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## **Chapter 380 Agreement Summary – 3.6.17 – Project Purple Comfort**

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### **The Company**

Ashley Furniture Industries, Inc., a Wisconsin Corporation

### **The Project**

- Construction of a new state-of-the-art distribution and manufacturing facility on approximately 358-acres commonly known as 3790 Faithon P. Lucas Sr. Blvd., Mesquite, Texas

**Phase I Incentive period:** Effective date through December 31, 2022

#### **Company Covenants**

- Take fee simple title to the land before May 31, 2017
- Commence construction of an 850,000 square foot facility before December 31, 2017
- Obtain a Certificate of Occupancy (CO) before December 31, 2019 and commence operations within 90 days of CO
- Make capital expenditures of at least \$65 million including land, real estate improvements and BPP (\$50 million will qualify for pro-rated ad valorem reimbursement)
- Create 347 full-time jobs (jobs = minimum 32 hours/week with an average taxable wage of at least \$43,577 plus benefits) before December 31, 2022

#### **City Covenants**

- Construct utilities and drainage improvement infrastructure, offsite and adjacent to the site, on or before December 31, 2017
- Reconstruct roadway infrastructure of Scyene Rd. from Airport Dr. to Clay Mathis Rd. on or before September 30, 2018
- Waive all development and utility impact fees (roadway impact fees not included)
- \$200,000 grant per year for 5 years beginning when Company Covenants are met (\$1,000,000 total)
- Reimburse 50% of the City ad valorem taxes collected for 10 years on building improvements and BPP (prorated if the capital investment is at least \$50 million)
- Reimburse 70% of the City's 1% sales tax collected, generated from taxable sales, until December 31, 2034
- Reimburse 50% of the City's 1% project-specific sales tax, captured and collected from construction and equipment purchases, until December 31, 2034

## **Phase 2 Incentive period: July 15, 2023 through December 31, 2028**

### **Company Covenants**

- Notify of intent to begin construction of an 300,000 square foot expansion on or before July 15, 2023
- Obtain a Certificate of Occupancy on or before December 31, 2028
- Create 100 new jobs

### **City Covenants**

- Waive all development and utility impact fees (road impact fees not included)
- Reimburse ad valorem taxes 60% for 10 years on the increased value of real estate and BPP of Phase 2

## **Phase 3 Incentive period: July 15, 2029 through December 31, 2034**

### **Company Covenants**

- Notify of intent to begin construction of an 300,000 square foot expansion on or before July 15, 2029
- Obtain a Certificate of Occupancy on or before December 31, 2034
- Create 100 new jobs

### **City Covenants**

- Waive all development and utility impact fees (road impact fees not included)
- Reimburse ad valorem taxes 70% for 10 years on the increased value of real estate and BPP of Phase 3

## **Agreement Points**

- For any year in which an Economic Covenant has not been satisfied, all reimbursements and grants will cease until the default is cured, and 100% of any incentive payments received for the year of default will be returned to the City (if building is at least 50% complete on December 31, 2022, recapture is limited to 50% of amounts previously paid)
- If the capital investment and timeline for Phase 1 is not met, the Company will reimburse infrastructure costs up to \$800,000
- Phases 2 and 3 are only incentivized if they meet applicable timelines, building size and job creation requirements
- Assignment by written consent only except for transfers of stock, merger, consolidation, or to an affiliate