

TETRA PAK INC. TEXAS ENTERPRISE ZONE PROJECT NOMINATION

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TEXAS ENTERPRISE ZONE (TEZ) PROGRAM OVERVIEW

- TEZ is a State economic development tool to promote job creation and capital investment in economically distressed areas.
 - The program requires a partnership with local communities through the local nomination/designation process.
- Successful applicants are eligible to apply for state sales and use tax refunds on qualified expenditures.
- The program provides reimbursements according to the level of capital investment and number of jobs created/ retained for economically disadvantaged individuals or veterans.

TEXAS ENTERPRISE ZONE PROGRAM OVERVIEW

Level of Capital Investment	Maximum Number of Jobs Allocated	Maximum Potential Refund	Maximum Refund Per Job Allocated
Half Enterprise Project \$40,000 to \$5,000,000 or more	250	\$625,000	\$2,500
Enterprise Project \$5,000,000 to \$149,999,999	500	\$1,250,000	\$2,500
Double Jumbo Project \$150,000,000 to \$249,999,999	500*	\$2,500,000	\$5,000
Triple Jumbo Project \$250,000,000 or more	500*	\$3,750,000	\$7,500

**Double and Triple Jumbo Projects may not count retained jobs for benefit.
A Double Jumbo and Triple Jumbo Project must create at least 500 jobs.*

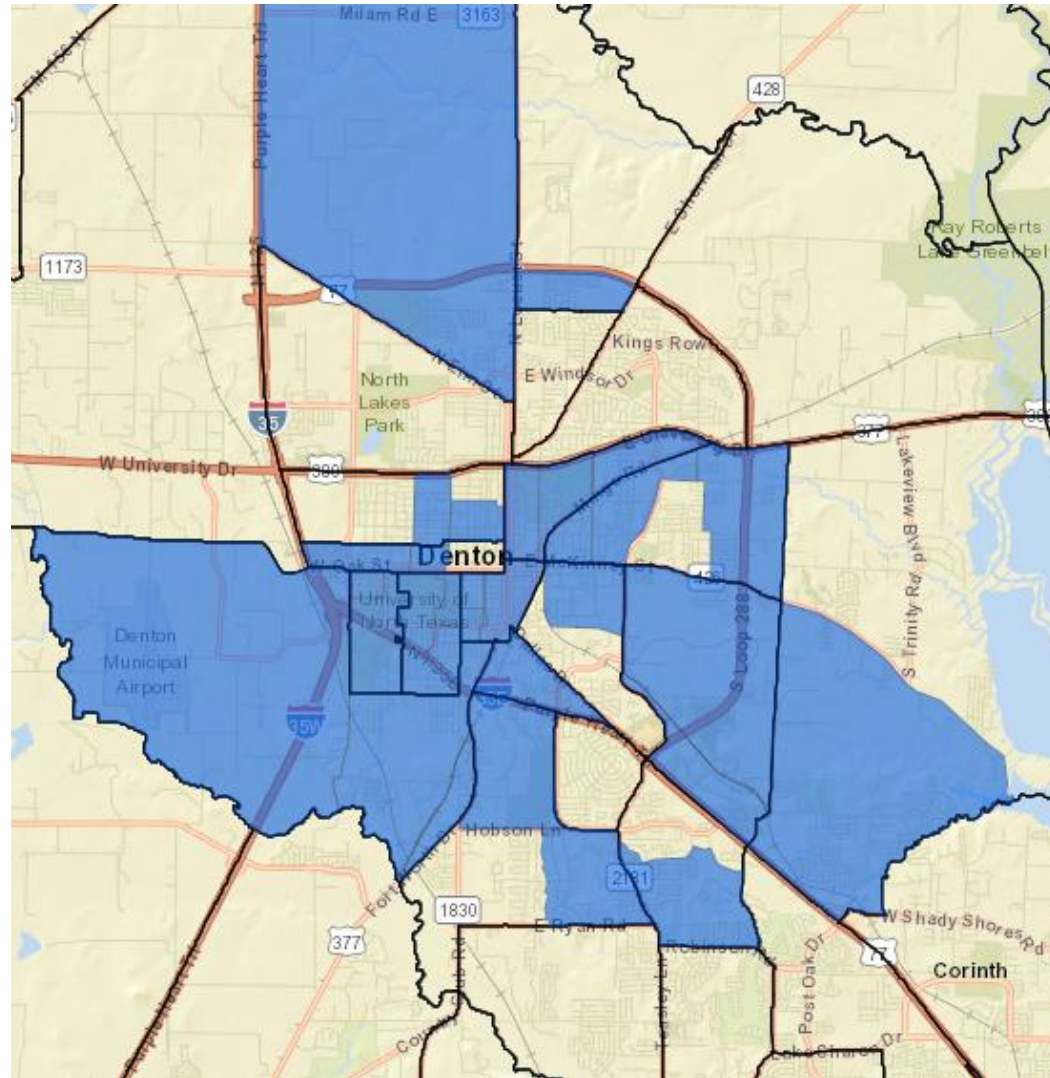
- Potential incentive value is calculated by:
 - Determining the capital investment level.
 - Multiplying the potential number of jobs created by the maximum refund per job (according to the level of capital investment).

