

**AGENDA – PUBLIC HEARING OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, TO BE HELD ON MONDAY, MARCH 12, 2012, AT 6:30 P.M., IN THE COUNCIL CHAMBERS, CITY HALL, 3519 LIBERTY DRIVE, PEARLAND, TEXAS.**

- I. CALL TO ORDER**
- II. PURPOSE OF HEARING – TO CONSIDER THE CREATION OF A REINVESTMENT ZONE AND TAX ABATEMENT, IN ACCORDANCE WITH SECTION 312.201 OF THE TAX CODE AND CITY OF PEARLAND’S GUIDELINES FOR GRANTING TAXING ABATEMENTS.**  
*Mr. Darrin Coker, City Attorney.*
- III. STAFF REVIEW OF THE PROPOSED CREATION OF A REINVESTMENT ZONE AND TAX ABATEMENT IN ACCORDANCE WITH SECTION 312.201 OF THE TAX CODE AND CITY OF PEARLAND’S GUIDELINES FOR GRANTING TAXING ABATEMENTS.**  
*Mr. Darrin Coker, City Attorney.*
- IV. CITIZEN COMMENTS**
- V. COUNCIL/STAFF DISCUSSION**
- VI. ADJOURNMENT**

This site is accessible to disabled individuals. For special assistance, please call Young Lorfing at 281-652-1840 prior to the meeting so that appropriate arrangements can be made.

# Public Hearing Agenda

**PURPOSE OF HEARING** – TO CONSIDER THE CREATION OF A REINVESTMENT ZONE AND TAX ABATEMENT, IN ACCORDANCE WITH SECTION 312.201 OF THE *TAX CODE* AND CITY OF PEARLAND'S GUIDELINES FOR GRANTING TAXING ABATEMENTS.

**AGENDA REQUEST  
BUSINESS OF THE CITY COUNCIL  
CITY OF PEARLAND, TEXAS**

<b>AGENDA OF: 3-12-12</b>	<b>ITEM NO.:</b> Public Hearing
<b>DATE SUBMITTED:</b>	<b>DEPARTMENT OF ORIGIN: PEDC</b>
<b>PREPARED BY: Darrin Coker</b>	<b>PRESENTOR: Matt Buchanan</b>
<b>REVIEWED BY:</b>	<b>REVIEW DATE:</b>
<b>SUBJECT: Reinvestment Zone; RefChem Tax Abatement</b>	
<b>EXHIBITS: Aerial Map; Application</b>	
<b>EXPENDITURE REQUIRED:</b>	<b>AMOUNT BUDGETED:</b>
<b>AMOUNT AVAILABLE:</b>	<b>PROJECT NO.:</b>
<b>ACCOUNT NO.:</b>	
<b>ADDITIONAL APPROPRIATION REQUIRED:</b>	
<b>ACCOUNT NO.:</b>	
<b>PROJECT NO.:</b>	
<b>To be completed by Department:</b>	
<input type="checkbox"/> Finance <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution	

**EXECUTIVE SUMMARY**

A public hearing is required prior to the creation of a reinvestment zone for RefChem, and a zone must be formed before the City may enter into a Tax Abatement Agreement with the applicant. The hearing is being held to determine whether the improvements sought by RefChem are feasible and practicable and whether the improvements will benefit the land within the zone. Matt Buchanan will be present to answer specific questions regarding the company and the proposed improvements.

2. PROPERTY:

- A. "Property" means that real property situated in HARRIS County, Texas at SE CORNER OF TOM BASS PKWY AND SAM HOUSTON PKWY, PEARLAND, TX 77047 (address) and that is legally described on the attached Exhibit \_\_\_\_\_ or as follows:

THE PROPERTY IS LEGALLY IDENTIFIED BY THE HARRIS COUNTY APPRAISAL DISTRICT AS 11.57277 ACRES FROM 5 SEPARATE ACCOUNTS KNOWN AS TRACT 1B-4, TRACT 1B-5, TRACT 1B-6, TRACT 1B-7, AND TRACTS 1B-8B & 1B-10, ABSTRACT 1181, HT&BRR SUBDIVISION, SECTION 2, BLOCK 4, HARRIS COUNTY, TEXAS.

