



## Legislation Text

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**File #:** 22-5107, **Version:** 1

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Resolution - A Resolution of the City of Mansfield, Texas, Approving an Economic Development Agreement Between the City of Mansfield, Texas, the Mansfield Economic Development Corporation, the Board of Directors of Reinvestment Zone Number One, and Admiral Legacy, LLC; Authorizing the City Manager, MEDC President, and TIRZ #1 Board Chair, to Execute Said Agreement; and Providing an Effective Date

Consider Approval of the Economic Development Agreement with Admiral Legacy LLC

Approval of the Economic Development Agreement with Admiral Legacy LLC

The MEDC owns approximately 17 acres of land at the northwest quadrant of Heritage Parkway and Regency Parkway along the Innovation Corridor. The Innovation Corridor is identified as an approximate 1.5 mile stretch of Heritage Parkway between Hwy 287 to the west and Hwy 360 to the east in Mansfield. As future development opportunities present themselves, it is the desire of the City to establish a "Vision" for this corridor and manage development to the extent that it becomes a meaningful and identifiable regional business hub. Admiral Legacy, LLC, intends to develop the property in phases for a mixed-use project consisting of a minimum of 200,000 square feet of office space, 20,000 square feet of retail space, and 280 corporate residences together with parks, trails, education, innovation, and corporate headquarters for the enjoyment of the public.

As the master plan was being contemplated, the developer, with staff's input, developed a financial analysis and market feasibility for Class A office and mixed-use development. The main finding was that due to the lack of Class A office in Mansfield, market rents will unlikely support the financial costs of development. Therefore, Admiral Legacy has determined that a combination of incentive tools by the City, MEDC, and TIRZ #1, would induce construction of The Mansfield Innovation Community (The MIC) to bridge the gap in funding costs.

Offices at the MIC will be Mansfield's Pioneer Class A+ building with leading edge design, technology and amenities.

The Mansfield Innovation Community (The MIC) is a master-planned collaboration-driven environment to cultivate diverse creative spaces for inventive thinking, working and meeting that will support and bolster the City's vision for the Innovation Corridor as a catalyst project. Expenditures in accordance with this Agreement will further the objectives of the City, will benefit its inhabitants, and will promote local economic development and stimulate business and commercial activity in the City.

The agreement is structured as follows:

- MEDC sells property to Admiral Legacy (developer takes title on property once construction financing is in place)
- MEDC infrastructure grants (cap of \$7,500,000), processed throughout the major phases of the project (specific to Eligible Costs of approved infrastructure):
  - Schematic Design completion - \$500,000
  - Office building (Phase 1a) going vertical - Cap of \$5,000,000 as follows:

- \$1,000,000 upon commencement
  - \$500,000 quarterly until cap is reached
  - Upon completion of the office building (by April 2025) - \$1,500,000
  - Upon tenant certificate of occupancy (15,000 sft minimum) - \$500,000
- Master Lease of 50% of office building for 10 years, Phase 1a, with ability to sublease or assign at City's discretion (using the City portion of TIRZ revenue generated by the project)
- Gap funding on all office building leases (difference between market rents and development costs) for a period not to exceed 10 years from commencement. This is capped at \$10/SFT for Year 1, and decreases by 3% each year through the term (using the City portion of TIRZ revenue generated by the project).
- This project will generate an estimated \$23 million in TIRZ revenue (City portion only) over the duration of TIRZ #1 and will generate over \$17 million to the City's general fund during that same period.

#### 4A, TIRZ #1

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