



PROPOSAL MEMORANDUM

To: Nueces County Commissioners Court
FROM: Roland C. Mower CEcD
DATE: September 11, 2012
SUBJECT: M&G Group (Project Trout) Attraction

Staff Recommendation:

Staff recommends awarding M&G Group a tax abatement for construction of their PET plants on the north side of the ship channel along the Joe Fulton Trade Corridor.

Job Retention/Creation:

The company plans to create 220 new positions in the next five years.

Projected Payroll:

Gross payroll by the fifth year for the 220 new jobs will be approximately \$11,700,000 per year with an average salary of \$53,181.

Proposed Capital Investment:

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

Economic Impact Summary:

M&G's project will hire 220 employees, have an investment of \$751 million, and will be applying for a \$3,000,000 Type A grant. They are asking for tax abatements from the County and Del Mar College. These abatements total \$35,987,940 over ten years. This project will be located in the industrial district. The payments in lieu of taxes will total \$14,737,487 to the City over the ten year period. This will generate a 90.6% annual average rate of return and provide a 2.6 year payback to the community. For additional information, please refer to full economic impact study, attached.



Corpus Christi
REGIONAL ECONOMIC
DEVELOPMENT CORPORATION

APPLICATION FOR INCENTIVES

Date of Application:

Check All Incentives Applicant Is Applying For:

- | | | | |
|-------------------------------------|-----------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Tax Abatement | <input type="checkbox"/> | 380 Agreement |
| <input type="checkbox"/> | Tax Increment Financing | <input type="checkbox"/> | Municipal Management District |
| <input type="checkbox"/> | Public Improvement District | <input checked="" type="checkbox"/> | Industrial District |
| <input checked="" type="checkbox"/> | Type A | <input type="checkbox"/> | Freeport Exemption |
| <input checked="" type="checkbox"/> | Enterprise Zone | <input type="checkbox"/> | Fast Track Permitting Process |
| <input type="checkbox"/> | Industrial Revenue Bond | <input type="checkbox"/> | Large Retail/Mixed Use Development &
Redevelopment |

SECTION I – APPLICANT INFORMATION AND BUSINESS DESCRIPTION

Company Name: M&G Resins USA, LLC

Address: 27610 Huntington Road

City: Apple Grove State: WV Zip: 25502

Authorized Contact Name: Kevin McCarren

Title: Project Controller

Mailing Address: 450 Gears Road, Suite 240

City: Houston State: TX Zip: 77067

Telephone: 281-716-4621 Fax: 281-716-4640

E-mail Address: Kevin.R.McCarren@gruppomgus.com

Duns Number: 08-149-2386 (for M&G Polymers USA, LLC but none yet exists for M&G Resins USA, LLC)

NAICS: 325211

- 1.1 Indicate ownership of Applicant Company: Private
- 1.2 Indicate applicant's type of legal entity, e.g., proprietorship, partnership, joint venture, or corporation: Limited Liability Corporation
- 1.3 Identify applicant's state of registration or incorporation, if applicable: Delaware
- 1.4 Identify business headquarters location (city, state): Corporate HQ – Milan, Italy
- 1.5 Does/will the applicant own or lease the project land and/or facility: own
 If leased, indicate lease term: _____ Expiration date: _____
- 1.6 Indicate applicant's total workforce: (expected) Full-time: 220 minimum but possibly up to 275
 Part-time: undefined.
- 1.7 Indicate applicant's existing Nueces County Appraisal District tax account numbers: None
 Real Property:
 Personal Property:
 Inventory/Supplies:
- 1.8 Identify the owner(s) of the real and/or personal property if applicant is not the owner: None
- 1.9 Is the company delinquent in the payment of ad valorem taxes to any taxing unit located in Nueces County: No

SECTION II – PROJECT DESCRIPTION

2.1 Type of facility (check):

- | | |
|---|---|
| <input type="checkbox"/> Agribusiness | <input type="checkbox"/> Aviation |
| <input type="checkbox"/> Biotechnology | <input type="checkbox"/> Basic Industrial |
| <input checked="" type="checkbox"/> Manufacturing | <input type="checkbox"/> Service Facility |
| <input type="checkbox"/> Petrochemical Facility | <input type="checkbox"/> Regional Distribution Center |
| <input type="checkbox"/> Environmental Technology (clean or green technology) | |
| <input type="checkbox"/> Telecommunication/Data Processing Center | |
| <input type="checkbox"/> Visitor/Amusement Facility | |
| <input type="checkbox"/> Significant Projects in targeted areas, including but not limited to mixed-use and multifamily housing | |

