



## AGENDA MEMORANDUM

Action Item for the City Council Meeting July 23, 2019

**DATE:** June 28, 2019  
**TO:** Peter Zaroni, City Manager  
**FROM:** Daniel McGinn, Director of Planning and Environmental Services  
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Approving a Chapter 212 Agreement with Corpus Christi Alumina LLC

### **CAPTION:**

Resolution authorizing an agreement with Corpus Christi Alumina, LLC under Chapter 212 of the Texas Local Government Code, relating to the development of property in the City's extraterritorial jurisdiction

### **PURPOSE:**

To approve an agreement with Corpus Christi Alumina, LLC for development of a property in the City's extraterritorial jurisdiction.

### **BACKGROUND AND FINDINGS:**

Corpus Christi Alumina, LLC (CCA) is the owner of land in the City's extraterritorial jurisdiction in San Patricio County consisting of a portion of the former Sherwin Alumina plant. CCA has entered into a contract for sale with Cheniere, Inc. or one of its subsidiaries ("Cheniere") related to this property. The City has entered into an agreement with Cheniere related to the development of property in San Patricio County. Cheniere and CCA have requested that the property be included in a 212 agreement with the same terms that apply to the other property in the area owned by Cheniere. This agreement sets parameters relating to the sale of this property and otherwise contains many terms similar to existing agreements with Cheniere and Gulf Coast Growth Ventures. This non-annexation agreement expires on December 31, 2033. The agreement requires that CCA maintain the industrial use of the land. Under the agreement, CCA must make "payments in lieu of taxes" (PILOT) for tax years 2031, 2032, and 2033. Upon closing of the sale of land, this agreement will be assigned to Cheniere.

Staff recommends approval of an agreement under Chapter 212 of the Local Government Code to guarantee that the property will remain in the City's extraterritorial jurisdiction for the term of the agreement, which expires on December 31, 2033. As part of the agreement, CCA covenants that it will enter into an industrial district agreement with the City at the end of the term or earlier if the sale to Cheniere falls through. Failure to enter into such agreement will require additional payments in accordance with section 5.5(B) of the agreement, which requires payment of up to 10 years' back PILOT.

**ALTERNATIVES:**

City Council could choose not to approve the agreement.

**OTHER CONSIDERATIONS:**

None

**CONFORMITY TO CITY POLICY:**

The proposed item is consistent with City policy and the Comprehensive Plan as follows:

- Plan CC’s Vision Statements identifies that “Our broadly diversified economy provides opportunity for all.”
- Plan CC’s Future Land Use Plan indicates this area for industrial development.
- Plan CC Element 7, Goal 6 states “Annexation plans provide for orderly growth and industrial agreements in the ETJ.”
- Plan CC Element 7, Goal 6, Strategy 6 states, “Support the evaluation of the use of industrial district agreements in lieu of annexation for industrial area of the city and ETJ.”

A Chapter 212 agreement in lieu of annexation also satisfies the intent of the Comprehensive Plan strategies identified above.

**EMERGENCY / NON-EMERGENCY:**

Non-Emergency

**DEPARTMENTAL CLEARANCES:**

Legal  
Planning  
City Manager’s Office  
CC Regional Economic Development Corporation

**FINANCIAL IMPACT:**

Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2018-2019</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget			
Encumbered / Expended Amount			
This item			
BALANCE			

**Funding Detail:**

Fund: n/a  
Organization/Activity: n/a  
Mission Element: n/a  
Project # (CIP Only): n/a  
Account: n/a

**RECOMMENDATION:**

Staff recommends approval of this resolution.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution

Section 212.172 Extraterritorial Jurisdiction Non-Annexation Agreement