

RICHARD WARREN, PRESIDENT
SHELLEY FULLER, BOARD MEMBER
VENESSA GUERRERO, BOARD MEMBER
CHUCK ENGELKEN, BOARD MEMBER



DANNY EARP, BOARD MEMBER
JOHNNY MORALES, BOARD MEMBER
NANCY OJEDA, VICE-PRESIDENT

CITY OF LA PORTE DEVELOPMENT CORPORATION MEETING AGENDA

Notice is hereby given of a meeting of the City of La Porte Development Corporation to be held on June 24, 2019, at the City Hall Council Chambers, 604 West Fairmont Parkway, La Porte, Texas, beginning at 5:00 pm to consider the following items of business:

1. **CALL TO ORDER**

2. **CONSENT AGENDA** (*Approval of Consent Agenda items authorizes each to be implemented in accordance with staff recommendations provided. An item may be removed from the consent agenda and added to the Statutory Agenda for full discussion upon request by a member of the Committee present at this meeting.*)

- (a) Approve minutes of the La Porte Development Corporation Board meeting held on April 22, 2019. [Lee Woodward, City Secretary]

3. **PUBLIC HEARING AND ASSOCIATED MATTERS**

- (a) The Board will hear comments from the public on Project G, a project for the development of new or expended business enterprises that create and retain primary jobs, granted to INEOS Syrolution America, LLC for development of a styrene monomer manufacturing facility at 1230 Independence Parkway, in a total amount not to exceed \$700,000.00. [Ryan Cramer, Economic Development Coordinator]

4. **AUTHORIZATIONS**

- (a) Presentation, discussion, and possible action to approve a proposed economic development incentive agreement with INEOS Styrolution America, LLC in connection with Project G, an incentive project for development of a styrene monomer manufacturing facility at 1230 Independence Parkway. [Ryan Cramer, Economic Development Coordinator]

5. **SET DATE FOR NEXT MEETING**

6. **ADJOURNMENT**

If, during the course of the meeting and discussion of any items covered by this notice, the La Porte Development Corporation Board determines that a Closed or Executive Session of the Board is required, then such closed meeting will be held as authorized by Texas Government Code, Chapter 551, Section 551.071 - consultation with counsel on legal matters; Section 551.072 - deliberation regarding purchase, exchange, lease or value of real property; Section 551.073 - deliberation regarding a prospective gift; Section 551.074 - personnel matters regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; Section 551.076 - implementation of security personnel or devices; Section 551.087 - deliberation regarding economic development negotiation; Section 551.089 - deliberation regarding security devices or security audits, and/or other matters as authorized under the Texas Government Code. If a Closed or Executive Session is held in accordance with the Texas Government Code as set out above, the La Porte Development Corporation Board will reconvene in Open Session in order to take action, if necessary, on the items addressed during Executive Session.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact the City Secretary's office (281-470-5019), two working days prior to the meeting for appropriate arrangements.

CERTIFICATE

I, Lee Woodward, City Secretary, do hereby certify that a copy of the June 24, 2019, La Porte Development Corporation Board agenda was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, www.LaPorteTX.gov, in compliance with Chapter 551, Texas Government Code.

DATE OF
POSTING

TIME OF
POSTING

TAKEN DOWN

Lee Woodward, City Secretary

RICHARD WARREN, PRESIDENT
NANCY OJEDA, VICE-PRESIDENT
CHUCK ENGELKEN, BOARD MEMBER
VENESSA GUERRERO, BOARD MEMBER



DANNY EARP, BOARD MEMBER
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SHELLEY FULLER, BOARD MEMBER

MINUTES OF LA PORTE DEVELOPMENT CORPORATION BOARD MEETING OF APRIL 22, 2019

The City of La Porte Development Corporation Board met on Monday, April 22, 2019, at the City Hall Council Chambers, 604 West Fairmont Parkway, La Porte, Texas, at 5:00 p.m., with the following in attendance:

Board members present: Richard Warren, Nancy Ojeda, Chuck Engelken, Danny Earp, Johnny Morales, Shelley Fuller

Board members absent: Venessa Guerrero

Council-appointed officers present: Corby Alexander, City Manager; Lee Woodward, City Secretary; Clark Askins, Assistant City Attorney

1. **CALL TO ORDER** – President Warren called the meeting to order at 5:00 p.m.

2. **AGENDA ITEMS**

(a) **Approve minutes of the La Porte Development Corporation Board meeting held on March 25, 2019. (Lee Woodward, City Secretary)**

Board member Engelken moved to approve the minutes; the motion was unanimously adopted, 6-0.

(b) **Presentation, discussion, and possible action to grant Texas Snowbirds Daiquiris and Grill a façade enhancement grant for a building at 1602 West Main Street to be remitted upon completion of the project. (Ryan Cramer, Economic Development Coordinator)**

It was determined that the business had already installed the signs and was no longer eligible to receive the grant. Board member Earp moved to not grant Texas Snowbirds Daiquiris and Grill a façade enhancement grant for a building at 1602 West Main Street to be remitted upon completion of the project; the motion was adopted unanimously, 6-0.

(c) **Presentation, discussion, and possible action regarding a façade enhancement grant application for 812 South 8th Street. [Ryan Cramer, Economic Development Coordinator]**

Board member Ojeda moved to approve a façade enhancement grant application for \$21,505 to Coastal Extermination at 812 South Street; the motion was adopted unanimously, 6-0.

