

Cosentino Industrial USA, LLC
Summary
April 19, 2023

Company Overview:

Cosentino Group is a global Spanish family-owned company that produces and distributes high value innovative and sustainable surfaces for the world of design and architecture. The company's roots can be traced back to 1945, when Eduardo Martinez Cosentino and Eduarda Justo founded their company. As the company grew, they began to purchase their first quarries between 1973 and 1976. In 1980, Paco, Eduardo, and Pepe Cosentino founded Marmoles Cosentino, S.A., the parent company of Cosentino, S.A. In 1980, the facilities were built in their current location, Cantoria, Spain.

The company launched its first manufactured stone material, Marmolstone, in 1988. In 1989, Cosentino, S.A. was established. In 1990, the company created and launched Silestone®, which was later designated as one of the most revolutionary inventions of the new century by Time Magazine.

Over the next several years, Cosentino experienced further growth and international expansion. The company's first international branches were opened in North America in 1997 and the second international branch was established in Northwest Europe in 1999. By 2000, Cosentino further expanded into Latin America, with its first branch in Brazil. The early 2000's gave way to several milestones for the company, including the opening of the first manufacturing line outside of Spain with a granite factory in Vitoria, Brazil and the opening of the current Cosentino headquarters in Spain.

The 2005 Superbowl, hosted in Jacksonville, featured Cosentino as the first Spanish advertiser featuring Silestone® with a commercial titled "I am Diana Pearl". Between 2006 and 2013, the company launched several new brands, including Sensa by Cosentino® granite; the integrated one-piece sink; and Dekton®, the new ultracompact surface.

By 2015 Cosentino had a presence across the globe, covering all continents. In 2020, the company celebrated its 40th anniversary, with nearly 5,000 employees worldwide. That same year, Dekton® earned the Carbon Neutral product certification for its entire color portfolio, standing out as the only cradle-to-grave carbon-neutral surface. In 2022, the company established one of the largest self-consumption photovoltaic plants in Europe, within the industrial park of the global HQ in Spain and is currently building an additional rooftop solar photovoltaic installation for even more capacity.

Currently, Cosentino Group has 121 Cosentino Centers, 23 Cosentino Cities, 18 manufacturing lines, 11 workshops and 6 logistic hubs worldwide, operating in 33 countries through fully owned

subsidiaries, and distributes its products in approximately 80 countries with the aim of providing their customers with an exclusive service.

More than 90% of Cosentino Group's financial turnover comes from international markets with the North America market alone (U.S. and Canada) being 59% of the total sales in 2022.

Project Site:

The site is within Cecil Commerce Center. More specifically, the site is located just south of Interstate 10 and west of the First Coast Expressway and is part of what has been labeled as the "mega site". In total, the mega site is approximately 720 acres. It is estimated that up to 600 acres have the potential to be developed. Strategically, the City has opted not to divide the mega site into multiple, smaller development parcels but instead to hold the site for one very large project or a couple of large project opportunities.

The mega site has certain challenges which have prevented previous interested parties from moving forward. As described below, the site requires significant investment in infrastructure and utilities to make it developable. In addition to the cost, the time element to prepare the site has deterred previous interest.

Cosentino has a long-term vision for the site and plans multiple expansions over time. They will initially purchase approximately 330 acres and have an option on approximately 150 additional acres. With respect to the initial purchase, the City will provide a 60 acre "credit" to Cosentino to reflect: 1) that certain unpermitted and unmitigated wetlands are part of the Project Parcel; and 2) the requirement for an on-site stormwater pond system that the company will be required to construct and maintain.

Deal Terms:

Land Conveyance

The City will convey the Project Parcel to Cosentino for \$76,000 per acre. The exact size of the parcel will be determined by a survey, but it is estimated to be approximately 330 acres. A 60 acre "credit" will be provided to reflect: 1) that certain unpermitted and unmitigated wetlands are part of the Project Parcel; and 2) the requirement for an on-site stormwater pond system that the company will be required to construct and maintain. Based on the estimate of 270 acres (net), the purchase price of the land would be \$20,520,000.

Within 60 days from the Effective Date, Cosentino will obtain a survey of the Project Parcel and a Title Commitment. The company will have a 120-day Inspection Period, which can be extended up to an additional 60 days, with which to notify the City that they have accepted the Project Parcel (the "Acceptance Date"). Closing will occur not less than 15 days, but not more than 30 days, after the Acceptance Date.

