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RESOLUTION NO. 44-2026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, ADOPTING THE CITY OF MESQUITE ECONOMIC DEVELOPMENT INCENTIVE POLICY AND PROGRAM GUIDELINES; AND DECLARING AN EFFECTIVE DATE OF JANUARY 1, 2027.

WHEREAS, the Mesquite Economic Development Advisory (MEDA) Board approved recommendations for a new incentive policy and program guidelines during their annual workshop; and

WHEREAS, the proposed policy provides base-line guidelines for economic incentive to the applicant's role in the project (developer, company, or small business) and allows flexibility through identifying either / or criteria in accordance with City Council Strategic Goals and the Economic Development Strategic Plan; and

WHEREAS, the policy outlines programs available for targeted development initiatives as well as includes an application process to streamline efficiency; and

WHEREAS, the City Council has completed its review of the City of Mesquite Economic Development Incentive Policy and Program Guidelines (collectively, the "**Incentive Policy**") and desires to adopt the Incentive Policy attached hereto as Exhibit A and made a part hereof.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS:

SECTION 1. That the City of Mesquite Economic Development Incentive Policy and Program Guidelines, attached hereto as Exhibit A and made a part hereof, is hereby adopted.

SECTION 2. That this Resolution and the aforementioned Incentive Policy shall be effective as of January 1, 2027.

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 2nd day of November 2026.

Signed by:
Daniel Alemán, Jr.
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Daniel Alemán, Jr.
Mayor

ATTEST:

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Sonja Land
C2518095973F46A...

Sonja Land
City Secretary

APPROVED AS TO LEGAL FORM:

Signed by:
David L. Paschall
666E18891208434...

David L. Paschall
City Attorney

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EXHIBIT A

City of Mesquite Economic Development

Incentive Policy

and Program Guidelines

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CITY OF MESQUITE, TEXAS

Economic Development

ECONOMIC DEVELOPMENT INCENTIVE POLICY AND PROGRAM GUIDELINES

1.00 Purpose

The purpose of this policy is to establish clear guidelines and criteria for the consideration, evaluation, approval, and administration of economic development incentives granted by the City of Mesquite. Incentives are intended to stimulate high-quality development, support strategic economic growth, enhance job creation and retention, encourage redevelopment and/or modernization of existing facilities, expand the City's tax base, and promote long-term community vitality. This policy ensures transparency, consistency, fiscal sustainability, and alignment with the City Council's strategic goals and the Economic Development Strategic Plan.

Incentives are intended to serve as competitive tools and programs. Awardees shall be evaluated based on both quantitative and qualitative public benefits. The City may consider projects that provide substantial strategic or community benefit even if certain quantitative thresholds are not fully satisfied.

2.00 Policy Statement

The City of Mesquite is committed to the promotion of high-quality development throughout the City to improve quality of life and opportunities for its citizens. As a primary effort meeting these goals, the Mesquite City Council adopted Guidelines and Criteria for granting Business Incentives as authorized by Chapter 380 of the Texas Local Government Code and subject to formal application process.

These Guidelines and Criteria provide policy benchmarks governing Business Incentive applications and agreements in accordance with City Council Goals and the Economic Development Strategic Plan.

Nothing in this policy implies or suggests that the City is under any obligation to provide Business Incentives to any applicant. All applicants shall be considered on a case-by-case basis, and the decision to approve or deny a Business Incentive shall be at the discretion of the City Council. Further, it is the policy of the City to grant Business Incentives for the purpose of attracting new businesses, industry, and destination attractions to the City, encourage expansion, redevelopment, and/or modernization of existing business facilities, revitalize targeted areas, and participate with infrastructure projects resulting in the creation and retention of job opportunities resulting in new revenue generation within the City.

This policy applies to owners and lessees of real property and provides for financial and non-financial incentives and programs that the City may provide pursuant to Texas Local Government Code Chapter 380. Special terms and conditions will be set in agreements governing each individual Business Incentive and program. All

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incentives and programs are subject to annual appropriation of funds as adopted in the annual budget and approved by the City Council. Application does not guarantee award.