(SUBJECT TO RE-PLAT INTO ONE LOT)

S SAM HOUSTON PKWY

S 8 FWY  
Beltway 8

S 8 FWY

S SAM HOUSTON PKWY

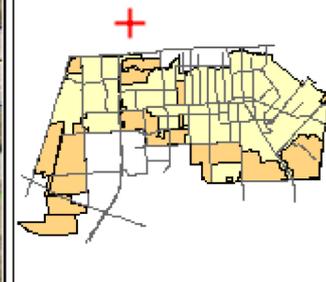
10200

Proposed  
Site

3100

Turbocare

Tom Bass Park



This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

Scale 1:2,910  
1 in = 243 ft

# APPLICATION FOR TAX ABATEMENT IN THE CITY OF PEARLAND

It is recommended that this application be filed at least 90 days prior to the beginning of construction or the installation of equipment. The filing of this document acknowledges familiarity and conformance with Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone Created in the City of Pearland. This application will become part of the agreement and any knowingly false representations will be grounds for the City to void the agreement. Original copy of this request should be submitted to the Pearland Economic Development Corp. President, 1200 Pearland Parkway, Suite 200, Pearland, Texas 77581, 281.997.3000, [www.pearlandedc.com](http://www.pearlandedc.com). Please attach exhibits and additional information.

## Applicant Information

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Name of Business: **Ref-Chem, L.P.**

Date: **01.31.12**

Address: **1128 South Grandview**

City: **Odessa**

State: **TX**

Zip: **79761**

Contact Person: **Harvey J. Page**

Title: **Chairman of the Board**

Phone: **432.332.8531**

Fax: **432.332.3456**

Email: **hjpage@ref-chem.com**

NAICS Codes for primary business operations: **237120 (Oil and Gas and related structures construction) ,541330 (Engineering Services)**

Federal ID Number: **75-1294594**

Does the Business file a consolidated tax return under a different tax ID number?

Yes

No

If yes, please also provide that tax ID number:

What is your State of Texas tax ID number: **1-75-1294594894-8**

Is the contact person listed above authorized to obligate the Business?

Yes

No

If no, please provide the name and title of a company officer authorized to obligate the Business:

1)

## Business Information

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Provide a brief description and history of the Business. Include information about the Business' products or services and markets served.

**Ref-Chem is a 55 year old industrial contractor based in Odessa, Texas that provides engineering, construction and maintenance services to the following sectors of the industry: oil and gas, refining, chemicals, petro-chemicals, power, minerals, air processing and solar.**

**See attached brochure.**

Business Structure:

Cooperative    Corporation    Limited Liability Company    Not for Profit  
 Partnership    S-Corporation    Sole Proprietorship

State of Incorporation: **TX**

Years in business: **54**

Identify the Business' owners and percent ownership: **Attached**

Annual Sales (Most Recent): **\$150,000,000**

Projected Total Sales:    Year 1: **\$160,000,000**    Year 2: **\$185,000,000**    Year 3: **\$200,000,000**

How many employees are currently employed by the Business including all locations, subsidiaries, divisions worldwide? List the Business' Texas Locations and the Current Number of full-time equivalent (FTE) Employees at each Location (including Pearland if applicable):

**1,000 to 1,500 total - Pearland location would house 125 initially and reach 150 by the end of 2015.**

Current annual payroll of existing Pearland facility excluding any benefirs (if applicable): **Not applicable**

Does the Business offer medical and dental insurance?     Yes    No  
If yes, please describe. **Description attached.**

Does the Business offer a pension plan, 401(k) plan, and/or retirement-plan?     Yes    No  
If yes, please describe. **Description attached.**

Please provide a brief description of the Business' involvement in the community(ies) that it has locations.

