

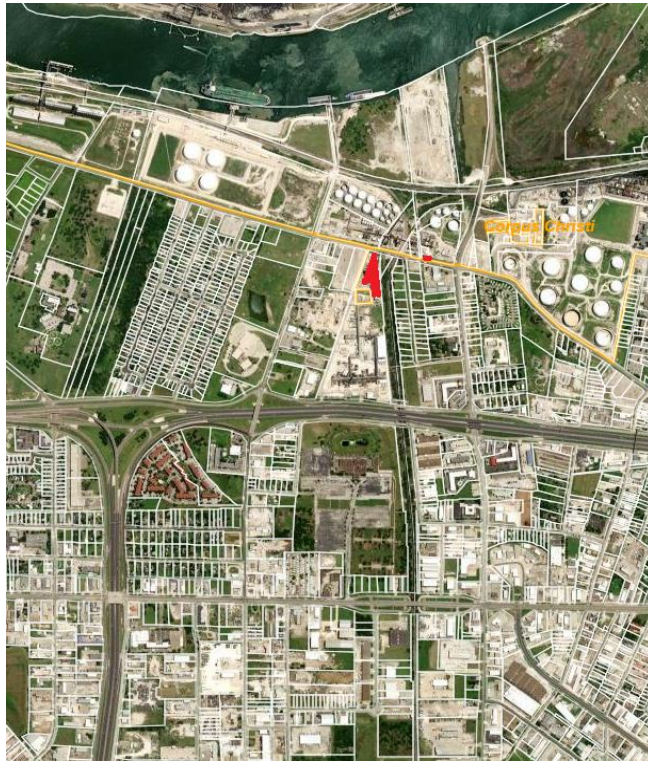


Air Products, LLC Request for Reassignment Under Chapter 380 Agreement

City Council Presentation
December 03, 2024



Air Products, LLC Location Map





Air Products, LLC Boundary Map





Air Products, LLC

On December 15, 2009, City executed a Chapter 380 Agreement

Air Products, LLC agreed to:

- Complete construction of the CC Hydrogen Steam Methane Reformer (HSMR) by Dec. 31, 2010.
- Operate the CC HSMR Facility for its useful life of at least 15 years
- Create at least 4 new, full-time jobs at average salary of \$60,000 annually
- Maintain the CC Hydrogen Steam Methane Reformer Facility for entire period during which the City Commitment is paid out

City of Corpus Christi agreed to:

- Pay to Air Products an ad valorem tax assessment commitment in the form of annual cash payments within 90 days after Air Products notifies the City it has paid the ad valorem taxes
- Currently, City is rebating 40% of Ad Valorem taxes paid on improvements



Assignment

Assignment Clause - Section 8.05 Successors and Assigns.

- A. Except as provided in Article IV, no Party has the right to assign its rights under this Agreement or any interest in this Agreement, without the prior written consent of the other Party, except Air Products may assign its rights and responsibilities under this Agreement to any related, affiliated, or subsidiary entity to which substantially all of its assets, liabilities, and its rights to proceed with development of the Project are transferred without the consent of the City. The written consent may not be unreasonably withheld.

- B. If Air Products is seeking City consent to assign, City Council shall consider the consent to assign within 30 days of the written notification. If the decision is not received by the Party seeking consent within 60 days of their request for consent, the assignment is deemed approved.

Request for Assignment sent to City on Nov. 5, 2024:

Effective September 25, 2024, Air Products LLC (“Air Products”) and HEP Javelina SMR, LLC (“HEP”) entered into an Asset Purchase Agreement for the sale of the Corpus Christi Hydrogen SMR Facility (“CC HSMR Facility”) and requested assignment of 380 Agreement



Staff Recommendation

Staff Recommendation:

1. Reject the requested assignment from Air Products to HEP Javelina SMR.
2. Declare that the current 380 Incentive Agreement for a 60% rebate of ad valorem taxes terminate on Dec. 31, 2024, pursuant to Article VI, Section 6.01 of the 380 Incentive Agreement.
3. Authorize the execution of a new Chapter 380 Incentive Agreement with the existing owner and/or new owner, HEP Javelina SMR, providing a rebate of 25.5 % of the ad valorem taxes payable to the City to mirror the amount payable under the new Industrial District Agreement of the City, effective January 1st, 2025.



Questions?