



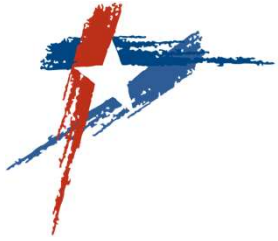
ROUND ROCK TEXAS

E.1 Economic Development Agreements Annual Compliance Review

Council Packet Briefing

January 24, 2023

Susan Morgan, CFO

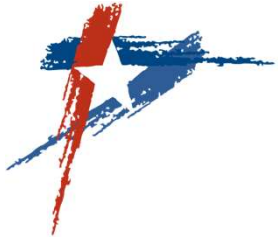


Overview

- 25 approved agreements
 - Includes chapters 380 and 501 agreements
 - In past three years – 9 approved agreements
- Incentives offered with a return expected
 - Taxable value or other fiscal returns
 - High quality jobs in target sectors



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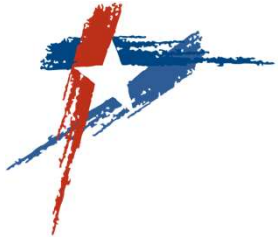


Overview (continued)

- Cash Performance Incentives
 - Property Tax abatements/incentives
 - Sales tax incentives
 - HOT tax incentives
 - Economic incentive payments
- Performance Requirements
 - Capital investment (taxable property value)
 - New employees within agreed upon salary minimums
 - Other project specific requirements
 - Reporting requirements
 - Clawback provisions in event of non-compliance

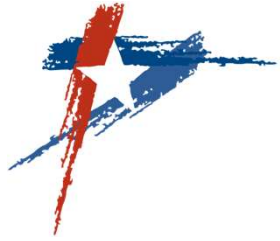


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Compliance Monitoring

- Close coordination among Chamber, Finance, and City Attorney during agreement development process
- Regular internal review of all existing and pending agreements
- Monitor for one-time thresholds, e.g., issuance of CO
- Annually verify taxable value, employees or other items
 - Generally, in January – March timeframe
- Report to City Manager each April/May on compliance status
- As of 9/30/22 – 3 agreements were not in compliance
 - 2 of the 3 have since been resolved and closed



Economic Development Summary as of 9/30/22

- Net direct impact to City tax revenue only
 - No indirect or induced benefits included in calculation
 - Fee waivers not included in incentives paid
- Report includes
 - All approved agreements in effect
 - Major agreements since 2005
 - Plus, Dell

Company Name	Term	Type	Summary	# of EEs Req.	Actual # of EEs Added	Total Paid or Abated to Date ¹	2021 Taxable Value	Net Property Tax Paid to City Since Contract Inception	Net Sales Tax Paid to City Since Contract Inception
APPROVED & ACTIVE AGREEMENTS									
Ametrine, Inc.	2021-2030	501	Lease and occupy Facility at 900 E Old Settlers Blvd., Bldg 3, Suite #100 for at least 10 years. Invest \$3.35 million for Real Property improvements and purchase new/relocate existing equipment with appraisal value of \$5.3 million for Business Personal Property. Relocate/Reuse at least 140 jobs with average salary of \$75,000 plus benefits. EIP of \$345,000 over 5 years.	16	17	69,000	n/a	n/a	n/a
Bass Pro Outdoor World, LLC	2013-2023	380	Build 100,000 sq. ft. bldg.; Reimb. \$500,000 for improvements & 100% of 1 cent sales tax	n/a	n/a	500,000	21,151,733	610,401	confidential
BGE, Inc.	2019-2026	380	Lease facility at 101 W. Louis Henna Blvd.; invest at least \$975,000 in real property improvements and \$950,000 in business personal property; employ at least 80 FTE's with average salary of at least \$80,000; EIP's of \$1,000,000 according to schedule.	63	85	100,000	n/a	n/a	n/a
Cargill Meat Solutions Corp.	2015-2023	380	Distribution & warehouse facility; min. \$13,000,000 in improvements; 400 jobs by 2021; \$400,000 in EIP's over 3 yrs; 50% Property Tax rebate for 2017-2023	400	573	478,799	21,368,543	342,058	confidential
Chatsworth Products	2018-2025	380	Lease facility for 7 years; invest at least \$1,200,000 to construct and/or install improvements; employ 40 FTE's; EIP of \$50,000 over 2 years.	40	51	50,000	3,806,646	3,395	n/a
ClearCorrect Operating, LLC	2013-2023	380	Create 100 jobs; invest \$1,500,000 in improvements; reimb. \$120,000 + \$30,000 for jobs over 120	100	299	150,000	3,389,239	126,880	confidential
Crow Group Series, LLC ²	2018-2023	380	Investment \$24,000,000 to construct 3 Class A office buildings- Phase 1 completed, Phase 2 complete by Dec. 2020, and Phase 3 complete by Dec. 2023. ED loan of \$2,200,000 with provisions for credits towards principal amount and forgiveness of interest if Crow complies with its development obligations.	n/a	n/a	2,200,000	1,701,283	20,901	n/a
Boardwalk Technology LLC (East/West Manufacturing)	2020-2026	501	Construct facility approximately 43,000 sq ft. Expend at least \$5 million in Real Property improvements and \$650,000 in Business Personal property. Retain 30 primary jobs and create 30 new primary jobs according to schedule. EIP of \$250,000 according to schedule.	n/a	n/a	125,000	n/a	n/a	n/a
EastGroup Properties Phase 1	2017-2024	380	Construct 2 buildings; invest minimum of \$7,000,000. EIP's of \$91,000 according to schedule.	n/a	n/a	61,000	36,407,134	275,328	n/a
EastGroup Properties Phase 2	2019-2026	380	Construct 2 buildings (Bldg 3 & 4). Expend at least \$9 million in Real Property improvements. EIP of \$96,000 according to schedule.	n/a	n/a	24,000	637,718	2,532	n/a
Fisher-Rosemount (Emerson)	2022-2023	380	Spend at least \$9 million to complete & install improvements. Add 50 to 60 new employees. EIP of \$250,000 when permit is issued and EIP of \$250,000 when CO is issued.	n/a	n/a	250,000	85,078,146	2,816,465	confidential

*Reminder: Most sales tax data is confidential



Summary as of 9/30/22, cont.

- Total Employees
 - Excluding Dell → Minimum – 2,966
Actual – 5,943



- Total Taxable Property Value
 - Excluding Dell - \$1.078 billion
 - TOTAL - \$1.633 billion

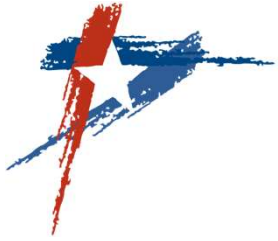




Summary as of 9/30/22, cont.

- 6 agreements approved but pending
 - Not at incentive payment phase at FYE
 - Still under construction or awaiting construction to start
 - Awaiting agreed upon milestones
 - Includes one addition to top ten City taxable value entities
 - The District





Net Return on City Taxes

	All Other	Total with Dell
Total Taxes	\$ 127,751,128	\$ 750,017,956
less incentives	(32,208,631)	(234,749,672)
Net taxes	\$ 95,542,497	\$ 515,268,284
% Return	297%	219%

*Indirect, induced or other economic benefits *not* included in calculation

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ED Agreement Annual Compliance Review

Questions/Comments



www.roundrocktexas.gov/transparency

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