

Mayor and Council Communication

DATE: 11/29/22

M&C FILE NUMBER: M&C 22-0959

LOG NAME: 17BMSCEDPA

SUBJECT

(CD 7) Authorize Execution of a Ten-Year Tax Abatement Agreement with Beauty Manufacturing Solutions Corp, or Affiliate, for the Development of a 400,000 Square Foot Manufacturing Facility Having a Cost of at Least \$70 Million, Located at 5650 Alliance Gateway in Tax Abatement Reinvestment Zone No. 104, City of Fort Worth, Texas

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of a ten-year tax abatement agreement with Beauty Manufacturing Solutions Corp, or affiliate, for the development of a minimum 400,000 square foot manufacturing facility having a cost of at least \$70 million, located at 5650 Alliance Gateway in Tax Abatement Reinvestment Zone No. 104, City of Fort Worth, Texas ; and
2. Find that the terms of, and the property subject to, the Tax Abatement Agreement meet the criteria and guidelines set forth in the City of Fort Worth's General Tax Abatement Policy (Resolution No. 5337-01-2021).

DISCUSSION:

Beauty Manufacturing Solutions Corp (BMSC) is a high-tech manufacturer of beauty products. BMSC was founded in 1922, and purchased by the Song family in 1994 based in Coppell, Texas. BMSC has outgrown their current location and is expanding their presence and market share in the United States (U.S). BMSC is a certified minority-owned firm with 70% women in the workforce.

Following a multi-state site selection process, with Oklahoma and Mansfield, Texas, as competing sites, an existing facility located at 5650 Alliance Gateway (Project Site) in Fort Worth was identified for the minimum 400,000 square foot manufacturing location. The property will be owned by BMSC or an affiliate.

In order to facilitate the establishment of BMSC's premier manufacturing operation, the City proposes to enter into a tax abatement agreement with BMSC. The tax abatement will be tied to the amount of investment made by BMSC and satisfaction of other project and spending requirements, as follows:

Investment:

1. BMSC must expend a minimum of \$30 million in total construction costs at the Project Site on or before December 31, 2024;
2. BMSC must locate taxable business personal property (BPP) that is new to the City at the Project Site having a minimum taxable appraised value of \$40,000,000.00 by January 1, 2026; and
3. BMSC will be required to spend at least 15 percent of hard and soft construction costs with contractors that are Business Equity Firms. Failure to meet this requirement will result in a reduction of the grant by 10 percent.

BMSC must provide a minimum of 250 full-time jobs on the Project Site by December 31, 2025, with average annual salaries of at least \$65,800.00.

City Commitments:

1. The City will enter into a Tax Abatement Agreement with BMSC for a term of ten years.
2. The amount of City real property and BPP taxes to be abated in a given year will be equal to up to seventy percent (70%).
3. The total value of taxes abated under the agreement will be capped at \$2,000,000.00 (Cap).
4. If BMSC invests at least \$90 million (in aggregate) by December 31, 2028, the Cap will be increased to be \$3,500,000.00.

TABLE - Maximum Potential Abatement with Corresponding Components:

Company Commitment	Year 1 Potential Abatement	Year 2 -10 Potential Abatement
Base Commitment:		
Real and Business Personal Property Investment = \$70M	60.0 percent	40.0 percent

BEF Commitments (15% of Total Construction Costs)	10.0 percent	10.0 percent
Annual Commitments:		
Average Annual Salary for 250 Full-Time Jobs > \$65,800.00		10.0 percent
Overall Employment >=250 (as applicable)		10.0 percent
Total	70.0 percent	70.0 percent

The project is located in COUNCIL DISTRICT 7.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2023 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

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