



ECONOMIC DEVELOPMENT CORPORATION

NOTICE OF MEETING

AGENDA

FEBRUARY 27, 2025

6:00 P.M.

The City of Schertz Economic Development Corporation (SEDC) Board of Directors will hold a regular monthly meeting on Thursday, FEBRUARY 27, 2025, at 6:00 p.m. at the Hal Baldwin Municipal Complex, Council Chambers Conference Room, Building No. 4, 1400 Schertz Parkway, Schertz, Texas. This is an open meeting, subject to the open meeting laws of the State of Texas.

In accordance with provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code notice is hereby given that a Possible Quorum of the governing body of the City of Schertz, Texas may take place at this meeting.

Call to Order

1. Roll call, recognition of visitors, and review of meeting instructions for effective Board interaction and public participation.

Hearing of Residents

2. *This time is set aside for any person who wishes to address the Board. Presentations should be limited to no more than 3 minutes. The presiding officer will call on those persons who have signed up to speak.*

Minutes

3. Approval of the minutes for the Board of Directors Regular Monthly Meeting held Thursday, January 23, 2025. (T.Miller)

Presentations

4. Staff briefing on SEDC monthly financial statement for the month of January 2025. (S.Wayman)
5. Presentation by Matt Troutt with EastGroup, Properties, L.P. (S.Wayman)

Public Hearing

6. **Resolution 2025-1** - Authorizing the Executive Director of the City of Schertz Economic Development Corporation to enter into a Performance Agreement with EastGroup Properties, L.P. (S.Wayman)

Closed Session

7. Called in accordance with Section 551.087 of the Texas Government Code, Deliberation Regarding Economic Development Negotiations; Closed Meeting. The governmental body is not required to conduct an open meeting (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect.

- Project E-99
- Project E-106
- Project E-101
- Project E-102
- Project E-103
- Project E-104
- Project E-105

Reconvene to Regular Session

8. Take any actions based on discussion held in closed session under Agenda Item No. 7.

Requests and Announcements

- Announcements by staff:
 - Update on Caterpillar Tour
 - Next Regular Board Meeting - March 27, 2025
- Requests by Board Members to place items on a future SEDC Board Meeting agenda.

Adjournment

CERTIFICATION

I, Tracy Miller, Administrative Assistant, of the City of Schertz Economic Development Corporation, do hereby certify that the above agenda was posted on the official bulletin boards on this the 21st day of February, 2025, at 5:00 p.m., which is a place readily accessible to the public at all times and that said notice was posted in accordance with chapter 551, Texas Government Code.

Tracy Miller

Administrative Assistant- Economic
Development

I certify that the attached notice and agenda of items to be considered by the Schertz Economic Development Corporation Board of Directors was removed from the official bulletin board on ____ day of _____, 2025.

Name/Title: _____

This facility is accessible in accordance with the Americans with Disabilities Act. Handicapped parking spaces are available. If you require special assistance or have a request for sign interpretative services or other services, please call 210-619-1070.

The Economic Development Corporation Board of Directors reserves the right to adjourn into closed session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by the Texas Open Meetings Act.

Closed Sessions Authorized: This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Closed Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

SEDC MEMORANDUM

SEDC
Board Meeting: 02/27/2025
Department: Economic Development Corporation
Subject: Approval of the minutes for the Board of Directors Regular Monthly Meeting held Thursday, January 23, 2025. (T.Miller)

SUBJECT:

Approval of the minutes for the Board of Directors Regular Monthly Meeting held Thursday, January 23, 2025. (T.Miller)

Attachments

01-23-2025

SCHERTZ

ECONOMIC DEVELOPMENT CORPORATION

MINUTES

Thursday, January 23, 2025

The City of Schertz Economic Development Corporation (SEDC) Board of Directors met for a Regular Monthly Meeting on Thursday, January 23, 2025. at 6:00 p.m. at the Hal Baldwin Municipal Complex, Council Chambers Conference Room, Building No. 4, 1400 Schertz Parkway, Schertz, Texas. This was an open meeting, subject to the open meeting laws of the State of Texas.

In accordance with provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code notice is hereby given that a Possible Quorum of the governing body of the City of Schertz, Texas may take place at this meeting.

Call to Order

1. Roll call, recognition of visitors, and review of meeting instructions for effective Board interaction and public participation.

Board President Sammi Morrill presided over the meeting and called it to order at 6:00 p.m.

Board of Directors Present:

Sammi Morrill, Board President
William "Bill" Dixon, Vice President
Donna Steward, Board Treasurer
Mark Moody, Board Member
Eryn McElroy, Board Member
Reynaldo "Ray" Chavez, Board Member

Staff Present:

Scott Wayman, Executive Director
Amy Madison, Deputy Director
Ashley Ritchey, Business Engagement Manager
Brian James, Deputy City Manager

Others Present:

Larry Busch, Public Works Director

Hearing of Residents

2. *This time is set aside for any person who wishes to address the Board. Presentations should be limited to no more than 3 minutes. The presiding officer will call on those persons who have signed up to speak.*

No residents signed up to speak. No comments were made.

