

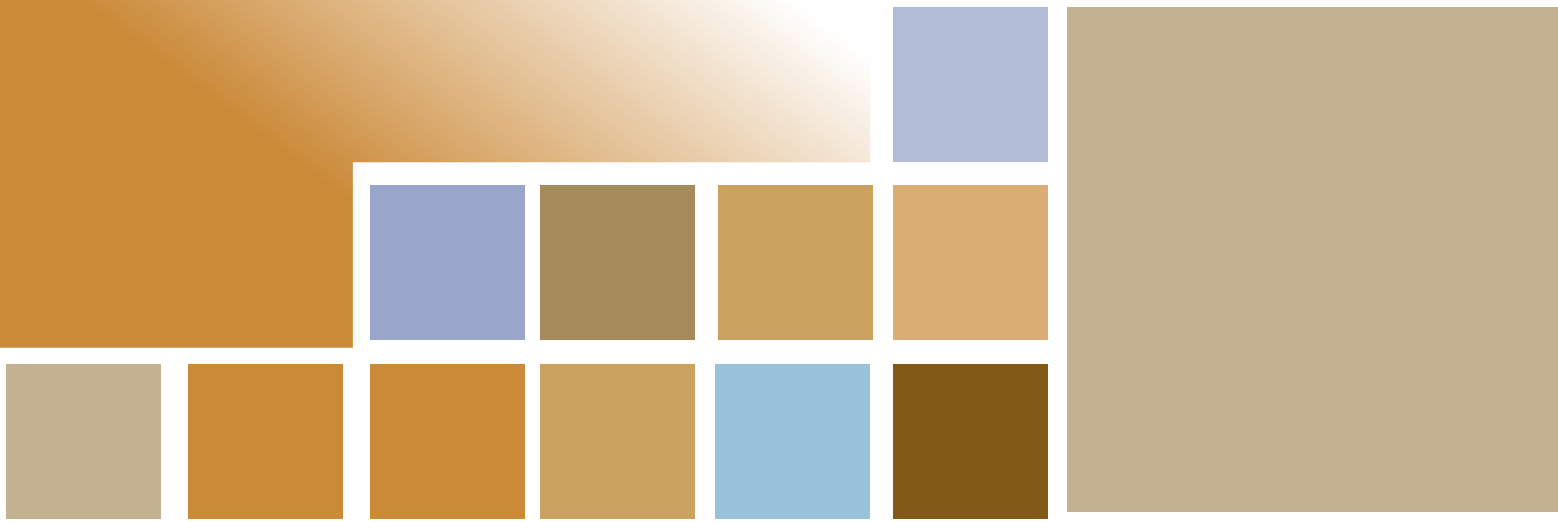
TEXAS-SIZED OPPORTUNITIES



ECONOMIC DEVELOPMENT



THE ONLY PLACE IN TEXAS . . .





617 Tenaha Street PO Box 1744
Center, TX 75935

936/598-2941 Fax 936/598-2615

Greetings! I have the honor of serving as the Mayor of Center as well as being a life-long resident. I have seen our community transform from a sleepy little East Texas town into one with a vibrant local economy.

While every community in the country is unique, we know that Center offers something special which can reduce investor risk and lower business operating expenses. Center/ Shelby County is the only Texas county in an electricity regulated market, an air quality attainment area, Zone C for favorable property insurance rates, and abundant water supplies. The local transportation network and industrial training venues are other features that make Center an attractive place for investment. We are also proud of our permitting process which is hassle-free and business friendly.

To show our commitment to improve our business climate, we have made large self-investments in utility extensions and quality of place improvements such as our park and trail system and City facilities. The City is active in reducing our ISO rating, which recently improved to a 3.

Please read through this packet to learn more about our community. More information is available on our website at CenterTexas.org.

Know that we stand ready to be a resource to work on your behalf to make your investment a success.

