

<b>Meeting Date</b> (?)	07/12/2016
<b>Subject Matter</b> * (?)	Nutrabolt Tax Abatement Amendment Agreement <small>This must match rolling agenda entry</small>
<b>Department of Origin</b> *	ECONOMIC DEVELOPMENT
<b>Submitted By</b> *	Kevin Russell
<b>Type of Meeting</b> *	<input type="radio"/> BCD <input type="radio"/> Special <input checked="" type="radio"/> Regular
<b>Classification</b> *	<input type="radio"/> Public Hearing <input type="radio"/> Consent <input checked="" type="radio"/> Statutory <input type="radio"/> Regular
<b>Ordinance</b> *	<input checked="" type="radio"/> None <input type="radio"/> First Read <input type="radio"/> Second Read <input type="radio"/> First & Only Read
<b>Strategic Initiative</b> *	<input type="checkbox"/> Public Safety <input type="checkbox"/> Service <input checked="" type="checkbox"/> Economic Development <input type="checkbox"/> Infrastructure <input type="checkbox"/> Quality of Life
<b>Agenda Item Description</b> *	Consideration of a First Amendment to Tax Abatement Agreement (amendment) between DCMP Real Estate I, LLC, Woodbolt Distribution LLC, d/b/a Nutrabolt International, and the City of Bryan for the partial exemption from ad valorem tax in Reinvestment Zone Number Thirty One (31) designated for a tract of land that is 8.0 acres located on a portion of the J.H. Jones Survey A-26, Bryan, Brazos County, Texas.

## Summary Statement \*

In January 2013, the formal tax abatement agreement (agreement) for the construction of a major biomanufacturing facility to be constructed, owned, and operated by DCMP Real Estate I, LLC d/b/a Woodbolt International was executed. The abatement applied to improvements on property sold and conveyed from Bryan Commerce & Development to DCMP Real Estate I, LLC d/b/a Woodbolt International. Reinvestment Zone Number Thirty One (31) was created at the same City Council meeting, for the purpose of industrial tax abatement as provided in the Texas Tax Code, Chapter 312 of the Property Redevelopment and Tax Abatement Act.

The terms of the original tax abatement schedule were for the initial \$9,000,000 Brazos County Appraisal District valuation for biomedical related taxable facilities. The abatement would be complete within a total period of ten (10) years, based on the increase in value of real property improvements, personal property, and equipment on January 1st of each tax year over the base year value.

The terms of the original abatement agreement were:

- Tax Year 2014: 100% abatement; min \$9M valuation
- Tax Year 2015: 100% abatement; min \$9M valuation
- Tax Year 2016: 90% abatement; min \$9M valuation
- Tax Year 2017: 80% abatement; min \$9M valuation
- Tax Year 2018: 70% abatement; min \$9M valuation
- Tax Year 2019: 30% abatement; min \$9M valuation
- Tax Year 2020: 20% abatement; min \$9M valuation
- Tax Year 2021: 20% abatement; min \$9M valuation
- Tax Year 2022: 10% abatement; min \$9M valuation
- Tax Year 2023: 10% abatement; min \$9M valuation

Since the original agreement was executed in January 2013, the following changes have occurred affecting Woodbolt and the terms of the agreement:

- "Woodbolt" is now doing business as "Nutrabolt".
- The Value of Improvements in 2015 was \$7,989,960. In 2016, the Value of Improvements was \$8,728,340. Both values are near the Value performance benchmark of \$9,000,000.
- Proper documentation was not submitted by Woodbolt in a timely manner to the appropriate entity, which requires modification of the original schedule of tax abatements.

An amendment is necessary to address these changes and allow Woodbolt, now doing business as Nutrabolt, to remain in compliance to the agreement with the City of Bryan. Both Woodbolt and the City of Bryan have determined they are in substantial compliance with the original intent of the agreement, and desire to modify the terms to ensure the agreement reflects that intent. Additionally, the City of Bryan recognizes the overall benefits Woodbolt brings to its citizenry, and the City desires to continue its support moving forward.

The proposed amendment addresses the following:

- Acknowledge Woodbolt Distribution LLC was doing business as Woodbolt International in 2013, but is now doing business as Nutrabolt International.
- The schedule of tax abatements in Section 3(a) of the original agreement is amended as follows:

Tax Year Percentage Abatement

2014 100%  
2015 0%  
2016 100%  
2017 90%  
2018 80%  
2019 40%  
2020 30%  
2021 30%  
2022 20%  
2023 20%

- Section 3(c) of the original agreement is amended as follows: "The tax abatement granted does not apply in any year where the Value of the Improvements is less than \$8,700,000 on January 1 of that year."
- Any noncompliance by Owner with the provisions in 4(a)(1), completion date, and 4(a)(2), value of the improvement, in 2014 and 2015 are waived by the City.
- Owner acknowledges City is in compliance with all its obligations under the agreement.
- All other items and conditions of the original agreement remain in full force and effect.

**Staff Analysis & Recommendation \***

Staff updated the City Council regarding this agreement and received direction that is reflected in the proposed amendment. In addition, the City Council desires to encourage continued growth on the west side of Bryan, and maintain a good faith partnership with a successful business. Staff recommends approving this amendment.

**Options \***

(In Suggested Order of Staff Preference)

1. Approve DCMP Real Estate I, LLC and Woodbolt Distribution LLC, d/b/a Nutrabolt First Amendment to Tax Abatement Agreement
2. Modify Amendment for approval, which may require consideration at a future City Council meeting
3. Deny Amendment and provide further direction to staff

**Funding Source \***

No direct funding source is necessary to approve this item. However, this item lays out provisions for tax abatement over a ten-year period, which will defer property tax revenues in the initial years of the project.

**Attachments**

WOODBOLT_TAX ABATEMENT AGREEMENT.pdf	429.88KB
Woodbolt First Amendment to Tax Abatement Agreement.pdf	687.8KB

Please detail attachments and note attachments available for viewing in City Secretary's Office:

1. Original Woodbolt Tax Abatement Agreement
2. First Amendment to Woodbolt Tax Abatement Agreement

**Dept. Head Signature**



LINDSEY GUINDI

**Deputy City Manager Signature**



Hugh R. Walker

**City Manager Signature**



**City Attorney Signature**



Thomas A. Leeper