

Industrial District Master Agreement Summary

Highlights

- Land Payment in Lieu of Taxes (PILOT) remains at 100% of the taxes the company would pay if it was in the City limits
- Existing Improvement’s PILOT increased 19% to 74.5% of the taxes the company would pay if it was in the City limits
- Will generate approximately \$5.0M in additional revenue for the City beginning in tax year 2025
- Companies without fire coverage will be charged an additional 15% for a total PILOT of 89.5%
- Every agreement will have a signed voluntary annexation petition that can be accepted if the company defaults of if there is any legislative change that would prevent the City from annexing in the future
- The City does not provide any city services to the companies within the Industrial Districts

Contract Provision	Current Agreement	Proposed Agreement
Land PILOT	100%	100%
New Improvements PILOT (Year 1-4 after the improvement is put in place)	0%	0%
Existing Improvements PILOT (Beginning year 5 after the improvement is put in place)	62.5%	74.5% (19% increase that will produce approximately \$5.0M in additional revenue beginning tax year 2025)
TCEQ Pollution Control Exempt Improvements PILOT	62.5%	0%
Business Personal Prop	0%	0%
Annexation	Involuntary Annex if there was a company default	<p>Signed voluntary annexation petition included with new contract that will protect the City if there is a legislative change that would prevent the City from annexing in the future. Will be accepted by City if:</p> <ol style="list-style-type: none"> 1. IDA land owner defaults 2. Texas legislature approves bill that will result in the prohibition of annexation. If annexation occurs for this reason, the 380 rebate agreement will be activated.
Term	10 year	15 year
Alternative Estimated PILOT (Fair Pay)	None	If the company files a lawsuit related to value and the CAD total cumulative value exceeds prior tax year by 20%, the company may pay an alternative estimated PILOT of the greater of the company determined market value or 120% of the prior tax year PILOT. Final payment will be the same as under the prior agreement.
Backflow Requirements	None	Company must install backflow/airgap in accordance with City Plumbing Code but the City may consider alternatives per the process defined in the new agreement.