

**To the Mayor and Members of the City Council****August 15, 2017**

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**SUBJECT: ECONOMIC DEVELOPMENT PROGRAM AGREEMENT WITH
GALDERMA LABORATORIES, LP**

The City and Galderma Laboratories, LP (Developer) entered into an Economic Development Program Agreement (City Secretary Contract No. 48003) on July 19, 2016. Under this Agreement, in return for Developer's commitment to expand its operations in the city by constructing a new building on the Development Site (which is now addressed 14600 Heritage Parkway) of at least 100,000 square feet to house additional offices for the Developer's business operations, including research and development, marketing, sales, and medical and regulatory affairs, the City agreed to pay the Developer certain economic development grants up to 50 percent of the incremental value of the real and business personal property received from the development, as authorized by Chapter 380 of the Texas Local Government Code.

The Agreement requires that expansion construction be complete by December 31, 2016 and business personal property (BPP) installation be complete by January 1, 2017. The first grant payment was scheduled for June 1, 2017, from taxes paid in 2016. However, the Developer did not move into the building until December 2016, and had no tax liability for property or BPP taxes in 2016. Therefore, although the Developer met the deadlines for construction and installation of BPP, the first grant payment would be \$0.

The City and Developer have agreed that it would be equitable to change the date of the first grant payment to 2018. Therefore, the proposed amendment would leave the Completion Deadline as December 31, 2016, and the Personal Property Commitment Deadline as January 1, 2017, and move all other dates except one in the Agreement forward one year. The one exception is the required increase in number of employees (overall, Fort Worth, and Central City) in the year 2020, which requirement will remain the same. All annual requirements for number of employees, average annual salary, and supply and service expenditures would begin in 2017, and the ten grant payments would be paid from 2018-2027.

If you have any questions concerning this information, please contact Robert Sturns, Economic Development Director at 817-212-2663 or robert.sturns@fortworthtexas.gov.

David Cooke
City Manager