



Legislation Text

File #: 18-2825, **Version:** 1

Resolution - A Resolution of the City Council of the City of Mansfield, Texas, Approving an Economic Development and Performance Agreement by and Between the Mansfield Economic Development Corporation ("MEDC") and Lonejack, LLC and Authorizing its Execution by the President of the MEDC; and Providing an Effective Date

Consider request for assistance from Lonejack, LLC (Sellmark)

At the May 1 MEDC Board meeting, the board recommended the sale of lot 4 for the 2017 appraised value of \$809,600 and to reimburse that amount to Sellmark on a per square foot basis as certificates of occupancy are obtained on 200,000 square feet of new construction.

The MEDC acquired "lots 1-4" on Heritage Parkway at the corner of Mitchell Dr. in May 2004 from the City.

In 2010, MEDC entered into an Economic Development and Performance Agreement with Lonejack, LLC (a/k/a Sellmark) to assist with construction and subsequent expansion of their facility located at 2201 Heritage Pkwy (lots 2 and 3). This agreement required Sellmark to begin construction of additional square footage on lot 3 by June 30, 2018 and obtain a certificate of occupancy by December 31, 2019. Due to unforeseen circumstances, a new agreement has been prepared.

MEDC still owns lots 1 (hard corner on Heritage and Mitchell) and 4. Lot 4 poses some development challenges with proximity to the railroad track, gas well, TRWD pipeline and floodplain/floodway issues on the southern portion of the lot. Sellmark is currently located on lot 2 and owns lot 3. It is a logical strategy for Sellmark to acquire lot 4 in order to better develop that portion of the industrial community and add lot 4 to the tax rolls.

By adding 200,000 square feet of tilt wall industrial buildings, \$13 million of ad valorem tax value will be added to the tax rolls resulting in additional annual tax revenue of \$92,300. Currently, the land value is not taxable while owned by MEDC. If Sellmark acquires the land, the land value will also be added to the tax rolls. In addition, Sellmark will be adding business personal property tax, of which the value is unknown at this time.

At the May 1, 2018 meeting, the MEDC Board recommended approval of the following terms: Sell lot 4 for the 2017 appraised value of \$809,600 and reimburse that amount to Sellmark on a per square foot basis as certificates of occupancy are obtained on 200,000 square feet of new construction. This equates to 6.8% of the overall initial capital investment, which is consistent with similar projects from MEDC. Approximately 34,000 square feet will be added to their existing facility while the remaining amount will be built on lots 3 and 4. Initially, the space on lots 3 and 4 will be leased out until Sellmark has a need for the additional square footage.

The additional light industrial product would be extremely valuable in MEDC's efforts to attract new business and will generate new tax revenue for the City of Mansfield.

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Richard Nevins, MEDC, 817-728-3652