3. **SET DATE FOR NEXT MEETING**

The next meeting will be scheduled following discussion with Ineos and calendar consultation.

4. **Board Comments - *Hear announcements concerning matters appearing on the agenda; items of community interest; and/or inquiries of staff regarding specific factual information or existing policy from the Committee members and City staff, for which no formal action will be discussed or taken.***

There was no comment given.

5. **ADJOURN** – Without objection, the meeting was adjourned at 5:17 p.m.

Lee Woodward, City Secretary



REQUEST FOR LA PORTE DEVELOPMENT CORPORATION BOARD AGENDA ITEM

Agenda Date Requested: <u>June 24, 2019</u>
Requested By: <u>R. Cramer, Econ. Dev. Coordinator</u>
Department: <u>CMO</u>
<input type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance

Appropriation	
Source of Funds:	<u>Special Programs</u>
Account Number:	<u>038-6030-565-9997</u>
Amount Budgeted:	_____
Amount Requested:	<u>\$700,000</u>
Budgeted Item:	<input type="radio"/> Yes <input checked="" type="radio"/> No

Exhibits: Development Agreement, Payback Period, EDC Debt Capacity, Incentive Application

SUMMARY & RECOMMENDATION

Project G, a styrene monomer plant project from INEOS, at 1230 Independence Parkway, was first brought to the Board in executive session on February 25, 2019, where the Board declared it a project.

On March 25, 2019, the Board approved an incentive amount not to exceed \$700,000, opening the 60-day public comment window, and the basic outline of a development agreement. Once the development agreement was typed up, the Board submitted recommendations including: removing payments before work has started, making the three separate payments equal or closer to equal in size, increasing the required investment, and putting a hard number on the term *substantial completion*. Staff took those comments back to the applicant and arrived at the following outline:

- 1) Total cash grant of \$700,000 with following payment schedule: three payments of \$250k, \$250k, and \$200k,
 - a) first payment 30 days after receiving permits, start of construction beyond land clearing, and execution of IDA (confirmed by letter from company's EPC contractor stating such)
 - b) second payment at *substantial completion* of construction (80% - confirmed by letter from company's project engineer stating such)
 - c) third payment when company reaches 85 full-time jobs (confirmed by documentation from company stating such).

- 2) Grant based on the following:
 - a) company building a new styrene monomer plant in La Porte with a total gross capital investment of \$750 million
 - b) company adding additional \$330 million in appraised value at the La Porte site and maintained for a period of 2 years after final/3rd payment

- c) company creating 85 additional full-time jobs with an average wage of \$100,000; maintaining for 2 years after final/3rd payment
- d) completion of project within 4 years of the first payment.

There are also clawback provisions in Article IV of the development agreement if the project is not completed in four years or required metrics are not met.

CATEGORY	TOTAL NEW INVESTMENT
Cost of Land :	\$ -
Cost of Building/Structures (Real Property):	\$ 5,000,000
Cost of Machinery & Equipment (please describe):	\$ 326,000,000
Cost of Engineering:	\$ 83,000,000
Cost of Construction:	\$ 397,000,000
Other (catalyst, misc. chemicals, start-up costs):	\$ 29,000,000
TOTAL	\$ 840,000,000

Above is a snapshot from the incentives application provided by the applicant, you will see their total projected cost is \$840 million, while our development agreement only asks them to spend \$750 million. The reason for this is based on our incentive matrix. The metric most valued by our incentive matrix is tax money coming back to the City over 10 years, total investment is not actually considered in the incentive matrix. To get a conservative number for this, staff only used the cost of building/structures and the cost of machinery/equipment to come to a \$331 million projected valuation. The yearly value to the City is reflected in this packet on the payback schedule exhibit. To make sure future valuation, the most important number to the City was cemented into the development agreement, the applicant wanted some flexibility in their required capital investment, which is how the number in the development agreement came to be \$750 million.

Staff received no comments from the public during the 60-day window.

ACTION REQUIRED BY LPDC

Hear comments from the public on Project G.

Approved for the La Porte Development Corporation Board meeting agenda.

Corby D. Alexander, City Manager

Date



REQUEST FOR LA PORTE DEVELOPMENT CORPORATION BOARD AGENDA ITEM

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Requested By: <u>R. Cramer, Econ. Dev. Coordinator</u>
Department: <u>CMO</u>
<input type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance

Appropriation	
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Account Number:	<u>038-6030-565-9997</u>
Amount Budgeted:	_____
Amount Requested:	<u>\$700,000</u>
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Staff received no comments from the public during the 60-day window.

ACTION REQUIRED BY LPDC

Move to approve the Development Agreement for Project G, an incentive for a styrene monomer facility not to exceed \$700,000.

Approved for the La Porte Development Corporation Board meeting agenda.