Priority is given to identified Target Industries, designated target development and Redevelopment Areas, greenfield development and projects with Extraordinary Development Costs. Sustainable practices, contribution to Public Amenities, investment in community enhancements, and meeting minimum project specific criteria in Section 6.00 are also given priority.

3.00 Definitions

1. "Ad Valorem Taxes" means real property (land and permanent improvements) and tangible business personal property (tangible, movable assets and equipment) taxes authorized and collected by or on behalf of the City pursuant to Section §11.01 of the Texas Tax Code.

2. "Annual Compliance Report" means the document required to be submitted by incentive awardees after completion of each incentive year.

3. "Building" and/or "Facility" means any structure or edifice that provides shelter or enclosure, covered by a roof used for public business purposes.

4. "Business" means any legally established entity engaged in producing, selling, distributing, or providing goods or services within a publicly accessible facility in the City with 25 or more employees and annual revenue of $1M or more.

5. "Business Incentive" means any financial or non-financial inducement offered by the City of Mesquite to a business entity. All incentives must demonstrate public benefit and fiscal responsibility.

6. "Capital Investment" means expenditures directly incurred and associated with Redevelopment, renovations, replacements, infrastructure, upgrades and other alterations, changes, modifications, additions and/or physical improvements to Buildings and Facilities and/or a property. The term Capital Investment will not include (1) routine maintenance, costing less than $10,000, and performed as part of a single project, (2) land acquisition costs, or (3) business personal property including, but not limited to, furniture, fixtures and equipment.

7. "Chapter 380 Agreement" means the binding document outlining the terms and conditions for an incentive as allowed by Texas Government Code.

8. "City" means the City of Mesquite, a Texas home rule municipality.

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9. "City Council" means the duly elected governing body of the City of Mesquite responsible for approving, amending, or denying economic incentives.

10. "Company" means a business entity occupying a commercial building within Mesquite as a tenant and/or an owner.

11. "Destination" means a place offering a range of experiences, especially to travelers.

12. "Developer" means a property owner or authorized representative engaged in Land Development, Redevelopment, or construction activities within the City.

13. "Downtown Mesquite Development Advisory Board" means the advisory body appointed by the City Council to provide recommendations regarding economic development policies, incentive programs, and strategic priorities within the Downtown program and ancillary areas surrounding Downtown Mesquite.

14. "Employee" means a person working full-time as an Employee of a Company. For job-count purposes, an Employee and their replacement shall be counted as one Employee.

15. "Entertainment" means a business facility providing amusement, recreation, and/or leisure activities.

16. "Expansion" means Capital Investment which results in an increase in size, scale, and physical footprint of a Company.

17. "Extraordinary Development Costs" means physical, environmental, or infrastructure-related circumstances that significantly increase the cost and/or complexity of developing a property.

18. "Full-Time Job" means a permanent Employee requiring at least 35 hours per week, located at a Mesquite Company, and receiving full employer benefits.

19. "Grant" means an incentive payment based upon a rebate of taxes paid to the City and returned to the incentive awardee, or other payment based upon the terms of an agreement.

20. "Incentive Application" means the document required as submittal for evaluation of eligibility to be considered for a City incentive.

21. "Industrial" means a facility or development primarily engaged in manufacturing, fabrication, assembly, processing, logistics, distribution, warehousing, or similar industrial activities contributing to the production or movement of goods.

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22. "Land Development" means the planning, subdivision, preparation, construction, or improvement of land for commercial, Industrial, Retail, mixed-use, or related purposes, including grading, utility extension, drainage improvements, and site preparation.

23. "Large Employer" means a company in a designated target industry with at least 50 full-time Employees receiving comprehensive benefits.

24. "Median Wage" means the statistical midpoint wage for all occupations within the Company, as determined by the most recent available data from the Texas Workforce Commission, U.S. Bureau of Labor Statistics, or an equivalent source approved by the City.

25. "Mesquite Economic Development Advisory (MEDA) Board" means the advisory body appointed by the City Council to provide recommendations regarding economic development policies, incentive programs, and strategic priorities.

26. "Modernization" means the upgrading or replacement of existing equipment to increase productivity, extend facility life, enhance technology or reduce operating costs. Modernization may include construction, alteration, or installation or buildings, structures, machinery, or equipment.

