



## MEMORANDUM

**To:** Mayor and City Council

**From:** Mindi Hurley, Director of Community Development

**Date:** April 23, 2024

**Reference:** PUBLIC HEARING: Consider approval of an Ordinance designating Fulgent Genetics, Inc., Reinvestment Zone No. 116 pursuant to Section 312.201 of the Property Redevelopment and Tax Abatement Act; and authorizing the Mayor to sign.

**2040:** Create Business and Innovation Nodes

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### Introduction:

Reinvestment Zone No. 116 is being created for Fulgent Genetics, Inc. at the property located at 1111 S. Freeport Parkway.

### Background:

Fulgent Genetics, Inc. is a publicly traded company that operates sub-specialty pathology laboratories in California, Georgia, Massachusetts, New York and Texas. The location at 1111 S. Freeport Parkway will perform cancer diagnostic testing on patient samples. The company performs the technical laboratory services as well as the professional interpretation by their sub-specialty trained pathologists. This particular facility will service dermatology pathology, gastro-intestinal pathology, breast pathology, urological pathology and surgical pathology.

Fulgent is looking to purchase the building located at 1111 S. Freeport Parkway. The building totals 98,000 square feet in size. The building was completed in 1998, and the current appraised value for the building improvements alone is \$13,786,430. It served as the location for Avaya Inc. for 20 years prior. Fulgent Genetics Inc. will purchase the building and invest an additional \$5,000,000 in tangible personal property. Fulgent will have 230 full-time employees, and will also generate hotel room nights throughout the year.

In order to grant a tax abatement, a reinvestment zone must be created by ordinance. In order to create a reinvestment zone by ordinance, a public hearing must be held. This item satisfies both of those requirements. The public hearing is held to determine if the improvements in the zone are feasible, practical and of benefit to the land. The ordinance will create Reinvestment Zone No. 116.

The Public Hearing Notice was published in The Rambler on Saturday, April 13, 2024. The public hearing is for the designation of a reinvestment zone for Fulgent Genetics Inc., property described as Gateway Business Park 2, Block A, Lot 2 (6.8264 acres), located south of Fritz Drive and west of Freeport Parkway.

The tax abatement agreement that coincides with this Reinvestment Zone will be brought forward to City Council for approval at the May 28, 2024, meeting after notice has been posted on the City's website for 30 days. A Tax Abatement Agreement will also be brought forward at that time. The City is offering the following incentive package: a 5-year, 75% abatement on the City's portion of taxes on the furniture, fixtures and equipment.

**Benefit to the Community:**

Fulgent Genetics will provide tax dollars and generate hotel nights.

**Legal Review:**

The documents were created by Pete Smith.

**Fiscal Impact:**

N/A

**Recommendation:**

Staff recommends approval.