Corby D. Alexander, City Manager

Date

EDC Debt Capacity with Projected Payment

	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029	Estimated 2030
Revenues												
Sales tax	2,900,000	2,750,000	2,818,750	2,889,219	2,961,449	3,035,485	3,111,373	3,189,157	3,268,886	3,350,608	3,434,373	3,520,232
Interest	50,000	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443	64,004
Total Revenues	2,950,000	2,800,000	2,870,000	2,941,750	3,015,294	3,090,676	3,167,943	3,247,142	3,328,320	3,411,528	3,496,816	3,584,237
Expenditures												
Operations	273,358	409,332	419,565	430,054	440,806	451,826	463,122	474,700	486,567	498,731	511,200	523,980
Incentives	100,000	250,000	0	0	250,000	200,000	0	0	0	0	0	0
Total Expenditures	373,358	659,332	419,565	430,054	690,806	651,826	463,122	474,700	486,567	498,731	511,200	523,980
Revenues over expenditures	2,576,642	2,140,668	2,450,435	2,511,696	2,324,488	2,438,850	2,704,821	2,772,442	2,841,753	2,912,797	2,985,617	3,060,257
Other Financing Uses												
Debt service	(1,033,362)	(1,004,822)	(773,470)	(778,753)	(785,255)	(788,000)	(776,739)	(130,111)	(131,481)	(130,255)	(131,241)	0
Capital outlay	(1,835,700)	(850,000)	(600,000)	0	0	0	0	0	0	0	0	0
Total other financing uses	(2,869,062)	(1,854,822)	(1,373,470)	(778,753)	(785,255)	(788,000)	(776,739)	(130,111)	(131,481)	(130,255)	(131,241)	0
Net change in fund balance	(292,420)	285,846	1,076,965	1,732,943	1,539,233	1,650,850	1,928,082	2,642,331	2,710,272	2,782,542	2,854,376	3,060,257
Fund balance beginning	4,138,140	3,845,720	4,131,566	5,208,531	6,941,473	8,480,706	10,131,556	12,059,639	14,701,970	17,412,242	20,194,784	23,049,159
Fund balance ending	3,845,720	4,131,566	5,208,531	6,941,473	8,480,706	10,131,556	12,059,639	14,701,970	17,412,242	20,194,784	23,049,159	26,109,416
Assumptions:												
Revenue growth	2.50%											
Expenditure growth	3.00%											
Incentive payments 2019	\$100,000 to Pipeline (final pymt)											
Incentive payments 2020	Payment #1 to INEOS - \$250,000											
Incentive payments 2023	Payment #2 to INEOS - \$250,000											
Incentive payments 2024	Payment # 3 to INEOS - \$200,000											
Debt service includes payments for library, Bay Area trunk sewer, ballfields & Canada Road.												
Capital outlay 2019	\$480,700 for decorative street lights on Broadway; \$355,000 street improvements; and \$1 million for RFC											
Capital outlay 2020	\$600,000 Phase 1 payment for golf course improvements and \$250,000 for accessible playground											
Capital outlay 2021	\$600,000 Phase 2 payment for golf course improvements											



City of La Porte

ECONOMIC DEVELOPMENT INCENTIVES

APPLICATION

This application must be filed at least 60 days prior to the date the City Council considers the request. Requests for incentives must be approved by the City Council prior to the beginning of construction or installation of equipment. This application will become part of the agreement between the applicant and the City of La Porte. Any knowingly false representations will be grounds for voiding the agreement. This original application must be submitted to the Economic Development Coordinator, City of La Porte 604 W. Fairmont Parkway, La Porte, Texas 77571.

I. APPLICANT INFORMATION

1. Date of Application: 1/22/19

2. Company Name: Project G

3. Current Number of Employees: _____

4. Address: Not available at this time

5. Annual Sales: 5.3b Euros

6. Type of Ownership: _____ Corporation _____ Partnership
X Proprietorship

7. Names(s) of principal owner(s), partner(s) or director of the company:
Not available at this time

8. Corporate Headquarters' address: Germany

9. Corporate Telephone: _____

10. Other locations and/or places of business owned and operated by the applicant. For each location, please provide the city, state, street address and name(s) under which business is conducted:
Global company with locations throughout Europe, Asia and the US

11. Date Organization Formed: 2004
12. Please attach most recent annual report or financial statement.

II. PROJECT INFORMATION

1. Type of Facility: Manufacturing
 Distribution Center
 Corporate Office or Service Center
 Research and Development Facility
 Regional Entertainment Facility
 Other (please specify)

2. Project Description: New Construction Expansion
 Modernization
3. Location address of proposed project: Within Battleground industrial district

4. County Harris
5. School District Deer Park ISD
6. Product(s) or Service: styrene derivative
7. Attach map and legal description of project location showing proposed improvements.
8. Please describe the proposed use and the specific nature and extent of the project:
Production of styrene and derivatives

9. Please list all improvements and equipment for the project:

Improvement Items	Cost
<u>See attached</u>	

10. Please state all sources for financing the improvements:

Financing from internal and parent company revenue

11. Please state the time frame or projected date of start and completion:

See attached

12. Improvements will be completed by January 1, 2024 (specify year).

13. Please state the productive life of the proposed improvements:

30 years

14. Please give a general description of business personal property (property other than buildings, fixed machinery, inventory and supplies) that will be purchased as a result of the project:

See attached

III. ECONOMIC INFORMATION

1. Number of persons currently employed by applicant:

Full Time _____ Part Time _____

Total Annual Payroll: \$ _____

2. Number of new jobs (full time equivalent) to be created/retained by the proposed improvements: **See attached**

Number	Estimate Annual Payroll	Year
At Opening _____	\$ _____	_____
At 3 years _____	\$ _____	_____
At 5 years _____	\$ _____	_____

3. Number of new jobs to be filled by persons residing in the City of La Porte or Harris County:

Full Time **unknown** Part Time **unknown**

4. Number of Peak Construction Jobs: **see attached**

5. In the case of modernization, please estimate the economic life of the existing facility: ____ years. Added economic life after modernization: ____ years.