Minutes

3. Approval of the minutes for the Board of Directors Regular Monthly Meeting held Thursday, November 21, 2024 (T.Miller)

Board President Sammi Morrill asked for a motion to approve the Minutes of the Board of Directors Regular Monthly Meeting held Thursday, November 21, 2024.

Moved by Board Treasurer Donna Steward, seconded by Board Member Ray Chavez.

AYE: Board President Sammi Morrill, Board Vice President Bill Dixon, Board Treasurer Donna Steward, Board Member Mark Moody, Board Member Eryn McElroy, Board Member Ray Chavez.

Unanimous affirmative vote - Motion carries.

Presentations

4. Staff briefing on SEDC monthly financial statement for the months of November and December 2024. (S.Wayman)

Scott Wayman, Executive Director gave a brief overview of the SEDC Financial Statement for November 2024.

November 2024 sales tax received was \$630,089.46, expenses were \$7,040.64, a 6% increase over the year prior. The 12-month rolling average is 1.9% still trending up. Notable expenditures include a payment to Flyer View Group for a city wall map and payments to Citibank for conferences and monthly subscriptions. Total Cash & Investments figure at the end of November was \$39,953,438.00.

December 2024 sales tax received was \$564,619.86, expenses were \$46,891.65, a 5.3% increase over the year prior. The 12-month rolling average is 2% still trending up. Notable expenditures include an incentive payment to Schertz Medical Building and new Hubspot software and set-up. Total Cash & Investments figure at the end of December was \$40,624,799.39.

Scott Wayman, Executive Director gave a brief overview of the Reserve Funds.

5. Presentation on updates to Water and Wastewater Impact Fees. (B.James/L.Busch)

Brian James, Deputy City Manager gave an update on the Water and Wastewater Impact Fees. He gave a brief definition of impact fees and how they can be utilized. An impact fee is a charge or assessment against a new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development.

Mr. James discussed how impact fees can only be used for new developments and non-existent developments. Impact fees may not be used for the repairs, operations, or maintenance of existing or new capital improvements or facility expansions. It may not be used to upgrade, update, expand, or replace existing capital improvements to serve existing developments to meet stricter safety, efficiency, environmental, or regulatory standards or to provide better service to existing developments.

Mr. James discussed the current water impact fee of \$2,934 and wastewater fee of \$1,668 compared to the proposed water impact fee of \$8,814 and wastewater impact fee of \$5,556. The new water and wastewater impact fee rate applies to development platted after the effective date of this update, estimated to be March/April. If platted prior to that date the old rate fee will be paid. He also discussed the phase in process and how it applies to developments that are platted after the effective date of this update. Mr. James discussed the rate adoption and phase in process. Mr. James also responded to questions from board members regarding the impact fee process.

6. Staff briefing and update on SEDC Projects in progress. (S.Wayman)

Scott Wayman, Executive Director gave a brief update on each of the active SEDC projects.

- Caterpillar
- Titan
- Mile Hi
- Schertz Station
- Boom/Connect
- Core 5
- Palapas Schertz
- Schertz Soccer Lighting

Board President Sammi Morrill recessed Open Session to Close Session at 7:40 p.m.

Closed Session

7. Called in accordance with Section 551.087 of the Texas Government Code, Deliberation Regarding Economic Development Negotiations; Closed Meeting. The governmental body is not required to conduct an open meeting (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect.

- Project E-99
- Project E-100

Start time: 7:41 p.m.

End time: 8:00 p.m.

Board President Sammi Morrill reconvened to Open Session at 8:00 p.m.

Reconvene to Regular Session

8. Take any actions based on discussion held in closed session under Agenda Item No. 7.

No action taken based on discussion in Closed Session.

Requests and Announcements

- Announcements by staff:
 - Offices Closed February 17, 2025 - Presidents' Day
 - Next Regular Board Meeting - February 27, 2025
 - Resignation of Board Secretary Henry Hayes
 - Scott Wayman, Executive Director - Appointment of new Board Secretary
- Requests by Board Members to place items on a future SEDC Board Meeting agenda.
 - Board Vice President Bill Dixon - Update on land purchase
 - Board President Sammi Morrill - Update on retail in Schertz Station

Adjournment

Board President Sammi Morrill asked for a motion to adjourn the meeting.

Moved by Board Vice President Bill Dixon, seconded by Board Treasurer Donna Steward.

AYE: Board President Sammi Morrill, Board Vice President Bill Dixon, Board Treasurer Donna Steward, Board Member Mark Moody, Board Member Eryn McElroy, Board Member Ray Chavez.

