

STATE OF TEXAS

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A MUNICIPAL PROPERTY TAX ABATEMENT AGREEMENT WITH CSP OF TEXAS, LLC FOR CONSTRUCTION AND OPERATION OF A NEW MANUFACTURING FACILITY IN SEGUIN, TEXAS

WHEREAS, the Seguin City Council desires to foster, promote, and encourage the economic development of the community; and

WHEREAS, CSP of Texas, LLC has requested consideration of a partial ad valorem property tax-abatement; and

WHEREAS, the request has been reviewed and analyzed by staff and the board of directors for the Seguin Economic Development; and

WHEREAS, the SEDC has found that the best interests of Seguin are served by favorable consideration of the request and have recommended accordingly that the Tax Abatement Agreement be approved by the City Council.

NOW THEREFORE, BE IT RESOLVED as the City Council of the City of Seguin, Texas:

Part 1. The attached Tax Abatement Agreement with CSP of Texas, LLC for a period of five years, or for ten years if option is elected additional persons are hired, is hereby approved.

Part 2. The general terms and conditions provide for an initial abatement of 80% in the first year, with the abatement decreasing by 5% for each of the following effective years.


Part 3. The Seguin City Manager is hereby authorized to enter into the attached tax-abatement agreement with Continental Structural Plastics, Inc. for the purpose of building and operating a manufacturing facility in Seguin, Texas.

PASSED AND APPROVED on the 16th day of July 2019.



DON KEIL, MAYOR

ATTEST:



Naomi Manski, City Secretary

TAX ABATEMENT AGREEMENT BETWEEN THE CITY OF SEGUIN AND

CSP OF TEXAS, LLC

1. PARTIES

This Tax Abatement Agreement ("Agreement") is made and entered into between the City of Seguin, Texas ("City") and CSP of Texas, LLC ("CSP") a Delaware limited liability company licensed to do business in the State of Texas.

2. AUTHORIZATION AND FINDINGS

A. This Agreement is entered into pursuant to the following:

- i. Texas Tax Code Chapter 312.
- ii. City of Seguin Ordinance No. 2014-61, designating CSP's real property within a Reinvestment Zone Number 2014-02.
- iii. City of Seguin Resolution No. 2019R-075, renaming Reinvestment Zone 2014-02 as Seguin Reinvestment Zone #4.
- iv. City of Seguin Resolution No. 2018-397, establishing guidelines and criteria for tax abatements.
- v. This Agreement was approved by Resolution 2019R-084, passed on July 16, 2019, by the City Council of Seguin, Texas.

B. The City, by approval of this Agreement, hereby finds the terms of this Agreement and the property subject to it, to meet the "Guidelines and Criteria" as adopted, and further finds that (a) there will be no long-term adverse effect on the provision of City services or tax base; and (b) the planned use of the property will not constitute a hazard to public safety, health, or morals.

3. PROPERTY SUBJECT TO ABATEMENT

A. The real property ("Real Property") subject to this Agreement is the approximately 50 -acre tract of land and any improvements thereto located as shown on the attached Exhibit "A," which is incorporated herein as if fully set out as part of this Agreement, and said Real Property is located within the Reinvestment Zone.

- B. The Tangible Personal Property subject to this Agreement is the Tangible Personal Property located within the Reinvestment Zone and used by CSP, its affiliates or contractors for administrative, manufacturing, testing, assembly, storage and related purposes (the "Personal Property"). Pursuant to provision of Texas Tax Code Section 312.204(a) Personal Property consisting of inventories or supplies located within the Reinvestment Zone will not be eligible for Abatement.
- C. Abatements approved will be based on the appraisal rolls of the Guadalupe County Appraisal District for each year of the abatement period.

4. **CSP'S REPRESENTATIONS**

- A. CSP represents that the Real Property and Personal Property will be used as set forth in this Agreement.
- B. CSP represents that it has complied with the required application procedures as adopted by the Seguin City Council.
- C. CSP represents that the real and personal property subject to this agreement constitutes an investment of at least \$50,000,000.00 (Fifty Million Dollars) for an approximately 150,000 square foot manufacturing facility that will be completed and operational by December 31, 2021; and that the investment set forth herein constitutes a "capital intense" investment pursuant to the City of Seguin Tax Abatement Guidelines and Criteria.
- D. CSP represents that the investment set forth herein will serve to create and maintain at least TWO HUNDRED (200) new full-time jobs (or full-time equivalents) within the City of Seguin. The jobs will be created in accordance with the following schedule:
 - i. By December 31, 2021, create a minimum of 65 full-time jobs;
 - ii. By December 31, 2022, create a minimum of 45 additional full-time jobs for a total of 110 full-time jobs;
 - iii. By December 31, 2023, create a minimum of 45 additional full-time jobs for a total of 155 full-time jobs;
 - iv. By December 31, 2024, create a minimum of 45 additional full-time jobs for a total of 200 full-time jobs;

