



**CITY OF PLANO
COUNCIL AGENDA ITEM**

CITY SECRETARY'S USE ONLY				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		11/12/12		
Department:		Finance		
Department Head		Denise Tacke		
Agenda Coordinator (include phone #): Katherine Crumbley - 7479				
CAPTION				
A Resolution of the City Council of the City of Plano, Texas, repealing Resolution No. 2012-7-6(R) and adopting this resolution nominating Denbury Onshore, LLC, to the Office of the Governor, Economic Development and Tourism through the Texas Economic Development Bank for designation as an Enterprise Project under the Texas Enterprise Zone Program pursuant to the Texas Enterprise Zone Act, Texas Government Code, Chapter 2303; and providing an effective date.				
FINANCIAL SUMMARY				
<input checked="" type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR: 2012-2013	Prior Year (CIP Only)	Current Year	Future Years	TOTALS
Budget	0	0	0	0
Encumbered/Expended Amount	0	0	0	0
This Item	0	0	0	0
BALANCE	0	0	0	0
FUND(s):				
COMMENTS: This item has no fiscal impact. STRATEGIC PLAN GOAL: Assisting companies with economic development incentives relates to the City's goal of strong local economy.				
SUMMARY OF ITEM				
Request for Enterprise Project Nomination for job retention benefits.				
List of Supporting Documents:			Other Departments, Boards, Commissions or Agencies	
Resolution				
Letter of request				



Certified Mail Receipt # 7011 1570 0000 1707 9613

June 13, 2012

RECEIVED

Mr. Bruce D. Glasscock
City Manager
City of Plano
1520 Avenue K
Plano, Texas 75074

JUN 19 2012

CITY MANAGER'S OFFICE

**RE: Request for Enterprise Project Nomination for Job Retention Benefits
Denbury Onshore, LLC – Plano, Texas Headquarters Expansion**

Dear Mr. Glasscock,

We are pleased to present the relevant information required by Chapter 2303 of the Texas Government Code (“Texas Enterprise Zone Act”) for your consideration and nomination of Denbury Onshore, LLC’s (“Denbury” or “Company” or “our” or “we” or “us”) expansion of our headquarters facility in the City of Plano as a Designated Enterprise Project (“Project”) for job retention benefits. Denbury Onshore, LLC is a Delaware limited liability company. Denbury Resources Inc. is the parent company of Denbury Onshore, LLC, and both entities share the same headquarters facility in Plano, Texas. Denbury Resources Inc. is a publicly traded company on the New York Stock Exchange under the symbol DNR. The single Project designation that we are seeking from the City of Plano will apply to Denbury Onshore, LLC, based on job retention.

Denbury is a growing independent oil and gas company. The Company is the largest oil and natural gas producer in both Mississippi and Montana, owns the largest reserves of carbon dioxide (CO₂) used for tertiary oil recovery east of the Mississippi River, and holds significant operating acreage in the Rocky Mountain and Gulf Coast regions. The Company's goal is to increase the value of acquired properties through a combination of exploitation, drilling and proven engineering extraction practices, with its most significant emphasis on CO₂ tertiary recovery operations. At December 31, 2011, we had 1,308 employees, 730 of whom were employed in field operations or at the field offices.

Denbury is currently headquartered at 5320 Legacy Drive in Plano, Texas, where we employ over 600 full-time employees. Denbury will soon expand into a second facility at the Legacy Campus, located at 5360 Legacy Drive in Plano, Texas, with an extended lease term that will run through September 2025. The expansion Project will provide Denbury with an additional 123,716 square feet of new office space by April 30, 2015. Consistent with our proposed Chapter 380 agreement with the City of Plano, Denbury will retain 600 full-time employees through the Project designation period. Additionally, we expect to meet or exceed a milestone of 750 full-time employees at the Project location by April 20, 2015, thus creating 150 new full-time positions. Pursuant to Texas Government Code §2303.401, the jobs for benefit will meet the definition of a “new permanent job” or “retained job” (1) because they will be created by a qualified business as required by Section 2303.402 or (2) because they currently exist, and they will provide and will continue to provide at least 1,820 hours of employment annually, and they will be employment positions for the longer of the duration of the Project's designation period or three years after the expiration date of the claim period for receipt of state benefit.

The Project will involve an estimated capital investment in the City of Plano of \$12,000,000.00. This investment will be subject to Plano's local sales and use tax at the rate of 1.0%, thus providing the City of Plano with \$120,000.00 of fiduciary funds that will be distributed by the Texas Comptroller of Public Accounts. This level of

Bruce Glasscock, City Manager
Request for Enterprise Project Nomination for Job Retention Benefits
June 13, 2012
Page 2 of 2

capital investment also allows Denbury to apply for a single Enterprise Project Designation from the State of Texas for the retention of full-time jobs in Plano. Our estimates are outlined below for your reference:

Remodeling & Architectural Fees	10,000,000.00
<u>A/V Equipment, Computer Equipment, Furniture</u>	<u>2,000,000.00</u>
Total:	12,000,000.00

In order to pursue an Enterprise Project designation from the State of Texas for job retention benefits, Denbury respectfully requests to be nominated by the City of Plano as a Designated Enterprise Project for the September 4, 2012 Texas Enterprise Zone application round. The benefit of the single Enterprise Project Designation to Denbury would be a refund of the state portion (6.25%) of sales and use taxes paid over the course of the five-year designation period, up to \$1,250,000.00.

