Case Study: ExxonMobil / SABIC Project - Gulf Coast Growth Ventures
Port Corpus Christi

Carol Scott, Harris DeVille & Associates
Harris, DeVille & Associates, Inc.

➢ Full-service communications firm specializing in issues management
➢ More than 30 years of experience helping clients manage controversial and complex issues
➢ Work across U.S. and North America, but primarily Gulf South; large industrial client base
➢ Staff based in Baton Rouge, Louisiana and Texas (Beaumont/Port Arthur, Houston, Galveston, and Corpus Christi)
➢ About 20 professionals with unique skill sets: expertise including environmental science, research, public relations, journalism, governmental relations and politics
➢ Client base primarily includes the manufacturing industry, representing a variety of industrial and business interests including refineries, chemical, energy exports, energy services, pipelines, utilities and oil and gas producer
Harris DeVille & Associates experience with ExxonMobil

A Strategic Partnership over 25+ years with ExxonMobil

- Crisis Communication and First Responder Training (Emergency Response call out)
- Issues and Public Relations support (EJ, facility siting, tax incentives)
- Project Announcements (BPEX, Golden Pass)
- Polling consultant in 7 different areas in North America
- ExxonMobil Pipeline (Siting and Assessment)
- LNG facility assessment and siting support (Gulf Coast, East Coast, Caribbean, Hong Kong)
- LNG facility permitting and site support (Golden Pass Terminal and Pipeline, Blue Ocean, Vista del Sol)
- Golden Pass LNG and Golden Pass Products (in-house PAGA staff)
- Gulf Coast Growth Ventures (facility siting and PAGA lead contractor)

A 20+ year History in Nueces and San Patricio Counties

- Local presence and knowledge
- Community Issues Polling
- Crisis Communications & Issues Management
- Media Training
- Public affairs support to Port Industries of Corpus Christi
Gulf Coast Growth Ventures
Project Overview

• Approximately $8-10 Billion investment jointly owned by ExxonMobil and SABIC. ExxonMobil will operate the facility.

• ExxonMobil and SABIC have worked together for over 35 years

• World scale, greenfield, plastics plant
  - 1.8 MTA ethylene plant that feeds two 650 KTA polyethylene units and one 1.1 MTA monoethylene glycol unit
  - Ethane feedstock comes from oil shale in Texas via pipeline.

• Connecting Texas Natural Resources to Global Markets

• Diversified Products
Maximizing Benefits and Minimizing Impacts

Projected economic benefits
• Up to 6,000 peak construction jobs

• Over 600 direct and 3,500 indirect permanent jobs
  – Hiring of qualified local workers
  – Workforce training programs with local schools and colleges
  – Opportunities for local businesses to provide services to operating plant

• Over $250 million in taxes thru first 5 years of operation

• A big deal *(dubbed one of the top economic development deals in US in 2017)*
Project Timeline

Milestones:
- Site Announcement – April ‘17
- Permit Applications – April ‘17
- Site Clearing 2017-18; Construction ramp-up 1Q19
- Start-up mid-2022
Siting Pre-Work

- Project team evaluated several sites throughout Louisiana and Texas for compatibility with project needs (infrastructure, access to supplies, tax incentives, etc.)

- HDA conducted public affairs assessments of five potential locations:
  - Louisiana: St. James and Ascension Parishes
  - Texas: Orange, San Patricio and Victoria Counties

- Considerations in public affairs assessments included:
  - Geography, demographics and history
  - Community profile
  - Industrial profile
  - Environmental profile
  - Economic development profile
  - Workforce development profile
  - Leadership profile
  - Media profile
  - Assessment of surrounding area
Project Area Map
Near Neighbors
Coastal Bend Industrial Investment Benchmarking Work

• Methodology
  • Listed all major projects announced in the area since approximately 2008
  • Focused on five projects:
    • Cheniere LNG  ($14B LNG export facility)
    • TPCO America (Tianjin Pipe Company - $1B steel pipe manufacturing)
    • Voestalpine ($750M steel processing plant)
    • M&G Chemicals ($900M integrated PET/PTA production)
    • Las Brisas (Failed pet coke power generation)
  • Gathered project data including ownership, description, capital investment, economic/job impact, permitting profile, incentives, etc
  • Broke out detailed analysis on select projects regarding communications strategies, issues and obstacles, opposition profile if any and tone of the local media coverage

• Key Findings
  1. Heavy reliance on face-to-face engagement
  2. Many established local presence early in project; strong use of company experts on as needed basis
  3. Little paid advertising; Invested in community relations and philanthropy (both cash and sweat equity investments)
  4. Corporate HQ visits for local leadership to develop relationships
  5. Formal and informal resolution of issues during permitting
Coastal Bend Issues Overview

• **Not in my backyard**
  - Aesthetic/nuisance concerns, blocking in residential areas - industry no longer limited to bay area and moving further inland; first project west of Hwy 181, concerns about decreased property values

