



BRAZOS VALLEY
ECONOMIC DEVELOPMENT
CORPORATION

2021 Incentives Compliance Report

July 2022 – Brazos County Commissioner's Court

Presented By:



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Overview & Executive Summary

- For 2021, six (6) projects under agreement were monitored for performance compliance by the Brazos Valley Economic Development Corporation on behalf of Brazos County, the City of Bryan, and the City of College Station.

Name	Compliance Status	Metric Outstanding	Amount Owed / Not Paid
Advanta	Not Compliant	Payroll & Investment	\$50,000 Incentive – Texas A&M R&D Grant
Axis Pipe & Tube	In Compliance	N/A	40% Personal Property Tax Abatement – Brazos County
Fuji Film	In Compliance	N/A	\$201,000 Cash Incentive – Brazos County \$57,600 Cash Incentive – City of Bryan \$153,000 Cash Incentive – City of College Station
LSPI	In Compliance	N/A	50% Tax Abatement Cash Incentive – Brazos County 50% Tax Abatement Cash Incentive – City of Bryan
Viasat	Not Compliant	Payroll & Employment	40% Chapter 380/381 Cash Incentive – Brazos County – City of Bryan – City of College Station
Wayfair	Not Compliant	Payroll & Employment	N/A: BVEDC Incentives Grants Paid

Overview & Executive Summary

- 2021 report highlights companies across multiple targeted industries making investments valued over **\$394M** and providing more than **1,315** quality jobs with local payrolls in excess of **\$93M**.

2021 Incentives & Combined Impact				
Company	Incentives	Payroll	Investment	Employment
Advanta	\$ 25,000.00	\$ 1,976,881.00	\$ 1,145,738.00	25
Axis Pipe & Tube	40% Tax Abatement	\$ 14,340,448.00	\$ 198,954,091.00	204
Fuji Film	\$ 417,600.00	\$ 54,900,000.00	\$ 108,675,000.00	677
LSPI	50% Tax Abatement	\$ 2,380,953.00	\$ 62,443,066.00	32
Viasat	40% Tax Abatement	\$ 10,307,913.00	\$ 22,959,424.00	120
Wayfair	\$ 100,000.00	\$ 9,953,185.00	\$ 635,062.00	258
		\$ 93,859,380.00	\$ 394,812,381.00	1,316

2021 Compliance Report – Advanta US



Incentive:

BVEDC Incentives Grant	
MILESTONE	AMOUNT
Ribbon Cutting	\$25,000 Paid
Texas A&M R&D Agreement	\$50,000 Not Yet Paid

Milestone Notes
November 2016 announcement to establish global biotech R&D center in College Station. January 2018 facility ribbon cutting ceremony.

Performance Metrics:

PAYROLL			INVESTMENT VALUE		EMPLOYMENT	
	* REQUIRED	ACTUAL	* REQUIRED	ACTUAL / BCAD	* REQUIRED	ACTUAL
2017	\$2,300,000	\$2,415,775	\$2,800,000	\$2,804,274	20	25
2018	\$2,300,000	\$2,302,530	\$0	\$1,015,740	20	27
2019	\$2,300,000	\$2,381,420	\$2,000,000	\$928,660 *	20	25
2020	\$2,300,000	\$2,416,059	\$2,000,000	\$1,240,802 *	20	25
2021	\$2,300,000	\$1,976,881	\$2,000,000	\$1,145,738 *	20	25
2022	\$2,300,000		\$2,000,000		20	

- 2021 Payroll value includes employee wages & benefits (allowable under incentives agreement)
- * Company's 2021 asset value of \$2,588,206 was presented for BCAD review; Company's 2020 asset value of \$2,253,742 presented for BCAD review; Company's 2019 asset value of \$2,070,993 was presented for BCAD review.

- \$80,000 avg annual salary requirement: **\$79,075.24 (2021)**
- \$50K company incentives grant for R&D engagement with Texas A&M remains available until December 31, 2022



2021 Compliance Report – Axis Pipe & Tube



Incentive:

Brazos County - Tax Abatement			
2013	100%	2018	70%
2014	100%	2019	70%
2015	100%	2020	50%
2016	100%	2021	40%
2017	80%	2022	30%

City of Bryan - Non-Annexation Agreement

During first 3 years of Agreement (2013, 2014 and 2015), no payment to the City. For every year thereafter, the payment is equivalent of 50% of the amount the City would have collected in Ad Valorem tax that year.

