-time equivalent employees with pay ranging between \$15 an hour to \$38 an hour. The project will be under construction in 2021.
- b) In Phase 2, Developer will construct a 40,000 sq. ft. semiconductor parts manufacturing facility with an approximate cost of \$3,000,000 in construction and an estimated \$3,000,000 in

equipment. The facility will employ 29 full-time equivalent employees with pay ranging between \$15 an hour to \$38 an hour. The project will be under construction in 2021

- c) In Phase 3, Developer will construct a 60,000 sq. ft. semiconductor service company facility with an approximate cost of \$7,200,000 in construction and an estimated \$5,000,000 in equipment. The facility will employ 85 full-time equivalent employees with pay ranging between \$15 an hour to \$38 an hour. The project will be under construction in 2021
- d) In Phase 4, Developer will construct a 120,000 sq. ft. R&D, office Carbon Fiber Manufacturing facility with an approximate cost of \$14,400,000 in construction and an estimated \$20,000,000 in equipment. The facility will be constructed on approximately 12 acres and will employ 190 full-time equivalent employees and will be under construction in 2026.

The EDC will have continuous discussions with YERICO to locate Phase 4 within the City of Elgin. These discussions will include land grant/price along with any future interior roadways and any potential local and State incentives. The Phase 4 Land and its boundaries will be generally located off the south end of Roy Rivers Road. The exact location is to be determined.

Because Phase 4 is not projected to begin until 2026 no agreement has been reached on the outline of Phase 4. However, YERICO has provided preliminary data regarding Phase 4.

Because of the uniqueness of The Project, Developer and the EDC wish to enter into this Agreement for Phase 1, 2, 3 & 4 to encourage innovative and comprehensive planning of the Land, provide certainty of regulatory requirements throughout the term of this Agreement and result in a high-quality development for the benefit of the present and future residents of the City, the EDC, and YERICO Manufacturing, Inc.

While acknowledging the non-specific nature of the development plans at this time, it is important to note that the EDC's support for the Project is wholly predicated on the YERICO Concept Plan yet to be presented. Any significant change in the Project as described may adversely affect support for this project by the EDC.

Economic Development Agreement Outline

Phase 1 Land: The Phase 1 Land contains approximately five (5) acres. This land will be granted at no cost to the (Developer). The Phase 1 Land size and shape can be modified if required for design purposes.

Phase 2 Land: The Phase 2 Land contains approximately five (5) acres. This land will be granted at no cost to the (Developer). The Phase 2 Land size and shape can be modified if required for design purposes.

Phase 3 Land: The Phase 3 Land contains approximately eight (8) acres. This land will be granted at no cost to the (Developer). The Phase 3 Land size and shape can be modified if required for design purposes.

Phase 4 Land: The Phase 4 Land contains approximately twelve (12) acres. The EDC and the Developer will continue to discuss details regarding this land as the other phases progress. The Phase 4 Land size and shape can be modified if required for design purposes.

Property Tax Abatement Phase 1,2 & 3: Contingent upon the approval of the Elgin Tax Increment Reinvestment Board, City and County Property taxes will be reimbursed in the amount of 50% of the total payment paid by the Developer each year for a maximum of five years for Phases 1, 2 & 3.

Property Tax Abatement Current YERICO Facility: City and County taxes will be reimbursed in the amount of 50% of the total payment paid by the Developer each year for a maximum of five years for the building constructed in 2019 on Mogonye Lane beginning the year phases 1,2 & 3 begin construction in Elgin

Feasibility Period: Developer shall have 60 days from the date of the land grant contract to conduct its normal due diligence at its sole cost and expense.

Survey: The Developer is responsible for surveying and platting the Phases 1, 2, 3 &4

Timeline: Developer and EDC will close on the Phase 1, 2 & 3 land within 30 days of the end of the Feasibility Period. Developer will have a contract with a third-party contractor to construct the project within three (3) months of closing. Developer will complete Phases 1, 2 & 3 within eighteen (18) months of contracting with the third-party contractor.

Zoning: Prior to the land closing, EDC shall obtain City of Elgin and zoning approval for all phases of the Project. Developer shall not be required to close the land purchase until the proper zoning is in place for Developer's development. EDC shall extend the closing date if the zoning process exceeds the Feasibility Period.

Street and / or Utility Extensions: The EDC will be responsible for extending Roy Rivers Road, if required, so the Developer can access the Project property. This extension may be a temporary road that is capable of handling construction trucks and equipment. The EDC shall deliver adequate domestic water and sanitary sewer to the site. The road/temporary road and the utility extensions shall be delivered to the site within a mutually agreeable timeframe following the land closing, which timeframe will include an adequate time for the EDC to design and construct new infrastructure. The parties shall agree upon a required completion date for these extensions prior to entering into the land purchase contract. (Developer requires a minimum of ____ domestic water main and a fire hydrant all with pressure and flow adequate for the Project; and a minimum ____ sanitary sewer main).

