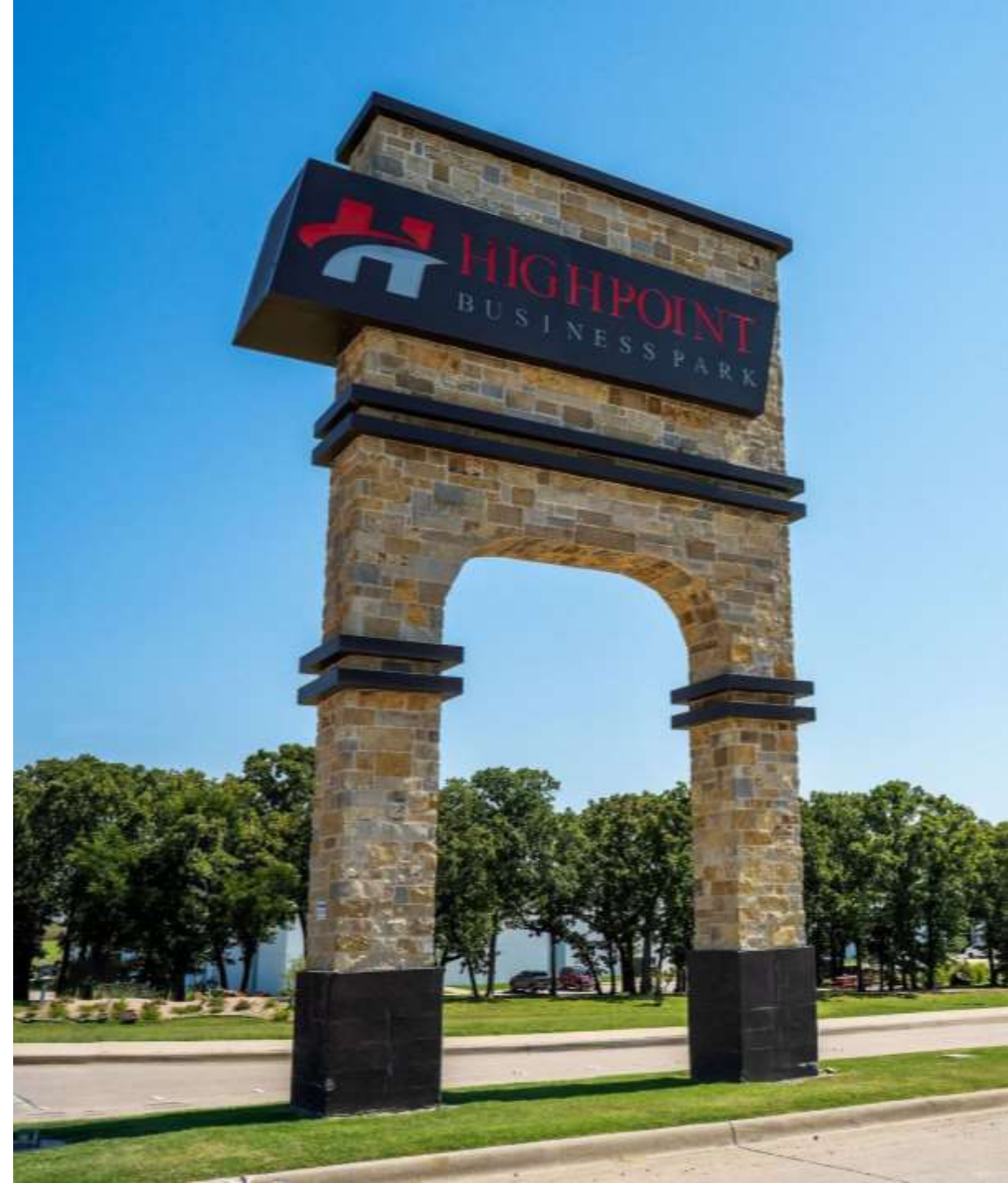




Economic
Development

Project Dough

City Council
12/09/2024



Paris Baguette

- Large Baked Goods Manufacturer under contract to purchase 30 acres in HighPoint Business Park
- First North American manufacturing plant
- 450 new full time jobs
- \$165 Million minimum total capital investment
- Parent company is located in Seoul, South Korea and US headquarters are in New Jersey
- This is the first North American manufacturing facility
- Over 4,000 retail stores worldwide but only 170 in North America. Goal to have 1,000 locations in the US by 2030.
- Staff has been working with the site selectors and company officials since November of 2023.



