

MINUTES

LANCASTER CITY COUNCIL SPECIAL MEETING OF JANUARY 19, 2021

The City Council of the City of Lancaster, Texas, met in a called Special Meeting in the Council Chambers of City Hall on January 19, 2021, at 5:30 p.m. with a quorum present to-wit:

Councilmembers Present (City Hall & Zoom):

Mayor Clyde C. Hairston
Carol Strain-Burk
Deputy Mayor Pro Tem Stanley M. Jaglowski
Marco Mejia
Keithsha C. Wheaton
Mayor Pro Tem Racheal Hill
Betty Gooden-Davis

City Staff Present (City Hall & Zoom):

Opal Mauldin-Jones, City Manager
Fabrice Kabona, Deputy City Manager
Carey Neal, Assistant City Manager
Keturah Barnett, ICMA Fellow
Andrew Waits, Director of Public Works
Kenneth Johnson, Fire Chief
Shane Shepard, Director of Economic Development
Karl Stundins, Research and Business Development Manager
David T. Ritter, City Attorney
Sorangel O. Arenas, City Secretary

Call to Order:

Mayor Hairston called the meeting to order at 5:31 p.m. on January 19, 2021.

Public Testimony:

There were no speakers.

Action:

1. **Discuss and consider a resolution ratifying the terms and conditions of an incentive agreement by and between a major retailer and the Lancaster Economic Development Corporation (LEDC).**

City Manager Mauldin-Jones shared this item is ratifying the terms and conditions of an incentive agreement by and between a major retailer and the Lancaster Economic Development Corporation (LEDC). The retailer is contracted to purchase a 162-acre parcel located at the southwest corner of East Pleasant Run Road and Cornell Road ('Project Peak'). The company plans to invest a total of eight hundred million dollars (\$800,000,000) in two facilities located in Lancaster. The Project Peak facility will allow the addition of a minimum of 300 new jobs. The company is also planning a new facility located at the southwest corner of East Belt Line Road and Sunset Road (Project Valley).

The company is committing to eight hundred million dollars (\$800,000,000) in Real and Business Personal Property valuation combined between the two locations.

The maximum grant amount for both projects (Peak and Valley) combined is described below:
Eight hundred thousand dollars (\$800,000) for a Workforce Development/Site Development Grant. The funds may be used to reimburse for employee training costs, and employee recruitment efforts. Of the eight hundred thousand dollars (\$800,000), a portion, not to exceed two hundred fifty thousand dollars (\$250,000) may be utilized to rebate equipment costs. The total of eight hundred thousand dollars

(\$800,000) may be used for these purposes for both facilities (Peak and Valley) combined; and One million two hundred thousand dollars (\$1,200,000) for reimbursement of permit fees and development costs. This includes reimbursement for permit fees and development costs as supported by evidence of payment up to the total amount for both facilities combined. In no case, will grant expenditures for both projects combined exceed two million dollars (\$2,000,000). Staff recommends ratification of the agreement as presented.

MOTION: Councilmember Strain-Burk made a motion, seconded by Councilmember Gooden-Davis to approve item 1. The vote was 7 for, 0 against.

2. Discuss and consider a resolution ratifying the terms and conditions of an incentive grant by and between a major retailer and the Lancaster Economic Development Corporation (LEDC).

City Manager Mauldin-Jones shared this is a companion item to the previous item. The retailer is contracted to purchase a 292-acre parcel located at the southwest corner of East Belt Line Road and Sunrise Road ('Project Valley'). The company plans to invest a total of eight hundred million dollars (\$800,000,000) in two new facilities in Lancaster. The Project Valley facility will allow the addition of a minimum of one thousand (1,000) new jobs within three (3) years after completion. The company is also planning a second facility to be located at East Pleasant Run Road and Cornell Road ('Project Peak'). Project Peak is a 162-acre parcel that will allow for the creation of 300 new jobs. The grant request will be considered separately for each project, however, maximum grant amounts will be set for both projects (Peak and Valley) as described below.

The company is committing to eight hundred million dollars (\$800,000,000) in Real and Business Personal Property valuation between the two (2) facility locations.