Performance

Metrics:

Axis Pipe and Tube, LLC. Economic Development Agreement Compliance Test 2021		
	Dollars	%
Benchmark Value	\$ 130,545,000	100.00
Less:		
Property Value	\$ 198,954,091	
Annual Payroll	\$ 14,340,449	
Total Invested	\$ 213,294,540	163.39
Net		(63.39)

Axis is compliant with the economic development agreement for 2021 according to the formula set forth in the second amended agreement dated April 27, 2016.

PAYROLL			INVESTMENT VALUE		EMPLOYMENT	
	* REQUIRED	ACTUAL	* REQUIRED	BCAD	* REQUIRED	ACTUAL
2013	0	\$37,150	0	\$1,393,920	0	5
2014	0	\$5,176,813	0	\$8,260,230	0	145
2015	0	\$8,396,837	0	\$179,046,540	0	142
2016	\$10,545,000	\$9,562,718	\$120,000,000	\$281,564,050	285	149
2017	\$10,545,000	\$11,472,493	\$120,000,000	\$262,073,740	285	204
2018	\$10,545,000	\$14,957,434	\$120,000,000	\$275,242,110	285	291
2019	\$10,545,000	\$16,844,104	\$120,000,000	\$301,187,830	285	199
2020	\$10,545,000	\$13,169,198	\$120,000,000	\$262,506,253	285	193
2021	\$10,545,000	\$14,340,448	\$120,000,000	\$198,954,091	285	204*
2022	\$10,545,000		\$120,000,000		285	

2021 performance exceeds contracts' benchmark valuation+salary formula

*204 is their peak employment for 2021 calendar year



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2021 Compliance Report – FUJIFILM Diosynth Biotechnologies Texas @ Biocorridor

Incentive:

Brazos County - Cash Incentive				Bryan - Cash Incentive				College Station - Cash Incentive			
2017	\$266.2K	2021	\$207.0K	2017	\$74.0K	2021	\$57.6K	2017	\$196.8K	2021	\$153.0K
2018	\$236.6K	2022	\$207.0K	2018	\$65.8K	2022	\$57.6K	2018	\$174.9K	2022	\$153.0K
2019	\$207.0K	2023	\$147.9K	2019	\$57.6K	2023	\$41.1K	2019	\$153.0K	2023	\$109.3K
2020	\$207.0K			2020	\$57.6K			2020	\$153.0K		

Performance Metrics:

PAYROLL			INVESTMENT VALUE		EMPLOYMENT	
	REQUIRED	ACTUAL	REQUIRED	BCAD	REQUIRED	ACTUAL
2015	0	N/A	0	N/A	0	N/A
2016	0	\$7,462,958	0	* \$84,000,000	0	92
2017	0	\$12,000,000	\$70,000,000	\$26,045,160	0	153
2018	\$6,000,000	\$16,800,000	\$70,000,000	\$83,970,590	100	174
2019	\$6,000,000	\$20,800,000	\$70,000,000	\$79,759,250	100	257
2020	\$6,000,000	\$40,500,000	\$70,000,000	\$78,778,248	100	518
2021	\$6,000,000	\$54,900,000	\$70,000,000	\$108,675,000	100	677
2022	\$6,000,000		\$70,000,000		100	
2023	\$6,000,000		\$70,000,000		100	

- BCAD 2017 valuation reflected partial facility and only real property – While the Company reported \$73,236,000 improvements (real + personal property), the Company opted not to challenge BCAD 2017 valuation and consequently, 2017 incentives were foregone.
- Since 2018, BCAD reflects the updated valuation of facility complex.