• **Safety concerns**
  - Proximity to residents/schools (residents directly along property fence line; schools ~1 mi. from proposed site), plant safety/emergency response

• **“Enough is enough”**
  - Concentration of facilities around Gregory

• **Environmental issues**
  - Ozone attainment, environmental justice, health issues, pollution, security concerns

• **Reputational challenges**
  - Saudi foreign investment, CFIUS, Exxon climate change, Exxon legacy - Vista del Sol/upstream production in Kingsville

• **Water usage/resources**

• **Traffic/transportation**
  - Heavy haul route, construction traffic, feedstock source, pipeline strategy/plans

• **City issues**
  - Gregory drainage (potential permitting issue), budget/taxing issues, non-annexation

• **Economics**
  - Local hiring and use of local vendors, competitive siting/anti-incentive attitude

• **Housing demand**
Coastal Bend Issues Overview

<table>
<thead>
<tr>
<th>Potential impact on project permitting/reputation</th>
<th>Likelihood of needing to address in next 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Low</td>
<td>High</td>
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</table>

- **Environmental issues**
- **NIMBY Safety concerns Economics**
- **“Enough is enough” Traffic/transportation City issues (drainage, budget)**
- **Reputational challenges Water usage/resources**
- **Housing demand**

- **High**
- **Medium**
- **Low**

- Proactively manage, implement in 0-6 months
- Active attention and preparation; implement in 6-12 months
- Continuously monitor; develop plan for action
- Periodically assess; potential future work
**San Patricio County Overview**

<table>
<thead>
<tr>
<th><strong>Community Considerations</strong></th>
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<tbody>
<tr>
<td>- Likely supportive of the project</td>
</tr>
<tr>
<td>- Near neighbors will require more targeted, direct communication due to their close proximity to the site.</td>
</tr>
<tr>
<td>- Project will heighten community concerns over challenged public infrastructure</td>
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<tr>
<td>- Some risk of legacy concerns over past XOM development efforts, therefore clarity of process and commitment will be critical</td>
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<table>
<thead>
<tr>
<th><strong>Environmental Considerations</strong></th>
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<tbody>
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<td>- Environmental groups do not have a strong presence in San Patricio County due to its location north of the Corpus Christi Bay.</td>
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<tr>
<td>- Corpus Christi has consistent environmental activity, and those groups should be monitored to ensure efforts do not migrate to San Patricio.</td>
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<td>- Considerable opportunity to partner with conservation organizations</td>
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<td>- Targeted investment by outside ENGOs with anti-Exxon campaign could challenge project</td>
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<th><strong>Labor Considerations</strong></th>
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<tr>
<td>- Area has a strong local workforce supported by local technical schools and independent school districts (ISDs) with career and technology programs (CTE) geared to developing skilled workers to support local industry.</td>
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<tr>
<td>- Industry attracts skilled workers from San Antonio, South Texas, and the Houston metroplex.</td>
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<tr>
<td>- Current USW lock out at Sherwin Alumina creates potential project exposure</td>
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Coastal Bend 101 - Local Stakeholders

• Primary
  • Corpus Christi Regional EDC leadership (lead on negotiating the deal with GCGV)
  • City of Portland
  • City of Gregory
  • San Patricio County
  • Port Corpus Christi
  • San Patricio County EDC leadership

• Secondary
  • City of Corpus Christi
  • Nueces County
Communications Strategy

- Traditional approach
- Milestone-based engagement
- Level of engagement and level of project detail provided increases as project progresses

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Messaging theme</th>
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<tr>
<td>Announce competition</td>
<td>- Studying potential ethane cracker project on U.S. Gulf Coast (LA or TX)</td>
</tr>
<tr>
<td></td>
<td>- Positive economic benefits</td>
</tr>
<tr>
<td>Select preferred site</td>
<td>- Project has selected site in [location] and will apply for permits</td>
</tr>
<tr>
<td>Permitting phase</td>
<td>- More detail on economic benefits</td>
</tr>
<tr>
<td></td>
<td>- More detail on safety/environment</td>
</tr>
<tr>
<td></td>
<td>- More detail on outreach programs</td>
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<tr>
<td>FID/Construction</td>
<td>- Partners have committed to building the project</td>
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Communications Strategy

• Open and honest communications will help build trust and credibility with the community
• Project must earn community license to operate
• Local engagement/technical meetings are an opportunity to communicate
• After study announcement, project representatives will be available to handle questions or concerns
• As project matures, project will have resources present on the ground
COMMUNITY ENGAGEMENT BASICS

- **Resource Commitment**
  - **Announce Competition**
    - Announcement (July)
  - **Pre-Positioning**
    - Pre-Positioning (Aug - Nov)
  - **Obtain Permits with Local Support to FID**
    - Permitting (Nov 2016 - Nov 2018)
  - **Workforce and Local Vendor Development**
  - **Community License to Operate**
  - **Construction (Post FID)**
  - **Operations (2021+)**