The City will maintain two (2) separate “Right of Repurchase” options. The first is related to the entire Project Parcel. If Cosentino does not commence construction of the Initial Improvements by January 1, 2026, the City has the right to purchase the property back at the same price at which it was conveyed. The second relates to the balance of the site after the Initial Improvements have been completed. If Cosentino has not commenced construction of the Phase II Improvements by January 31, 2035, the City will have the right to repurchase the undeveloped balance of the Project Parcel back from Cosentino at the same per acre price at which it was conveyed.

Cosentino will also have a Purchase Option on the site immediately north of the Project Parcel, which is approximately 150 acres. The purchase price for the Option Parcel would be 75% of the appraised value at the date of exercising the Option. The Option term is for seven (7) years after the date of substantial completion of the Initial Improvements. Cosentino has seven (7) additional one (1) year extensions that can be exercised for \$150,000 each. In order to exercise the Option, the Initial Improvements and the Phase II Improvements must be substantially complete, Cosentino shall have submitted plans for the future development to OED and the future development must have a minimum anticipated capital investment of \$100,000,000.

Infrastructure and Utilities

Wetland Mitigation: The City has a permit to mitigate for certain wetlands on the Project Parcel. Under separate legislation (ORD 2023-0212), City Council authorized the Cecil Trust Fund to borrow \$5,600,000 from the Debt Management Fund to pay for wetland mitigation. The Cecil Trust Fund will use the proceeds from the sale of the Project Parcel to repay the Debt Management Fund loan.

Road Extension: The City is obligated to extend Logistics Lane by approximately one-quarter of a mile. Estimated cost of this improvement is \$3,000,000.

Rail: Rail will be extended from the point of the existing CSX line north of I-10, to the southwestern end of the Project Parcel. The City is working with CSX and will need to procure a rail design firm to determine the exact location and configuration of the track. The total cost for the rail project is estimated to be \$8,000,000. A Florida Job Growth Grant was awarded for \$5,500,000 and has been submitted under separate legislation. Therefore, the City’s obligation for the Rail extension is estimated to be \$2,500,000. The City will own the rail line up to the Project Parcel. If Cosentino decides to extend the rail line within the Project Parcel, they will be required to pay for that portion. Once the rail line is installed, the City will need to hire a 3rd party to operate and maintain the rail. Costs of those activities will be passed on to Cosentino and any other potential end users.

Water and Sewer: Under a separate Agreement with JEA, Cosentino will procure the construction of the water and sewer lines to the site. The lines will be upgraded to allow for future

development within the mega-site. The City, under separate Agreement with JEA, will make a \$2,500,000 contribution to this infrastructure related improvement.

Stormwater: Stormwater ponds will need to be constructed on the Project Parcel. Cosentino will be responsible for the design, construction and maintenance of the stormwater ponds.

Financial Summary of Terms

Land Conveyance	\$ 20,520,000
Less Costs to City:	
Wetland Mitigation	\$ 5,600,000
Road Extension	\$ 3,000,000
Rail (City Portion)	\$ 2,500,000
Water/Sewer (City Contribution)	<u>\$ 2,500,000</u>
 Total City Costs	 <u>\$ 13,600,000</u>
 Net from Land Conveyance	 <u>\$ 6,920,000</u>

Project Description:

The Initial Phase of the Project comprises a 408,000 square foot manufacturing facility with 734,000 square feet of adjacent support areas and two production lines. The projected capital investment for the construction of the facility, along with the acquisition and installation of the machinery and equipment, is estimated at \$270,000,000. Cosentino plans to create at least 180 new jobs at the site by the end of 2028. Average wage for those new jobs is estimated to be \$56,594.

The Phase II Improvements require, at a minimum, an additional 300,000 square foot facility and \$70,000,000 of capital investment. The Phase II Improvements along with the Initial Improvements will need to utilize a minimum of 120 acres in total.

Incentives:

The Agreement proposes a 50%, 10-year, REV Grant for the Phase I site and the Initial Improvements. The REV Grant would be capped at \$12,000,000.

The Agreement does not approve any future incentives, but it does state that the City would negotiate in good faith with respect to any further development at the site.

The projected ROI ratio for the Project is 1.84.