27. "Municipal Sales/Use Tax" means sales and use taxes authorized under Section 321.101(b) of the Texas Tax Code, including Type B sales/use tax and property-tax-relief sales taxes, excluding any taxes prohibited from use in economic development incentives.

28. "Pro Forma" means financial projection submitted by an applicant that outlines anticipated development costs, revenues, operating expenses, taxable value, and other financial assumptions demonstrating project feasibility.

29. "Productive Life" means the expected number of years an improvement or asset will remain in service at a facility.

30. "Program" means a planned and promoted activity designed to foster business growth.

31. "Property Improvements" means construction of significant enhancements or alterations that extend a property's useful life, adapt it for new purposes, and/or increase its value.

32. "Public Amenities" means enhancements benefiting the public, including landscaping, sidewalks, plazas, public art, pedestrian features, or similar improvements accessible to the public.

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33. "Public Infrastructure" means improvements owned, maintained, or operated by the City, including roads, utilities, drainage systems, and public spaces impacted by development.

34. "Redevelopment" means a project involving the substantial improvement, repurposing or reconstruction of an existing Building and/or Facility or site to restore economic viability, correct functional or visual deterioration, or adapt the property for new productive use.

35. "Redevelopment Area" means a geographic area designated by the City for targeted reinvestment to support revitalization, Redevelopment, and economic activity.

36. "Retail" means a business engaged in selling goods or services directly to consumers.

37. "Shopping Center" means a collection of independent retail stores, services, other establishments, and parking area constructed and maintained by one owner or management firm.

38. "Small Business" means a for-profit legal entity operating in the City of Mesquite with fewer than 25 Employees or annual revenue below $1 million.

39. "Target Area" means geographic areas designated by the City Council for focused Redevelopment, reinvestment or economic activity based on strategic priorities, existing Public Infrastructure, Redevelopment needs, or potential for economic impact. Target Areas may include corridors, commercial districts, industrial zones, mixed-used areas, or special planning areas identified by the City.

40. "Target Industries" means business sectors identified by the City Council, based on recommendations from the Mesquite Economic Development Advisory (MEDA) Board and market analysis, as priority industries for recruitment, retention, expansion, or incentive support. Target industries typically align with regional economic strengths, emerging market opportunities, and the City's long-term economic development strategy.

41. "Tax Increment Reinvestment Zone (TIRZ)" means a special economic development tool used by Texas municipalities and counties to fund public infrastructure under Chapter 311 of the Texas Tax Code.

4.00 Procedural Guidelines

- **Application Process:** Applicants shall submit a completed Incentive Application to the Economic Development Office, including detailed project descriptions, financial

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information, property map, timeline, overview of business plans, pertinent information as applicable to the project, and the applicant's Business Incentive request. Applicants will be given the opportunity to provide additional information as requested by staff.

- **City Review:** The Economic Development Office will prepare a cost-benefit analysis and assess community impact to determine if the project pre-qualifies for consideration of a Business Incentive by the City Council. Staff shall notify the applicant of pre-qualification status, after which pre-qualified applications may be taken to the City Council to consider the request in accordance with state law.

- **Qualification:** If qualified, the City will enter into drafting a formal incentive agreement (Chapter 380 Agreement) document outlining the Capital Investment, performance obligations, reporting requirements, recapture provisions, and all other terms and conditions. The City and the applicant will agree on the document prior to requesting formal approval by the City Council.

- **Approval:** After a public hearing allowing any interested person the opportunity to support or oppose the agreement, the City Council will vote on the approval or denial of the agreement. If approved, the City shall formally pass a resolution and execute the Chapter 380 Agreement with the applicant. All executed agreements are public documents and will be available to the public on the City website and registered with the State of Texas.

- **Denial:** Applicants may be denied for failure to meet minimum criteria, insufficient financial capacity, commencement of construction prior to application, adverse tax impacts, code violations, or any other reason deemed appropriate by the City.

- **Compliance:** Business Incentive recipients are responsible for making payment requests accompanied by an Annual Compliance Report containing information as required by the agreement including data as applicable to the agreement, such as Capital Investment verification, Municipal Sales/Use Tax and/or Ad Valorem Tax paid to the City, evidence of community contributions, Full-Time Job count/wage data, and other relevant data. Agreements shall include recapture provisions and conditions for payment eligibility.