6. In the case of modernization, please state the assessed value of the facility for the tax year immediately preceding this application:

Real Property \$ _____ Business Personal Property \$ _____

7. Amount of taxable sales currently being generated annually in the City of La Porte (if applicable): \$ _____.

8. Amount of projected taxable sales that the proposed improvements will generate: \$ _____.

9. In the case of application based on job retention, please describe potential job loss that would occur without economic development incentives:

Company Representative to be contacted:

Eric Geisler
Name
President, Economic Incentive Services, LLC
Title
P.O. Box 272525, Houston, Texas 77277
Address

713-665-7200
Telephone

Authorized Company Official:

Authorized Signature

Date

Printed Name

Title

Telephone

Information Request for: Project G

1 Please confirm the NAICS/SIC code for the company and/or this specific project/operation **325110**

4 Please provide a general description of the project (i.e. what type of operation will this be, what product(s) will be consumed/produced/stored/sold, markets/customers served, etc.)
 The new petrochemical plant will use best-in-class technology and benefit from access to low cost feedstock and energy from shale gas as well as an excellent infrastructure. Styrene monomer, the precursor to a variety of plastics and other products, is the main product to be sold. The main feedstocks for the new plant are primarily oil and natural gas-based benzene and ethylene.

6 Please provide project timeline:

Estimated Construction Start (MM/YY)	Construction Complete (MM/YY)	Begin Operations (MM/YY)
Q3 2020	Q1 2023	Q3 2023

7 Please provide the construction budget related to the project (if lease, please note and include annual lease cost):

CATEGORY	TOTAL NEW INVESTMENT	PORTION OF INVESTMENT SUBJECT TO S/U TAX	DESCRIPTION OF PROPERTY
Cost of Land :	\$ -		This required land for the proposed locations are owned by INEOS companies. The intention is to lease the land for use
Cost of Building/Structures (Real Property):	\$ 5,000,000		
Cost of Machinery & Equipment (please describe):	\$ 326,000,000		includes process equipment, piping, feedstock, intermediate, finished product storage and other logistics infrastructure
Cost of Engineering:	\$ 83,000,000		
Cost of Construction:	\$ 397,000,000		includes cost to construct and install all processing equipment and structures
Other (catalyst, misc. chemicals, start-up costs):	\$ 29,000,000		
TOTAL:	\$ 840,000,000		

* please change/add budget categories as needed/applicable and be as detailed as possible

8 Utility Needs: Please provide the estimated annual utility usage requirements and estimated capital cost to install/provide service to the site (company portion only).

Water:	COST TO INSTALL	ANNUAL USAGE	
Water:	\$ 200,000	1200 MM gals/yr	(gallons) MM = million
Sewer:	\$ 100,000		(volume)
Electric:	\$ 300,000	74 MM kw-hr/yr	(kwh/kw)
Natural Gas:	\$ 100,000	128 MMSCF/yr	
Telecommunications:	TBD	TBD	

9 Please provide estimated annual spending on the following utilities (i.e. annual bill)

	Water	Electricity	Telecom	Natural Gas
2023	\$ 410,730	\$ 1,995,476		\$ 11,063,479
2024	\$ 821,477	\$ 3,965,751		\$ 28,126,951
2025	\$ 821,477	\$ 3,965,751		\$ 28,126,951
2026	\$ 821,477	\$ 3,965,751		\$ 28,126,951

Note: plant is expected to be fully commissioned by start of Q3 2023. First full year production will be in 2024

10 Estimated number of construction workers per year

	2020	2021	2022
11 Average wages of construction workers	\$110,000/yr	\$110,000/yr	\$110,000/yr

12 Total anticipated full-time employees at the proposed site before and after project completion:

	2021	2022	2023	2024	2025
Direct Employees ONLY	0	21	53	0	0
Contract Employees (e.g. full-time but not direct employees)	0	0	0	0	0

13 What is the average annual salary of the new direct employees (without benefits)? Provide a breakdown by job category.

EMPLOYEES PER CATEGORY	AVG ANNUAL SALARY	AVG. HOURLY RATE	TOTAL ANNUAL PAYROLL
Management/Supervisory:	\$ 144,000.00		\$ 288,000.00
Engineer/Operations	\$ 124,200.00		\$ 1,566,200.00
Operators/Logistics	\$ 124,200.00		\$ 4,471,200.00
Maintenance	\$ 124,200.00		\$ 1,566,200.00
Safety/Environmental/QC	\$ 86,000.00		\$ 288,000.00
IT/Security	\$ 84,000.00		\$ 252,000.00
Acctg/Admin/Purchasing	\$ 84,000.00		\$ 252,000.00
Totals for plant:	\$ 111,550.00		\$ 8,904,500.00

14 Please check which benefits will be offered to employees:

	YES	NO	% paid by EMPLOYER	% paid by EMPLOYEE
Medical:	X		80%	20%
Dental:	X		80%	20%
Vision:	X		100%	
401 (k):	X		100%	
401 (k) Match:	X		0%	
Life insurance:	X		100%	100%
Flexible spending:	X			
Short-term / Long-term disability:	X		100%	

15 Please provide a brief description of the technical training requirements, if any, for new direct employees at the site:

Employee/Position (1):	Operators, Logistics, Maintenance and QC
Description of Training:	Technical training for each job role, both classroom and field for approximately 6-12 months pre-commissioning and start-up. Total cost of training (beginning mid-2022) is approx. \$4,800,000.
Cost per Employee:	Cost is equivalent approx. to \$100,000 per employee - based on estimated duration of employment during pre-commissioning and start-up
Employee/Position(2):	
Description of Training:	
Cost per Employee:	

16 What is the estimated annual spending on direct employee training, if any:

2022	\$ -
2023	\$ 250,000.00
2024	\$ 500,000.00
2025	\$ 500,000.00

Note: plant is expected to be fully commissioned by start of Q3 2023. First full year production will be in 2024. This is for ongoing training following completion of pre-commissioning and start-up.