The maximum grant amount for both projects (Peak and Valley) combined is described below: Eight hundred thousand dollars (\$800,000) for a Workforce Development/Site Development Grant. The funds may be used to reimburse employee training costs, and employee recruitment efforts. Of the eight hundred thousand dollars (\$800,000), a portion, not to exceed two hundred fifty thousand dollars (\$250,000) may be utilized to rebate equipment cost. The total of eight hundred thousand dollars (\$800,000) may be used for these purposes for both facilities (Peak and Valley) combined; and One million two hundred thousand dollars (\$1,200,000) for reimbursement of permit fees and development costs. This includes reimbursement for permit fees and development costs as supported by evidence of payment. In no case, will grant expenditures for both projects combined exceed two million dollars (\$2,000,000).

MOTION: Councilmember Mejia made a motion, seconded by Mayor Pro Tem Hill to approve item 2. The vote was 7 for, 0 against.

3. Discuss and consider a resolution approving a Chapter 380 Economic Development Agreement by and between the City of Lancaster, Texas and a major retailer, and authorizing the City Manager to execute the agreement, and providing an effective date.

City Manager Mauldin-Jones shared the retailer is contracted to purchase a 162-acre parcel located at the southwest corner of East Pleasant Run Road and Cornell Road. The retailer plans to invest approximately three hundred eighty million dollars (\$380,000,000) to four hundred twenty million dollars (\$420,000,000) in a new facility at the site. The new facility will allow the addition of a minimum of 300 new jobs.

The retailer is committing to eight hundred million dollars (\$800,000,000) in Real and Business Personal Property valuation combined between two locations. The second facility will be located at the southwest corner of East Beltline Road and Sunrise Road. The company has applied for a real property and business personal property incentive grant in compliance with the City's Incentive Policy.

This agreement requires the developer to occupy the facility within five years of the execution of the agreement and maintain occupancy for the term of the agreement. A minimum of three hundred (300) new full-time employees are required to be hired at this location within three years of obtaining a Certificate of Occupancy. In total, both projects are required to increase the value of real and business personal property by eight hundred million dollars (\$800,000,000), in order to receive the maximum amount of benefits.

Based on the developer fulfilling the terms of the agreement, the City will:

During construction if the retailer occupies temporary space in the City of Lancaster, we will rebate fifty percent (50%) of the Business and Personal Property Taxes for the initial year, and declining in 5% increments in subsequent years up to a maximum of five years.

In the year following receipt of a certificate of occupancy, the City of Lancaster will rebate sixty-five percent (65%) of real property taxes for a period of 15 years as long as the two properties combined maintain a taxable valuation of eight hundred million dollars (\$800,000,000).

In the years following receipt of a certificate of occupancy, the City of Lancaster will rebate sixty-five percent (65%) of Business Personal Property taxes for a period of 15 years as long as the two properties combined maintain a taxable valuation of eight hundred million dollars (\$800,000,000).

During construction, all taxable goods and services utilized on the two projects, purchased within the City of Lancaster, will rebate fifty percent (50%) of the City's one percent (1%) sales tax back to the retailer for a period not to exceed five (5) years.

The City will rebate fifty percent (50%) of the City's one percent (1%) of sales tax received for Material Handling Equipment utilized within the two projects and sourced from the city of Lancaster for a period of five (5) years.

The City will rebate fifty percent (50%) of the City's one percent (1%) of sales taxes for consumer goods fulfilled or shipped from the facility and taxes sourced to the City of Lancaster under Chapter 321 of the Texas Tax Code.

Based on the estimated value added capital investment submitted by the company and in consideration of the tax rebates, the total benefit of both projects will represent approximately two million two hundred ninety-six thousand dollars (\$2,296,000) annually or a total of thirty-four million four hundred forty thousand dollars (\$34,440,000) over the fifteen (15) year period in new revenue to the City. Thereafter, annual tax revenue from Real and Business Personal Property will be six million five hundred sixty thousand dollars (\$6,560,000) annually. Staff recommends approval of the resolution as presented.

MOTION: Mayor Pro Tem Hill made a motion, seconded by Councilmember Gooden-David to approve item 3. The vote was 7 for, 0 against.