**Ref-Chem (RCLP) is heavily involved with community organizations such as blood drives, Boy Scouts of America, YMCA, United Way, Boys & Girls Harbor and local high schools to educate and identify career opportunities available in our industry.**

**Besides the home office location in Odessa, Texas, RCLP has four (4) locations in the Houston area - Pasadena, Texas (to be vacated), and Houston, Texas (to be vacated), Deer Park (to be partially vacated) , and Freeport, Texas (to be partially vacated). In these locations, RCLP participates in the local Chambers of Commerce.**

**In Houston, RCLP participates in the Houston Chapter of the Associated Builders and Contractors having supplied two (2) organization Presidents over the last 25 years.**

**RCLP has participated in supplying teams of people to assist in ABC community refurbishment projects over the last 5 years.**

**RCLP was a major contributor to the construction of the new building for "The Bridge", a Pasadcna program for battered women and children.**

**At the Odessa Chamber of Commerce, Harvey J. Page, Chairman of the Board, was honored in 1999 as the "Man of the Year" in Odessa for his business success and community participation.**

## Project Information

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Location and legal description of the area to be designated as reinvestment zone (Provide map showing site and metes and bounds description in attachment A5): **Beltway 8 and Tom Bass Parkway**

Type of Business Project:

- New Location**  Modernization of Existing Pearland Facility  
 Expansion of Pearland Facility

Type of Facility:

- Manufacturing**  Reg. Distribution Center  
 Regional Service  Reg. Entertainment Center  
 Other Basic Industry

Briefly describe the proposed project for which assistance is being sought. (Include project facility size, infrastructure improvements, proposed products/services, any new markets, etc.)

**Ref-Chem plans to purchase an 11 acre undeveloped tract of land on Beltway 8 and Tom Bass Parkway in Pearland, Texas. The intent is to construct an office building with approximately 40,000 square feet of space in order to house people who are currently housed in several buildings in Pasadena, Deer Park, Houston and Freeport. The initial occupancy will be approximately 125 people but the business has been expanding recently and the projection is that the population of the building should continue to grow over the next 5 years. The plan is for the office building to be expandable in sections if the office space needs continue to increase. The people occupying this building will be management personnel, engineers, designers, and administrative staff. The second part of the plan is to build a construction equipment yard to house rolling construction equipment and a warehouse for tools and small equipment. The warehouse architecture will be compatible with the office building.**

Has any part of the project started?  Yes  No

If yes, please explain.

Identify the Business' competitors. If any of these competitors have Pearland locations, please explain the nature of the competition (e.g. competitive business segment, estimated market share, etc.) and explain what impact the proposed project may have on the Pearland competitor.

**Competitors: Infinity, Austin Industrial, JV Piping, TLC, Performance, Turner Industrial, L-Con.**

**The current workload of RCLP competitors should not be affected. The workload is expanding sufficiently to keep all established competitors busy. The purpose of building the new building is to consolidate RCLP operations into one facility.**

Will any of the current Pearland employees lose their jobs if this project does not proceed in Pearland? (Existing Pearland Companies only)  Yes  No

If yes, please explain why and identify those jobs as "retained jobs" in the Project Jobs section.

Is the Business actively considering locations outside of Pearland?  Yes  No

If yes, where and what assistance is being offered?

**Various sites are being explored.**

Will any State or Federal Permits be needed for the project?  Yes  No

If yes, please describe each and current time-frame for receiving each?

Will the project be seeking LEED certification?  Yes  No

If yes, what level of certification is being sought?



## Tax Abatement Information

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Description of eligible improvements (real property) to be constructed including fixed equipment, buildings, parking lots, etc (Provide detail in attachment A6):

Description of ineligible property to be included in project, including inventory and personal property:

**Inventory and personal property.**

The proposed reinvestment zone is located in:

County:	Harris County
Drainage District:	Harris County Flood Control District
School District:	Houston ISD
College District:	Houston Community College District
Other Taxing Jurisdictions:	Port of Houston Authority, Harris County Hospital District, Harris County Education Department, City of Pearland

What is the parcel(s) tax identification number(s)? 0470010000043, 0470010000044 ,0470010000045, 0470010000047, 0470010000052,

Tax Abatement Requested: 25% of eligible property for a term of 7 years (or) requesting staggered tax abatement terms as follows:

Is the applicant seeking a variance under Section 3 (f) of the Guidelines: Yes  No   
If yes, attached required supplementary information in attachment A8.

