

Encore Medical, L.P.

Enterprise Zone Project Summary

Company Overview

Encore Medical, L.P. (“Encore Medical”), a subsidiary of Colfax Corporation, is a global developer, manufacturer and distributor of high-quality medical devices that provide solutions for musculoskeletal health, vascular health and pain management. Encore Medical was founded in 1997 and has grown to be a global supplier of adult reconstructive hip, shoulder, knee, and spinal implant products. Encore Medical's products address the continuum of patient care from injury prevention to rehabilitation after surgery, injury or from degenerative disease, enabling people to regain or maintain their natural motion. There are three facilities located in Austin, Texas. The Qualified Business Site (“QBS”) is located at 9800 Metric Boulevard, Austin, Texas. This location houses the primary office operations that support the manufacturing process. The two additional participating locations, located at 9801 Metric Boulevard, Austin, Texas and 2222 W Rundberg Lane, Austin, Texas, are the manufacturing facilities where the production operations occur for the medical devices. Encore Medical employs approximately 400 full-time employees at its Austin facilities, in addition to approximately 475 across the state of Texas, including Dallas, Houston, Fort Worth, and employees working remotely throughout Texas.

Project Description

Over the next five (5) years, Encore Medical anticipates investing approximately \$50 million at the Austin facilities. Encore Medical continually strives to make the necessary capital investment to ensure the Company possesses the most up-to-date equipment and facilities and state-of-the-art technology necessary to support quality assurance and meet consumer demand. Investments planned or under consideration at the facilities in Austin include upgrading the existing building to expand the office space and accommodate additional staff to keep pace with the growing demand for their products and services. In addition, Encore Medical is committed to retaining 400 full-time jobs and creating an additional 100 full-time jobs in order to effectively keep up with the growing demand for their products.

Enterprise Zone Definition

Any block group within the State of Texas that has a poverty rate of 20% or more, as determined by the U. S. Census Bureau during each decennial census is a state enterprise zone.

Requirements for Hiring Disadvantaged Workers

Projects may be physically located in or outside of the Enterprise Zone. If located within a zone, the company commits that at least 25% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. If located outside of the zone, the company commits that at least 35% of their new employees will meet economically disadvantaged, enterprise zone residency or veteran requirements. Since the site location is not within a zone, the company would be required to commit that at least **35%** of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements.

Project Parameters

- Facility Locations
 - 9800 Metric Boulevard, Austin, Texas 78758
 - 9801 Metric Boulevard, Austin, Texas 78758
 - 2222 W Rundberg Lane, Austin, Texas 78758

Capital Investment (Total New: Approx. \$50 mil)

- | | |
|--------------------------------------|---------------------|
| • Building Expansion/Renovation Cost | \$500,000 |
| • Machinery & Equipment | \$25,100,000 |
| • Other (FFE) | <u>\$24,400,000</u> |
| • Total Cost | \$50,000,000 |

Timeline

- September 15, 2021 – September 2, 2026

Job Categories/Employee Wages (When project has reached full employment)

- | | |
|--|-----|
| • Total Number of Full-Time Jobs at the site. | 400 |
| • Total Number of Full-Time Jobs to be Retained for Program Benefit. | 400 |
| • Total Number of Full-Time Jobs to be Created for Program Benefit. | 100 |

Job Category	Number of Jobs (employed by company)	Number of Jobs (vendor or contract)	Average Annual Wages	Percent to be Locally Hired
Executive	2	0	\$300,000	N/A
Manager	10	0	\$126,000	N/A
Supervisor	0	0	N/A	N/A
Staff	55	0	\$68,000	N/A
Entry Level	33	0	\$49,000	N/A
Total	100	0	N/A	N/A

Note:

1. Employee benefits received are as follows: Health Insurance, Dental Insurance, Retirement Plan, 401(k), Paid Leave, Life Insurance, Prescription Drug Plan, Vision, Flexible Spending Accounts, Tuition Reimbursement, and Disability.

Maximum Estimated State Sales & Use Tax Refund/ Computation

- \$1,250,000
- The State of Texas computes its Maximum Potential Refund based upon a company's Capital Investment, Number of Jobs Created and/or Retained up to 500, and the Maximum Refund per Job Allocation (\$2,500 per job for a Single Enterprise Project Designation).

Sales and Use Tax (State and Local)

The Texas state sales and use tax rate is 6.25%, but the local taxing jurisdictions (cities, counties and special purpose districts, and transit authorities) may also impose sales and use tax up to 2% for a total maximum combined rate of 8.25%. For purposes of this program, it is the 6.25% portion of the tax that is used to provide a refund to corporations that apply for the Enterprise Zone program. The 2.0 % local tax is not affected, therefore there is no fiscal impact on the City.