Other: _____

- 2.2** Type of project: New Manufacturing Facility
- 2.3** Fully describe the proposed project, including capital improvements (real and personal property) to be undertaken, the facility's use, and the product or service to be produced: Construction of one million tons per year PET plant and accompanying 1.2 million tons per year PTA plant.
- 2.4** Zoning required for operation: None
- 2.4.1** Current Zoning: None
- 2.4.2** Is the property platted? Not yet, but it will be during the next 60 days.
- 2.4.3** Is the property served by adequate infrastructure? Not at this time.
- Water: Wastewater: Storm Water: Gas:
- 2.4.4** Is a master plan amendment required before infrastructure can be extended? No
- 2.4.5** Are off-site traffic control improvements required? No
- 2.5** Briefly justify how this incentive(s) is/are necessary for the project to be completed: These incentives are absolutely necessary for these plants to operate with a cost structure competitive with comparable sites in other US states. Without the full incentives, the investment economics would drive us to build and operate these plants in another state.
- 2.6** Indicate project location (street address/legal description):

Tract I.

169.5 acres of land, more or less, on the south side of the Joe Fulton International Corridor (the "Fulton Corridor") in the North Tule Lake Area of Corpus Christi, Nueces County, Texas depicted and described on EXHIBIT "A" hereto attached. Tract I is bounded on the north by the Fulton Corridor and is bounded on the east and west by land owned by the Port of Corpus Christi Authority of Nueces County. Tract I is bounded on the south by the Corpus Christi Ship Channel.

Tract II:

243.1 acres of land, more or less, on the north side of the Fulton Corridor in the North Tule Lake Area of Corpus Christi, Nueces County, Texas depicted and described on EXHIBIT "A" hereto attached (including the 22.1 acres designated as Pipeline Corridor). Tract II is bounded on the south by the Fulton Corridor and on the north by Nueces Bay. Tract II is bounded on the east by land owned by Port of Corpus Christi Authority of Nueces County. Only about 147 acres of Tract II is "usable" land with the

remaining 96.1 acres being lowlands along the southern edge of Nueces Bay.

- 2.7 Provide a timeline for the project completion, indicate commencement and completion dates: Project planning is still ongoing, but the initial expectations are that the land will be purchased in 2012, engineering, procurement and permitting will be done in 2013, the majority of capital expenditures will be made by the end of year 2015, and the plants will start up in year 2016.

SECTION III – PROJECT VALUATIONS

- 3.1 As provided by the Nueces County Appraisal District, indicate the appraised values of the following:

Land (excluding acquisition costs) Value: \$166,350 Date: 9/7/12

Nueces County Appraisal District Geographic ID: 0267-0001-0200

Existing real property Value: 0 Date: 9/7/12

Existing personal property Value: 0 Date: 9/7/12

- 3.2 Indicate the estimated project improvement values:

Real property: \$67 million Personal property: \$684 million (including 100% of the expected capex for pollution control equipment for which we may file property tax exemptions later and some intangible assets) Inventory/supplies: \$148 million

SECTION IV – PROJECT JOB CREATION

- 4.1 Number of new, permanent jobs to be created: Full-time: 220 (but possibly up to 275) Part-time: 0

- 4.2 Number of jobs retained: Full-time: 0 Part-time: 0

4.3 Matrix of Existing and Proposed Employment, Gross Payroll, and Investment

As of December 31, 2013 2014 2015 2016 2017

New Capital Investment (in millions and including 100% of the expected capex for pollution control equipment for which we may file property tax exemptions later and some intangible assets)

Building	\$ 0	\$ 47	\$ 20	\$ 0	\$ 0
FFE	0	494	160	30	0
Total	\$0	\$541	\$180	\$30	\$ 0

As of December 31, 2013 2014 2015 2016 2017

Employment

Existing Jobs
Full-time

Part-time	_____	_____	_____	_____	_____
Total Existing					
New Jobs					
Full-time				220	220
Part-time				<u>0</u>	<u>0</u>
Total Existing				220	220
Gross Payroll					
Existing Payroll (in millions)					
Full-time					
Part-time					
Total Existing	_____	_____	_____	_____	_____
New Payroll (in millions)					
Full-time				\$11.7	\$11.7
Part-time				<u>\$0.0</u>	<u>\$0.0</u>
Total New	_____	_____	_____	\$11.7	\$11.7
Average Wage/Year					
				\$53,166	\$53,166

Will Benefits be available to all full time employees? Yes

If yes, please describe: Still being developed, but it will include health insurance benefits.

