

Ex 2

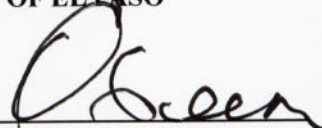
**MOTION**

**SEPTEMBER 12, 2023**

Motion made, seconded, and carried, to approve a Term Sheet for a performance-based incentive of up to **\$3,391,000** for the expansion of an existing manufacturing operation by Eaton Corporation in El Paso, Texas through the addition of a new manufacturing facility located at 1 Helen of Troy Drive in El Paso, Texas; such expansion will result in the creation of **575** new full-time jobs, the retention of **300** current full-time jobs, and a minimum investment of **\$70,000,000**.

**APPROVED** this 12<sup>th</sup> day of September, 2023.

**THE CITY OF EL PASO**



Oscar Leeser  
Mayor

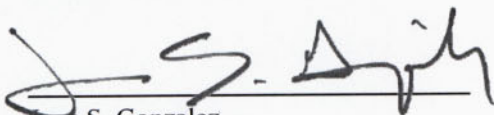


**ATTEST:**



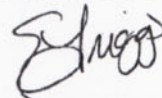
Laura D. Prine  
City Clerk

**APPROVED AS TO FORM:**



Juan S. Gonzalez  
Senior Assistant City Attorney

**APPROVED AS TO CONTENT:**



Elizabeth K. Triggs, Director  
Economic & International Development

## Term Sheet for Eaton Corporation Expansion

### **PARTIES**

**City:** City of El Paso, Texas, a political subdivision of the State of Texas (the “City”), 300 N. Campbell, El Paso, Texas 79901.

**Applicant/Developer:** EATON Corporation, (the “Applicant”), an Ohio Corporation, having a place of business at 1000 Eaton Blvd. Cleveland, Ohio 44122-6058.

### **PROPOSED TRANSACTION**

Applicant has applied to receive economic development incentives associated with the expansion of a Manufacturing Facility operation as more fully described on Exhibit A, which is attached hereto and incorporated herein for all purposes (the “Project”). The Applicant shall undertake the Project which is anticipated to promote local economic development and stimulate business and commercial activity within the City of El Paso, Texas. The City proposes to consider incentivizing the Project according to the terms enumerated in this document (the “Term Sheet”).

### **PROJECT PROPERTY**

Project is located at 1 Helen of Troy Dr., El Paso, TX 79912; Legal Description 1 WESTPORT #6 LOT 1 (50.938 AC), further described and incorporated in Exhibit A (the “Project Property”).

*[Transaction Terms Continue on the Next Page]*

**TRANSACTION  
TERMS**

1. **Effect of the Non-Binding Term Sheet.** The intent of the Term Sheet is for the parties to enter into good faith negotiations to enter into a definitive and binding Chapter 380 Economic Development Program Agreement (“Chapter 380 Agreement”). The initial and proposed terms of the Chapter 380 Agreement are provided below. Notwithstanding anything to the contrary, the proposed terms included in this Non-Binding Term Sheet shall only be considered proposals, until and if a Chapter 380 Agreement is executed by both parties. The parties agree that any of these proposed terms may be changed during negotiations. Notwithstanding anything to the contrary, the Parties reserve the right to voluntarily withdraw from negotiations before the signing of the Chapter 380 Agreement. Upon approval by the City Council of this Term Sheet, this Term Sheet will be considered to have begun the incentivization process and allow the Applicant to obtain building permits and other permits, as applicable; and to otherwise, proceed with development of the Project, including Project Property acquisition, as applicable.
2. **Non-Binding.** This Term Sheet is not a contract or a binding agreement but an expression of the proposed transaction between the City and the Applicant. No party will be bound for a transaction until and unless definitive agreement(s) are executed by the parties to this proposed transaction.
3. **Term.** The Term of the Chapter 380 Agreement shall be the lesser of:
  - a. 17 years from the Effective Date of the Chapter 380 Agreement;
  - b. 15 consecutive grant payment years;
  - c. the full payment of Incentives by the City to the Applicant, as limited by the Chapter 380 Agreement; or
  - d. termination of the Chapter 380 Agreement as otherwise provided by said agreement.
4. **Effective Date.** The Effective Date of the Chapter 380 Agreement shall be the date upon which both parties have fully executed the Chapter 380 Agreement.
5. **Grant Period.** The Applicant’s eligibility for Grant payments shall be limited to 15 consecutive years within the Term of the Chapter 380 Agreement. The Grant Period shall begin with the first year being the (1) first tax year that begins after the issuance of the Certificate of Occupancy or Completion, as appropriate, for the Development and (2) Applicant meets Full-Time Employment job requirements noted in the subsequent sections of this Term Sheet.
6. **Median Area Wage.** The words “Median Area Wage” is the median hourly wage established for the El Paso, Texas Metropolitan Area by the U.S. Bureau of Labor Statistics, as adjusted on January 1 of each year. However, in no event shall the applicable Median Area Wage used for

determination of Grant payment eligibility be less than the Median Area Wage established for 2022, which is **\$16.43** per hour. All jobs related with this Applicant shall be above the Median Area Wage.