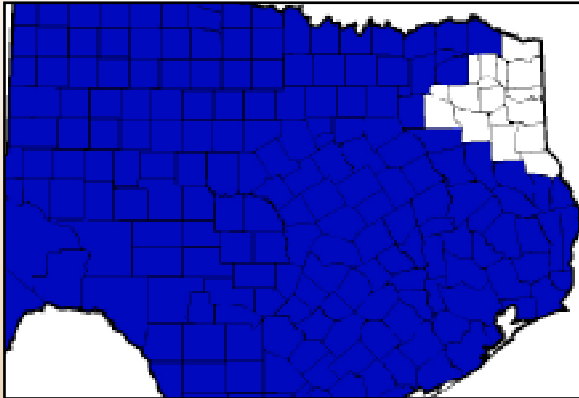
Sincerely,

David Chadwick
Mayor, Center, Texas

... IN AN ELECTRIC UTILITY REGULATED AREA ...

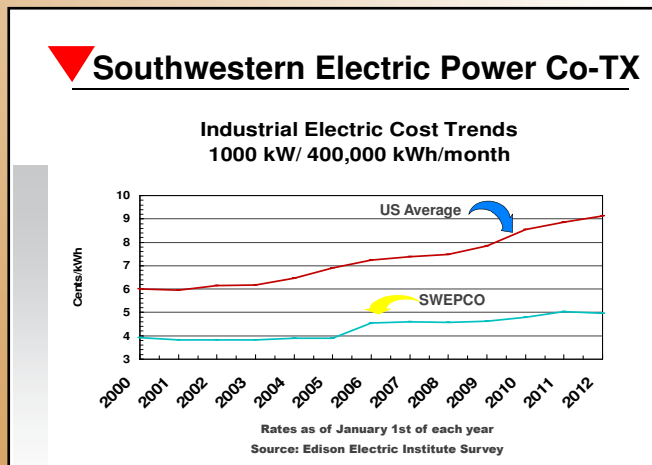
Center and Shelby County are in areas of Texas that have not experienced electricity de-regulation. The area offers some of the lowest and most stable electricity rates in the State of Texas through AEP-SWEPCO.

The white area below represents the area of Northeast Texas located in the AEP-SWEPCO regulated service area.



| Industrial Electric Billing Comparisons - 2017 | | | |
|--|------------------------------------|-----------------|---------------|
| kW Demand | | 1,000 | Cents/ kWh |
| kW Per Month | | 400,000 | |
| City | Utility | | |
| San Diego, CA | San Diego Gas & Electric | \$66,380 | 16.6 |
| Washington, DC | Potomac Electric Power | \$46,169 | 11.5 |
| Atlanta, GA | Georgia Power Company | \$39,007 | 9.8 |
| National Average | | \$37,331 | 9.3 |
| Evansville, IN | Southern Indiana Gas & Electric | \$34,443 | 8.6 |
| Raleigh, NC | Duke Energy Progress | \$30,104 | 7.5 |
| Birmingham, AL | Alabama Power Company | \$29,139 | 7.3 |
| Center, TX | Southwestern Electric Power | \$26,581 | 6.6 |

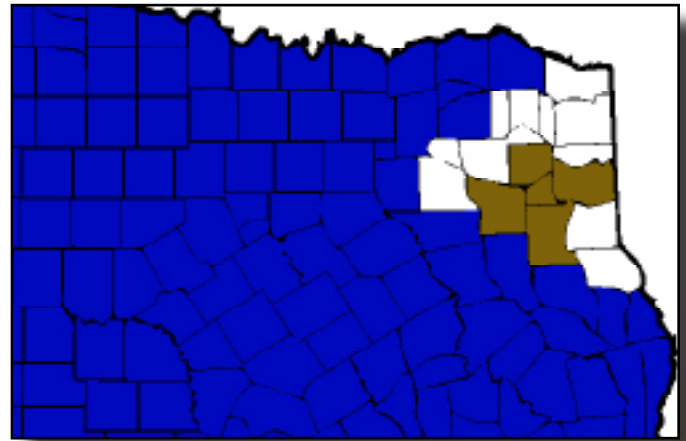
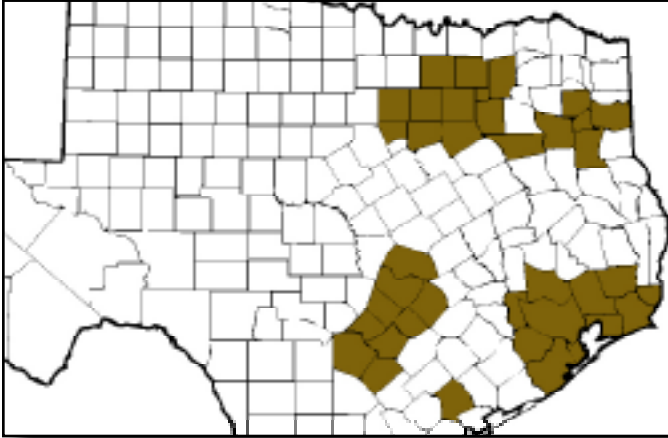
Source: Edison Electric Institute, Provided by AEP-SWEPCO



The chart to the left shows how electricity rate increases are less frequent and dramatic in the regulated area than the US Average. Therefore, electricity rates are stable in Center.

