



AGENDA MEMORANDUM

One -Reading Ordinance for the City Council Meeting of December 03, 2024

DATE: November 25, 2025
TO: Peter Zaroni, City Manager
FROM: Arturo Marquez, CEcD, Ms. Econ, Director of Economic Development
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Air Products, LLC Chapter 380 Incentive Agreement request for assignment; City's rejection of request for assignment; declaring 380 Agreement terminates on Dec. 31, 2024; and authorizing a new 380 Agreement with HEP Javelina SMR.

CAPTION:

One-reading Ordinance 1) Rejecting the requested assignment from Air Products to HEP Javelina SMR of the current Chapter 380 Incentive Agreement; 2) Declaring that the current Chapter 380 Incentive Agreement terminates on Dec. 31, 2024 pursuant to Article VI, Section 6.01 of the 380 Incentive Agreement; and 3) Authorizing the execution of a new Chapter 380 Incentive Agreement with the existing owner and/or new owner, HEP Javelina SMR LLC, to provide a rebate of 25.5 % of the ad valorem taxes payable to the City on the Hydrogen Steam Methane Reformer Facility to match the amount payable on improvements under the new Industrial District Agreement of the City.

SUMMARY:

This ordinance rejects the requested assignment of the current Chapter 380 Incentive Agreement from Air Products to HEP Javelina SMR, declares that the existing agreement will terminate on December 31, 2024, pursuant to Article VI, Section 6.01, and authorizes the execution of a new Chapter 380 Incentive Agreement with HEP Javelina SMR LLC, the existing or new owner. The new agreement will provide a rebate of 25.5% of the ad valorem taxes payable to the City for the Hydrogen Steam Methane Reformer Facility, aligning the rebate amount with the terms of the new Industrial District Agreement for improvements.

BACKGROUND AND FINDINGS:

On December 15, 2009, the City Council authorized a Chapter 380 Agreement with Air Products LLC for the development and operation of a steam methane reformer that produces hydrogen ("Corpus Christi Hydrogen SMR Facility"), that offered benefits similar to those afforded to industries in the City's Industrial Districts.

In 2009 Air Products LLC agreed to:

- Complete construction of the Corpus Christi Hydrogen SMR Facility 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 an average salary of \$60,000 annually
- Maintain the CC HSMR Facility for the entire period during which the City Commitment is paid out

On November 5, 2024, Air Products LLC notified the City that effective September 25, 2024, Air Products LLC and HEP Javelina SMR, LLC entered into an Asset Purchase Agreement for the sale of the CC HSMR Facility. Air Products requested the City to consent to the reassignment of the Chapter 380 Agreement to Javelina SMR. The existing agreement reflects an ad valorem rebate amount that is based on a prior Industrial District Agreement. City staff recommends that the current agreement assignment be rejected and a new agreement be approved that reflects a rebate amount based on the Industrial District Agreements (IDA) effective January 1, 2025 with an expiration date that mirrors the new IDA's.

ALTERNATIVES:

City Council could choose to accept reassignment of this Chapter 380 Agreement.

FISCAL IMPACT:

N/A

Funding Detail:

N/A

RECOMMENDATION:

City staff recommends rejecting the requested reassignment, declare that the current Chapter 380 Agreement terminates on December 31, 2024, and authorize to execute a new Chapter 380 Agreement with Javelina SMR that reflects a rebate that mirrors the IDA's effective January 1, 2025..

LIST OF SUPPORTING DOCUMENTS:

N/A