Tax Abatement Reinvestment Zone

- Section 312 of Texas Tax Code guides process for establishing the zone.
- Notice provided in newspaper for public hearing on October 13, 2024.
- Notice to taxing entities provided on October 11, 2024.
- Public hearing / First reading of Ordinance.
 - October 21, 2024
- Final Reading of Ordinance approving Tax Abatement Reinvestment Zone #9
 - November 4, 2024
- Approximately a 30 Acre site located on Vantage Drive north of FM 917



Tax Abatement Details

- Paris Baguette would receive a 50% rebate of City property taxes for a period of ten years.
- The term of the abatement would begin on January 1 of the calendar year following the opening of the facility.
- The value of the incentive would be an estimate of \$3,598,968 if the company constructs both phases of the development outlined in the performance agreement.
- Paris Baguette would additionally qualify for an tax abatement with Johnson County that would be an estimated \$2,045,881.
- The Johnson County Abatement is scheduled to be heard by the Commissioners in January.



Paris Baguette Obligations



- Paris Baguette U.S.A, Inc. to close on the property by January 31, 2025.
- Paris Baguette U.S.A, Inc to submit the building plans of Phase 1 at least 150,000 square feet food manufacturing facility for the development by April 30, 2025.
- Paris Baguette U.S.A, Inc to commence construction on Phase 1 by June 30, 2025.
- Paris Baguette U.S.A, Inc., to complete the construction of at least 150,000 square foot food manufacturing facility with a capital investment of at least \$110 million dollars by December 31, 2027.
- Paris Baguette U.S.A, Inc to submit the building plans of Phase 2 at least 117,000 square feet food manufacturing facility for the development by March 1, 2028.
- Paris Baguette U.S.A, Inc to commence construction on Phase 2 by January 1, 2029.
- Paris Baguette U.S.A, Inc., to complete the construction of at least 117,000 square foot food manufacturing facility with a capital investment of at least \$55 million dollars by December 31, 2029.
- Paris Baguette U.S.A, Inc., to employ 125 FTEs as of the first anniversary of the Opening Date.
- Paris Baguette U.S.A, Inc., to employ 250 FTEs as of the third anniversary of the Opening Date.
- Paris Baguette U.S.A, Inc., to employ 450 FTEs as of the tenth anniversary of the Opening Date.

Burleson 4A Obligations

- Upon closing of the acquisition of the Land, submittal of building plans, civil engineering plans, and other planning documents for the construction and development of the Improvements, EDC shall provide the Company with a cash grant of \$300,000.
- Upon the receipt of the building permit for the Phase 1 Facility, EDC shall provide the Company with a cash grant of \$180,000.
- Upon the inspection and approval of the foundation for the Phase 1 Facility, EDC shall provide the Company with a cash grant of \$360,000.
- Upon the receipt of the Certificate of Occupancy for the Phase 1 Facility, EDC shall provide the Company with a cash grant of \$360,000.
- Upon closing of the acquisition of the 7-acre parcel, EDC shall provide the Company with a cash grant of \$100,000.
- Upon the receipt of the building permit for the Phase 2 Facility, EDC shall provide the Company with a cash grant of \$580,000.
- Upon the full payment of all applicable fees imposed by the City related to the construction of the Improvements, EDC shall provide the Company with a cash grant to reimburse up to \$150,000 of such fees.
- Upon completion of the gas line extension EDC shall provide the Company with a cash grant to reimburse up to \$300,000 of the extension costs.
- Upon the receipt of the Certificate of Occupancy for the Phase 2 Facility, EDC shall provide the Company with a cash grant of \$500,000.
- Upon the hiring of 125 FTEs, EDC shall provide the Company with a cash grant of \$500,000.
- Upon the hiring of 250 FTEs, EDC shall provide the Company with a cash grant of \$250,000.
- Upon the hiring of 450 FTEs, EDC shall provide the Company with a cash grant of \$250,000.
- Upon the first anniversary of the Company and receipt of the Certificate of Occupancy for the Phase 2 Facility, EDC shall provide the Company with a cash grant of \$320,000.

Clawbacks

- If the Company does not meet the performance measures of commencing construction by June 1, 2025 and obtaining the Certificate of Occupancy for Phase 1 by December 31, 2027 the company would have to do the following:
 - Within 30 day repay all incentives that have been disbursed up to that date which would be \$1,200,000.
- If the Company does not meet any of the other performance measures in the agreement the incentives will not be paid out.

We want to make sure that we will have improvements on the ground with Phase 1.



**Economic
Development**

Right of First Refusal Details

- If the adjacent development did not move forward then the EDC would not move forward with the purchase of the property
- The adjacent develop will receive a 10 year “first right of refusal on seven acres of the 10 acre parcel
- If the EDC receives a contract in that time the adjacent development would have 30 days to purchase the property of decline the first right



Incentive Payout

Performance Measure	Incentive
Close on 30ac tract and submit plans	\$300,000
Close on 7ac tract	\$100,000
Receive phase 1 building permit	\$180,000
Acceptance of building foundation	\$360,000
Receive phase 1 certificate of occupancy	\$360,000
Receive phase 2 building permit	\$580,000
Full payment of development fees (reimburse)	Up to \$150,000
Acceptance of gas line extension (reimburse)	Up to \$300,000
Receive phase 2 certificate of occupancy	\$500,000
Hiring of 125 FTEs	\$500,000
Hiring of 250 FTEs	\$250,000
Hiring of 450 FTEs	\$250,000
Upon first anniversary of fully operational development	\$320,000
Total	\$4,150,000

