



## AGENDA MEMORANDUM

Future Item for the City Council Meeting of August 19, 2014  
Action Item for the City Council Meeting of August 29, 2014

**DATE:** August 5, 2014  
**TO:** Ronald L. Olson, City Manager  
**FROM:** Mike Culbertson  
(361) 882-7448  
mculbertson@ccredc.com

Nominating M & G Resins USA, LLC as a Double Jumbo Texas Enterprise Zone Project

### **CAPTION:**

Approving a resolution nominating M & G Resins USA, LLC ("M & G") to the Office of the Governor Economic Development & Tourism ("EDT") through the Economic Development Bank ("Bank") as a double jumbo enterprise project pursuant to the Texas Enterprise Zone Act ("Act")

### **PURPOSE:**

Nominate M & G as a double jumbo Texas Enterprise Zone project and make them eligible for State sales tax rebates for investments and the creation of jobs.

### **BACKGROUND AND FINDINGS:**

Under State Law, the Office of the Governor - Economic Development and Tourism Division through the Texas Economic Development Bank administers the Texas Enterprise Zone (TEZ) Program. According to the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code, the purpose of the program is to encourage job creation and retention and capital investment in areas of economic distress.

The 78th legislature amended the act to increase participation in the program, decrease paperwork and streamline the process. Under the amended act, communities are no longer required to submit an application and fee to create an enterprise zone; designation of an enterprise zone is automatic based on decennial figures. Areas designated as enterprise zones include census block groups with 20 percent poverty and areas federally designated as Renewal Communities. Previously designated enterprise zones will be designated until their expiration, after which the area would need to meet the 20 percent poverty guideline. A project seeking designation as a Texas Enterprise Zone Project still must seek nomination from the governing body to the Office of the Governor for consideration and designation.

A designated project located in the Texas Enterprise Zone must agree to hire at least 25 percent of its employees from the enterprise zone or economically disadvantaged groups and in return will receive a refund of sales and use tax (SUT) paid to the Office of the Comptroller. This project is located within an Enterprise Zone.

The program allows a refund of \$2,500 for each job created or retained. If investment levels are adequate, the local nominating governing body may nominate a project as a Double or Triple Jumbo Project designation, increasing the value per job created or retained to \$5,000 or \$7,500, respectively. Therefore, a double jumbo project can receive a rebate of up to \$2.5 million, and a triple jumbo project can receive a rebate of up to \$3.75 million.

The maximum refund that a business may receive is for 500 employees. If a company has more than 500 employees it can request a designation to receive rebates for those employees over 500. To do this they must have another investment over and above the original designation.

State Law allows each participating community with a population less than 250,000 to nominate up to six projects per biennium and communities with a population more than 250,000 to nominate up to nine projects per biennium. Since City of Corpus Christi's population exceeds the 250,000 threshold, up to nine projects can receive designation during this biennium. A double jumbo project assumes two of the number of projects allowable and a triple assumes three. This nomination will use two of the City's nine nominations of local businesses.

The City of Corpus Christi has nominated a number of projects in the past including the Valero, Bay Ltd, CITGO, Stripes, Flint Hills Resources, and TPCO. To date, the designated enterprise zone projects have resulted in at least \$2.278 billion in investment in Corpus Christi. This local capital investment represents a significant portion of all of the combined capital investment made in enterprise zones across the state.

M & G Group is a family owned chemical engineering and manufacturing group headquartered in Tortona, Italy. The company operates in the PET resin industry through its wholly-owned holding company Mossi & Ghisolfi International S.A. (M&G International). M & G International is the third largest producer of PET resin for packaging applications in the world, with a production capacity in 2010 of approximately 1.6 million tons per annum. M & G Group currently has three plants located in Italy, Brazil, and West Virginia. They are looking to expand their production.

The company will invest approximately \$751 million to purchase the land, construct their facilities, infrastructure, equipment and personal property. Company is projecting a 36 month construction period following approval of their air permit from TCEQ.

**ALTERNATIVES:**

Due to State statute only the City can be the nominating authority.

**OTHER CONSIDERATIONS:**

Corpus Christi has nine designations for the current biennium and has used none.

**CONFORMITY TO CITY POLICY:**

This conforms to City policy of promoting economic development, attracting primary jobs to the area, and is regional in scope.

**EMERGENCY / NON-EMERGENCY:**

Non-emergency

**DEPARTMENTAL CLEARANCES:**

None

**FINANCIAL IMPACT:**

Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2013-2014</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Fund:

**RECOMMENDATION:**

Staff recommends approval of the resolution to nominate M & G Resins USA, LLC as a double jumbo Enterprise Project, as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution – M & G TEZ