TEXAS ENTERPRISE ZONE PROGRAM PROCESS

- To apply for TEZ, a project must seek nomination from the local community.
 - Communities have limited number of project designations, and the state has a maximum number of designations that can be awarded in the biennium.
- Denton held a public hearing and adopted Ordinance 18-1366 in 2018, which confirmed Denton's participation in the TEZ program and allows Denton to make nominations by resolution.

TEZ PROGRAM CRITERIA

- Projects can be physically inside or outside an Enterprise Zone.
 - **Inside:** Company commits that 25% of employees will meet economically disadvantaged criteria, be residents of an enterprise zone, or be veterans.
 - **Outside:** Company commits that 35% of employees will meet economically disadvantaged criteria, be residents of an enterprise zone, or be veterans.



TEXAS ENTERPRISE ZONE PROGRAM CRITERIA

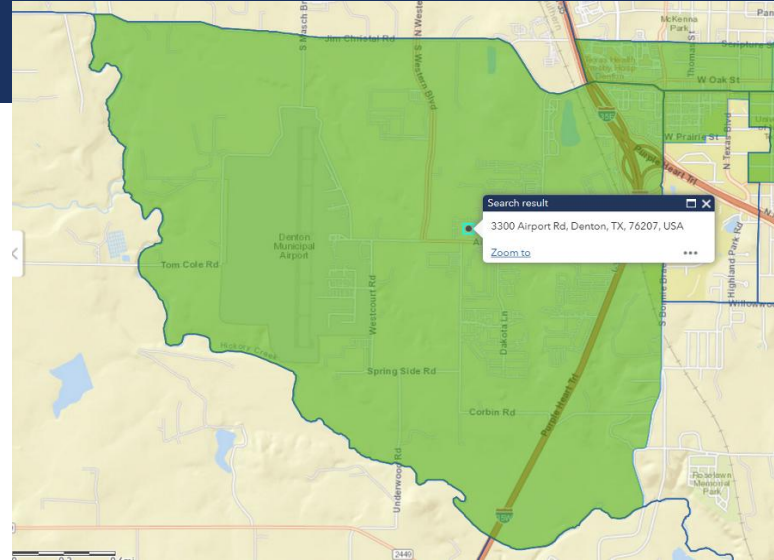
- Project designations are good for 5 years.
- Jobs must work 1,820 hours minimum per year.
- Jobs must exist through end of designation period, or at least 3 years after the date on which a state benefit is received, whichever is later.
- State application deadlines are the first working day of March, June, September, and December.

PROPOSED NOMINEE: TETRA PAK INC.

- Tetra Pak Inc. has submitted a request to the City for consideration of nomination to TEZ as an Enterprise Project.
- The company will be investing approximately \$12 million at the Denton facility.
 - \$1.5 million for gas-powered rooftop HVAC units with more energy-efficient electric alternatives
 - \$7 million for facility enhancements such as employee breakroom upgrades and replacement of roofs
 - \$3.5 million to complete the build-out of the Customer Innovation Center, which will serve as a collaborative space where Tetra Pak can meet directly with clients to develop innovative and customized product packaging solutions

PROJECT ELIGIBILITY

- Current facility is located within an Enterprise Zone.
 - Tetra Pak to invest \$12 M
- Project is an Enterprise Project:
 - Investment of \$5M to \$149.99M
 - Max Jobs Allocated: 500 (\$2,500/job)
 - Max Potential Refund: \$1.25M
 - Estimated maximum refund: \$800K
- City must nominate project



BENEFITS

- To Tetra Pak:
 - A state sales and use tax refund of up to \$1,250,000 (500 (cap) full-time jobs X \$2,500 per job)
- To Denton:
 - 25% of new jobs created or existing positions that turn over will be filled by people who are either economically disadvantaged, are residents of an enterprise zone within the City's jurisdiction, or are veterans.
- Nominating Tetra Pak enables Denton to assist the company in receiving state tax refunds.
- Nominating Tetra Pak to the program has no fiscal impact to the City of Denton.

STAFF RECOMMENDATION AND NEXT STEP

- EDPB recommend that City Council approve a Resolution nominating Tetra Pak, Inc. as an Enterprise Project.
- **Next Step:** City Council Individual Consideration – Future City Council Meeting upon completion of the company's state application



QUESTIONS?