

MEMORANDUM

TO: Donna Barron, City Manager

FROM: Jason Moore, Director of Economic Development

DATE: March 2, 2020

SUBJECT: Approval of an Economic Development Agreement Between the City of Lewisville and 4M Capital Ltd; and Authorization for the City Manager to Execute the Agreement.

BACKGROUND

During the summer of 2019, First Industrial purchased the former Coyote Drive-In Theatre at 1901 Midway Road and submitted a concept plan for City Council consideration during their July 15th executive session. The plan included a 430,000 square-foot building in which 300,000 square feet was proposed for a company called Arteriors. Council proposed the typical speculative incentive for the developer, and a separate tenant agreement for Arteriors, during that meeting.

Arteriors, also known as 4M Capital Ltd, is a leading provider of luxury lighting, wall décor, and decorative accessories. Since its inception in 1987, Arteriors has seen tremendous growth and expansion offering a wide spectrum of styles and luxury materials to residential and commercial designers worldwide. This location would serve their southwest regional distribution center for product delivery.

Arteriors sells their products through Wayfair's internet marketplace, which reaches locations across the globe. It is unknown what the local sales tax impacts could be for Lewisville but the amount of taxable inventory and business personal property value is projected to be more significant as compared to other distribution warehouses with similar footprints.

ANALYSIS

The City Council proposed the following incentives in return for Arteriors minimum \$5 million investment and 155 full time jobs:

1. An annual economic development grant in an amount equal to the 50% of the business personal property and inventory taxes paid to the City of Lewisville for 5 years, which is estimated to be valued between \$20,000 to \$50,000 per year.

2. A one-time grant to Arteriors in an amount equal to 100% of the Local Sales Tax on any Taxable Items on which Local Sales Tax was paid by Arteriors during the Start-Up Period, which this one-time grant is estimated to be between \$20,000 and \$35,000.

Arteriors will also participate in the Community Support Grant initiative where they will contribute back to the city each year of the term based on the chart below:

<u>Annual Incentive Value Paid by the City to the Company</u>	<u>Annual Support Paid by the Company to the City for a Community Event, Economic Development Activity or Other Charitable Contribution</u>
\$5,000 to \$10,000	\$1,000
\$10,001 to \$20,000	\$2,500
\$20,001 to \$50,000	\$5,000
\$50,001 to \$75,000	\$10,000
Greater than \$75,001	\$15,000

RECOMMENDATION

That the City Council approve the agreement and authorize the City Manager to execute the agreement as set forth in the caption above.