4. Discuss and consider a resolution approving a Chapter 380 Economic Development Agreement by and between the City of Lancaster, Texas and a major retailer and authorizing the City Manager to execute the agreement and providing an effective date.

City Manager Mauldin-Jones shared this is a companion item to the previous items. The retailer is contracted to purchase a 292-acre parcel located at the southwest corner of East Belt Line Road and Sunrise Road ('Project Valley'). The new facility will allow the addition of a minimum of one thousand (1,000) new jobs within three (3) years. The company is also planning a second facility to be located at East Pleasant Run Road and Cornell Road. The terms of the Charter 380 are consistent to item 3. Staff recommends approval of the resolution as presented.

MOTION: Councilmember Strain-Burk made a motion, seconded by Deputy Mayor Pro Tem Jaglowski to approve item 4. The vote was 7 for, 0 against.

5. Discuss and consider a resolution approving a Chapter 380 Economic Development Agreement by and between the City of Lancaster, Texas and MSW Prime – Lancaster L.P. and authorizing the City Manager to execute the agreement and provide an effective date.

City Manager Mauldin-Jones shared this is a companion item to the previous items. A developer submitted plans for a one hundred sixty-two (162) acre parcel located at the southeast corner of East Belt Line Road and Sunrise Road. The developer intends to develop this site for a major retailer.

Currently the water and wastewater infrastructure does not extend to the area allowing for connection to the system.

A twelve-inch (12") waterline and a twelve-inch (12") wastewater line is needed to serve this project and will open the area for additional future development. The current property owner will install the waterline and wastewater line in accordance with City of Lancaster development standards. The agreement will allow the City to reimburse the developer an amount not to exceed one million six hundred thirty-one thousand dollars (\$1,631,000) for expenditures related to the design, construction and completion of a twelve-inch (12") waterline and twelve-inch (12") wastewater line.

Upon completion, inspection, and acceptance by the City, the developer may submit documentation for expenditures for reimbursement. The project is eligible under state statutes to be funded utilizing water impact fees and wastewater impact fees. The City Attorney has reviewed and approved the resolution and agreement as to form and staff recommends approval as presented.

MOTION: Mayor Pro Tem Hill made a motion, seconded by Deputy Mayor Pro Tem Jaglowski to approve item 5. The vote was 7 for, 0 against.

6. Discuss and consider a resolution approving a Chapter 380 Economic Development Agreement by and between the City of Lancaster, Texas and 255PRL, LP and authorizing the City Manager to execute the agreement and providing an effective date.

City Manager Mauldin-Jones shared that a developer submitted plans for a two hundred ninety-two (292) acre parcel located at the southeast corner of East Belt Line Road and Sunrise Road. The developer intends to develop this site for a major retailer.

Currently the water and wastewater infrastructure does not extend to the area allowing for connection to the system.

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A twelve-inch (12") waterline and a twelve-inch (12") wastewater line is needed to serve this project and will open the area for additional future development. The current property owner will install the waterline and wastewater line in accordance with City of Lancaster development standards. The agreement will allow the City to reimburse the developer an amount not to exceed nine hundred sixty-six thousand dollars (\$966,000) for expenditures related to the design, construction and completion of a twelve-inch (12") waterline and a twelve-inch (12") wastewater line.

Upon completion, inspection, and acceptance by the City, the developer may submit documentation for expenditures for reimbursement. The project is eligible under state statutes to be funded utilizing water impact fees and wastewater impact fees. The City Attorney has reviewed and approved the resolution and agreement as to form and staff recommends approval of the resolution as presented.

MOTION: Councilmember Strain-Burk made a motion, seconded by Deputy Mayor Pro Tem Jaglowski to approve item 6. The vote was 7 for, 0 against.

MOTION: Councilmember Strain-Burk made a motion, seconded by Deputy Mayor Pro Tem Jaglowski to adjourn. The vote was 7 for, 0 against.

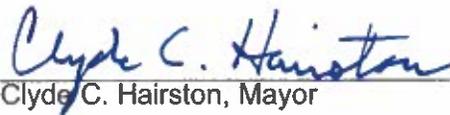
The meeting was adjourned at 5:50 p.m.

ATTEST:

APPROVED:



Sorangel O. Arenas, City Secretary



Clyde C. Hairston, Mayor