17 Amount (number, weight, or dollar) of raw material imported annually for production

Amount	Description of Material
805,050	Inertsic, Benzene and Ethylene raw material to be sourced domestically and from overseas.

18 Estimated average value of inventory on hand (at full operations):

Amount	Description of Inventory
\$ 35,000,000.00	approximate value of inventory on-hand requirements for finished product SM, intermediate product, and raw material benzene

19 What percentage of your inventory will leave the state within 175 days?

\$ 33,950,000.00	97%	All material destined to be produced will be sold into the export market. The inventory which remains will be for back orders and inventory cycle inventory - inventory which will always remain in state of operations.
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20 Estimated annual sales:

In-state	Out-of-state	Description/Type of Sales
\$ 1,031.00	\$ -	Million US dollars in revenue. All product is targeted to be sold on an ex-work basis to our customers, so revenue and commercial transfer of sale will take place at the plant

Completed form should be forwarded to:
Eric Geisler
713-665-7200
geisler@edincincentives.com

ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT BETWEEN THE LA PORTE DEVELOPMENT CORPORATION, AND INEOS STYROLUTION AMERICA LLC, A DELAWARE LIMITED LIABILITY COMPANY, FOR USE OF TYPE B DEVELOPMENT CORPORATION SALES TAX FUNDS

THIS AGREEMENT made by and entered into this ____ day of _____, 2019 between the La Porte Development Corporation, a Type B non-profit corporation operating under authority of Texas Local Government Code Chapters 501 and 505, hereinafter “LPDC”, and INEOS STYROLUTION AMERICA LLC, a Delaware limited liability company, hereinafter “Recipient”.

WITNESSETH:

WHEREAS, the voters of the City of La Porte authorized the levying of additional sales tax within the City for promotion of economic development and the LPDC is authorized to use such tax revenues for certain qualifying projects and other economic development related purposes; and

WHEREAS, Recipient is a business that manufactures industrial goods and which employs positions classified as primary jobs, as the term “primary jobs” is defined in Chapter 501 of the Texas Local Government Code; and

WHEREAS, Recipient wishes to expand its current business operation at its affiliate’s industrial complex at 1230 Independence Parkway in the Battleground Industrial District, located adjacent to the northern corporate limits of the City of La Porte, Texas (hereinafter, “Battleground Manufacturing Complex”), by constructing and operating a styrene monomer manufacturing facility at a minimum capital investment cost of \$750,000,000.00 and which after five (5) years is anticipated to employ up to 85 additional personnel (hereinafter, “Styrene Monomer Project”); and

WHEREAS, LPDC and Recipient anticipate that the construction of the facilities for the Styrene Monomer Project will be substantially complete by December 31, 2024; and

WHEREAS, Texas Local Government Code section 501.159 authorizes a Type B corporation to undertake a project in another jurisdiction in the state if the governing body of the other jurisdiction requests the corporation to exercise its powers within its jurisdiction; and whereas Harris County, Texas has requested and authorized the LPDC to undertake the projects described in this Agreement at the Battleground Manufacturing Complex; and

WHEREAS, Recipient has requested that LPDC provide financial incentives to promote the expansion of the Battleground Manufacturing Complex for the Styrene Monomer Project, as a qualifying project of the LPDC for the development of new or expended business enterprises that create and retain primary jobs, as authorized by Texas Local Government Code Chapters 501 and 505, and it is the desire of LPDC to assist in the funding of same, finding that such expenditures will contribute to 1) the development of new or expended business enterprises that create and retain primary jobs, and 2) will be suitable for the development, retention, or expansion of manufacturing and industrial facilities and in furtherance of the promotion of economic growth and development in the City; and

WHEREAS, Texas law and the by-laws of the LPDC require that certain expenditures and projects by the LPDC be approved by the governing body of the City; and whereas the LPDC Board has duly approved such projects and the expenditures for same have been authorized by the La Porte City Council; and

WHEREAS, publication of notice for public hearing required under Texas Local Government Code Section 505.160 for expenditure of Type B funds on a proposed project was made and there was no petition filed with the City registering a protest to the proposed grant.

NOW THEREFORE, in consideration of the covenants and conditions stated herein, and in consideration of the mutual benefits that will accrue to each of the parties hereof, as well as to the citizens of the City of La Porte, Texas, the parties have agreed and do hereby agree as follows:

ARTICLE I

A. In consideration of Recipient locating its proposed styrene monomer manufacturing facility at the Battleground Manufacturing Complex, as specifically described in that certain public hearing authorizing the proposed project and expenditure of LPDC funds for the creation and retention of primary jobs and the development, retention, or expansion of manufacturing and industrial facilities, held before the LPDC on [REDACTED], 2019 (hereinafter, "Public Hearing"), LPDC agrees to provide Recipient an incentive package consisting of cash payments in the cumulative amount of \$700,000.00, according to the schedule outlined in this Article I and the retention of said payment being conditioned upon Recipient's satisfaction of certain minimum construction related capital investment costs and additional permanent direct jobs as provided in this Article I.

