

Agenda Item Details

Meeting	Apr 22, 2025 - Bryan City Council Special Meeting
Category	5. Regular Agenda - This agenda consists of items requiring individual consideration by Council.
Subject	A. Consider a Tax Abatement Agreement between the City of Bryan and RELLIS Campus Data and Research Center, LLC (Phase 2) for an economic development project located on the Texas A&M University System RELLIS Campus
Type	Action
Preferred Date	Apr 22, 2025
Absolute Date	Apr 22, 2025
Fiscal Impact	Yes
Budgeted	No
Budget Source	Future Ad Valorem Revenues from the Project

Summary:

In accordance with the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code, the City of Bryan adopted an Ordinance on Feb 18, 2025, establishing RELLIS Reinvestment Zone No. 2. The City advertised Notice of Consideration of Approval of a Tax Abatement Agreement on March 22, 2025, in The Eagle.

Background

The City has been engaged with RELLIS Campus Data and Research Center, LLC (RCDRC) over the last several years. RCDRC is now actively planning the development of their Phase 2 Data Center Project on the Texas A&M University System's RELLIS Campus adjacent to their Phase I Data and Research Center, which is currently under construction. The Tax Abatement Agreement under consideration defines the Phase 2 Project as an approximately 230,000 sq. ft. data and research center with office and classroom facilities. The following summarizes the tax abatement terms:

General Tax Abatement Agreement Terms

Term: 10 Years

Tax Abatement Authorized:

Tax Year	Incremental Taxable Value	Guaranteed Value	%Abatement
2029	\$140,000,000	\$140,000,000	50%
2030	\$140,000,000	\$280,000,000	50%
2031	\$140,000,000	\$420,000,000	50%
2032	\$140,000,000	\$560,000,000	50%
2033	\$140,000,000	\$700,000,000	50%
2034	\$0	\$700,000,000	50%
2035	\$0	\$700,000,000	50%
2036	\$0	\$700,000,000	50%
2037	\$0	\$700,000,000	50%
2038	\$0	\$700,000,000	50%

Payment in lieu of Taxes ("PILOT")

As an inducement for the City of Bryan to enter into the Agreement, during each year in which City taxes are abated, the Developer shall make certain payments in lieu of taxes ("PILOT") to City in an amount equal to five percent (5%) of the aggregate amount of that year's City taxes, which are abated to be utilized for the enhancement of the quality of life of its citizens.

The PILOT amount shall be paid no later than January 31 of the year following the year for which the taxes were abated. PILOT payments may be made by the Developer or any Affiliate. The quality of life purposes for which the PILOT payments may be utilized include economic development programs and infrastructure or programs for parks, recreation and exercise; libraries; aesthetic enhancements to public spaces; career and technology training; senior citizen services; youth services; and healthy lifestyles.

Employment and Job Creation

The Developer agrees its annual Payroll, excluding benefits for FTEs added after the Effective Date of the Agreement, will be as follows:

Year	Total Added Employees	Total Added Gross Payroll
2028	2	\$375,000
2029	2	\$375,000
2030	2	\$375,000
2031	21	\$2,175,000
2032	100	\$7,350,000
2033	100	\$7,350,000
2034	100	\$7,350,000
2035	100	\$7,350,000
2036	100	\$7,350,000
2037	100	\$7,350,000

Staff Analysis and Recommendation:

RCDRC Phase 2 is the culmination of the company's vision. The Tax Abatement Agreement before the City Council provides a competitive "cost of doing business" solution for the company as a deal closing tool. The Tax Abatement Agreement provides for a "Maximum Abated Amount" which is defined as the total of tax abatements that may be given to the Developer (RCDRC) by the City during the term of this Agreement, which amount shall not exceed \$12,981,640 of Real Property Taxes.

In terms of direct economic impact, the following is the City's projected new ad valorem tax revenue based upon the Guaranteed Value referenced in the proposed Agreement, after the annual abatement has been granted:

	TY1	TY2	TY3	TY4	TY5	TY6	TY7	TY8	TY9	TY10
Value	140,000,000	280,000,000	420,000,000	560,000,000	700,000,000	700,000,000	700,000,000	700,000,000	700,000,000	700,000,000
Change in Value	140,000,000	140,000,000	140,000,000	140,000,000	140,000,000	-	-	-	-	-
Abatement	324,541	649,082	973,623	1,298,164	1,622,705	1,622,705	1,622,705	1,622,705	1,622,705	1,622,705
Revenue to City	549,059	1,098,118	1,647,177	2,196,236	2,745,295	2,745,295	2,745,295	2,745,295	2,745,295	2,745,295
5% of Taxes owed	27,453	54,906	82,359	109,812	137,265	137,265	137,265	137,265	137,265	137,265
Total Revenues	\$ 576,512	\$ 1,153,024	\$ 1,729,536	\$ 2,306,048	\$ 2,882,560	\$ 2,882,560	\$ 2,882,560	\$ 2,882,560	\$ 2,882,560	\$ 2,882,560

50% M&O rate 0.231815
M&O Rate 0.463630

Debt Rate	0.160370
Full Rate	0.624000

Staff recommends approval of the proposed Tax Abatement Agreement.

Options:

1. Approve the Tax Abatement Agreement
2. Do not approve the Tax Abatement Agreement and provide direction to staff

Attachments:

1. RCDRC II Chapter 312 Tax Abatement Agreement

[RCDRC II 312 Agreement - City.03.19 signed.pdf \(3,242 KB\)](#)