- v. Maintain full employment of at least 200 full-time jobs through the remaining term of the agreement.
- E. CSP, at its discretion, shall inform the City, in writing, on or before December 31, 2021 that it will employ at least 285 jobs (or full-time equivalents) at its Facility and such positions will be filled by December 31, 2026. Fulfillment of this obligation will trigger the Extended Abatement Time Period and Extended Time Period Employment Commitment. For the extended Abatement Commitment, CSP will create and maintain the following minimum number of full-time jobs:
 - i. By December 31, 2021, create a minimum of 65 full-time jobs;
 - ii. By December 31, 2022, create a minimum of 45 additional full-time jobs for a total of 110 full-time jobs;
 - iii. By December 31, 2023, create a minimum of 45 additional full-time jobs for a total of 155 full-time jobs;
 - iv. By December 31, 2024, create a minimum of 45 additional full-time jobs for a total of 200 full-time jobs;
 - v. By December 31, 2025, create a minimum of 45 additional full-time jobs for a total of 245 full-time jobs;
 - vi. By December 31, 2026, create a minimum of 40 additional full-time jobs for a total of 285 full-time jobs;
 - vii. Maintain full employment of at least 285 full-time jobs through the remaining term of the agreement
- F. CSP represents that the reinvestment set forth herein, and consisting of the purchase and installation of the personal property set forth above will be completed by December 31, 2021.

5. **TERMS OF THE AGREEMENT**

- A. CSP agrees to purchase and install the real and personal property subject to this agreement at its Seguin facility by December 31, 2021.
- B. CSP agrees to create TWO HUNDRED (200) new full-time jobs within the City of Seguin; or at CSP's election 285 (TWO HUNDRED EIGHTY-FIVE) full-time jobs for the extended abatement period set forth within this agreement.

- C. CSP agrees to remain current in ad valorem tax payments to all local taxing entities during the abatement period.
- D. CSP agrees to maintain the property in good repair during the abatement period.
- E. CSP agrees to furnish the Chief Appraiser of Guadalupe County Appraisal District with such information as may be necessary for the abatement and for appraisal purposes.
- F. CSP agrees to remain a City of Seguin utility customer (water, sewer, and electric, if provided) and remain current in its City utility payments for the period of the abatement.
- G. CSP agrees that the use of the property subject to this Agreement shall be limited to those uses consistent with the general purpose of encouraging redevelopment of the facility during the period that this Agreement is in effect.
- H. CSP agrees to annually certify in writing its compliance with the terms of this agreement, which certification shall be filed with the City of Seguin by February 15th of each year during the term of the abatement, and February 15th of the year following the term of the abatement.
- I. Failure to abide by the terms of this Agreement may result in the early termination of this Agreement and the abatement established herein.

6. **TAX ABATEMENT**

- A. Provided that CSP complies with the terms of this agreement throughout abatement period, CSP shall receive a tax abatement on Real Property and Personal Property subject to this Agreement as follows:
 - Year One 80%
 - Year Two 75%
 - Year Three 70%
 - Year Four 65%
 - Year Five 60%
- B. If CSP notifies the City by December 31, 2021, that CSP elects the extended abatement time period then Real Property and Personal Property shall be abated for additional years as follows:
 - Year Six 55%
 - Year Seven 50%
 - Year Eight 45%

- Year Nine 40%
- Year Ten 35%

C. The period of abatement will be five (5) years, commencing on January 1, 2021 (the "Commencement Date"), and expiring after the fifth anniversary of the Commencement Date (January 1, 2026) or if CSP elects the extended abatement period it will be ten (10) years commencing on January 1, 2021 and expiring after the tenth anniversary of the Commencement Date (January 1, 2031).

7. EVENTS OF DEFAULT AND RECAPTURE

A. Default, Termination, and Recapture of Tax Savings

- i. Events of Default. Each of the following shall constitute an event of default under this Agreement:
 - a. If CSP refuses or neglects to comply with any of the terms of this Agreement, or if any representation is made by CSP in the tax abatement application is false or misleading in any material respect when made, this Agreement shall be in default.
 - b. CSP ceases to do business at the Project site.
 - c. The filing of a voluntary or involuntary petition seeking bankruptcy, receivership, reorganization, or admitting the material allegations of a petition filed against it in any bankruptcy or reorganization proceeding; and, including any adjudication of CSP as bankrupt.
- ii. Partial Default. If CSP fails to meet the employment commitment as identified in Article 4.e or Article 4.f, then the City may declare CSP to be in partial default and reduce the amount of the abatement by the same percentage of reduction in the employment for the tax year immediately following the tax year in which Owner failed to meet the employment commitment. By way of example, assume that base employment requirement on December 31, 2024 is 200 jobs, but as of December 31, 2024 Owner reported maintaining only 150 jobs. 150 jobs is 25% fewer than the minimum number of jobs required as identified in Article 4.e or Article 4.f. As a result, City would be entitled to reducing the abatement value for the tax year immediately following the tax year in which Owner failed to maintain the minimum required number of jobs by subtracting the percentage that the Owner was short in the minimum number of jobs required. For this example, the Owner would only be entitled to an abatement of 35% (60% - 25%) for the 2025 tax year (the tax year

immediately following the tax year in which Owner failed to maintain the minimum required number of jobs).