Tax Structure

Overall Tax	=	<u>8.25%</u>
State Portion	=	6.25%
Local Portion	=	2.00 %*

Prior Council Action

- Chapter 380 Agreement: The City of Austin has not entered into a Chapter 380 Agreement with Encore Medical, L.P. to date.
- Enterprise Zone Project Application: The City of Austin has not nominated Encore Medical, L.P. to the State of Texas as a Texas Enterprise Zone project prior to now.

Enterprise Zone Designation Period

5 Years

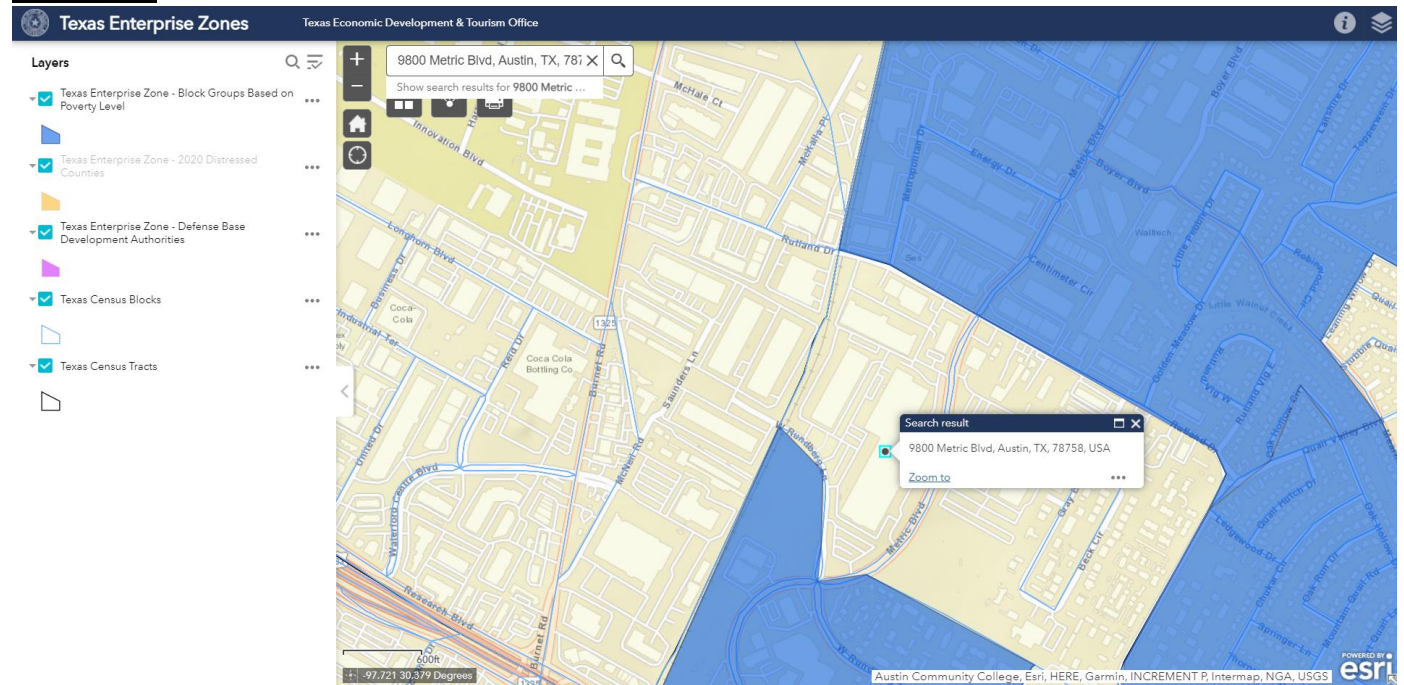
Enterprise Zone Designations

9 New Designations (Effective September 1, 2021)

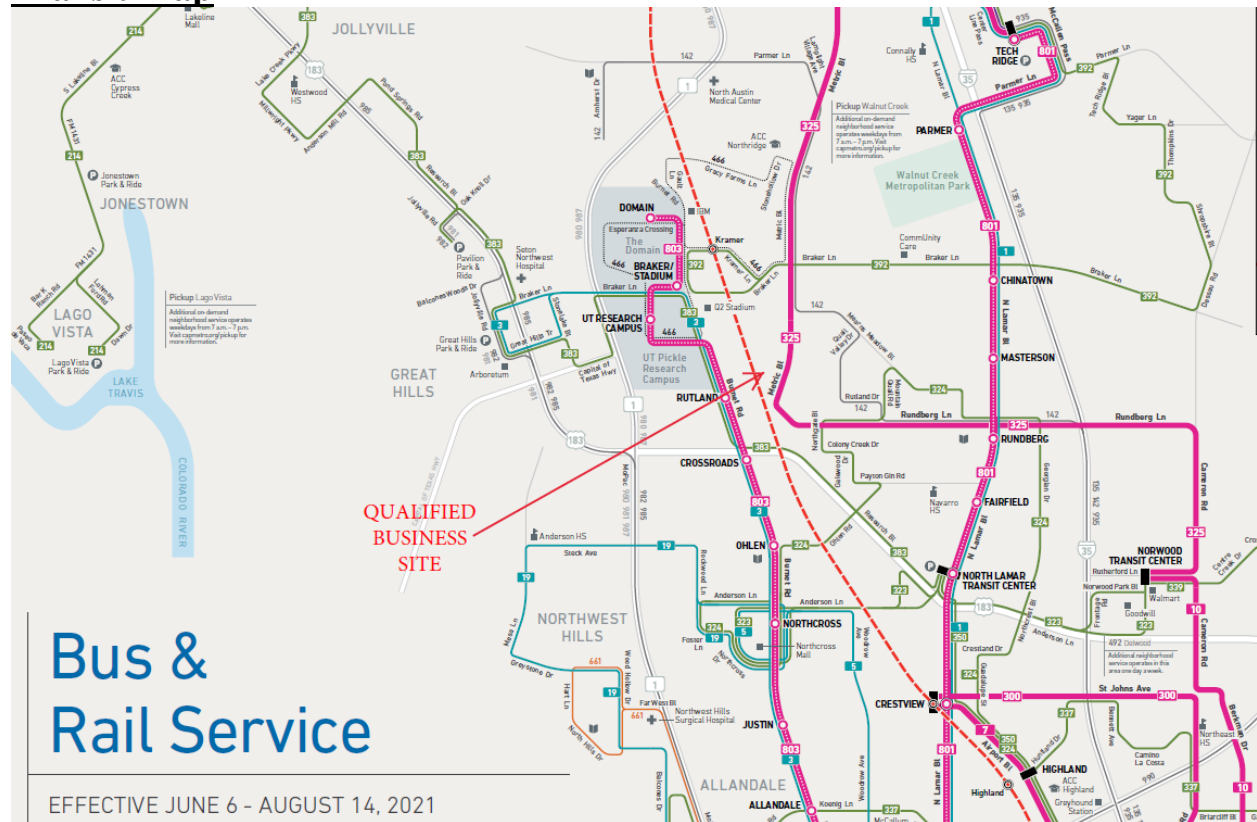
The Public Good (if approved)

1. The City of Austin would join our corporate partners in battling poverty, and in this case, this would assist the disadvantaged in or near a zone suffering from 4.02% poverty according to the state's data of the last decennial census.
2. The City of Austin would send a signal that we appreciate all corporate partners who take advantage of this program to help our citizens who meet economically disadvantaged, enterprise zone residence or veteran requirements.
3. The City of Austin would support a program that requires no fiscal impact to the City.
4. The City of Austin would support major capital investment at the qualified business site which is within Austin city limits.
5. The City of Austin would maximize local efforts to return state sales and use tax to the City of Austin, rather than allow those dollars to be sent to other cities in support of their corporations and/or local economies.

