



TEDC 2024 CEDA APPLICATION

All Applications Must Be Received by August 16, 2024

The 2024 CEDA nominations will be judged in each of the five categories that have made the most significant contribution to economic development in their community and the State of Texas.

AWARD CATEGORIES

The CEDA will be awarded to one community from each of the following five population categories: (as currently marketed). Mark the population category for which you are applying. In addition to CEDA by population, applicants will be considered for five criteria awards such as: Innovativeness, Transferability, Community Commitment & Leverage, Measured Objectives and Secondary Benefits.

- Population less than 10,000 _____
- Population 10,001 to 20,000 _____
- Population 20,001 to 50,000 _____
- Population 50,001 to 100,000 _____
- Population 100,001 to 250,000 _____
- Population 250,001 and above _____

NOMINATION:

Name of Community: _____

TEDC Member Name: _____ (individual member, not organization)

Telephone #: _____

Email Address: _____

Community Population (as currently marketed): _____

Community/Organization Linked-In Profile: _____

Application Submitted By: _____

Email Address: _____

Media Contacts: [optional]

Organization: _____ Contact Name: _____

Email Address: _____

Organization: _____ Contact Name: _____

Email Address: _____



Kaufman EDC-Trinity Valley Comm. College Land Acquisition Partnership
TEDC 2024 Community Economic Development Awards Application

The City of Kaufman is the county seat of Kaufman County, ranked three years in a row as the fastest growing county in United States by percentage growth. In late 2021, it was quickly recognized by land generation efforts that today's industrial projects require greater site needs than in the past. With projections to double our city's population by the end of the decade, Kaufman was at a crossroads: either building out primarily as a bedroom community or leveraging the current available land assets to diversify the local tax base and support future industry attraction. Due to our city's status as the county seat, we have historically enjoyed a strong base of public administration jobs with an additional mix of healthcare, small manufacturing and retail/service positions. The overall tax base reflected this, as well, with over \$200 million of the citywide values being tied up in tax-exempt property (roughly 20% of the city's entire values base).

Since homes primarily don't generate the same level of revenue for a community as commercial/industrial property, the KEDC began looking for opportunities to entitle available land for future industrial uses. The KEDC had a small business park with sites from 1.5 to 15 acres along with a 40-acre tract located off US Highway 175 next to the new county courthouse. Constrained by an annual budget of about \$600,000 and existing debt, the KEDC identified land pricing as a major factor in selecting a tract that could meet the size and infrastructure needs of most medium and large prospects. Further, being in a post-COVID economy, the industrial spec developers identified our market as too "green" for them to acquire land and construct a privately owned industrial park.

Trinity Valley Community College (TVCC) owned a 105-acre tract adjacent to the KEDC's 40-acre tract off US Highway 175. Utilities were located along the frontage of the site along with southern access via an existing road at the intersection of US Highway 175. In addition, the County was in the process of using bond funds to plan construction of a road on the northern end of the KEDC's site with connection to US Highway 175 and State Highway 34. Therefore, it was recognized the entire combined 145 acres of this site could create a desirable location for industry with minimal site preparation costs.

In November 2021, a meeting was held with the TVCC President to discuss their future plans for the land. This land had been gifted to the College through an estate. Initially they thought

about a workforce training center campus along with potentially selling off a portion of the property. Following initial discussions, a set of conversations began for a period of about 2 years. There were multiple ideas put on the table, including selling a portion to the school district, selling a portion to the KEDC, selling the entire site to one user, building a College campus, etc. The College even engaged an engineer to assist in land planning and dividing the site.

Fast forward to early 2023 and the College President decided to retire at the end of the spring semester. In March 2023, the KEDC retained Range Realty in Dallas as a buyer agent in working to negotiate and obtain part of the property. An offer was made in April 2023 to TVCC for the KEDC to acquire approximately 66 acres adjacent to the 40 acres already owned at \$25,000 an acre. At the College President's retirement ceremony in May 2023, a member of the Board of Trustees encouraged the KEDC to acquire the entire 105 acres. This created a degree of concern with the KEDC related to the potential financial impacts and debt service implications. However, the College decided they simply wanted to sell the entire site to one owner and abandoned the idea of building a new training center on the land. Another challenge were the legal ramifications given TVCC's ownership and public sale laws for government-owned property. If it were to spark a competitive sale process for top dollar, the KEDC could be put at a competitive disadvantage given purchasing power.

In June 2023, the new TVCC President found out the property was in the name of TVCC's Foundation, a 501(c)3 instead of a governmental entity, which allowed for a private negotiation process on price and terms instead of a public sale offering. The Foundation solicited an appraisal of the land last summer which came back at \$3,361,000 (about \$32,000 an acre), which was financially out of reach for the KEDC. Despite the high cost, the Foundation was willing to work to find a mutually beneficial price for both parties.

Following this conversation, the KEDC engaged David Pettit Economic Development to assist in assessing the potential taxable value impact upon buildout of TVCC's 105 acres plus the adjacent 40 acres owned by the KEDC. Knowing the KEDC couldn't afford the appraised value of the property, assessing the overall ad valorem financial benefits to the College was identified as a way to showcase the impact and benefit over a sub-market purchase price. The study assessed potential land uses including manufacturing, cold storage and food processing as targeted industries for the property. It concluded that the site would conservatively generate \$337,500,000 in new taxable values upon full buildout for the City of Kaufman, TVCC and other taxing districts – a 40% increase over the City's entire taxable value base of approximately \$800 million at the time. This would obviously generate significant perpetual financial benefits for the College based on their property tax rate. Also, the entire site is located in a federal Opportunity Zone tract which qualifies for a higher abatement from school district taxes under the state's JETI Act program that passed the Texas Legislature as negotiations were underway.

