MGC PURE CHEMICALS

AMERICA, INC

CHAPTER 380 TAX

REIMBURSEMENT AGREEMENT

Background

- MGC Pure Chemicals America, Inc. (MPCA) located at 4500
 Roy J. Smith Dr is currently undergoing a substantial expansion of their existing production facility.
- MPCA's primary business is the production of ultra-pure Ammonium Hydroxide and Hydrogen Peroxide for sale to the semiconductor industry, and these new facilities will enable MPCA to double its production capacity in the Killeen plant for these products.

- The Project consists of the construction of a new Ammonium Hydroxide manufacturing plant, a new Hydrogen Peroxide manufacturing facility, and a new ISO container maintenance building, along with driveway and parking areas, rail spur, and other related infrastructure.
- □ The expansion project is set to be completed in May of 2025 with total improvements estimated at \$89,213,288 in real property and \$40,680,511 in personal property.
- □ This project will also include 10 new jobs with an average salary of \$44,000 a year.

Safety and Environmental Concerns

- This expansion is simply MPCA doing more of what it is already doing.
 - No new chemicals, no new processes, no new hazards...
 - MPCA has an accepted modified air permit with the TCEQ to add more of the exact same equipment and chemicals that we are already operating safely and in compliance.
 - MCPA will modify Industrial Waste Water (IWW) permit to generate more of the exact same type of pretreated wastewater that is easy on the Publicly Owned Treatment Works (POTW) system.
 - Modify EPA PSM-Risk Management Plan and demonstrate that they have considered community impacts and have management systems in place to mitigate the process safety risks of hazardous materials for the expanded operational plans.
 - Again, no new hazardous materials, just modified volumes of materials stored on site to support our expanded capacity.

Safety and Environmental Concerns

- MCPA safety and environmental performance has been excellent because their management systems are sound and scalable.
- MCPA's Environmental Management Systems are ISO 14001 certified by our third party registrar.
 - MCPA was recertified in December of 2023.
 - MCPA's Occupational Health and Safety Systems are certified under ISO 45001.
- MCPA's EHS performance history has been excellent.
 - MPCA has never had a reportable quantity release in its history in the U.S., including the Killeen facility's years of operation.
 - Zero incidents of odor complaints or neighbor /community reported issues since startup.

Economic Incentive Request

- MPCA has requested an incentive of \$1,862,723 in real and personal property tax reimbursements in association with their expansion project.
 - A Chapter 311 project cost reimbursement from TIRZ #2 to construct a rail spur in the amount not to exceed \$600,000. AND
 - A Chapter 380 personal property tax reimbursement of 50% of the new personal property tax for 10 years for a maximum reimbursement of \$1,262,723.

380 Agreement Details

- MPCA as a part of its expansion will be adding \$40,680,511 in personal property to its existing \$13,845,222 of personal property at their Killeen location (base year 2023).
- This agreement only considers the new personal property of the expansion.

Alternatives

- Approve the MGC Pure Chemicals America, Inc. Chapter 380 agreement to reimburse 50% of the new personal property tax for 10 years for a maximum reimbursement of \$1,262,723.
- Amend the MGC Pure Chemicals of America, Inc.
 Chapter 380 agreement; or
- Disapprove the MGC Pure Chemicals of America,
 Inc. Chapter 380 agreement.

_

□ Staff recommends approving the MGC Pure Chemicals America, Inc. Chapter 380 agreement to reimburse 50% of the new personal property tax for 10 years for a maximum reimbursement of \$1,262,723.