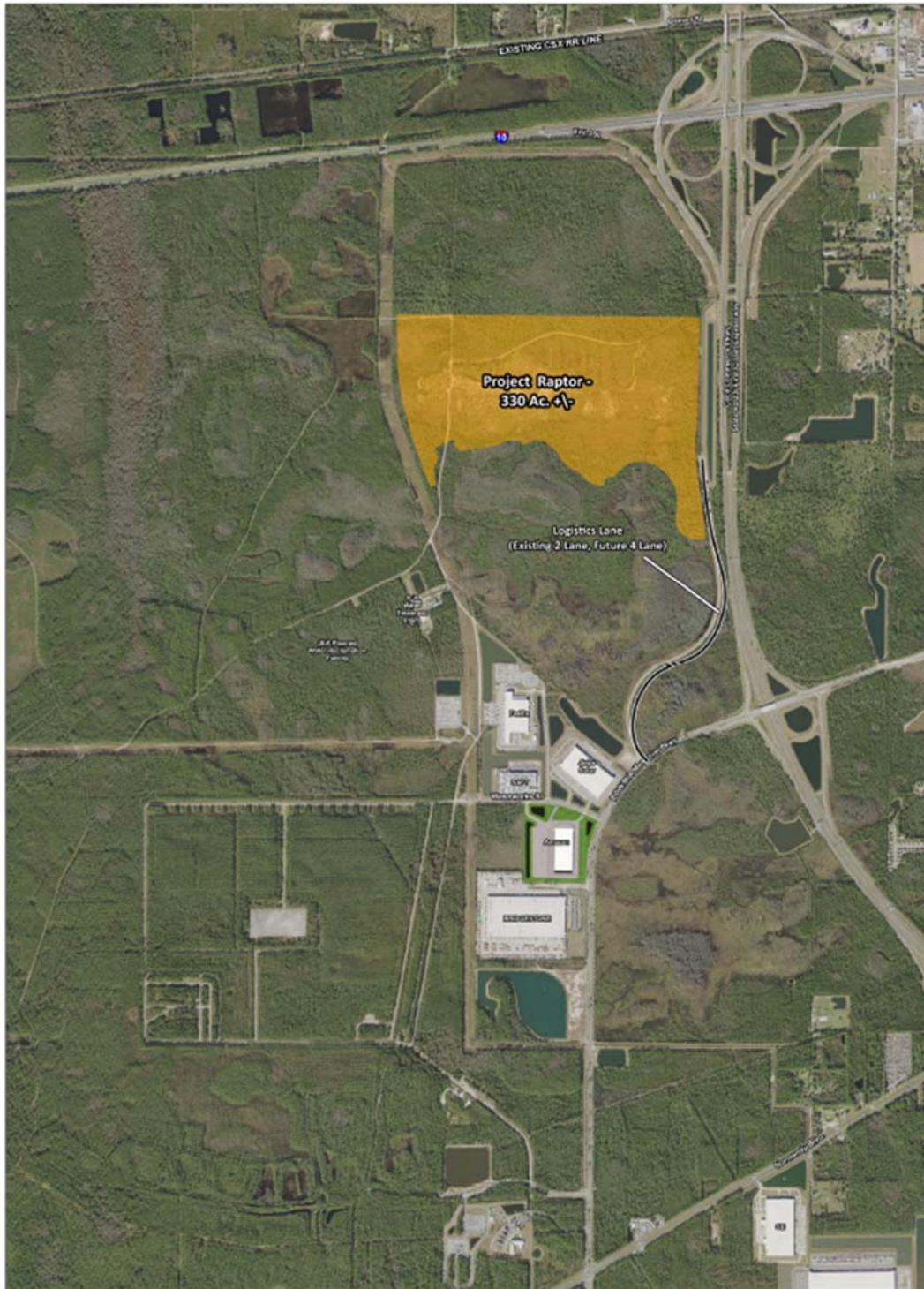
Summary:

Cosentino is an outstanding company with big plans for future growth in the U.S. market. While the company desires to move as quickly as possible toward the commencement of operations, they have a long-term view that makes the Cecil mega site a great fit.

The transaction creates positive cash flow to the Cecil Trust Fund and allows it to continue funding the operations of Cecil Commerce Center without a General Fund contribution for the foreseeable future. In addition, this project takes a large tract of tax-exempt property and places it on the tax rolls, creating a financial benefit to General Fund revenues.

Finally, the project will begin with an estimated 180 new manufacturing jobs, which is one of our targeted industries. As the project continues to grow over time, so will the tax base and the employment opportunities.

Aerial View of Project Site:



**Cecil Commerce Center**
Jacksonville, Florida
Project Raptor
4/19/2023

0 800 1,600
Foot

ETM
England-Thimig & Fittler, Inc.
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