- iii. In the event that City determine CSP to be in default of this Agreement, the City will notify CSP in writing at the address stated in Section 8 of this Agreement.
- iv. If default occurs CSP shall forgo any tax benefit under this Agreement during the year the default occurs. If CSP cures the default following notice by City, CSP shall not be liable to repay prior year tax savings, and shall be entitled to the benefits under this Agreement for any future year in which it is not in default.
- v. If the default is not cured within sixty (60) days from the date of such notice, this Agreement may be terminated by the City of Seguin. The City of Seguin may recapture up to 100 percent of the tax savings received by the CSP prior to the date of termination.

B. Recapture in Event of Closure, Relocation, or Discontinuation of Operations

- i. If during the abatement period established by this Agreement CSP discontinues, closes, or relocates its operations in Seguin, Texas then this agreement shall immediately terminate and the City of Seguin may recapture up to 100 percent of the tax savings received by CSP prior to the date of termination.
- ii. For purpose of this section, the following definitions shall apply:
 - a. **“Business Activities”** means the business operations of CSP, affiliates, and lessees at site, not limited to, the assembly, manufacturing, storage, distribution of products.
 - b. **“Closure”** means the permanent cessation of all Business Activities at the site, with no foreseeable or anticipated commencement of Business Activities.
 - c. **“Discontinuation of Activities”** means the temporary cessation of all Business Activities at the site for a continuous period of six (6) months or more during the term of this Agreement, subject to Force Majeure, as defined in Section 7(d) of this Agreement.
 - d. **“Relocation”** means the complete movement, transfer, or establishment of a new location for all of the Business Activities outside of current corporate city limits and reinvestment zone.

C. **Process for Recapture of Tax Savings.** A bill for recaptured taxes will be sent to the CSP, and CSP agrees to pay the total amount within sixty (60) days of receipt. Interest at the rate of six percent (6%) per annum on unpaid amounts will begin to accrue on all amounts that remain unpaid following sixty (60) days after receipt of the bill.

D. **Force Majeure.** CSP shall not be deemed to be in default or otherwise responsible for delays or failures in performance resulting from acts of God; acts of war or civil disturbance; fires; earthquakes; unavailability of materials, power or communication; or other causes beyond CSP's reasonable control.

8. NOTICES

All notices shall be in writing, addressed to CSP or City at the following addresses. If mailed, any notice or communication shall be deemed to be received three (3) days after the date of deposit in the United States Mail, certified mail, return receipt requested, postage prepaid and properly packaged for delivery. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To **CSP**, via mail or personal delivery:

Steve Wisniewski, Vice President of Finance
CSP of Texas, LLC
255 Rex Boulevard
Auburn Hills, Michigan

With a copy to:

Melissa Munoz, Principal
Ryan, LLC
500 Marquette Avenue NW Suite 1200
Albuquerque, New Mexico 87102

To **City**, via mail or personal delivery:

City Manager
City of Seguin
205 N. River Street
Seguin, Texas 78155

With a copy to:

City Attorney
City of Seguin
205 N. River Street
Seguin, Texas 78155

9. **AGREEMENT APPROVED BY CITY COUNCIL**

The City represents that this Agreement has been approved by affirmative vote of a majority of the members of the Seguin City Council at a regularly scheduled meeting.

10. **ASSIGNMENT**

This Agreement may be assignable to a new CSP only with the approval of the Seguin City Council as reflected in a duly adopted City Resolution or Ordinance. However, this Agreement shall continue to apply to any successor of CSP due to corporate restructuring, including but not limited to absorption into the corporate parent or a brother/sister corporation.

11. **SEVERABILITY**

In the event any section, subsection, paragraph, subparagraph, sentence, phrase or word herein is held invalid, illegal, or unenforceable, the balance of the Agreement shall stand, shall be enforceable, and shall be read as if the parties intended at all time to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase or word.

12. **COUNTERPARTS**

This Agreement may be signed in one or more counterparts, and each counterpart will be considered an original Agreement. All of the counterparts will be considered one document and become a binding agreement when one or more counterparts have been signed by each of the parties and delivered to the other.

13. **DATE**

This Agreement has been executed by the parties in multiple originals, each having full force and effect on the Commencement Date of the abatement period.

CSP of Texas, LLC:

By: 

Printed Name: Steve Wiercinski

Title VP of Finance

By: _____

Printed Name:

Title:

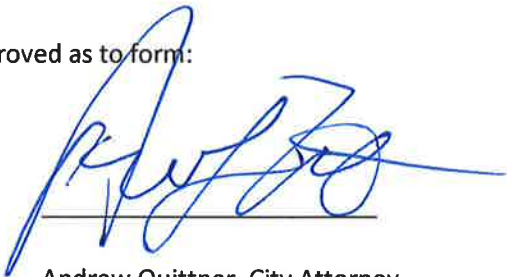
City of Seguin:

By: 

Douglas G. Faseler

City Manager

Approved as to form:



Andrew Quittner, City Attorney

Exhibit A