Work was done by the KEDC and Range Realty in assessing a reasonable purchase price for the property. In working with lending partners at Government Capital, the KEDC was able to

structure an annual payment plan that would grow with the KEDC's budget over time. On September 11, 2023, the KEDC offered the TVCC Foundation a purchase price of \$2,750,000 for the 105 acres (roughly \$26,200 an acre). Further, the new College President had identified workforce and corporate training as a significant opportunity for the College to expand into given the major industry base in their five-county territory. A small building in Kaufman that formerly housed the TVCC Health Science Center had been underutilized by the College since 2016 after relocating the program to another community. As an additional component of the acquisition, the KEDC committed \$100,000 to the College to facilitate renovations of the College's building into functional space for corporate and workforce training programs. A handshake was made that day to terms for moving forward on the sale.

Since the TVCC Foundation would endow the \$2.75 million for student scholarships, the KEDC requested a 50% tuition scholarship for City of Kaufman and Kaufman ISD employees seeking to enroll in a TVCC degree or certificate program. The TVCC Foundation graciously agreed to providing this benefit. Subsequently, the KEDC Board of Directors and Kaufman City Council approved the purchase and debt issuance with closing on the property held October 30, 2023. Starting this fall, the KEDC will work on additional entitlements with a flexible industrial planned development zoning overlay and concept plan that will ensure quality development with proper zoning to help foster the speed to market needed for industries that will call this site home. This will coincide with the ongoing construction and completion of the northern boundary county road that should be done around spring 2025.

While this was a multi-faceted deal, the process of negotiating this acquisition touched on all criteria of CEDA. It was also a textbook application of economic development and the power of EDCs in working to positively influence the trajectory of a community.

- Innovativeness – The KEDC used an innovative approach beyond a simple transaction in creating long-term partnerships with stakeholders along with creative measures in financing the project. Beyond the taxable values and job creation, it fosters new workforce training opportunities for the College with industry that locates on the site and a closer bond between the City, School District and TVCC (something that was previously strained).
- Transferability – Nearly every community has the presence of a local nonprofit foundation or related entity that may hold real estate assets. By leveraging relationships with these partners and showcasing the mutual benefits of working together, tremendous opportunities can be achieved to attract desired business and a greater tax base.
- Community Commitment & Leverage – By leveraging the Type A EDC sales tax to acquire the property and provide funds to renovate TVCC's Kaufman Campus, Kaufman sits in a much more competitive position to attract desirable target industries. It also allows us to compete with larger cities in the DFW metroplex and beyond given the land is held by the KEDC and not a private investor. Government

Capital Corporation's collaboration in creating a desirable financing arrangement allowed the KEDC to acquire a larger site while accounting for the KEDC's future revenue growth. Further, the site's location within a Federal Opportunity Zone tract creates tremendous opportunity for companies wishing to take advantage of the new Jobs, Energy, Technology and Innovation (JETI) Act by obtaining a 75% abatement for their project from the school district vs. 50% for sites located outside an Opportunity Zone. The county's participation in constructing the SH 34/US 175 connector road on the northern edge of the site also leverages infrastructure development for the site without having to be funded by the KEDC or City. Potential use of skills development fund dollars could be realized by the College to provide training for industries that decide to locate on the property, as well. The \$100,000 grant for facility renovations also gives new life to an underutilized building that TVCC can employ for a special purpose in meeting the training needs of companies throughout Kaufman County.

- Measured Objectives – In working with David Pettit Economic Development on the taxable value analysis of the site, the KEDC was able to convince TVCC to sell the property below market value due to the tremendous taxable value impact the site will have upon buildout. It also provides a benchmark in working with industries assessing Kaufman as a location to determine if the project's capital investment will generate the desired return. The KEDC now has the ability to control the quality of jobs (wages/benefits) and aesthetics of the buildings to ensure long-term viability.
- Secondary Benefits – By working with a local educational entity on this transaction, the social impact of this partnership must be emphasized. The 50% tuition discount for City of Kaufman and Kaufman ISD employees to better themselves and their livelihoods is a great asset for both organizations in employee recruitment and retention. Also, the scholarships the Foundation will provide through the endowment of these funds to TVCC students will make a major impact for many young people. This investment was not just in land but in the lives and human capital of the people of Kaufman and our area, something an EDC should always keep front of mind as a nonprofit corporation. This impact will continue for decades to come as we grow into the future as a community. Additional secondary benefits include building upon our daytime population to provide additional primary jobs that patronize our growing retail and service business sectors.

Following the acquisition, the KEDC and TVCC issued a joint press releases to all major media markets in the DFW and Tyler areas to gain traction among the development and business communities. This led to one site selector directly contacting the KEDC regarding an active project he is working. The acquisition was also selected as one of three finalists for "Best Land Deal" in the Dallas Business Journal's "Best Real Estate Deals" Awards for 2023, providing even greater exposure for Kaufman.