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2021 Compliance Report – LSPI



BVEDC Incentive - Paid

- \$31,250 - Bldg Permit
- \$31,250 - CO Issued

CoB 381 Agreement

- \$75K Rebate Development Fees (CO Issued)

Brazos County – Tax Abatement Cash Incentive (as % of ad valorem taxes assessed/paid)			
2018	100%	2022	40%
2019	70%	2023	30%
2020	60%	2024	20%
2021	50%	2025	10%

City of Bryan – Tax Abatement Cash Incentive (Application of Tier 1 Percentage / Due to Construction by 12.31.17)					
2018	100%	2021	50%	2024	20%
2019	70%	2022	40%	2025	10%
2020	60%	2023	30%		

Performance Metrics:

New PAYROLL			INVESTMENT VALUE		New EMPLOYMENT	
	* REQUIRED	ACTUAL	* REQUIRED	BCAD	* REQUIRED	ACTUAL
2016	0	N/A	0	N/A	0	N/A
2017	\$1,500,000	\$1,697,142	0	\$4,489,720	24	28
2018	\$1,500,000	\$2,464,386	\$20,000,000	\$41,962,870	24	59
2019	\$1,500,000	\$1,982,029	\$20,000,000	\$39,367,630	24	31
2020	\$1,500,000	\$2,254,705	\$20,000,000	\$37,826,438	24	25
2021	\$1,500,000	\$2,380,953	\$20,000,000	\$62,443,066	24	32
2022	\$1,500,000		\$20,000,000		24	
2023*	\$1,500,000		\$20,000,000		24	
2024	\$1,500,000		\$20,000,000		24	
2025**	\$1,500,000		\$20,000,000		24	

Contract End Dates

* BVEDC

** County/CoB-1st Tier

- NOV 2017 ribbon cutting (met DEC 2017 requirement)
- \$62.4M facility investment (met \$25M requirement)
- BVEDC cash incentives paid



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2021 Compliance Report – Viasat



Incentives:

Brazos County 381 Agreement* and City of Bryan/College Station 380 Agreements			
County and Cities Cash Incentives (as % of ad valorem taxes assessed/paid)		County and Cities Cash Incentives (cont'd) (as % of ad valorem taxes assessed/paid)	
2019	80%	2022	30%
2020	60%	2023	20%
2021	40%	2024	10%

Performance Metrics:

PAYROLL			INVESTMENT VALUE		EMPLOYMENT	
* REQUIRED		ACTUAL	* REQUIRED	BCAD	* REQUIRED	ACTUAL
2016	0	N/A	0	N/A	0	N/A
2017	0	N/A	0	\$1,498,460	0	26
2018	0	\$20,910,000	0	\$12,235,320	0	243
2019	0	\$23,485,933	\$15,000,000	\$22,936,360	0	191
2020	\$17,200,000	\$16,200,000	\$15,000,000	\$22,959,424	280	229*
2021	\$17,200,000	\$10,307,913	\$15,000,000	\$22,959,424	280	120
2022	\$17,200,000		\$15,000,000		280	
2023*	\$17,200,000		\$15,000,000		280	
2024**	\$17,200,000		\$15,000,000		280	

Contract End Dates

* County

** CoB and CoCS

JAN 19th 2017 groundbreaking

APR 10th 2018 opening of \$30M facility (\$20M investment requirement)

* 2020 marks the start of maintaining 280 FTE employees (130 pre-existing and 150 new) and minimum \$17.2M payroll for all FTE employees. Statewide numbers were 262.



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2021 Compliance Report – Wayfair



Incentive:

BVEDC Incentives Grant	
MILESTONE	AMOUNT
Lease Execution	\$33,333 Paid
End of 24-mos	\$33,333 Paid
End of 36-mos	\$33,333 Paid

BVEDC-BBC Contribution Agreement

BBC will release to BVEDC three \$16,666.50 tranches that correspond to the company meeting each incentives milestone. All payment tranches were made.

Performance Metrics:

PAYROLL			INVESTMENT VALUE		EMPLOYMENT	
	* REQUIRED	ACTUAL	* REQUIRED	BCAD	* REQUIRED	ACTUAL
2016	0	N/A	0	N/A	0	N/A
2017	0	\$10,243,419	\$350,000	\$1,199,940	0	337
2018	\$10,800,000	\$10,957,137	\$350,000	\$1,180,470	300	414
2019	\$10,800,000	\$14,349,920	\$350,000	\$1,227,880	300	396
2020	\$10,800,000	\$15,066,483	\$350,000	\$1,040,510	300	309
2021	\$10,800,000	\$9,953,185	\$350,000	\$637,062	300	258
2022	\$10,800,000		\$350,000		300	
2023	\$10,800,000		\$350,000		300	

- 1st incentive grant released with \$1.98M investment
- 2nd incentive grant released in July 2018
- 3rd / final incentive grant released in January 2020



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Thank You