4.4 Indicate the project impact on the following job classifications:

Number of Full-Time Jobs	Avg. Annual Salary	Number of Positions Created	Number of Positions Retained
Officials and Managers	\$90,000	6	6
Professionals	\$62,926	34	34
Technicians	\$64,800	7	7
Sales			
Office and Clerical			
Craft Worker (skilled)	\$49,500	36	36
Operators (semi-skilled)	\$49,500	137	137
Labors (unskilled)			
Service Workers			
Totals:	\$53,166	220	220

4.5 Describe the benefits package to be offered to employees: Still being developed, but it will include health insurance benefits.

4.6 Describe the investment in training/education that will be made for jobs created: Training plan still being developed.

SECTION V – OTHER PROJECT INFORMATION

5.1 Has the company or any of its affiliates been cited, currently under investigation, or have litigation pending for any violations of Federal, State, or Local laws, codes or ordinances: No

If yes, indicate the nature/status of violation(s) None

5.2 Is any interest in the proposed project presently held by an elected official or local government employee: No

If yes, please indicate person None

APPLICATION ATTACHMENTS

The following information supports various application sections and is needed to fully evaluate the company for incentives. Applications will not be considered until all the required information is received:

SECTION I – APPLICANT INFORMATION AND BUSINESS DESCRIPTION

1. Provide information regarding the applicant company's description, including corporate structure, annual financial statement or prior year report, and organization chart identifying affiliates and subsidiaries, if any. M & G Resins USA, LLC (Delaware) is a 100% owned subsidiary of M&G USA Corporation (Delaware) which is a 100% owned subsidiary of Mossi & Ghisolfi International S.A. (Luxembourg) which is a 100% owned subsidiary of M & G Finanziaria (Italy). M&G Group is one of the world's largest producers of PET for packaging applications and is a technological leader in the polyester market. M&G Group, with an annual turnover of approximately \$3 billion, is divided into 3 business units: PET Polymer, Chemtex (Engineering and Construction), and Bio Polyester Feedstocks. It is owned and managed by the Ghisolfi family. M&G Group does not release consolidated financial statements.

SECTION II – PROJECT DESCRIPTION

2. Indicate property description and attach a map showing the location of the existing and proposed improvements and the legal description. See attached map of Driscoll Foundation Properties Rincon del Oso Grant, A-1

SECTION III – OTHER PROJECT INFORMATION

3. Provide an assessment of the proposed project's environmental impact, and any remediation and/or compliance plan associated with the project, which would have the effect of minimizing the negative impact of the project on the environment. The facilities will release only a minimal amount of discharge. M&G has operated similar facilities in other locations for many years in compliance with environmental standards.
4. Please describe any other State or Federal incentives you are applying for with regard to this project: Texas Enterprise Zone, Texas Skills Development Fund, Chapter 313 with Tuloso-Midway ISD, tax abatement with Nueces County and Del Mar College
5. Include a letter of authorization for signing authority for the person signing this application.