**Endorsements and Select Preferred Site**

- **Incentive**
## GCGV Project Review

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3Q</td>
<td>EM Public Affairs lead requests HDA to support site selection for new project on Gulf Coast. HDA develops site profiles and public affairs considerations for Louisiana and Texas sites under consideration.</td>
</tr>
<tr>
<td></td>
<td>4Q</td>
<td>Texas site assessments expanded to include San Patricio. Initial Yosemite team meeting (internal). Develop communications engagement strategy and approach. Site assessment refinements. San Patricio site overview meeting (internal).</td>
</tr>
</tbody>
</table>
Comms Plan Workshops
Institute weekly call discipline for EM/SABIC
Tax Abatement Strategy

Shareholder statement coordination
Website design and development
Site selection strategy
Messaging and materials

Site "narrowing" announcement
Public meeting team training
Baseline poll conducted
Local tax abatement presentations
- Start up of new steel plant (August)
- First flyer opposing project - PCU (9/29)
Website launch (Sept)
Meeting with small group of concerned citizens (10/3)
Confirm link of steel plant to citizen concerns
Local officials' meetings
➢ PCU launches FB campaign (11/15) (~2000 likes)
Baytown local officials tour (12/5)
GCGV presentation to Portland City Council (12/6)
Begin developing informational one-pagers based on community feedback (12/20)
➢ City of Portland "move it elsewhere" resolution (12/20)
San Antonio ExpressNews highlights resolution (12/23)
Corporate Comms interest in project piques (12/26)
<table>
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<tr>
<th>Quarter</th>
<th>Events</th>
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</table>
| **1Q**  | “Preserve the Opportunity” comms plan reboot  
  - GCGV launches social media FB campaign (22K+ Facebook likes)  
  - Third party support and recruitment (Port Corpus Christi, Urban and Suburban Chambers, United for Growth)  
  - Website content updates  
  - Local engagement full court press (over 125 presentations to date, home meetings, small group, one-on-one)  
  - Aggressive media management and paid media placement  
  - Open local public affairs office with full time staffing  
  - GPISD “open mike” meeting and rally (1/17)  
  - Local supporters’ resolutions of support (Government and business)  
  - GCGV introduces Good Neighbor Initiative concept (2/14)  
  - San Patricio County Commission favorable Tax Abatement Vote (3/20)  
  - School District favorable Tax Abatement Vote (3/21) |
| **2Q**  | San Patricio site selection announcement (4/19)  
  - Local Business Initiative (LBI) announcement (5/21)  
  - Neighbor meetings on Price Protection (May/June) |
| **3Q**  | Local contractor (LBI) announced (8/30)  
  - First phase hiring begins (Aug)  
  - Hurricane Harvey relief efforts  
  - Launch Price Protection Program (9/1) |
| **4Q**  | Hire Smart, Hire Local initiative  
  - City of Gregory "comprehensive planning" initiative  
  - Facilitate local engagement |
2018 1Q-on

Good Neighbor Program refinement and implementation
Facilitate local engagement; increased PA staffing
Focus on permitting outreach and public meetings
Coordinate project announcements and milestones
Enhanced Gregory "comprehensive planning" initiative
Continued management of GCGV website and info line
Facilitate EM/SABIC PAGA coordination
Local technical school scholarship announcement

2017 Year in Review

GCGV is thankful for our community’s support.

Held more than 120 meetings with local residents, elected officials and civic organizations
Provided 2,000+ hours of Hurricane Harvey cleanup in partnership with Bay Ltd. and local government, removing a total of 2,400 tons of debris
Launched a Residential Property Price Protection Program for near neighbors of the proposed facility
Through our Local Business Initiative, developed a Pre-Screened Local Vendors List of more than 400 businesses who will receive priority consideration for project work
Created the Hire Smart-Hire Local program to ensure Coastal Bend residents have opportunities to work with the project
Held 4 Project Construction Advisory Group meetings to plan for traffic mitigation and other construction-related items

COMING UP:
Adding more local residents & businesses to our growing team
Project update briefings for local organizations
Completion of the environmental permitting process
17 Del Mar College process technology students identified to receive scholarships

We look forward to continuing to work together in 2018!

GULF COAST GROWTH VENTURES
Lessons Learned

- Internal alignment is critical to project success
  - Managing internal communications is as important as managing external communications
- Community needs to feel informed EARLY and have access to information
- Don’t solely rely on civic or political leaders to tell your story effectively
- Cultivate local project champions across all strata
- Face-to-face communication and engagement may be more important than media stories and social media chatter
  - Monitor, but don’t overreact, to a single media story or Facebook post
- A seasoned, dedicated project executive is essential
- Listen before you take action
  - Understand community needs and expectations and incorporate into action plan
- Communicate with transparency and an eye on the future