... IN AN AIR QUALITY ATTAINMENT AREA ...

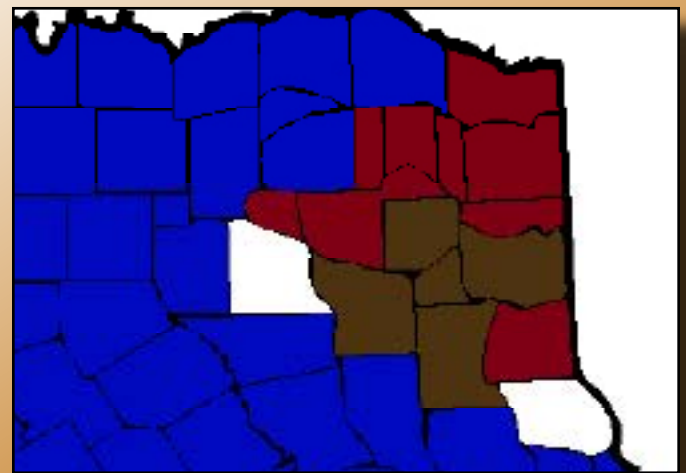
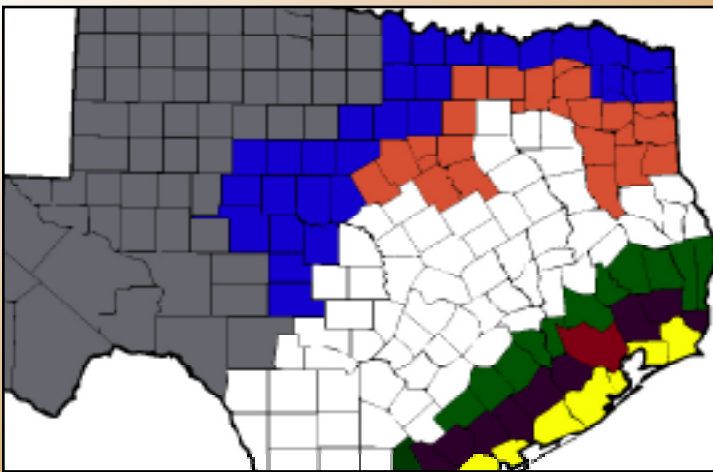
The areas in brown are classified as either air quality non-attainment or near non-attainment. Businesses locating in these areas have to meet additional air quality regulations and have a higher business operation cost.



The above map is an overlay of East Texas near non-attainment areas on top of the regulated electricity service area.

... AND, IN A LOWER INSURANCE RATING AREA ...

The white area of the State of Texas represents insurance rating zone "C". This is the area of Texas which does not experience as many severe weather events, such as winter and hail storms and tornadoes. This area is also far enough inland to not experience the damaging effects of hurricanes and tropical storms.



The above map shows the overlay of the near non-attainment and the higher insurance rating areas. One can see that Center/Shelby County is one of only two Texas Counties which meet these criteria.

... AND, IN THE HAYNESVILLE SHALE ...



The Haynesville Shale is one of the major shale gas plays in the continental United States. Center is near the geographic middle of the Texas-side of the Haynesville.

A business has the ability to purchase locally produced natural gas through one of the gas gathering companies operating in the area. This has the potential of reducing the natural gas feedstock costs.

... AND, WITH ABUNDANT WATER SUPPLIES.

Two different lakes supply water to the City of Center. The production capacity of our two surface water treatment plants is sufficient to handle the demands of the existing customer and industrial base.

The City's total treatment capacity is nearly 5 million gallons of water per day. The total average water production is 3 million gallons per day.

The Center industrial water rates are also very competitive compared with other communities.