Section 2303.406(a)(4)(D) of the Texas Government Code allows a project or activity of a qualified business to be designated as an Enterprise Project and receive job retention benefits if the business has clearly demonstrated that "the business is able to employ individuals in accordance with Section 2303.402." Section 2303.402 of the Texas Government Code states that an Enterprise Project located outside of an Enterprise Zone must hire 35.0% economically disadvantaged persons or Enterprise Zone residents for its new or replacement personnel over the course of its designation period to receive the benefits under this program. Denbury qualifies for job retention benefits under this statutory provision because Denbury will retain over 600 full time employees. Denbury is also an Equal Opportunity Employer, capable of hiring full-time employees that meet the requirements of Section 2303.402.

The expansion of our headquarters facility in Plano is qualified under Texas Government Code §2303.404 to receive the Enterprise Zone Designation, because (1) it involves "an expansion, renovation, or new construction"; (2) it will be completed within a predetermined period of time not to exceed 5 years; and (3) the company utilizes a cost center based accounting system that allows for separate payroll tracking, separate tax reporting, and separation of income and expenses related to the Project location.

Denbury supports the Plano community through various contributions and fund raising support for local activities such as Children's Medical Center Red Balloon Run & Ride, the North Texas Food Bank, the Salvation Army's Angel Tree Program, and the Assistance Center of Collin County. Denbury also supports surrounding communities through individual and Company-matched contributions to organizations such as the American Red Cross Disaster Relief, the National Multiple Sclerosis Society, and the Texas Wildfire Relief Fund. Denbury is proud to be a part of the Plano community and will continue to be an active participant, contributor, and corporate citizen.

Denbury is excited about our Plano expansion, and we appreciate your consideration for nomination as a Designated Enterprise Project. We look forward to working with the City of Plano and the Texas Enterprise Zone Program in the coming years.

Sincerely,



Mark C. Allen
Senior Vice President, Chief Financial Officer and Treasurer
Denbury Onshore, LLC

cc: Ms. Elaine Hamm, Plano Economic Development Board
Ms. Paige Mims, City of Plano
Mr. Tony Burgess, Denbury Onshore, LLC

A Resolution of the City Council of the City of Plano, Texas, repealing Resolution No. 2012-7-6(R) and adopting this resolution nominating Denbury Onshore, LLC, to the Office of the Governor, Economic Development and Tourism through the Texas Economic Development Bank for designation as an Enterprise Project under the Texas Enterprise Zone Program pursuant to the Texas Enterprise Zone Act, Texas Government Code, Chapter 2303; and providing an effective date.

WHEREAS, on October 27, 2008, the City of Plano ("City") previously passed Ordinance No. 2008-10-22 electing to participate in the Texas Enterprise Zone Program, and the local incentives offered under this resolution are the same on this date as were outlined in Ordinance No. 2008-10-22; and

WHEREAS, the Office of the Governor, Economic Development and Tourism ("OOGEDT") through the Texas Economic Development Bank ("Bank") will consider Denbury Onshore, LLC as an Enterprise Project pursuant to a nomination and an application made by the City; and

WHEREAS, the City desires to pursue the creation of the proper economic and social environment in order to induce the investment of private resources in productive business enterprises located in the City and to provide employment to residents of enterprise zones and to other economically disadvantaged individuals; and

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Texas Enterprise Zone Act, Texas Government Code (the "Act"), Denbury Onshore, LLC has applied to the City for designation as an Enterprise Project; and

WHEREAS, on July 23, 2012, the City Council adopted a resolution nominating Denbury Onshore, LLC; however, that resolution incorrectly represented that it was located outside of an enterprise zone, thus the City wishes to adopt this resolution to correct the same; and

WHEREAS, the City finds that, based upon representations of Denbury Onshore, LLC, Denbury Onshore, LLC:

(1) is a "qualified business" under Section 2303.402 of the Act since it will be engaged in the active conduct of a trade or business at a qualified business site within the governing body's jurisdiction is located inside of an enterprise zone and at least thirty-five percent (35.0%) of the business' new employees will be residents of an enterprise zone or economically disadvantaged individuals; and

(2) meets the criteria for designation as an Enterprise Project under Chapter 2303, Subchapter F of the Act on the following grounds:

(a) There has been and will continue to be a high level of cooperation between public, private, and neighborhood entities within the area; and

(b) The designation of Denbury Onshore, LLC as an Enterprise Project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area.

WHEREAS, the City finds that Denbury Onshore, LLC meets the criteria for tax relief and other incentives adopted by the City and nominates Denbury Onshore, LLC for Enterprise Project status on the grounds that it will be located at the qualified business site and will retain a high level of employment and economic activity and stability; and

WHEREAS, the City finds that it is in the best interest of the City to nominate Denbury Onshore, LLC as an Enterprise Project pursuant to the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLANO, TEXAS THAT:

Section I. That Resolution No. 2012-7-6(R) is hereby repealed in its entirety.

Section II. The findings of the City herein and its actions approving this resolution taken at the council meeting are hereby approved and adopted.

Section III. The City nominates Denbury Onshore, LLC as an Enterprise Project under the Texas Enterprise Zone Program pursuant to the Texas Enterprise Zone Act.

Section IV. The Enterprise Project shall take effect on September 4, 2012 and terminate on September 4, 2017.

Section V. The City Manager, or his authorized designee, is hereby authorized to execute any documents in connection with the nomination on behalf of the City of Plano referenced in Section III above.

DULY PASSED AND APPROVED this the 12th day of November, 2012.

Phil Dyer, MAYOR

ATTEST:

Diane Zucco, CITY SECRETARY

APPROVED AS TO FORM:

Diane C. Wetherbee, CITY ATTORNEY