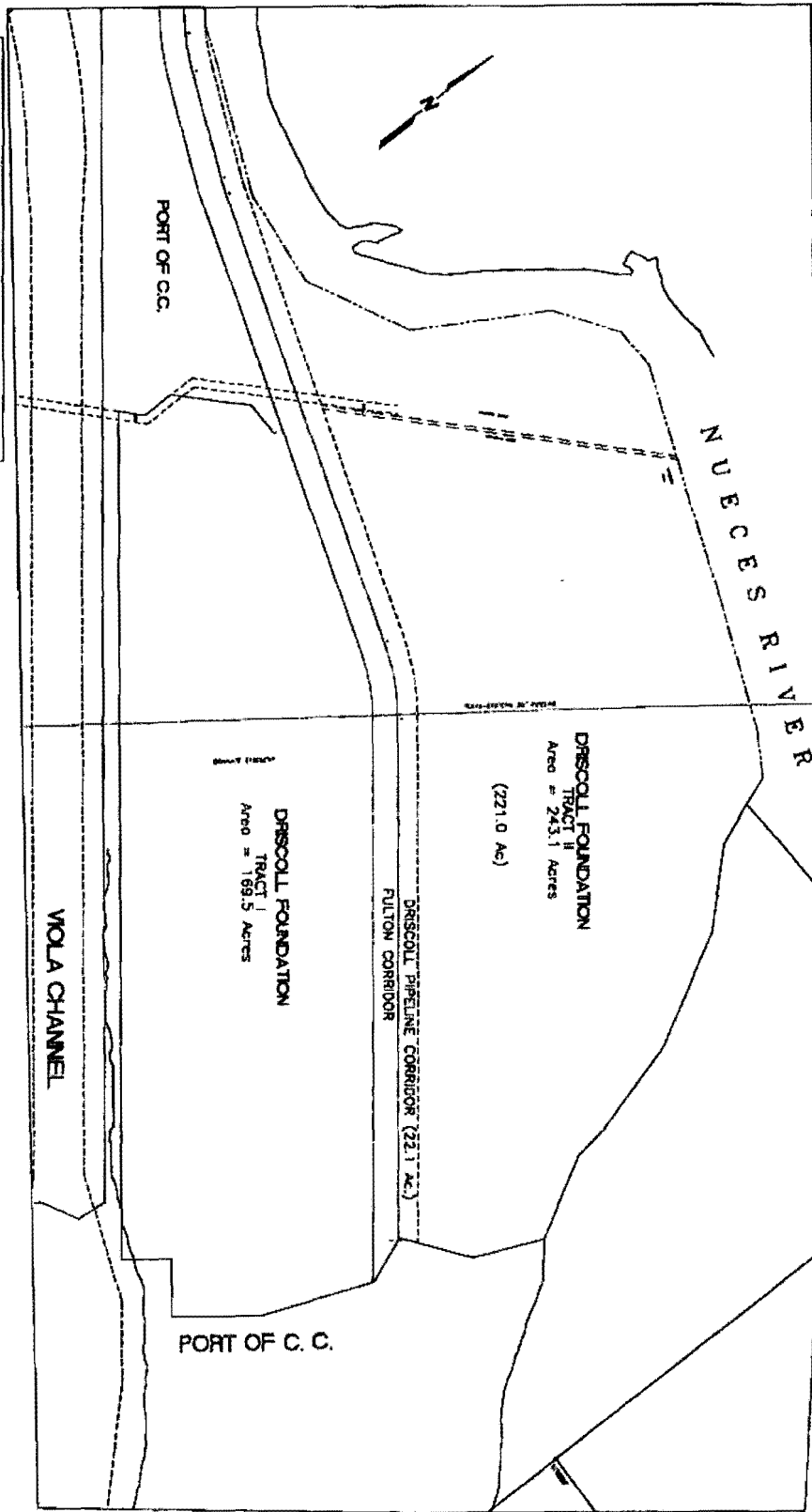
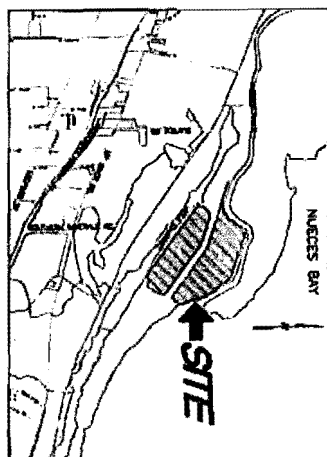


EXHIBIT "A"

REV. NO.	DATE	DESCRIPTION	APPR. BY:
1	8/11/08	DATE: 8/11/08 SCALE: 1"=100' JOB NO.: 040124 SECTION: 040124 DRAWN BY: JWB CHECKED BY: JWB DESIGNED BY: JWB REVIEWED BY: JWB SCALE: 1"=100' FILE NO.: 040124 THIS IS: 04	

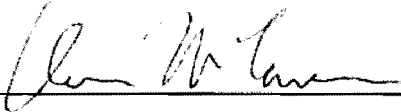
**MAP OF
DRIBCOLL FOUNDATION PROPERTIES
RINCON DEL OSO GRANT, A-1
NUECES COUNTY, TEXAS**

BASS & WELSH ENGINEERING
CONSULTING ENGINEERS AND SURVEYORS
1004 SOUTH HURLOCK STREET, SUITE 100
P.O. BOX 5887, TEXAS 78464-5887
TELEPHONE: (409) 862-3331
FACSIMILE: (409) 862-1115
CORPUS CHRISTI, TEXAS

CERTIFICATION

I certify that I am authorized to sign the incentive application and that the information provided in this application is true and correct. I understand that the information provided will become a part of any agreement. I also understand and certify that I have read the policy guidelines for each policy in which I am applying for and am familiar with the provisions contained therein.

The application must be complete and returned for consideration prior to the submission of an application for a building permit or the issuance of a certificate of occupancy, whichever comes first. Upon receipt of this application, the Corpus Christi Regional Economic Development Corporation shall require such financial and other information as may be deemed appropriate for evaluating the financial capacity and other factors of the applicant. For more information or questions please call (361) 882-7448.

Signature: 

Date: 11 Sept 2012

Printed Name: Kevin McCarren

Title: Vice President, Finance

Company Name: M&G Resins USA, LLC