Has company made application for abatement for this project by another taxing jurisdiction or nearby counties:

Yes  No

If yes, provide dates of application, hearing dates, if held or scheduled, name of jurisdictions and contacts, and letters of intent.

### Construction Estimates

Commencement Date:	3/6/12	If Modernization
Construction Man Years:	29.3	Estimated Economic Life of Existing Plant in years:
Completion Date:	12/31/12	Added Economic Life from Modernization in years:
Peak Construction Jobs:	60	

2011 APPRAISED BASE VALUE ON SITE		ESTIMATED VALUE OF NEW VALUE ADDED	
Land	\$1,042,813	Land	\$
Building and Improvements	\$0	Fixed Improvements	\$4,500,000
Fixed Equipment	\$0	Fixed Machinery Equipment	\$
Personal Property	\$0	Personal Property	\$1,500,000
Inventory	\$0	Inventory	\$
<b>Total of Pre-existing Value</b>	<b>\$1,042,813</b>	<b>Total of New Value Added</b>	<b>\$6,000,000</b>
<b>Total Value of Pre-existing and New Value</b>	<b>\$7,042,813</b>		

## Project Budget

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AMOUNTS BUDGETED			
Use of Funds	Cost	Source	Commitment Status
Land Acquisition	\$2,500,000		Self-Finance
Site Preparation			
Cost of Utilities to Site			
Building Acquisition			
Building Construction	\$4,500,000		Self-Finance
Building Remodeling			
Machinery & Equip.			
Computer Hardware	\$250,000		Self-Finance
Computer Software	\$250,000		Self-Finance
Furniture & Fixtures	\$1,000,000		Self-Finance
Working Capital			
Moving Expenses	\$200,000		Self-Finance
Job Training			
<b>TOTAL</b>	<b>\$8,700,000</b>		<b>Self-Finance</b>

Does the Business plan to lease the facility?  Yes  No

If yes, please provide the Annual Base Rent Payment (lease payment minus property taxes, insurance, and operating/maintenance expenses) and the length of the lease agreement.

Financial assistance is need-based, please explain why assistance is needed:

**Financial assistance is needed to provide incentive for the Company to afford to relocate to new facility for the long term future growth of the company.**

Any recipient of tax abatement is expected to provide security to the City. The security will be exercised, when necessary, due to non-performance. In addition to a lien and/or mortgage, personal guarantees are expected for businesses not publicly traded, and corporate guarantees are expected when the business recipient has a parent (or holding) company. What security will be offered to secure financial assistance and describe what seniority or position the City will have on any lien or mortgage?

**Ref-Chem will self-finance the project therefore no personal guarantees will be made to the Corporation since there will be no liabilities to any other firm.**

A6

#### Extent of Project

Ref-Chem, L. P. is purchasing a lot that has never been developed and plans to turn it into a fully functioning Office/Shop complex to become its Houston operations center. This facility will be built to house approximately 125 engineers, designers, Project Managers, and other staff along with a shop to store tools and construction equipment and also to facilitate the fabrication of pipe and steel on occasion.

The office will contain approximately 35,000 s. f., the shop, another 10,000 s. f. and a small field staff office will contain another 3,000 s. f. of room. Paved parking spaces and drives will be ample to support the staff and visitors. The working area behind the shop will be hard surfaced to allow fabrication activities to continue in times of inclement weather.

The facility will be harmonious with other structures in the area and will provide a developed site near the entrance to Tom Bass Park.

