

EXHIBIT “A”



TAX INCENTIVE & JOB CREATION POLICY

**CITY OF CARROLLTON, TEXAS
Economic Development
1945 E. Jackson Rd.
P.O. Box 110535
Carrollton, TX 75011-0535**

Policy Overview

The City of Carrollton is dedicated to achieving the highest quality of development, infrastructure, and quality of life for its citizens. These objectives are met, in part, by the enhancement and expansion of the city's economy. Additionally, the competitive nature of other municipalities on the local, state and international levels necessitates additional inducements to attract business to the community. The city's "pro-business" philosophy is designed not only to attract high quality companies but to retain them as well. These incentives are offered on a "case by case" review of each incentive application. Nothing herein shall imply or suggest that the city of Carrollton is precluded from considering other options which would further the best interests of the city. A reduction in Taxes may be granted by tax abatement or grant utilizing 380.001 of the Texas Local Government Code.

Additionally, the attraction of quality employers to the City, which positively contributes to the Carrollton economy, is a priority of the City. In order to recruit and retain such desirable employers and make Carrollton a place where companies wish to locate and invest, the City may provide job creation grants based on the number and type of new full-time equivalent positions. Performance-based job creation grants may be granted under the authority of section 380.011 of the Texas Local Government Code.

Review Criteria

Any consideration for a tax reduction is reviewed by the Carrollton City Council. The review process is considered on the "Value Added" elements of the project. A tax reduction applies only to new construction activities, whether a new facility or expansion of an existing building.

Value of New Construction Incentives

The subjective criteria for applicants' project outlines in Section 2 under Review Criteria will be used by the City Council in determining whether or not it is in the best interest of the city to recommend that a tax reduction be offered to a particular applicant planning to construct a new facility. Specific considerations will include the degree to which the individual project furthers the goals and objectives of community, as well as the relative impact of the project.

After it has been determined that a tax reduction be offered, the approximate value of that incentive can be calculated from the following table. However, this table should only be used as a guide for incentives, since each project is evaluated individually.

Value of Project	Terms of Reduction	% of reduction
\$50,000,000	10 years	50%
\$35,000,000	9 years	50%
\$20,000,000	7 years	50%
\$10,000,000	5 years	50%
\$ 5,000,000	3 years	30%

Expansion or Modernization of Existing Facility Values of Incentives

Overview:

A tax reduction will only be considered for the increase in valuation above the existing valuation of that property. This reduction will be a maximum of ten years. The amount and terms to be determined by factors such as: costs to the city, project's increased valuation to the tax base, new jobs and business expansion to the city as a result of the proposed project. Minimum standards proposed for an expansion project (except projects planned for business expansion in the I-35 Freeway Corridor) are:

1. 250 jobs created or retained
2. Expansion or modernization increases the valuation of existing facility by a minimum of 30%
3. 5-year lease, and not occupied by the owner

Facilities in the IH-35 Freeway Corridor

A tax reduction regarding expansion or modernization of existing facilities will only be considered for the increase in valuation above the existing valuation of that property. There is a maximum of ten years. New facilities may include reductions on real and personal for a maximum of ten years. Amount and terms of the reduction are determined by factors such as: costs to the city, projects increased valuation to tax base, and new jobs created by the new or expanded facility. Minimum standards for proposed expansions and new projects in the IH-35 Corridor are:

1. Locations within the Freeway Incentive Zone
2. New construction or expansion or modernization of an existing facility that increases the property valuation by at least 50%
3. 30 new jobs
4. 5-year lease, if not occupied by owner
5. Compliance with all applicable zoning requirements

Neighborhood Retail/Commercial Reinvestment

For reinvestment (either expansion or modernization) of existing sites or facilities built over 15 years prior to the date of consideration, a tax reduction or rebate will be considered only for the increase in valuation resulting from the reinvestment, and for a maximum of 10 years. Tax reduction or rebates will only be considered for those sites or facilities located in older neighborhoods or areas throughout the city. The amount and terms of the reduction will be determined on a "case by case" basis, considering factors such as age of the facility or site, the value of the reinvestment as a percentage of the previous year's assessed value, and the potential impact of the reinvestment project on the surrounding neighborhood.

Inventory Tax Reduction

New and Expanding Facilities:

The city of Carrollton may reduce the amount of inventory by a grant. This program is designed to encourage large inventory companies to relocate or expand in the city. Percentage of the grant is determined on a "case by case" basis. Total employment, inventory value, and facility value are some of the factors that determine the grant percentage. Minimum requirements are:

New Facilities:

- Minimum of \$50 million annual inventory
- Create at least 200 jobs
- Facility value of at least \$5 million

Existing Companies and Expanding Facilities:

- Minimum of \$40 million annual inventory
- Create at least 100 new jobs
- Expand existing facility by at least 50%

Restaurant/Office Incentive, Highlands Development

A tax incentive for new investment in sit-down restaurant or office projects in the Highlands Development will be considered for the increase valuation above the existing valuation of the property. Incentives are designed to stimulate the development of restaurants and offices for a limited number of years and in accordance with the following prescribed design and size:

1. Locations within Highlands Development
2. Minimum of 5,000 square feet of floor space
3. No drive-through windows or service
4. Maximum incentive length shall be five years
5. Maximum tax reduction shall be 30 percent
6. Must meet all zoning and other city requirements

Gasoline Service Station Rebate

For vacated gasoline service stations, which provide a threat to the public safety and a negative impact on surrounding property values, a rebate will be considered for facility demolition for the amount equal to demolition costs. The amount and terms of the rebate will be determined on a

“case by case” basis, considering factors such as age of the facility or site, the value of the property based on the historical assessed value, and the potential impact of the demolition project on the subject property as well as the surrounding properties.

Job Creation Grant

A performance-based job creation grant may be authorized in order to attract companies to, and/or retain companies in, Carrollton. Those companies hiring, and/or relocating, employees to Carrollton, which are paid an average annual full-time equivalent salary above the City's mean annual wage, may be eligible for a Job Creation Grant. Assistance may be provided by granting from \$100 up to \$2,000 per new job created and located in Carrollton. The City's current mean annual wage shall be determined by the current published Mean Annual Wage for All Occupations in the Dallas-Plano-Irving, TX Metropolitan Division, as reported by the Bureau of Labor Statistics.

For purposes of this policy, average annual salary shall be calculated by totaling the annual salary (to include any paid bonuses, commission and/or incentive pay) of all full-time positions in a given calendar year and dividing that figure by the number of positions.

Further, a full-time equivalent position shall be considered a position that is paid a total of two thousand and eight (2,080) hours annually and issued an Internal Revenue Service W-2 form by the employer.

Each application is determined on a case by case approach and provision of the grant shall be at the sole discretion of the City Council.