The cash incentives herein described shall be distributed as follows:

- 1) a cash incentive payment in the amount of \$250,000.00 for the Styrene Monomer Project will be distributed to Recipient after execution of this Agreement and no later than thirty (30) days after receipt and acceptance by LPDC of a) letter from Recipient evidencing Recipient's initiation of construction of the Styrene Monomer Project at the Battleground Manufacturing Complex, which for purposes of this Agreement shall mean the first physical action of Recipient's EPC contractor at the construction site following the receipt by Recipient of all permits and other governmental approvals required to proceed with construction (other than land clearing activities) and b) proof of execution by Recipient of an Industrial District Agreement between Recipient and the City of La Porte, Texas applicable to the property utilized for the Styrene Monomer Project.

In the case that written proof of initiation of construction and execution of an Industrial District Agreement is presented to LPDC in accordance with paragraph (1) immediately above, the LPDC shall convene a meeting of the LPDC Board of Directors for a date no later than thirty (30) days after receipt of proof of said items from Recipient. Upon verification of the requirement, as reflected by formal vote of the LPDC Board of Directors that Recipient has satisfied the requirements of this

paragraph, LPDC will then remit the \$250,000.00 to Recipient within a period not to exceed thirty (30) days.

- 2) a cash incentive payment in an amount equal to \$250,000.00 will be distributed to Recipient by LPDC, upon receipt by LPDC of documentation evidencing the substantial completion of the Styrene Monomer Project, but in no event will such documentation be accepted or the \$250,000.00 incentive payment remitted, if such documentation is not submitted on or before December 31, 2024. For purposes of this agreement “substantial completion” shall be defined as that point in which construction of the Styrene Monomer Project is eighty (80) percent complete, as certified in writing by the project’s engineer.

In the case that written proof of substantial completion is presented to LPDC by the December 31, 2024 deadline, the LPDC shall convene a meeting of the LPDC Board of Directors for a date no later than forty-five (45) days after receipt of proof of said item, from Recipient. Upon verification of the requirement, as reflected by formal vote of the LPDC Board of Directors that Recipient has satisfied the requirements of this paragraph, LPDC will then remit the \$250,000.00 to Recipient within a period not to exceed thirty (30) days.

- 3) a cash incentive payment in the amount of \$200,000.00 for the Styrene Monomer Project will be distributed to Recipient one (1) year after payment of the \$250,000.00 incentive payment under subparagraph (2) immediately above, upon submittal to the LPDC of documentation evidencing attainment of the following performance thresholds:

- a) Total taxable value of the Styrene Monomer Project site is assessed at a minimum value of \$330,000,000.00 by the Harris County Appraisal District.
- b) Total capital investment for construction of the Styrene Monomer Project of a minimum cost of \$750,000,000.00.
- c) Proof of employment of at least eighty-five (85) full-time employees at the Styrene Monomer Project site with an average total annual compensation per additional full-time employee of \$100,000.00, which shall be established by submission to LPDC of the following:
 - i. Copies of Recipient’s 941 Report to the Internal Revenue Service and C3 Report to the Texas Workforce Commission for each employee (but with social security numbers of each employee redacted), and
 - ii. A signed and notarized statement executed by any authorized officer or director of Recipient affirming that eighty-five (85) full time employees are

employed by Recipient for positions permanently located at the Styrene Monomer Project site.

In the case that written proof of all aforementioned items are presented to LPDC no later than one year after payment of the second of the two (2) \$250,000.00 incentive payments, the LPDC shall convene a meeting of the LPDC Board of Directors for a date no later than forty-five (45) days after receipt of proof of said items outlined in this Paragraph 3, from Recipient. Upon verification of the completion of all the aforementioned items, as reflected by formal vote of the LPDC Board of Directors that Recipient has satisfied the requirements of this paragraph, LPDC will then remit the \$200,000.00 to Recipient within a period not to exceed thirty (30) days.

B. As a condition for the receipt and retention of each of the referenced cash incentive payments as provided in this Article I, and as required by Texas Local Government Code section 501.158, Recipient shall provide to LPDC verification that it has satisfied the performance thresholds outlined in Paragraph 3(a-c) above.

C. Recipient will expend the cash incentive payments only towards the construction and completion of the Styrene Monomer Project and other related purposes authorized by Texas Local Government Code Chapters 501 and 505.

ARTICLE II

Disbursement and/or retention of the cash incentive payments identified in Article I of this Agreement shall be subject to the satisfaction of the conditions precedent or conditions subsequent contained within Article I of this Agreement as applicable for each project. LPDC's obligation to Recipient shall not exceed \$700,000.00 for the Styrene Monomer Project.

ARTICLE III

Recipient understands that the funds paid to Recipient by the LPDC are derived from tax revenues collected under Texas Local Government Code 505.252, and that LPDC has estimated the tax revenues to be collected during the term of this Agreement. Recipient further understands, acknowledges, and agrees that if the tax revenue actually collected is less than 80% of the estimated tax revenues to be collected in any 2 of 3 successive fiscal years during the term of this Agreement and prior to the year Recipient is otherwise entitled to receive a cash incentive payment pursuant to this Agreement, LPDC will be entitled to terminate all further payments to Recipient during or after the fiscal year for which there is a revenue shortfall; provided, Recipient's obligations with respect to the project so affected shall likewise be terminated.