The site will be developed such that a sizable future expansion can be added without disrupting the main building operations. A retention pond will be employed on site to handle heavy rains as called for in the Pearland Specifications.

A7

#### Proposed Timeline

Commence sitework - 3/6/12

Begin civil work – 5/9/12

Complete structure – 9/28/12

Complete interior work – 12/14/12

Certificate of Occupancy – 12/21/12

Occupy Building – 12/26/12

## Attachments

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Please attach the following documents:

- A1 Completed Economic Impact Data Sheet (If requested)
- A2 Business Plan (If requested)
- A3 Copy of the most recent payroll report for one pay period must be in Excel format and include the following information (If requested):
  - Company name, date of payroll and source of payroll information
  - Employee name and/or employee identification number
  - Current hourly wage - do not include bonuses or other benefit values
  - Indicate if the employee is full time (40 hours per week, 52 weeks per year) or part time.
- A4 Financial Information
  - Audited profit and loss statements and balance sheets for past three year-ends;
  - Current YTD profit and loss statement and balance sheet; and
  - Schedule of aged accounts receivable;
  - Schedule of aged accounts payable; and
  - Schedule of debts.
- A5 Map showing boundaries of proposed site.
- A6 Statement explaining general nature and extent of the project, describing existing site and improvements; describe all proposed improvements and provide a list of all improvements and equipment for which abatements requested.
- A7 Proposed timeline for undertaking and completing the planned implements.
- A8 Variance Request (if applicable)

## INSTRUCTIONS

Applicants and projects must meet the requirements established by the City of Pearland *Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone* found in Resolution No. R2011-12 (attached) in order to receive positive consideration. Section 2 of the Guidelines, for example, sets out regulations governing eligible facilities, eligible and ineligible improvements, terms and economic qualifications. Conformance with all sections, however, is required for eligibility.

### APPLICANT INFORMATION

The taxing unit may consider applicant financial capacity in determining whether to enter into an abatement agreement. Established companies for which public information is available, or the wholly owned businesses of such companies, should include with the application a copy of their latest annual report to stockholders. Other applicants and new companies should attach a statement showing when the company was established, business references (name, contact and telephone number of principal bank, accountant and attorney) and may be required to submit an audited financial statement and business plan.

### PROJECT INFORMATION

Only facilities listed in Section 2(a) of the *Guidelines* may receive abatement without applying for a variance. Check guideline definitions in Section 1 to see if project qualifies.

### TAX ABATEMENT INFORMATION

Estimated Appraised Value on Site - The value as of January 1 immediately preceding abatement should be the value established by the Appraisal District. If the applicant must estimate value because the taxable value is not known or is combined with other properties under a single tax account, please so state. Projections of value should be a "best estimate" based on taxability in Texas. The projection of project values not abated should include personal property and ineligible project-related improvements such as office space in excess of that used for plant administration, housing, etc.

## Certification & Release of Information

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I hereby give permission to the City of Pearland and the Pearland Economic Development Corporation (PEDC) to research the Business' history, make credit checks, contact the Business' financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application.

I understand that all information submitted to the City and PEDC related to this application is subject to Texas Public Information Act.

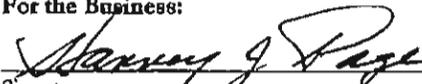
I understand this application is subject to final approval by the City of Pearland City Council and the Project may not be initiated until final approval is secured.

I understand that the City reserves the right to negotiate the financial assistance. Furthermore, I am aware that tax abatement is not available until an agreement is executed within a reasonable time period following approval.

I certify the Business has not, within the last five years, been cited or convicted for violating any state or federal statutes, rules, and regulations, including environmental, worker safety and immigration regulations, or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment.

I hereby certify that all representations, warranties, or statements made or furnished to the City and PEDC in connection with this application are true and correct in all material respect. I understand that it is a violation under Texas law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance.

For the Business:

  
Signature

7-20-2012  
Date

HARVEY J. PAGE  
CHAIRMAN OF THE BOARD  
Name and Title (typed or printed)