7. **Minimum Full-Time Jobs.** Applicant shall create a minimum of 575 new full-time jobs at full ramp-up, while maintaining the **300** current full-time jobs from the Effective Date of the Chapter 380 Agreement through the end of the Grant Period.. For the purposes of this Chapter 380 Agreement, full-time jobs may be moved between and/or located at either Applicant location within the City of El Paso, so long as the annual minimum total jobs is met, as established by the Chapter 380 Agreement.
8. **Definition of Full-Time Employment (jobs).** A “Full-Time Employment” position shall mean a position hired by the Applicant to staff the Project at the Project Property that: (i) requires a minimum of 40 hours per week, including paid time off; (ii) paid at least Median Area Wage; and (iii) provides Health Insurance Benefits to employees for which the employer pays at least 50%.
9. **Health Insurance Benefits.** Applicant to provide health insurance benefits to employees for which the employer pays at least 50%.
10. **Grant Payments.** The words “Grant Payments” means a payment, on a yearly basis, paid to the Applicant under the terms of the Chapter 380 Agreement computed with reference to property taxes generated by the Project.
11. **Project Location.** Applicant agrees to establish the Project within the City of El Paso, Texas at the Project Property.
12. **Development Commencement.** The Applicant shall commence construction and/or improvements of the Development within **12** months of the Effective Date of the Chapter 380 Agreement.
13. **Development Completion.** The Applicant agrees that it shall obtain a Certificate of Occupancy or Completion, as appropriate, no later than **September 30<sup>th</sup>, 2025**.
14. **Minimum Investment.** Applicant agrees that it shall make a minimum investment of **\$70,000,000** in the acquisition, development, carrying costs, construction, and personal property costs of the Project. Of that, a minimum of **\$29,000,000** shall be invested in personal property and/or tenant improvements.
15. **Property Tax Rebate and Grant Payments.** City shall provide an annual grant equivalent to **80 percent** the total value of the City’s portion of the incremental ad valorem property tax revenue generated by the Project above the Base Year Value for the Project for the given tax year during the Grant Period over **15** consecutive years or a total maximum rebate on the City’s portion of the real and personal property tax of **\$2,051,000**, whichever comes first.

16. **Skills Training Grant.** The words “Training” means a reimbursement from the City in an aggregate amount not to exceed **\$1,200,000** to be disbursed on a reimbursement basis within the Term of the Chapter 380 Agreement for costs associated with training materials, training equipment, monthly training classes and certifications (if applicable). Request for reimbursement of Training expenses shall be submitted with each Grant Submittal Package, as applicable.
17. **Construction Materials Sales and Use Tax Rebate.** The City shall provide a one-time 100 percent rebate on the City's portion of the sales and use tax on Project construction materials, not to exceed **\$40,000** due to the Applicant following submittal of the first Grant Submittal Package.
18. **Development and Building Permit Fee Rebate.** The City agrees to rebate up to **\$100,000** in development and building fees in connection with the development and construction of the Project due to the Applicant following submittal of the first Grant Submittal Package. Under no circumstances shall the City rebate reinspection and other building and inspection penalty fees associated with the development and construction of the Project.
19. **Grant Submittal Package.** The Grant Submittal Package for rebates as enumerated in paragraphs 14 and 16 above, shall be submitted by the Applicant to the City on a yearly basis. The initial grant submittal package must be submitted to the City no later than June 30. Early submission is acceptable. Subsequent submittals will be due by June 30 for the previous calendar year and shall deliver to the City a compliance verification signed by a duly authorized representative of the Applicant that shall be in a form reasonably satisfactory to the City.
20. **Grant Payment.** The City shall approve or reject any Grant Submittal Package within 90 days of receipt. The City agrees to process any grant payments to Applicant within 90 days after its approval of the Applicant's Grant Submittal Package.
21. **Base Year Value.** The parties agree that the taxable value of the Project, after completion of all construction and improvements, will have a minimum Base Year Value of **\$13,000,000**.
22. **Minimum Assessed Value.** It is the intent of the parties that the assessed value of the Project on the tax rolls shall have a minimum assessed value of **\$20,080,000** (the “Minimum Value”) during the term of the Chapter 380 Agreement and after the completion of construction. Applicant shall have the right to contest the appraised value of the Project as provided by law, however, Applicant covenants and agrees that during the term of the Chapter 380 Agreement, in the event Applicant, or anyone on behalf of the Applicant or to the Applicant's benefit, challenges the value of the Central Appraisal District below the Minimum Value, the benefit shall be forfeited for that period and any subsequent period that is affected. This

