

# Proposed Tax Abatement with MP Magnetics LLC

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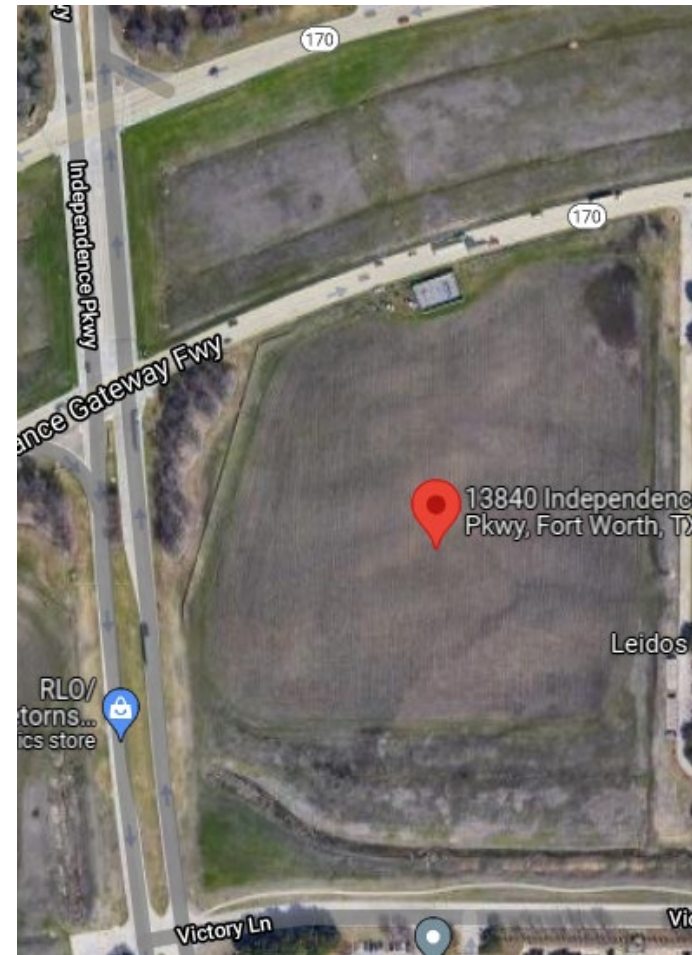
January 18, 2022

# Company Overview

- MP Magnetics LLC
- Based in Las Vegas, Nevada
- Founded in 2017
- Manufactures rare earth materials
- Products used in various applications in the following industries:
  - Automotive
  - Clean Energy
  - Aviation
  - Digital

# Location:

13840 Independence Parkway, Fort Worth, TX 76177



# Project Overview

- 200,000 SF building to be constructed at 13840 Independence Pkwy.
- Proposed capital investment:
  - \$40M in construction costs for manufacturing plant
  - \$60M taxable value in Business Personal Property
- 30 Full-Time jobs
- Average Annual Salary for all jobs > \$80,390
- 15% of construction costs to BEF companies

# Development Commitments

- **Capital Investment**

- Min. \$40 M in total construction costs by December 31, 2023
- Min. \$60 million in taxable BPP by January 1, 2024

- **Job Creation**

- Create 30 Full-Time jobs by December 31, 2023
- All FTEs must have a minimum average annual salary of \$80,390
- MP Magnetics LLC will be required to spend 15 percent of hard and soft construction costs with contractors that are Certified Minority-Owned Business Enterprise
  - Failure to meet this requirement will result in a reduction of the grant by 10 percent

# Proposed Incentive Terms

7-year Tax Abatement of up to 60% of Real & Business Personal Property capped at \$2,762,300

**TABLE III-I Maximum Potential Abatement with Corresponding Commitments**

Property Owner or Company Commitment	Year 1 Potential Abatement	Year 2 Potential Abatement	Year 3-7 Potential Abatement
Base Commitments:			
Real and Business Personal Property Investment = \$100M	5%	5%	5%
Business Equity Commitments (15% of Total Construction Costs)	10%	10%	10%
Annual Commitments:			
Average Annual Salary for 30-90 Full-Time Jobs > \$80,390	2.5%	2.5%	2.5%
Overall Employment >= 30 (as applicable)	2.5%	2.5%	2.5%
Overall Employment >= 60 (as applicable)	-	20%	20%
Overall Employment >= 90 (as applicable)	-	-	20%
<b>TOTAL</b>	<b>20%</b>	<b>40%</b>	<b>60%</b>

# Development Summary

## Private Investment

- Minimum of \$40 Million in Total Construction Costs by December 31, 2023
- Total Business Personal Property of \$60 Million

## Employment

- Create 30 new FTEs by December 31, 2023
- Average Annual Wages: \$80,390

## 7 year incentive proposal

- Up to 60% of the incremental increase in value of real and business personal property.

## • Private/Public Ratio

Est. Benefit	\$2,762,300
NPV Benefit	\$2,198,975
City Participation	2.8%
Est. Ratio	36:1

## • CFW Tax Revenue (7 yr. projection)

Net New Taxes (gross)	\$1,841,532
Net New Taxes (NPV)	\$1,465,983

## Payback

4.02 years

## Recommendation/Next Steps

- Recommendation: Enter into a 7-year tax abatement agreement on up to 60% of the incremental value of real and business personal property taxes
- Public Hearing to create Reinvestment Zone January 25<sup>th</sup>
- M&C for City Council consideration January 25<sup>th</sup>



# Thank you