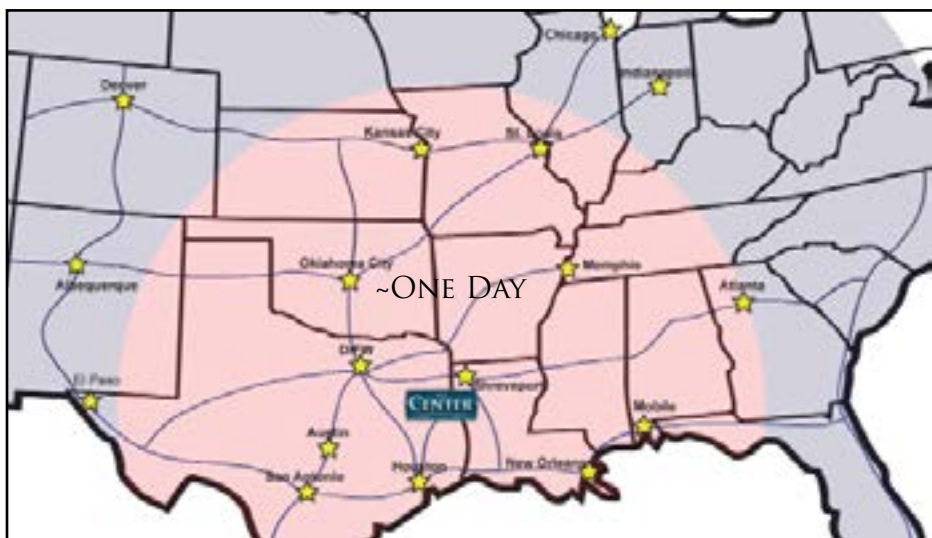


The City of Center has capacity to produce an additional 500,000 gallons of water daily for industrial customers.

Photos of the Lake Pinkston treatment plant and Mill Creek Lake

| City | Commercial Rate for 50,000 Gallons | Commercial Rate for 200,000 Gallons |
|---|------------------------------------|-------------------------------------|
| Austin | \$446 | \$1,400 |
| San Antonio | \$278 | \$849 |
| Houston | \$227 | \$872 |
| Beaumont | \$236 | \$898 |
| Center | \$217 | \$775 |
| Source: 2017 Texas Municipal League Annual Water Survey | | |

In 2014, the Center City Council approved a water system master plan developed by Fort Worth-based Freese & Nichols. The first project is to construct an additional elevated water storage tank. This project should be completed by 2019.

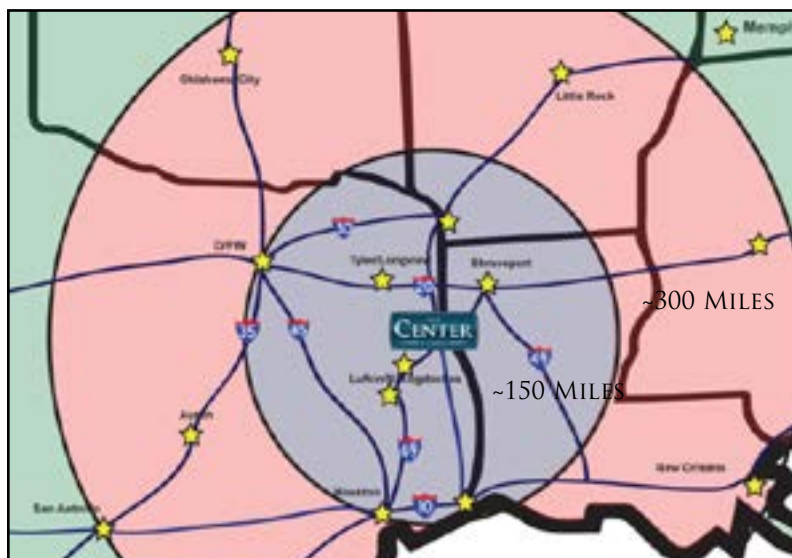


Center is located on U.S. 96, one of the major 4-lane thoroughfares in East Texas, traveling to Beaumont, Texas.

15 miles to the north of Center, US 96 intersects with US 59, the future I-69 Corridor.