property value should in no way be interpreted to affect the values set by the Central Appraisal District for tax purposes. Upon the termination of this Term Sheet or subsequent Agreement, Applicant agrees that neither this Term Sheet or subsequent Agreement, nor the values contained within, will be used to contest appraisal values or in the determination of the market value of the Project.

23. **Termination or Expiration.** Upon termination or expiration of the Chapter 380 Agreement, Applicant or its assigns agree that neither this term sheet or the Chapter 380 Agreement, or the values contained within will be used to contest appraisal values or in the determination of the market value of the Project; and the economic development incentives established within this term sheet or the Chapter 380 Agreement between the parties shall not be considered in valuating the property for tax purposes.
24. **Assignability.** This term sheet and all agreements which follow are assignable by the Applicant subject to City's prior written approval. Any non-approved assignment or encumbrance will be considered an event of default and subject to termination of all incentives provided to the Applicant as governed by the provision of this and all other associated agreements regulating default by the parties.
25. **Good Standing/Delinquent Taxes.** Applicant or its landlord shall pay by January 31 of each year all the real and business personal ad valorem taxes due to for the previous tax year on the Project and any other property owned by the Applicant within the City.
26. **Contractor/Subcontractor Terms.** Nothing contained in this agreement shall create any contractual relation between the City and the Contractor and any subcontractors. Applicant will require prime Contractor or Subcontractor to obtain and maintain a payment bond during the development and construction of the Project. Applicant will provide proof of same, once available, to City and will have City added to receive Notice of Default or Termination from the Surety issuing said bond.
27. **Non-Compliance.** Non-compliance under subsequent agreements based upon this Term Sheet will be considered an event of default and subject to termination and recapture of incentives provided to the Applicant for each grant period during which an uncured default exists.
28. **Termination.** the Parties understand that the City may terminate the Chapter 380 Agreement without the requirement of an Event of Default by Applicant, which shall become effective immediately, if any local, state or federal statute, regulation, case law, or other law renders this Agreement ineffectual, impractical or illegal, including any case law holding that a Chapter 380 Economic Development Agreement is an unconstitutional debt.
29. **Indemnification.** To the fullest extent permitted by law, Applicant shall indemnify hold harmless, and defend City, and City's officers, directors,

partners, agents, consultants, and employees from and against any claims, costs, and damages (including but not limited to all fees and charges of consultants, subconsultants, vendors, attorneys, and other professionals, and all court, arbitration, or other dispute resolution costs) arising out of or relating to the Project, including claims and damages arising in whole, or in part, from the negligence of the City, provided that any such claim, cost, loss or damage is attributable to any negligent act or omission, intentional tort, intellectual property infringement, or failure to pay a subcontractor, vendor, or supplier committed by Applicant or Applicant's officers, directors, partners, agents, consultants, or employees. The Applicant shall be responsible for any acts of any of the City's independent project managers. To the extent allowed by State law, the City will be responsible for its own actions.

30. **Fraudulent Actions.** If Applicant acts fraudulently, City has the right to recapture any Grant amount which Applicant should not have received, and to terminate the Chapter 380 Agreement.

***[APPLICANT'S SIGNATURE ON FOLLOWING PAGE]***

**APPLICANT:**  
EATON Corporation.

By: David L. Cook

Name: David L. Cook

Title: VP - State & Local Tax



**Exhibit A**  
**Project**

The proposed Development is the development in the City of El Paso of an advanced manufacturing operations center at 1 Helen of Troy Dr., El Paso, TX 79912; Legal Description 1 WESTPORT #6 LOT 1 (50.938 AC).

The proposed Project is an expansion of Applicant's existing El Paso footprint operation located at 7800 Trade Center, El Paso, Texas 79912. The new facility will include the design, manufacture, assembly and testing of Low Voltage Circuit Breakers, Molded Case Circuit Breakers, Low Voltage Assemblies, and Panelboards and Switchboards.

**Location of Property to be Developed**

**Address:** 1 Helen of Troy Dr  
El Paso, TX 79912

**Property ID:** 118489

**Legal Description:** 1 WESTPORT #6 LOT 1 (50.938 AC)

**Geographic ID:** W17999900100100

