Proposed Tax Abatement with MP Magnetics LLC

Robert Sturns
Economic Development Department
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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**
  o Min. $40 M in total construction costs by December 31, 2023
  o Min. $60 million in taxable BPP by January 1, 2024

• **Job Creation**
  o Create 30 Full-Time jobs by December 31, 2023
  o All FTEs must have a minimum average annual salary of $80,390
  o 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

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

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 25th
- M&C for City Council consideration January 25th
Thank you