5.00 General Criteria

- The City will evaluate applications based on baseline criteria per the type of incentive program, including whether a project utilizes underperforming assets, diversifies the economic base, expands local markets, supports local industry or demonstrates good corporate citizenship.

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- Projects must comply with all applicable City ordinances, including zoning requirements and other entitlements.
- Eligible facilities include Buildings and Facilities, new developments, and improvements to existing facilities for expansion, Redevelopment, or Modernization, especially in Redevelopment Areas and supporting Target Industries.
- Incentives may be provided only for new value creating increased Ad Valorem Tax collections after execution of the incentive agreement and/or new Municipal Sales/Use Tax revenue made after the execution of an incentive agreement as specified between the City and the property owner or lessee, subject to limitations as the City in its discretion may require. Exceptions may be considered as the City may allow for Extraordinary Development Costs.
- Land, inventory, supplies, tools, moveable personal property, housing, and property with a Productive Life of less than ten years is ineligible for incentives.
- If a lessee is awarded a Business incentive relative to modifications to a leased Facility, the agreement shall be made with the lessee with written permission from the lessor.
- The City may evaluate a variety of supplemental considerations when determining whether to provide a Business Incentive, as well as the appropriate amount, type, and duration of such incentive. As applicable, these considerations may include, but are not limited to:
    - The current Ad Valorem Taxable value of the land and any existing improvements
    - The nature, scale, and value or the proposed Capital Investment
    - The expected Productive Life of improvements
    - The number of existing Full-Time Jobs to be retained
    - The number, type, and quality of new Full-time Jobs to be created
    - The amount of local payroll associated with retained and newly created Full-Time Jobs
    - The extent to which new Full-Time Jobs are expected to be filled by persons residing within the City or surrounding taxing jurisdictions
    - The amount of new local Municipal Sales/Use Tax revenues generated directly by the project

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- The amount of Ad Valorem Taxes to be generated during the term of the incentive, considering existing values, proposed improvements, and value after expiration of the incentive
- The anticipated increase in property valuation during and after the incentive period
- The costs incurred by the City to provide public services or infrastructure necessary to support the project
- Population growth or demographic changes attributable to the project
- The type, cost, and public value or any Public Infrastructure and/or improvements to be constructed by the applicant
- Whether the proposed project would materially compete with existing businesses in a manner detrimental to the local economy
- The broader impact on business opportunities for existing businesses in the area
- The likelihood that the project will attract additional new businesses or investment to the City
- The extent to which the project is environmentally compatible and maintains or enhances the quality-of-life standards
- The degree to which the project supports Redevelopment goals or Target Area plans by improving functional or visual characteristics such as traffic circulation, parking, facades, signs, materials, architectural quality, Public Amenities, or reversal of deferred maintenance
- The suitability and strategic value of the project's location within the City

- Applicants are not required to meet every criterion listed above; however, the cumulative benefits must justify the use of public funds. The City Council retains discretion to consider additional factors or to weigh certain criteria more heavily based on community priorities, fiscal impact, and alignment with City Council policy goals and the Economic Development Strategic Plan.
- Meeting the requirements of this policy does not create the right or entitlement to receive an incentive.

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6.00 Project Type Guidelines and Programs

Developer Incentive Guidelines

Developer projects are focused on construction, reconstruction, and land development investments which enhance real estate value and viability for accommodating and attracting Businesses and Companies to the City.

Incentive consideration will be given to catalytic/transformational development projects supporting Land Development, construction and/or Redevelopment of Building(s) and Facilities, including Industrial construction and mixed-use development, Retail investment/reinvestment, and Shopping Center development/Redevelopment.

- **Baseline Criteria:** Eligible projects meeting minimum Capital Investment thresholds of **$10** million for Industrial or commercial/mixed-use projects, and **$2** million for Retail and Shopping Centers will be given priority consideration for Business Incentives. Projects must contribute to Public Infrastructure and/or Public Amenities, support designated Target Industries and/or areas, or address Extraordinary Development Costs.