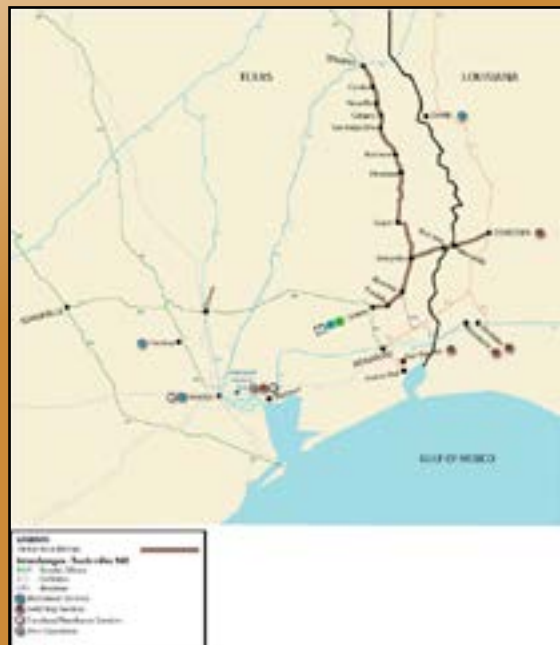
Center is approximately 40 miles from I-49, 60 miles from I-20, and 100 miles from I-45.

A highway loop extension connects the north and east parts of the City and allows easier highway access.



If rail service is desired, a BNSF rail line runs through Center to the Texas Gulf Coast.

A number of port facilities are close to Center which allows the prospect to ship their product via barge. The Port of Caddo-Bossier is the closest, approximately one hour from Center.



Center Manufacturing Businesses

- **Portacool** was started in Center, Texas and is home to its' corporate headquarters. Portacool manufactures evaporative cooling units, employes over 250 people and operates year round.
- **Tyson Foods**, the city's largest private employer, is a poultry processing facility.
- **General Shelters** manufactures portable metal buildings
- **Spartan Industries** and **Steel Building Supply** also manufactures metal buildings and processes steel for metal buildings.
- **Dragon Industries** and **Cen-Tex Tanks** manufacture tanks and equipment for oil field operations.
- **Gibson's** recycles drilling by-product into usable diesel fuel, water, and powder by-product.
- **C&R Refrigeration** manufactures industrial refrigeration units for industrial and oil field purposes.
- **Hallmark/Center Fixtures** manufactures most of the store fixtures for Hallmark stores.
- **Viatract** manufactures an organic fertilizer product.



Recent Business News

Viatract Organic Fertilizer began operations in Summer 2016
 Portacool constructed a new world headquarters office building in Spring 2016
 Tyson Foods completed a \$30 million plant expansion project

Timber and Wood Products Cluster



Legend



Poultry and Food Processing Cluster



Legend



There are over 200 poultry farms in Shelby County

There are a number of regional workforce training and education facilities. Panola College's Shelby Regional Training Center is located in Center.



Shelby County has over 10,000 workers residing in the county. There are also approximately 500 residents actively seeking employment and 2,800 in the general region. The unemployment rate of Shelby County is similar to that of the State of Texas.

| Date | Shelby County | State of Texas |
|----------------|---------------|----------------|
| May 2017 | 5.3% | 4.4% |
| June 2017 | 5.5% | 4.7% |
| July 2017 | 5.3% | 4.3% |
| August 2017 | 5.4% | 4.5% |
| September 2017 | 4.6% | 4.0% |
| October 2017 | 4.1% | 3.5% |
| November 2017 | 4.3% | 3.7% |

The average weekly wage for workers in Shelby County is considerably less than other metropolitan areas and the State of Texas.

| Year | San Antonio MSA | Dallas MSA | Houston MSA | State of Texas | Shelby County |
|------|-----------------|------------|-------------|----------------|---------------|
| 2013 | \$967 | \$1,366 | \$1,539 | \$1,325 | \$624 |
| 2014 | \$1,016 | \$1,409 | \$1,585 | \$1,370 | \$656 |
| 2015 | \$1,044 | \$1,436 | \$1,621 | \$1,401 | \$686 |
| 2016 | \$1,027 | \$1,453 | \$1,527 | \$1,325 | \$703 |

Location Quotients (LQ)

