

# City of Mesquite, Texas

## Legislation Text

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**File #:** 21-5305, **Version:** 1

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Conduct a public hearing and consider a resolution approving the terms and conditions of a program to promote local economic development and stimulate business and commercial activity in the City; authorizing the City Manager to finalize and execute a Master Development Agreement and Chapter 380 Agreement between the City of Mesquite, Texas, and Alcott Logistics Partners, LP, and Alcott Logistics Station Tract D, LP, regarding the sale of a portion and options to purchase the remaining portions for development of approximately 75.01 acres of City-owned land generally located south of East Scyene Road and west of Faithon P. Lucas, Sr., Boulevard in the City and the granting of certain economic development incentives, said development to be a Master Planned Industrial Development with common amenities, design standards, and consistent with the operation of a Class A Industrial Business Park to be known as “Alcott Logistics Station”; authorizing the City Manager to take such actions and execute such documents as are necessary or advisable to consummate the transactions contemplated by the agreement; authorizing the City Manager to administer the agreement on behalf of the City; and providing a severability clause.

On August 17, 2020, City staff briefed the City Council on a proposed development by Urban Logistics Realty (ULR), the same group that is constructing the five-building, one-million square-foot Urban District 30 development at IH-30 and Republic Parkway. This new proposal by ULR will include the abandonment of 2,500 linear feet of East Glen Boulevard right-of-way and a new alignment of East Glen Boulevard connecting to Scyene Road to allow the private construction of six Class A industrial buildings totaling 2.5 million square feet that would add approximately \$125 million in taxable value on 75 acres of City-owned property and another 79 acres of private property located between Clay Mathis and F.P. Lucas, Sr. Boulevard. ULR would build three of the six industrial buildings within the development.

Class A industrial buildings are those buildings that compete for premier office users with rents significantly higher than market average for the area. These buildings have high quality standard building finishes, state of the art systems, exceptional accessibility and a definite market presence. The ULR master development will have unified aesthetics and architectural standards through Planned Development zoning and will include public amenities such as a five-acre public park and connected trail system with an earthen berm buffer along Newsom Road.

The attached resolution will authorize the City Manager to finalize and execute a Master Development Agreement and Chapter 380 Agreement (MDA) that specifies the responsibilities and obligations of ULR and the City. Under provisions of the MDA, the City will create a reinvestment zone to capture incremental taxable values as a financing mechanism to reimburse ULR approximately \$9.3 million in public improvements that benefit the planned development. ULR will initially purchase one lot of approximately 32 acres of City property at fair market value as collateral for their loan to construct the first building, which they already have a high value prospect already identified. The City will secure its interest in the property through a performance deed of trust and rebate the purchase price within 30 days. The performance deed of trust will be subordinate to ULR’s construction loan and will be released once the initial public infrastructure is completed and accepted by the City. ULR will purchase a second tract for fair market value and the City will rebate the purchase price once the initial public infrastructure is completed and accepted and the foundation on the first building is completed. ULR will also have an option to purchase a third tract for fair market value upon completion and acceptance of

the initial public infrastructure and substantial completion of the buildings on the first two tracts and the City will rebate the purchase price upon completion of the building foundation. A tax increment reinvestment zone will also be established, and captured TIRZ revenues will be used to reimburse ULR for all costs of the initial public infrastructure and any other public infrastructure identified as authorized projects. ULR will also receive a grant to rebate all impact fees to be paid upon issuance of certificates of occupancy for the three buildings.

Almost simultaneous to ULR's construction, another developer, Huitt-Zollars and SLJ (Lou Lebowitz) will begin construction of the fourth 450,000 square-foot facility on 25 acres adjacent to the ULR development at F.P. Lucas, Sr. Boulevard, and a pre-application meeting for this portion of the master planned development was held on February 10, 2021.

**Recommended/Desired Action**

Following the public hearing, City staff recommends approval of the resolution.

**Attachment(s)**

Resolution (Master Development Agreement to be provided in Friday's mail packet)

Development Concept

Industrial Building Layout

**Drafter**

Ted Chinn

**Head of Department**

Cliff Keheley