- **Incentive Types:** Incentives may include rebate-based Grants based upon Ad Valorem Taxes and/or Municipal Sales/Use Tax received by the City and/or development fees paid to the City, City participation in Public Infrastructure improvements, and reimbursements for eligible Public Amenities. Incentives may be awarded typically for a term of no more than ten years (some exceptions may apply/TIRZ agreements.)

Business and Company Incentive Guidelines

Business and Company projects are focused on attracting new or expanding existing occupants to the City, either as a tenant or an owner within developed real estate, which provide job opportunities and elevate the City's quality of life.

Incentive consideration will be given to projects which enhance the City's market position by locating, expanding, creating new and/or retaining Target Industry jobs, and to the establishment of Retail, Entertainment, and/or Destination attractions.

- **Baseline Criteria:** Industrial and commercial applicants which align with Target Industries, commit to a 10-year operational period, and invest a minimum of **$10** million in new or additional business personal property and/or an Expansion will be given priority consideration for Business Incentives. Large Employer applicants are prioritized for creating, expanding,

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or retaining at least 50 Full-Time Jobs based at the Mesquite location that pay Median Wages exceeding the existing City Median Wage by at least 10 percent.

Retail, Entertainment, and Destination Companies which commit to a ten-year operational period and demonstrate at least **$5** million in annual taxable sales resulting in additional Municipal Sales/Use Taxes are given priority consideration for incentives. Retail, Entertainment, and Destination Companies are not subject to job and wage requirements.

- **Incentive Types:** Incentives may include rebate-based Grants related to Ad Valorem Taxes and/or Municipal Sales/Use Tax paid to the City. The term of incentives typically shall not exceed ten years.

Small Business Programs

Small Business projects are supported by Programs that enable entrepreneurship growth through business best practices, education, and collaboration, and promoting existing and new Small Businesses in the City. Small Businesses include but are not limited to restaurant, Retail, service, and manufacturing types.

incentives and Programs for Small Businesses are provided through SPUR as well as Property Improvement programs (in designated target areas as available.)

- **SPUR Program:**
    - The City, in conjunction with subject experts plus area, regional, state, and national Small Business resources, offers year-round low-cost/no-cost educational classes, mentorship and consortiums, financial guidance, and promotional training and opportunities locally. Classes and meetings take place in Mesquite, including one-on-one business counseling for attendees. Activities range from free to a nominal fee to cover materials. This program is open to all registrants at spurmesquite.com.

- **Property Improvement Programs:**
    - All applicants for Property Improvement incentives shall be required to complete business counseling and/or project planning assistance, provide a Pro Forma and proof of financial eligibility, documentation of market demand, and a marketing plan (planning assistance available through the SPUR program), or the equivalent, to be considered for financial incentives associated with current Property Improvement

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Programs. Property Improvements located within Target Areas as directed by the City Council's annual strategic goals will be given priority consideration.

- **Façade Grant Program:** This program supports exterior improvements in designated Target Areas, offering reimbursement of up to 50 percent of eligible costs up to $40,000; rebate limited to $20,000. Projects require an approved architectural plan, contractor bid, and a minimum three-year lease or proof of ownership.

- **Future programs:** This policy covers new programs that may exist in the future as adopted by the City Council as long as this policy is in effect, subject to annual budget appropriation.

7.00 Administration

- The City may vary the terms of an incentive agreement where the proposed project demonstrates substantial Capital Investment, delivers significant public benefit, or reflects extraordinary economic or community impact as determined and approved by the City Council.

- In addition to staff review, certain program applications and this policy are subject to review by the Downtown Mesquite Development Advisory Board and/or the Mesquite Economic Development Advisory (MEDA) Board, and/or other governing bodies which provide recommendations to the City Council.

- This Economic Development Incentive Policy and Program Guidelines document shall remain in effect upon adoption and shall continue unless amended or repealed by the City Council. The City Council may review this policy annually as part of the City's budget cycle and may request an annual account for the total dollar amount of incentives awarded and paid, along with a summary of compliance with active agreements. The Mesquite Economic Development Advisory (MEDA) Board may provide recommendations for program updates based on annual performance analysis and strategic economic development priorities established by the City Council.

Adopted by City Council: November 2, 2026