Site Map



Transit Map



Bus & Rail Service

EFFECTIVE JUNE 6 - AUGUST 14, 2021

LEGEND








High-Frequency Routes

Buses arrive every 15 minutes, 7 days a week, with 20-30 minute service early in the morning and later in the evening.

 803 MetroRapid	 7 MetroBus Local
Limited-stop service for a faster ride. Board and de-board at designated stations.	Local-stop service. Board and de-board at any bus stop along the route.


Regular Routes

Times and service levels vary by route. Consult individual route schedules for specific information.









 5 MetroBus Local Service to, from and via Downtown Austin along major streets.	 445 MetroRail Shuttle Shuttle service linking MetroRail stations to nearby activity centers.
 222 MetroBus Local Service in outlying areas, including Crosstown, Flex and Feeder routes.	 152 Round Rock Transit Round Rock service with connecting AM/PM trips to Austin.
 935 MetroExpress, MetroFlyer Including Limited routes.	 654 UT Shuttle Shuttle service linking University of Texas main campus to outlying residential areas.
 987 Suspended Route Service suspended for Summer 2021.	

MetroRail

Rail service between Leander and downtown Austin. Consult the schedule for weekday and Saturday times at each station.

 MetroRail Red Line

Places to Go

 Transit Hub	 School	 Hospital/ Medical Center	 Point of Interest
 Park & Ride	 Library	 College/ University	 Airport