

MEMORANDUM

DATE: November 6, 2020

TO: Dr. Mark Browne, City Manager,
City of Schertz

FROM: Adrian G. Perez, Director, Schertz
Economic Development Corporation
(SEDC)

SUBJECT: SEDC Payment to Schertz 312, LLC
of \$3,759,638.22 in accordance with
adopted Phase I Performance
Agreement

BACKGROUND

On May 1, 2018, the City Council authorizing funding for an Infrastructure Reimbursement Agreement (the “Agreement”) among the City of Schertz, Texas, the City of Schertz Economic Development Corporation (SEDC), and Schertz 312, LLC. The SEDC and City Council have adopted two agreements with Schertz 312 referred to as Phase I (171 acres within the City of Schertz) and Phase II (141 contiguous acres to the City of Schertz western municipal boundary) under a separate agreement and resolution. These two agreements were designed to result in development of 312 total acres in partnership with Titan Development. The Agreement referenced in this communication is in regard to Phase I.

The Agreement established an infrastructure reimbursement to Schertz 312 of up to \$4,000,000 for development fees and substantiated costs for the completion of water, wastewater, road and sidewalk improvements as well as other related development requirements. Additionally, Schertz 312 must construct, or cause to be constructed, a 1,000,000 sq. ft. structure and secure a single user on the Northern Tract of the development before the end of the term of the agreement in 2033 in order to remain in compliance with this agreement.

Per the agreement, Schertz 312 previously submitted for a reimbursement of \$240,361.78 for design fees, platting expenses and permit fees as provided for in the agreement in fiscal year 2019. On September 25, 2020, Schertz 312 submitted required supporting documentation to request payment of the remaining \$3,759,638.22 available under the Agreement. The following details their requirements performance:

- Letter of Acceptance on road, sidewalk, water, and wastewater improvements as outlined in Exhibit B of the Agreement.

- Schertz 312 submitted a Letter of Acceptance from the City of Schertz and demonstrated the addition of sewer infrastructure in excess of that originally contemplated in Exhibit B of the Agreement extending access to Doerr Lane.
- Proof of qualifying Project Costs for the completion of the Infrastructure Improvements to include, but not be limited to, due diligence costs, engineering, surveying, permitting, planning, and construction as outlined in the Agreement.
 - Schertz 312 substantiated qualifying Project Costs totaling \$3,869,391.30.
- Demonstrate that all work associated with infrastructure was competitively bid.
 - Schertz 312 provided evidence of three bids received for the project.

This Agreement will remain in effect through 2033 or until Schertz 312 meets outstanding obligations such as development of a one million sq. ft. facility and securing a single end user within the facility.

FISCAL IMPACT

Schertz 312 has received a reimbursement of \$3,759,638.22 budgeted in SEDC FY 2020 Budget approved by City Council and the SEDC Board of Directors.

STAFF RECOMMENDATION

This is an informational item regarding payment issued associated with an approved performance agreement, staff has evaluated the Agreement and found that Schertz 312 has met all performance requirements to receive payment of the remaining \$3,759,638.22 available under the terms of the Schertz 312 Phase I Agreement. All supporting documentation and payment request are on file with the SEDC and Finance Department.

ATTACHMENT(S)