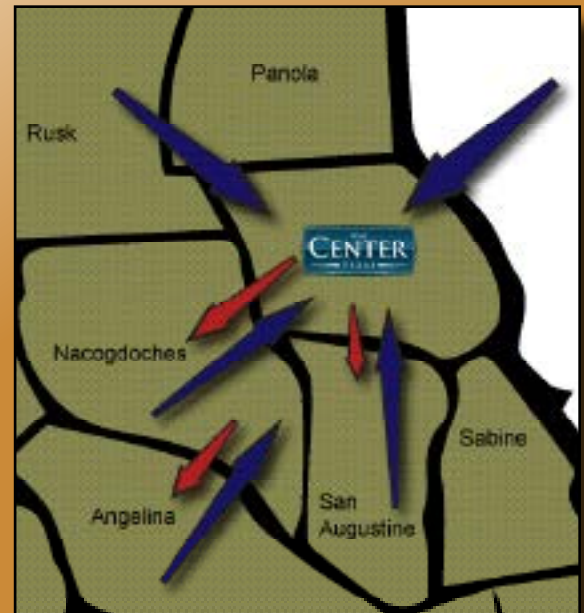
A location quotient is the numeric representation of the relative strength of a workforce compared to another entity. A LQ of 1 or greater reflects a strength.

2017 Shelby County Manufacturing Location Quotients Compared to State of Texas

| | |
|----------------------------------|------|
| Natural Resources & Mining | 5.15 |
| Manufacturing | 3.14 |
| Transportation & Utilities | 0.93 |
| Financial Activities | 0.92 |
| Construction | 0.77 |
| Education & Health | 0.50 |
| Professional & Business Services | 0.39 |

Source: Bureau of Labor Statistics
www.bls.gov

Labor shed data indicates that Center employs a regional workforce, drawing employees from as far away as 60 miles, while there is very little out-flow of workers.



Source: U.S. Census Bureau. OnTheMap

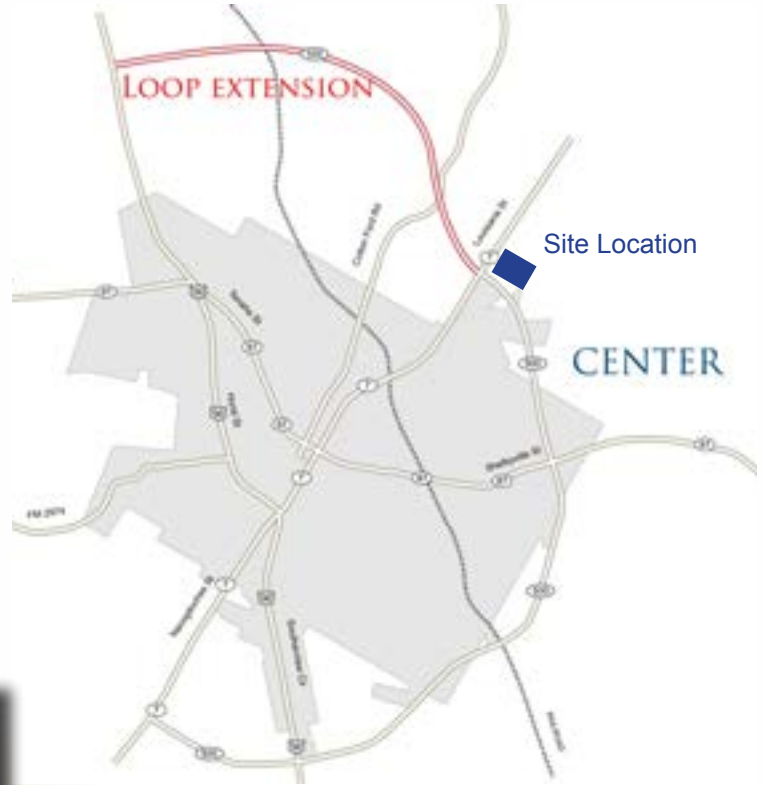
For more labor market data, please visit www.TexasSizedOpportunities.com and download the labor market report.

AVAILABLE SITE

In 2016, the Center EDC undertook an effort to fully document a 22.8 acre tract. The following studies were completed by KSA Engineers and the CEDC:

- Phase I Environmental
- Site Topography
- Wetlands Delineation
- Utility Availability
- Soil Analysis
- Archeological
- Endangered Species
- Property Deed
- Boundary Survey

Owner has agreed to sell the property for a price not to exceed \$1 million. The owner can also construct a build-to-suit facility.