Paris Baguette Incentive Summary

- Burleson 4A Incentives
 - \$4,150,000 over 10 years
- City of Burleson Incentives
 - 50% abatement for 10 years
- Johnson County Incentives
 - 50% abatement for 10 years

4A Incentive/Capex

2.52%

4A Incentive Total

\$ 4,150,000.00

GF Incentive Total

\$ 3,598,968.38

Total City Incentive

\$ **7,748,968.38**

	4A 10yr ROI	4A 20yr ROI
	-100%	-100%
	GF 10yr ROI	GF 20yr ROI
	114%	461%
\$	8,230,489.81	\$ 21,582,939.17

Total Incentive Package - \$9,794,849

Incentives ROI

Project Dough 450 Jobs	2025 Year 1	2026 Year 2	2027 Year 3	2028 Year 4	2029 Year 5	2030 Year 6	2031 Year 7	2032 Year 8	2033 Year 9	2034 Year 10	2044 Year 20
CAPEX	\$ -	\$ 110,000,000.00	\$ -	\$ -	\$ 55,000,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Appraised Value (70% of CAPEX)	\$ -	\$ 77,000,000.00	\$ 79,310,000.00	\$ 81,689,300.00	\$ 139,139,979.00	\$ 143,314,178.37	\$ 147,613,603.72	\$ 152,042,011.83	\$ 156,603,272.19	\$ 161,301,370.35	\$ 216,775,553.63
Revenue											
4A Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GF Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax	\$ -	\$ 487,025.00	\$ 501,635.75	\$ 516,684.82	\$ 880,060.37	\$ 906,462.18	\$ 933,656.04	\$ 961,665.72	\$ 990,515.70	\$ 1,020,231.17	\$ 1,371,105.38
Development Fee	\$ 100,000.00										
Sewer	\$ -	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00
Expenses											
Tax Abatement	\$ -	\$ (243,512.50)	\$ (250,817.88)	\$ (258,342.41)	\$ (440,030.18)	\$ (453,231.09)	\$ (466,828.02)	\$ (480,832.86)	\$ (495,257.85)	\$ (510,115.58)	
Land Reimb.	\$ (300,000.00)	\$ (100,000.00)			\$ (400,000.00)						
Fees Reimb.	\$ (150,000.00)										
Gas Line Rebate		\$ (300,000.00)									
Jobs		\$ (500,000.00)		\$ (250,000.00)						\$ (250,000.00)	
Performance	\$ (540,000.00)	\$ (680,000.00)			\$ (180,000.00)	\$ (500,000.00)					
Annual	\$ (890,000.00)	\$ (1,291,487.50)	\$ 295,817.88	\$ 53,342.41	\$ (94,969.82)	\$ (1,768.91)	\$ 511,828.02	\$ 525,832.86	\$ 540,257.85	\$ 305,115.58	\$ 1,416,105.38
Cumulative		\$ (2,181,487.50)	\$ (1,885,669.63)	\$ (1,832,327.21)	\$ (1,927,297.03)	\$ (1,929,065.94)	\$ (1,417,237.92)	\$ (891,405.06)	\$ (351,147.21)	\$ (46,031.62)	\$ 12,450,649.56

2.52% incentive ratio
Break-even in year 7

4A 10yr ROI	4A 20yr ROI
-100%	-100%
GF 10yr ROI	GF 20yr ROI
114%	461%
\$ 7,702,936.75	\$ 20,199,617.93

Requested Action

- Approve the resolution ratifying the 4A Economic Development Corporations Board's actions taken on the approval of a Performance Agreement between the Burleson 4A Economic Development Corporation and Paris Baguette U.S.A., Inc. for a 267,000 square foot food manufacturing facility.
- Deny the resolution ratifying the 4A Economic Development Corporations Board's actions taken on the approval of a Performance Agreement between the Burleson 4A Economic Development Corporation and Paris Baguette U.S.A., Inc. for a 267,000 square foot food manufacturing facility.
- Approve the Tax Abatement Agreement between the City of Burleson and Paris Baguette U.S.A., Inc., for a food manufacturing facility located in Highpoint Business Park in Tax Abatement Reinvestment Zone Number 009, City of Burleson.
- Deny the Tax Abatement Agreement between the City of Burleson and Paris Baguette U.S.A., Inc., for a food manufacturing facility located in Highpoint Business Park in Tax Abatement Reinvestment Zone Number 009, City of Burleson.

*Staff Recommends Approval of the Performance Agreement and Tax Abatement Agreement



Questions



Economic
Development



Questions/Feedback