ARTICLE IV

LPDC may determine Recipient to be in default if Recipient fails to 1) achieve substantial completion of the Styrene Monomer Project by December 31, 2024, 2) meet any of the capital investment or job creation thresholds outlined in the schedule contained in Article I of this Agreement for the Styrene Monomer Project, or 3) fails to maintain a minimum \$330,000,000 million HCAD valuation for the Styrene Monomer Project site and eighty-five (85) additional full-time employees for two (2) years following payment of the third and final incentive payment in the amount of \$200,000.00. Should LPDC determine the Recipient to be in default of this Agreement, LPDC shall notify the Recipient in writing, and if such default is not cured within sixty (60) days from the date of such notice ("Cure Period"), then LPDC shall have the right to reclaim and recapture all or a portion of the cash incentive payments previously disbursed to Recipient with respect to the Styrene Monomer Project; provided, however, that in the case of a default that for causes beyond Recipient's reasonable control cannot with due diligence be cured within such sixty-day period, the Cure Period shall be deemed extended if Recipient (i) shall immediately, upon the receipt of such notice, advise the LPDC of Recipient's intention to institute all steps necessary to cure such default and (ii) shall institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same. LPDC shall have the right to reclaim and recapture all or a portion of the cash incentive payments previously disbursed to Recipient with respect to the Project, whether or not such disbursements have been spent by Recipient at the time of the reclamation by the LPDC. For purposes of this Agreement, LPDC's right of recapture shall apply to the full amount of the initial \$250,000.00 incentive payment if Recipient fails to achieve substantial completion of the Project by December 31, 2024. Additionally, LPDC's right of recapture shall apply to the percentage of the capital investment and/or job creation targets not met by Recipient for the Project. In each such case, the applicable percentage of the previously paid cash payment or payments for the Styrene Monomer Project shall be remitted to the LPDC within sixty (60) days of receipt of written demand for same following the Cure Period. The applicable percentage of the capital investment and/or job creation target not met by Recipient shall be mutually agreed by the Parties; provided however, should the Parties fail to agree on such the Dispute Resolution clause in Article XV shall apply.

In the event of a material breach by Recipient hereunder, including, but not limited to, use of the funds provided herein for purposes other than those stated in Article I of this Agreement, LPDC may cease all future payments hereunder and terminate this Agreement; and, furthermore, LPDC shall have the right to reclaim and recapture, and Recipient shall refund, any funds that are not spent in accordance with the terms of this Agreement, and any unspent and unobligated LPDC funds previously paid to Recipient but not yet paid or pledged by Recipient to third parties. In each such case, Recipient shall remit payments to the LPDC within sixty (60) of receipt of written demand for same.

ARTICLE V

The term of this Agreement is for a period beginning on the date of approval by LPDC and ending two (2) years from the date of the final payment by the LPDC of the proposed cash incentive to Recipient made pursuant to Article 1 of this Agreement.

ARTICLE VI

During the term of this Agreement, Recipient shall provide to the LPDC by December 31st of each calendar year following each payment made pursuant to Article 1 of this Agreement, a report and

documentation in reasonable detail (hereinafter "Expenditure Report") showing expenditures made by Recipient pursuant to this Agreement and a demonstration that the funds were used only for the purposes authorized by this Agreement. Recipient shall maintain books of account with correct entries of all expenditures that are made according to the terms of this Agreement and of any funds from other sources. Any and all books of account of Recipient shall be open to the inspection of LPDC or any its officers or duly authorized agents on reasonable prior notice during normal working hours; provided, however, that LPDC shall not conduct more than two such inspections in any calendar year. Any such inspection shall be conducted in a manner that will not unreasonable disrupt Recipient's operations. Upon such inspection and with appropriate measures to protect Recipient's confidential business information, LPDC, or its officers or agents shall be afforded the opportunity to make photographic copies of any and all documentation of books of account, including but not limited to statements of account relating to the disposition of funds provided by LPDC under this Agreement and any funds from other sources. Recipient shall maintain such books of account in Texas for a period of three (3) years following receipt of the last cash incentive disbursement by the LPDC, pursuant to Article I of this Agreement. Notwithstanding Article I, above, the LPDC shall be under no obligation to make any fund disbursements if Recipient fails to provide an Expenditure Report.

ARTICLE VII

Recipient also acknowledges that LPDC may seek a lien against the property owned or leased by Recipient made the subject of this Agreement and located at 1230 Independence Parkway, in the Battleground Industrial District, to secure repayment, if necessary, and may enforce this Agreement by any and all other remedies available in law and equity.

ARTICLE VIII

This Agreement does not create any joint venture, partnership, or agency relationship between the LPDC and Recipient. Recipient shall have exclusive control of, and the exclusive right to control the details of, the work to be performed by Recipient hereunder and all personnel performing same, and shall be solely responsible for the acts and omissions of its officers, members, agents, servants, employees, subcontractors, program participants, volunteers, licensees, and invitees. In no event shall any person participating in or performing any of Recipient's duties or responsibilities hereunder be considered an officer, agent, servant, or employee of the LPDC.

