

City of Mesquite, Texas

Legislation Text

File #: 24-7011, **Version:** 1

Conduct a public hearing and consider a resolution approving the terms and conditions of a program to promote local economic development and stimulate business and commercial activity in the City, authorizing the City Manager to finalize and execute an Economic Development Program Chapter 380 Agreement for such purposes by and between the City of Mesquite and Hithium Tech USA, Inc., and authorizing the City Manager to take such actions and execute such documents as are necessary or advisable to consummate the transactions contemplated by the agreement and administer the agreement on behalf of the City.

Hithium Tech USA, Inc., proposes to lease and occupy a newly constructed facility (Building 5) at 12905 FM 2932, Mesquite, Texas, which is owned by Stream Realty Partners. The approximately 483,874-square-foot building sits on an approximately 27.494-acre tract in the 20 East Trinity Pointe business park located in Kaufman County.

Hithium is the fifth-largest producer in the world of stationary energy storage products for energy project developers used for facilities such as hospitals, schools, municipal grids, and other commercial and industrial customers with offices and facilities located globally on three continents. The tenth production site for Hithium in Mesquite, Texas, would be the first North American manufacturing plant location. Hithium currently has United States based offices in New York, California, and Houston, Texas.

The pending Chapter 380 Agreement requires the company to make a capital investment of at least \$80 million in Real and Business Personal Property (BPP), lease 100 percent of the facility for a minimum of ten years, begin operations by March 31, 2025, and meet employment thresholds to qualify for a 50 percent rebate of Real Property taxes paid to the City and 75 percent rebate of BPP taxes paid to the City for 10-years with not-to-exceed maximum incentives in place. An additional \$20 million investment in equipment and power upgrades to the site are also eligible for the rebate of property taxes if completed by December 31, 2026.

The employment thresholds Hithium must reach include a minimum full-time job requirement each year over a five-year period, meeting at least 140 full-time jobs by the end of year five, paying an average wage of at least \$47,840.00 in year one up to \$52,276.00 by year five, to qualify for up to \$1.5 million in total tax rebate grants. Hithium can qualify for up to \$2.5 million in total tax rebate grants if the average wage at any time reaches a higher threshold of \$49,275.00 in year one up to \$53,844.00 in year five.

The City Council authorized staff to proceed with the project in Executive Session on December 4, 2023, with an update on June 3, 2024.

Recommended/Desired Action

Following the public hearing, staff recommends approval of the resolution.

Attachment(s)

Resolution

Drafter

Kim Buttram

Head of Department

Kim Buttram