

# Mayor and Council Communication

DATE: 03/31/26

M&C FILE NUMBER: M&C 26-0243

LOG NAME: 17EDGED\_TA

## **SUBJECT**

(CD 3) Conduct Public Hearing and Adopt an Ordinance Designating Tax Abatement Reinvestment Zone No. 116 (Veale Ranch); and Authorize Execution of a Ten-Year Tax Abatement Agreement with EDC Fort Worth LLC, or an Affiliate, for Development of a Data Center to be Located on Property within Tax Abatement Reinvestment Zone No. 116 on Approximately 186.5 Acres Near the Intersection of Interstate Highway 20 and Farm-to-Market Road 2871, Fort Worth, Texas, in Tarrant County

(PUBLIC HEARING - a. Staff Available for Questions: Cherie Gordon; b. Public Presentations; c. Council Action: Close Public Hearing and Act on M&C)

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Conduct a public hearing concerning the designation of Tax Abatement Reinvestment Zone No. 116 (Veale Ranch), City of Fort Worth, Texas, Tarrant County, for property located on approximately 186.5 acres near the intersection of Interstate Highway 20 and Farm-to-Market Road 2871, for the development of a data center by EDC Fort Worth LLC, or an affiliate;
2. Find that the intended data center development and related improvements, as set forth in more detail below, are feasible and practical and would be a benefit to the land to be included in Tax Abatement Reinvestment Zone No. 116 (Veale Ranch) and to the City after the expiration of any tax abatement agreements;
3. Adopt the attached ordinance designating Tax Abatement Reinvestment Zone No. 116 (Veale Ranch), City of Fort Worth, Texas, pursuant to and in accordance with Chapter 312 of the Texas Tax Code;
4. Find that the proposed Tax Abatement Agreement terms meet the criteria and guidelines set forth in the City of Fort Worth's General Tax Abatement Policy (Resolution No. 6222-12-2025); and
5. Authorize the execution of a ten-year Tax Abatement Agreement with EDC Fort Worth LLC, or an affiliate, for the development of a data center to be located near the intersection of Interstate Highway 20 and Farm-to-Market Road 2871, Fort Worth, Texas, Tarrant County, in Tax Abatement Reinvestment Zone No. 116 (Veale Ranch).

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## **DISCUSSION:**

The purpose of this Mayor and Council Communication is to (1) designate a new Tax Abatement Reinvestment Zone (TARZ No. 116); and (2) authorize a ten-year tax abatement agreement with EDC Fort Worth LLC, or an affiliate (collectively, the Company) for the development of a data center facility within TARZ No. 116.

Company is a data center developer based out of Darien, CT. Company is proposing to develop a data center on approximately 186.5 acres near the intersection of Interstate Highway 20 (I-20) and Farm-to-Market Road (FM) 2871, Fort Worth, Texas (Project Site).

The City proposes to enter into a Tax Abatement Agreement with the Company to facilitate development of the Project Site. The tax abatement will be tied to the amount of investment made by the Company and satisfaction of other project and spending requirements as follows:

### **Investment and Company Commitments:**

1. Company must expend a minimum of \$270,000,000.00 in total construction costs for real property improvements at the Project Site on or before December 31, 2028;
2. Company must install taxable business personal property (BPP) that is new to the City at the Project Site having a minimum assessed taxable value of \$300,000,000.00 by January 1, 2029;
3. Company must expend a minimum of \$300,000,000.00 in additional total construction costs for real property improvements at the Project Site on or before December 31, 2030;
4. Company must install additional taxable BPP that is new to the City at the Project Site having a minimum assessed taxable value of \$225,000,000 by January 1, 2031;
5. Company must maintain a minimum assessed taxable value for BPP of \$300,000,000.00 for each year of the agreement;
6. Failure to meet the minimum assessed taxable value for BPP in a given year would result in the forfeiture of the abatement in that year;
7. Company must provide a minimum of 25 full-time jobs at the Project Site on or before December 31, 2028, and 25 additional full-time jobs at the Project Site on or before December 31, 2030, and maintain that level for the duration of the Tax Abatement Agreement, with an average salary of at least \$73,000.00 (Employment Commitments). The annual tax abatement will be forfeited for any year in which the Employment Commitments are not met;
8. Company voluntarily commits to expend by the project completion deadline at least 30% of all real property improvement costs, both hard and soft costs, with Small Businesses, dependent on availability (Small Business Commitment). "Small Business" means a business entity located in Tarrant, Wise, Johnson, Parker, or Denton County that holds certification as a small business from an organization approved by the City Manager (City Ordinance No. 27832-08-2025). If Company does not meet the Small Business Commitment, subject to availability and

- terms of the Tax Abatement Agreement, the tax abatement shall be reduced by 10%; and
9. Company must use industry best practices for energy and water conservation, which will include ultra-efficient cooling technology, to be provided for under the Tax Abatement Agreement.

**City Commitments:**

1. The City will enter into a Tax Abatement Agreement with the Company for a term of ten years;
2. The amount of incremental City BPP taxes to be abated in a given year will be equal to up to fifty percent (50%) on assessed taxable BPP at the Project Site;

The tax abatement is subject to Company meeting the performance requirements stated above and as specifically detailed within a Tax Abatement Agreement.

The project will result in an estimated \$63,284,661.00 in new incremental property tax to the City associated with the Project which, being reduced by \$16,140,000.00 in accordance with the Tax Abatement Agreement, will result in the collection of an estimated \$47,144,661.00 in net new incremental property tax revenue over the ten-year period following project completion.

**Reinvestment Zone:**

TARZ No. 116 will consist of 186.5 acres located near the intersection of I-20 and FM 2871, Fort Worth, Texas, and as more particularly described in Exhibit A to the attached Ordinance.

Designating this area as a reinvestment zone allows the City the option to enter into a Tax Abatement Agreement with the Company to help facilitate development on the Project Site.

Pursuant to Chapter 312 of the Texas Tax Code, a public hearing must be conducted regarding the creation or expansion of a Reinvestment Zone. Notice of this hearing was delivered to the presiding officer of the governing body of each affected taxing unit and published in a newspaper of general circulation at least seven days prior to this hearing.

Pursuant to Chapter 312 of the Texas Tax Code, the area within the proposed TARZ No. 116 meets the statutory criteria for designation as a Tax Abatement Reinvestment Zone because the area is likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in TARZ No. 116 that would be a benefit to the property and that would contribute to the economic development of the City. Further, the proposed improvements and investments at the Project Site are feasible and practical and would be a benefit to the land to be included in TARZ No. 116 and to the City after the expiration of any Tax Abatement Agreement.

The term of TARZ No. 116 will be five years from the date of adoption of the attached Ordinance and may be renewed for periods not to exceed five years each unless otherwise allowed by law.

The project is located in COUNCIL DISTRICT 3.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of this Tax Abatement Agreement will have no material effect on the Fiscal Year 2026 Budget. While no current year impact is anticipated from this action, any effect on revenues will be incorporated in long-term financial forecast upon the Tax Abatement being officially granted.

**Submitted for City Manager's Office by:** Dana Burghdoff 8018

**Originating Business Unit Head:** Jessica Rogers 2663

**Additional Information Contact:** Cherie Gordon 6053