ARTICLE IX

Recipient agrees to assume and does hereby assume all responsibility and liability for damages sustained by persons or property, whether real or asserted, by or from the carrying on of work by Recipient or in the performance of services performed and to be performed by Recipient hereunder. Recipient covenants and agrees to, and does hereby indemnify, defend, and hold harmless LPDC and all their respective officers, agents, and employees from all suits, actions, claims, and expenses of any character, including attorney's fees, brought for or incurred on account of any injuries or damages, whether real or asserted, sustained by any person or property by or in consequence of any intentional or negligent act, omission, or conduct of Recipient, its agents, servants or employees and in the course of performance by LPDC and Recipient under this Agreement.

ARTICLE X

This Agreement may be amended by the mutual agreement of the parties hereto in a writing that specifically refers to this Agreement and indicates it is an amendment hereof.

ARTICLE XI

Recipient shall adhere to all local, state, and federal laws and regulations that may affect its actions made pursuant to this Agreement, and shall maintain in effect during the term of this Agreement any and all federal, state, and local licenses and permits which may be required of recipients generally.

ARTICLE XII

Recipient may not assign this Agreement without the written consent of LPDC, which consent will not be unreasonably delayed, conditioned, or denied; provided, however, the foregoing notwithstanding, Recipient may assign this Agreement, in whole or on a Project-by-Project basis, to an entity acquiring all or substantially all of its interest in the Styrene Monomer Project

ARTICLE XIII

The waiver by either party hereto of any breach of any term, condition, or covenant herein contained shall not be deemed a waiver of any subsequent breach of the same, or any other term, condition, or covenant.

ARTICLE XIV

The obligations of the parties to this Agreement are performable in Harris County, Texas and if legal action is necessary to enforce same, venue shall lie in Harris County, Texas.

ARTICLE XV

The parties' representatives will meet as needed to implement the terms of this Agreement and shall make a good faith attempt to informally resolve any disputes.

Except to prevent irreparable harm for which there is no adequate remedy at law, neither party hereto shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

ARTICLE XVI

This Agreement may be executed in triplicate, each of which shall be deemed an original and constitute one and the same instrument. A signature of a party transmitted to the other party by facsimile, PDF or other electronic means shall constitute the original signature of such party for all purposes.

ARTICLE XVII

Neither LPDC nor Recipient shall be required to perform any term, condition, or covenant in this Agreement so long as such performance is delayed or prevented by force majeure. As used in this Article XVII, force majeure means any cause not reasonably within the control of a party hereto, and which by the exercise of due diligence LPDC or Recipient is unable, wholly or in part, to prevent or overcome, such party is unable, wholly or in part, to prevent or overcome, including, but not limited to, physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes resulting in evacuation, floods, washouts, explosions, machinery malfunctions or breakdowns, inability to obtain fuel, power, or materials necessary for production, deficient transportation, electric power outages, strikes, lockouts, or other industrial disturbances, acts of a public enemy, sabotage, wars, blockades, insurrections, riots, acts of terror, and compliance with any law, order, rule, or regulation of any governmental agency. In the case of an event of force majeure, all time limitations contained herein shall be extended on a day-for-day basis for a period equal to the length a party's obligations hereunder are suspended due to such event of force majeure.

ARTICLE XVIII

In executing this Agreement, the Recipient whose signature appears below affirms its intent and commitment to comply in full with Section 2264.052 of the Government Code and certifies that it does not and will not knowingly employ an undocumented worker during the term of this Agreement. The Recipient further certifies its understanding and agreement that if it is convicted of a violation of 8 U.S.C. Section 1324a(f), providing for civil and/or criminal penalties for engaging in a pattern or practice of knowingly hiring or continuing to employ unauthorized aliens, it shall repay the amount of the funds received hereunder with interest, at the rate and according to the terms of the agreement signed under Section 2264.053 of the Government Code, not later than the 120th day after the date the LPDC notifies the business of the violation.

ARTICLE XIX

In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages and this limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages. Recipient's total liability under this Agreement, including for its indemnification, defense, and hold harmless obligations, shall not exceed the amount of funds actually received by Recipient from the LPDC under the Agreement.

ARTICLE XX

The Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties, which relate to matters in this Agreement.

SIGNED AND AGREED to by LPDC and Recipient on the dates indicated below.

LA PORTE DEVELOPMENT CORPORATION

Richard Warren, President

Date

ATTEST

Secretary of the Corporation

INEOS STYROLUTION AMERICA LLC, a Delaware limited liability company

By:

Date

By:

Date

Project G Payback Period

Projected PILOT found by adding applicant provided cost of building/structures and machinery/equipment, dividing by 100, multiplying by .71 to get the ad valorem tax rate, then multiplying by .20 to represent the significant improvement discount built into our IDA's. Note, we are currently negotiating a new IDA that will likely see this number increase, but staff thought it was vital to give the most conservative estimations possible.

$$(331,000,000/100 * .71) * .20 = 470,020$$

Projected Payback Period Based on Provided Construction Timeline*

Year	Amount Paid by City	Projected PILOT	Total Projected PILOT
2020	\$250,000	\$0	\$0
2021	\$0	\$0	\$0
2022	\$0	\$0	\$0
2023	\$250,000	\$0	\$0
2024	\$200,000	\$470,020	\$470,020
2025	\$0	\$470,020	\$940,040
2026	\$0	\$470,020	\$1,410,060
2027	\$0	\$470,020	\$1,880,080
2028	\$0	\$470,020	\$2,350,100
2029	\$0	\$470,020	\$2,820,120
2030	\$0	\$1,480,563	\$4,300,683

*Timeline assumes zero growth in valuation and no change in City tax rate.