The Leprino Foods Deal

From Leprino Foods:

- Building an 850,000 square foot dairy processing facility to make mozzarella cheese
- $870 million Investment over 10 years ($850 million over 5 years)
- 674 jobs will be created over three years, with an average annual wage of $52,500 before bonuses, profit sharing and benefits
    - Total payroll will be more than $35 million annually at full production
- Leprino Foods is planning to begin construction in June 2022; expecting to be producing cheese by the end of 2024
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From LEDA:

- Granting approximately 258 acres just outside the East Loop between 4th and 19th Streets, valued at $1,966,000.
    - LEDA agreed to ensure the property would be annexed by the City of Lubbock and zoned appropriately for the project
    - LEDA agreed to cover $12,500 worth of title insurance to the property
    - LEDA agreed to clean to the appropriate standard the trash pit found on the Carlton property, costing approximately $35,000
        - To alleviate any additional environmental concerns going forward, LEDA agreed to reimburse $12,500 to Leprino Foods for an environmental insurance policy
- Job creation incentives of $10,000/job, paid over a 5-year period as the jobs are created ($6,740,000)
- Capital investment incentive of $19.3 million, paid as follows:
    - $3 million paid at the end of year 2 (estimated to be Dec 31, 2023)
    - $2.3 million paid at the end of year 3 (Dec 31, 2024)
    - $2 million per year paid at the end of years 4 through 10 (2025-2031)
- Will pay for the following surveys, up to $100,000 (currently, $80,185):
    - Boundary survey
    - Alta survey
    - Geotech survey
    - Drainage analysis
    - Phase I environmental survey
- LEDA agreed to make all improvements to 19th Street between the E Loop and the eastern boundary of the Leprino Foods property. This is currently valued at $5.9 million
- LEDA agreed to reimburse Leprino Foods for $150,000 to ensure natural gas was located on site
- LEDA agreed to build and then convey to Leprino a water effluent line from Leprino Food's wastewater treatment site to the City of Lubbock's Lake 6. This is currently valued at $3 million
- LEDA agreed to support and advocate for Leprino Food's efforts to secure the tax abatements with both the City of Lubbock and Lubbock County
- LEDA agreed to support and advocate for the City of Lubbock to build a water line and a sewer line capable of handling Leprino Food's needs at the new plant
- LEDA agreed to advocate for South Plains Electric Coop to provide an electric supply capable of handling Leprino Food's needs at the new plant
- LEDA agreed to provide assistance with workforce attraction

- LEDA agreed to assist with the application for training assistance through the Skills Development Fund
- LEDA agreed to pull together a site development briefing team, and to advocate for all the appropriate governmental approvals necessary for completion of the project
- LEDA agreed to help coordinate the sustainability of the Project
- Each incentive provided to the company has an appropriate clawback should Leprino Foods not perform to the specified level
- Total cash to be expended: approximately $31 million
    - LEDA will receive $5 million from the County, and then expend approximately $12.6 million over the next three years; the remaining $23 million will be spread over 8 years

Impact of Project:

- As currently outlined, the project expects to
    - Support $578.3 million in annual economic output or sales for businesses in the region
    - This economic activity will result in an increase in gross area product of $243.8 million annually
    - The project will bring new workers, new residents, and new students to our City and to Roosevelt school district
    - Project as outlined in the contracts pays back in 12.9 years

- Leprino Foods believes their average wage will actually be closer to $62,000 per year
- Leprino Foods realizes now their investment will be closer to $970 million
    - They do not intend to reduce any part of the scope of their project as a result
- Leprino Foods is also looking to increase their warehouse space at the project
    - They would bring their warehouse space from Laredo and Dallas to Lubbock
    - This would increase inventory from approximately $37 million to $70 million