



Legislation Text

File #: 22-5106, **Version:** 1

Resolution - A Resolution of the City of Mansfield, Texas, Approving an Economic Development Agreement Between the City of Mansfield, the Mansfield Economic Development Corporation, and Crystal Window and Door Systems TX; Authorizing the City Manager, or his designee, and MEDC President to Execute Said Agreement; and Providing an Effective Date

Consider Approval of the Economic Development Agreement with Crystal Window and Door Systems TX

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Since May 2022, Staff has been working with Crystal Window and Door Systems, a nationally recognized leader in window manufacturing, with corporate headquarters in Flushing, New York. The company researches, develops, and manufactures window and door systems for commercial and residential buildings. They have approximately 800 employees nationally and their annual revenue is over \$250 million.

They have chosen a 44 acre site generally located west of U.S. 287, south of and adjacent to the railroad tracks, east of and adjacent to Justice Lane, and north of and adjacent to the Tarrant County Corrections facility located at 651 Justice Lane in Mansfield as the location for their new manufacturing facility and regional headquarters. This property is also referred to as the “mushroom property.”

This manufacturing facility will be built in four phases over the next 6 years. During this time, Crystal Window and Door Systems will construct approximately 650k sq. ft. and make a capital investment of at least \$136 million. They will also create over 650 jobs. The regional headquarters will be constructed as part of phase 2 and will host approximately 100 corporate jobs overseeing the southwest region of their national operations.

Because this property, approximately 44 acres, is owned by the City, and not located within a Tax Increment Reinvestment Zone boundary, the City was required to solicit public bids for its sale. The bid solicitation was based on “Best Value,” as presented below:

Best Value. The City Council may award the bid that is determined to provide the best value to the City. The City Council will evaluate the following factors in determining which bid provides the best value for the City:

- A proposed relocation of a Corporate Regional or National Headquarters
- A land use involving advanced manufacturing, research and development
- Cash consideration
- The proposed land use of the Property
- Other terms of the transaction which may be proposed by bidder

Two bids were received and opened on September 15, 2022, summarized as follows:

- Crystal Window and Door Systems
 - Includes the relocation of a Corporate Regional Headquarters to the Property

- 650,000 SFT advanced manufacturing plant
 - 680 full time positions
 - Capital Investment of \$136,800,000 over four phases within six years
 - Purchase Price = \$5.00/SFT (\$9,583,200)
 - Negotiation of economic development incentives
- Stillwater Capital
 - Speculative Warehouse at 525,001 SFT
 - Purchase Price = \$7.50/SFT (\$14,374,800)
 - Capital Investment of \$71,341,930
 - No economic development agreement specified

Based on these two bids, and like every project consideration, a detailed long-term cost/benefit analysis was performed. In this case, staff analyzed a 20 year time-frame using details from each bidder and projections from similar developments/taxable values, in the City of Mansfield.

This 20 year analysis, along with requested economic incentives from Crystal Window and Door Systems was further evaluated and presented to City Council during executive session, and Council awarded the bid to them in October 2022, and authorized the City Manager to negotiate an economic development agreement and contract of sale agreement.

Over the last several months, staff has been working with attorneys and the Company to finalize the agreements before delivering to City Council for final consideration. While the terms of the agreement have been unchanged since the MEDC Board took action pursuant to executive session on December 6, 2022, the definitions within the agreement and entity identifiers have been updated to reflect a newly created LTD for this development.

Over this same time period, interest rates have risen drastically, along with continued inflation and the project has expected to increase significantly in cost. Because of this, the Company has requested the Contract of Sale reflect 50% of the Purchase Price be wired at the time of closing, and then annual payments in the amount of \$798,600 over the following six years be made (total of \$9,583,200).

Staff believes that the summary of incentives and the consideration of the purchase price still reflect the best value to the City of Mansfield, as we will secure two major target industries in this one transaction: a Regional Headquarters; and an advanced manufacturing facility.

The incentives contemplated in the agreement are as follows:

- **Company to provide the following:**
 - Purchase the property for \$9,583,200 (\$5.00/SFT)
 - Construct a 650k sft facility for manufacturing and production of window and door systems over 4 phases (estimated 4 to 6 years)
 - A regional headquarters
 - 650 full time jobs
 - 100 corporate jobs
 - Pay all fees and costs associated with the development as required by ordinance

- **City to provide:**
 - A tax abatement that contemplates the first five years at 75% and the next five years at 50%.
 - Construction sales tax grant in an amount equal to what is collected in the city's general fund as it relates to the construction of the project
- **MEDC to provide:**
 - Development fee grant in an amount equal to 50% of what is paid by the Company to the City, not to exceed \$750,000
 - A tax grant for 10 years following the expiration of the tax abatement agreement, in an amount equal to 75% of real property and tangible personal property the first five years and 50% the second five years (~\$3.3 MM total value)
 - Job creation grant in amount equal to \$2,500 per FTE for the first 120 employed in the corporate headquarters
 - Infrastructure grant in an amount equal to 50% of actual costs paid on eligible infrastructure, not to exceed \$2,000,000

The Company has requested economic incentives from both Tarrant County and the State for additional consideration.

Staff recommends City Council approve the economic development agreement and authorize the City Manager or his designee, and the MEDC President to execute the agreement and finalize and execute the Contract of Sale.

4A and General Fund

Jason Moore, Executive Director of Economic Development, 817-728-3650