

# Memorandum



CITY OF DALLAS

DATE August 12, 2016

TO Honorable Members of the Budget, Finance & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT CarbonLite Recycling LLC – Tax Equity and Fiscal Responsibility Act (TEFRA) Approval

On Monday, August 15, 2016, the Budget, Finance & Audit Committee will be briefed on the "CarbonLite Recycling LLC – Tax Equity and Fiscal Responsibility Act (TEFRA) Approval". The briefing is attached for your review.

Please let me know if you need additional information.

  
Jeanne Chipperfield  
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council  
AC Gonzalez, City Manager  
Christopher D. Bowers, Interim City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Ryan S. Evans, First Assistant City Manager

Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

## DISCUSSION MATERIALS

### SUBJECT

- CarbonLITE Recycling LLC (the “Borrower”) has requested the Mission Economic Development Corporation (the “Issuer”) issue solid waste disposal revenue bonds in an aggregate principal amount not to exceed \$50,000,000 (the “Bonds”) to finance or refinance the Project, subject to certain requests, hearings and approvals required pursuant to the Internal Revenue Code of 1986, as amended (the “Code”), and the Development Corporation Act, Chapter 501, Texas Local Government Code (the “Act”); and
- The Borrower will operate a post-consumer polyethylene terephthalate (“pcrPET”) plastic beverage container processing facility (“the Project”) to be located within the city limits of the City of Dallas, Texas. The Project will be located at 4685 Mountain Creek Parkway, Dallas, Texas 75236.

### BACKGROUND

- The 2016 Bonds will finance or refinance the costs of acquiring, constructing, rehabilitating, renovating, installing, improving and equipping a post-consumer polyethylene terephthalate (“pcrPET”) plastic beverage container processing facility (the “Facility”), including the leasing of land and existing buildings, the installation of equipment, and the upgrade of utilities of the Facility, and associated equipment and appurtenances thereto, to recycle pcrPET bottles and containers into food-grade recycled polyethylene terephthalate (“PET”) resin pellets to be used to manufacture various PET products (collectively, the “Project”).
- The project’s public benefits include 90-100 new jobs in the City of Dallas and up to \$50 million of new capital equipment being purchased and installed in the City.
- For the Project to be financed or refinanced through the Issuer’s solid waste disposal revenue bonds, the Issuer is hereby requested to exercise its powers within the City for the purpose of issuing such bonds in one or more series, from time to time, in an aggregate principal amount not to exceed \$50,000,000, to finance or refinance the Project. This request is intended to satisfy the requirements of Section 501.159(a) of the Act.
- To comply with Section 147(f) of the Internal Revenue Code, a public hearing has been held on August 15<sup>th</sup> at 10am in the City, by the duly appointed hearing officer of the Issuer, in which hearing members of the public were permitted to express their views with respect to the Project and the Issuer’s issuance of the Bonds for such purpose. Notice of such hearing was published on August 1<sup>st</sup>, no less than 14 days prior to such hearing, in a newspaper of general circulation in the City.
- The City, the City Council, the Mayor and all other city officials make no representation or warranty of any kind whatsoever with respect to the Project or the issuance, creditworthiness or repayment of the bonds to be issued by the Issuer with respect to the Project. Under no circumstances shall the City have any liability, financial obligation or responsibility of any kind with respect to the payment of bonds issued for the project or for the construction, maintenance, operation or any other aspect of the project.
- The issuance of the bonds as requested by the company will not constitute a debt or pledge of the faith and credit of the City and neither the faith and credit nor the taxing power of the City will be pledged to the payment of such bonds but will be payable solely from the revenues derived from the company and pledged to the payment thereof.
- The City of Dallas is not being asked to make a loan, guarantee the credit of CarbonLITE Recycling LLC, or to provide funds or credit support for the financing in any manner. The the City’s name will not appear on the promissory note issued by the Issuer.

### RECOMMENDATION

- Forward the CarbonLITE Recycling LLC’s request to the City Council, with a recommendation to approve an item on the August 24, 2016 City Council Agenda.