Offsite Regional Storm Water Detention Facility and Water Quality Pond: EDC shall, at its sole cost and expense, develop an Offsite Regional Storm Water Detention Facility and Water Quality Pond (the "Detention Facility") for the non-exclusive use by the Developer. EDC shall design, construct, manage, keep, and maintain the Facility with no construction or operational cost to Developer. EDC and Developer shall enter into an "Offsite Regional Storm Water Detention Facility Use Agreement" (the "Detention Facility Agreement") for use of the Detention Facility. The Detention Facility Agreement shall include, at no cost and expense to Developer, an easement from the Site to the Detention Facility. Developer shall be allowed to flow storm water to the Detention Facility via above ground drainage.

Closing and Closing Costs Project One: The closing shall occur thirty (30) days following the end of the Feasibility Period(s). Developer shall demonstrate to EDC its affirmative ability to construct the required Project improvements. At the closing, EDC shall pay its property taxes thru the closing date, to include the payment of any and all Rollback Taxes. All other closing costs will be paid for by the Developer. Each party shall pay its own legal costs.

General Warranty Deed: EDC will give Buyer free and clear title to the Project One Land by General Warranty Deed.

Phase 4: The Developer has proposed future development in 2026. This development includes another twelve (12) acres of land. The EDC is willing to give the Developer an Option on the twelve (12) acres for one year following the closing of the Phase 1, 2 & 3 Land at a price yet to be determined. Following the one-year Option the EDC is willing to offer a First Right of Refusal to the Developer on the twelve (12) acres when the EDC receives offers on the property.

Special Provisions: The EDC will insert special provisions in the Project agreement. These special provisions will include claw-backs if the Developer does not complete the project within the stated period of time. These claw-backs may include the Developer returning undeveloped land of each phase assigned land to the EDC at no cost to the EDC.

Other Potential State Incentives: The EDC will work diligently with the State of Texas to secure any and all State incentives that may be available. The EDC Director will review the YERICO project with the State ED representative to identify and secure any State funding. These may include, but are not limited to, the following:

1. **Skills Development Fund:** The Skills Development Fund is an innovative program created to assist Texas public community and technical colleges finance customized job training for their local businesses. The Fund was established by the Legislature in 1995 and is administered by the Texas Workforce Commission. Grants are provided to help companies and labor unions form partnerships with local community colleges and technical schools to provide custom job training. Average training costs is \$1,800 per trainee; however, the benefit may vary depending on the proposal.
2. **Texas Enterprise Zone Program:** An enterprise project is eligible for a refund for all state sales and use taxes paid and used at the qualified business site. The total amount of any refund will continue to be predicated on investment amount and number of jobs created/retained.
3. **State Sales and Use Tax Exemptions:** Leased or purchased machinery, equipment, replacement parts, and accessories that are used or consumed in the manufacturing, processing, fabricating, or repairing of tangible personal property for ultimate sale, are exempt from state and local sales and use tax. Texas businesses are exempt from paying state sales and use tax on labor for constructing new facilities.
4. **Goods-in-Transit Incentive:** House Bill 621 of the 80th Texas Legislature amends the Tax Code and the Government Code to add an exemption from ad valorem taxation for goods-in-transit. To qualify for the exemption, personal property used for assembling, storing, manufacturing, processing, or fabricating purposes would have to be acquired in Texas or imported into Texas and stored at a Texas location in which the owner of the goods does not have a direct or indirect ownership interest. The goods-in-transit would have to be transported to another location in Texas or out of state no later than 175 days after the property was acquired in or imported into the state. Oil and gas and their immediate derivatives, aircraft, and dealer's special inventories would not qualify for the exemption.
5. **Permit Assistance:** TCEQ and the Office of the Governor Economic Development & Tourism division have established a relationship to assist companies, which may experience unwarranted delays in their environmental permitting process for projects that could affect

job creation or have a high economic impact.

Pending the full execution and formal approval of this Letter, we are now prepared to move forward with the preparation of a formal Economic Development Agreement and to initiate preliminary development plans for the Project at your earliest convenience. With your acknowledgement below, I will move forward immediately to secure endorsement from the EDC of this proposal and begin to prepare an Economic Development Agreement for formal consideration.

Sincerely

Owen Rock
Director Economic Development

AGREE AND ACCEPT:

IHN-Hong Ming
YERICO Manufacturing, Inc

A handwritten signature in black ink, appearing to be 'IHN-Hong Ming', written over a horizontal line.

Date: April 9, 2020