


COUNTY OF YORK

MEMORANDUM

DATE: June 9, 2020 (BOS Mtg. 6/16/20)

TO: York County Board of Supervisors

FROM: Neil A. Morgan, County Administrator 

SUBJECT: Amendment to Infrastructure Agreement & Grant Agreement
Economic Development Authority of York County, Virginia and T-Rex
Ventures, LLC

Purpose:

It is recommended that the Board of Supervisors adopt the attached resolutions to approve two agreements that will provide grants to T-Rex Ventures, LLC, to assist them in acquiring property in the York River Commerce Park, and constructing a data center. The proposed data center would represent a minimum investment of \$60 million, in a building of 161,890 sq. ft., on a 23 acre parcel. There would be significant taxable investment in electrical equipment and servers, in addition to the building investment. Data centers are one of the County's top targeted business sectors because of the high capital investment, and low impact on municipal services. The grant structure reflected in the two attached agreements is almost entirely "rear loaded". In other words the County will not be required to make any grant payments until the data center is built and the resulting taxes are paid. The agreements require T-Rex to perform within reasonable time frames, and if they are unable to do so the grants terminate.

Background:

The Office of Economic Development (OED) and Economic Development Authority (EDA) have been working with T-Rex Ventures LLC for a new data center development in the York River Commerce Park since the summer of 2019. The OED/EDA negotiated a proposed grant agreement that will assist T-Rex in acquiring the land and performing the initial site work, but doing it on the backside of the project. More specifically the EDA would provide agreed upon grant amounts, equal to the taxes paid on the real estate improvements, and equipment investment, after the taxes have been received. The incentive package value is equal to the land cost, less the credit explained below, and a capped amount for site development costs. The site development assistance will require T-Rex to validate the expenditures and they will only receive funds for approved expenditures.

The proposed deal structure requires T-Rex to acquire the land from Dominion Energy. They have executed an option agreement with Dominion Energy to acquire the property for \$1,059,000. The County receives a credit of roughly \$20K/developable acre for property sold in the York River Commerce Park. This infrastructure credit agreement dates back to the initial infrastructure investment the County made in developing the property. Dominion agreed to pay us back for that expenditure as land sold in the York River Commerce Park. The transaction for the Virtual Building site will result in a credit of

\$378,140. We have agreed that T-Rex will benefit from this credit as part of the grant agreement. This credit is in addition to the incentive package described above. In order to accomplish this the EDA and the BOS have to execute an amendment to the infrastructure credit agreement previously established with Dominion Virginia Energy. If T-Rex fails to acquire the property the amendment is voided. Additionally, if T-Rex closes on the land, but fails to construct the data center they have to pay us back. A copy of the infrastructure credit agreement amendment is attached.

This project still hinges on T-Rex being able to secure leases in the new data center for a minimum of 20,000 sq. ft. of space. They have recently indicated that they have received serious interest from several large national companies, including T-Mobile/DISH TV. Current economic development reports from site selectors have stated that the data center market is still very strong. T-Rex has secured \$242 million in funding for this project and agreed to minimum investment in the building of \$60 million. Assuming the building is valued at \$60 million the annual real estate taxes, excluding the land value, will be \$477,000. The building will contain very expensive electrical equipment and servers that will add a significant amount of business personal property tax revenue. Based on conservative capital investment estimates by T-Rex, we should be able to pay off the entire grant in 18 months.

Recommendation:

I recommend that the Board approve proposed resolutions R20-90 and R20-91 authorizing me to execute the referenced agreements.

Attachments:

- Grant Agreement Economic Development Authority of York County Virginia and T-Rex Ventures, LLC
- Second Amendment to Infrastructure Extension Agreement
- Proposed Resolution R20-90
- Proposed Resolution R20-91

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