A BUSINESS CAN BE OPERATIONAL WITHIN 16 MONTHS AT THIS SITE.

The property is currently outside the City limits, but can be easily annexed with an Industrial zoning classification.

There are no residential areas adjacent to the site.

| Utility Assessment | |
|--------------------|--|
| Water | 6 inch line at site. Service by City of Center |
| Wastewater | 6 inch line at site. Service by City of Center |
| Natural Gas | 2 inch line available from Centerpoint - would need 1,275 ft extension |
| Electricity | Available from AEP/SWEPCO |
| Telecommunication | 1GB available in town by AT&T that can be extended to site |

As part of the study, KSA created a conceptual site plan showing buildings ranging from 115,000 SF to 22,000 SF.



INCENTIVE INFORMATION

The Center Economic Development Corporation and the City of Center are aggressively assisting businesses looking to locate or expand in our community. The CEDC and City are committed to increasing prosperity and growing the local economy in a positive way.

Since Center is a rural area, a business may face more risk and uncertainty. To alleviate these concerns, the CEDC and City are willing to customize incentive packages to meet the business's needs.

RECENT INCENTIVE PACKAGES

- Viatract received an 8-year tax abatement from the City of Center and a 4-year abatement from Shelby County. They also received a \$200,000 loan/grant combination. Viatract is going to pay the CEDC back \$100,000 over the first five years of their operation with forgiven interest if they meet certain job targets. The remaining principal will be forgiven over the next five year period if they retain their job target.
- Portacool constructed a new world headquarters building and made major plant enhancements. They received an 8-year City tax abatement, CEDC rebate of permit fees, up to \$25,000 for workforce training, and \$200,000 in site development assistance.
- Tyson Foods received a Texas Enterprise Zone designation for a major plant upgrade project. The CEDC also agreed to sponsor up to \$25,000 for workforce training.
- Center Motors received a new street following the City's sponsorship of a Texas Capital Fund project.
- Nacogdoches Medical received an 8-year tax abatement and up to \$75,000 for utility extensions for the opening of an ER facility.
- The developer of Hilltop Market retail center received \$7,500 for permit reimbursement and utility extensions.

Businesses seeking to locate in Center are eligible to apply for New Market Tax Credits.

Local Incentive Programs

- Property Tax Abatements
- Sales Tax Rebates
- Utility Extensions
- Site Development
- Rebate of City Permit Fees
- Workforce Training
- Forgivable Loans

Center has a high success rate with the Texas Capital Fund

- Center Motors - \$300,000
- CP Homes - \$500,000
- General Shelters - \$750,000
- Tyson Foods - \$1.5 million
- Pilgrim's Pride - \$300,000
- Portacool - \$500,000
- Express Blvd - \$300,000

Over \$4 million across 15 years.

DEMOGRAPHICS AND TAXES

| | | |
|-------------------|------------------------------------|----------|
| POPULATION | Total Population - 2016 projection | 5,421 |
| | Median Age | 34 |
| HOUSEHOLDS | Number of Households | 2,128 |
| | Forecasted Household Growth Rate | 1.0% |
| | Average Household Size | 2.73 |
| | Households with Related Children | 53.7% |
| | Households with Persons Over 65 | 21.2% |
| HOUSING | Housing Units | 2,371 |
| | Owner Occupied Housing Units | 57% |
| | Renter Occupied Housing Units | 43% |
| | Vacant Housing Rate | 15% |
| | Median Home Value | \$77,900 |
| INCOME | Mean Household Income | \$32,200 |
| FAMILIES | Number of Families | 1,269 |
| | Average Family Size | 3.16 |
| SOCIAL | 2014 Foreign Born Population | 19.3% |

| | | |
|----------------------------|-------------------------------|-----------------|
| PERSONAL INCOME TAX | State Income Tax | 0% |
| | Local Income Tax | 0% |
| PROPERTY TAX | City of Center | 0.575000 |
| | Shelby County | 0.588200 |
| | Shelby County Road and Bridge | 0.079500 |
| | Center ISD | 1.333800 |
| | TOTAL | 2.576500 |
| SALES TAX | State of Texas | 6.25% |
| | City of Center | 1.0% |
| | 4A Economic Development | 0.25% |
| | 4B Economic Development | 0.50% |
| | Property Tax Relief | 0.25% |
| | TOTAL | 8.25% |



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