Unanimous affirmative vote - Motion carries.

Board President Sammi Morrill adjourned the meeting at 8:03 p.m.

MINUTES PASSED AND APPROVED THIS ____ DAY _____ 2025.

Sammi Morrill
Board President

Donna Steward
Board Treasurer

SEDC MEMORANDUM

SEDC
Board Meeting: 02/27/2025
Department: Economic Development Corporation
Subject: Staff briefing on SEDC monthly financial statement for the month of January 2025. (S.Wayman)

SUBJECT:

Staff briefing on SEDC monthly financial statement for the month of January 2025. (S.Wayman)

Attachments

January Financials

CITY OF SCHERTZ
REVENUE AND EXPENSE REPORT (UNAUDITED)
AS OF: January 31th, 2025

***** 2024 - 2025 *****

620-SED CORPORATION
FINANCIAL SUMMARY OVERVIEW

Revenues

| | | | |
|-----------|------------------|---------------|------------------------------|
| Sales Tax | <u>Sales Tax</u> | \$ 529,876.34 | Payment Received in January* |
| | | 7.3% | Annual Increase |
| | | 2.3% | 12-Month Rolling Average |

Expenses

| | |
|-------------------------|-----------|
| Group C Media Inc | 10,720.00 |
| Citibank - Amy Madison | 4,619.95 |
| Citibank - Tracy Miller | 2,556.09 |

Year-to-Date

| | |
|----------------|------------------------|
| Total Revenue | \$ 2,998,531.50 |
| Total Expenses | <u>\$ 751,188.39</u> |
| Over/Under | <u>\$ 2,247,343.11</u> |

Cash & Investments

| | |
|-------------|-------------------------|
| Cash | \$ 358,983.51 |
| Investments | <u>\$ 40,976,671.77</u> |
| Total | <u>\$ 41,335,655.28</u> |

*sales taxes are delayed 2 months from received to earned. Sales Taxes recognized in report are estimates and are adjusted to actual when payments are received.

CITY OF SCHERTZ
REVENUE AND EXPENSE REPORT (UNAUDITED)
AS OF: January 31th, 2025

| ***** 2024 - 2025 ***** | | | | | | | |
|--------------------------------------|--------------------|-------------------|---------------------|---------------------|----------------|----------------------|---------------|
| 620-SED CORPORATION | CURRENT | CURRENT | PRIOR YEAR | CURRENT | Y-T-D | BUDGET | % OF |
| FINANCIAL SUMMARY | BUDGET | PERIOD | Y-T-D ACTUAL | Y-T-D ACTUAL | ENCUMBR | BALANCE | BUDGET |
| REVENUE SUMMARY | | | | | | | |
| Taxes | 7,083,000 | 510,471.41 | 2,248,172.23 | 2,341,738.64 | - | 4,741,261.36 | 33.06% |
| Fund Transfers | - | - | 190,391.66 | - | - | - | 0.00% |
| Miscellaneous | 1,260,000 | 189,947.82 | 619,195.45 | 656,792.86 | - | 603,207.14 | 52.13% |
| TOTAL REVENUES | 8,343,000 | 700,419.23 | 3,057,759.34 | 2,998,531.50 | - | 5,344,468.50 | 35.94% |
| EXPENDITURE SUMMARY | | | | | | | |
| NONDEPARTMENTAL | | | | | | | |
| City Supported Services* | 15,299,100 | - | - | 380,000.00 | - | 14,919,100.00 | 2.48% |
| TOTAL NONDEPARTMENTAL | 15,299,100 | - | - | 380,000.00 | - | 14,919,100.00 | 2.48% |
| ECONOMIC DEVELOPMENT | | | | | | | |
| Personnel Services | 24,575 | 5,261.12 | 5,210.87 | 7,523.07 | - | 17,051.93 | 30.61% |
| Supplies & Equipment | 61,175 | 201.24 | 6,117.09 | 14,402.52 | - | 46,772.48 | 23.54% |
| City Supported Services | 214,500 | - | 2,616.17 | 175.44 | - | 214,324.56 | 0.08% |
| Utility Services | 975 | 23.73 | 171.00 | 154.88 | - | 820.12 | 15.89% |
| Operating Expense | 398,135 | 16,198.54 | 168,722.81 | 44,093.48 | - | 354,041.52 | 11.08% |
| Professional Services | 61,300 | 46.00 | 1,344.00 | 299.00 | - | 61,001.00 | 0.49% |
| Fund Charges/Transfers | 609,080 | - | 273,441.50 | 304,540.00 | - | 304,540.00 | 50.00% |
| TOTAL ECONO DEVELOPMENT | 1,369,740 | 21,730.63 | 457,623.44 | 371,188.39 | - | 998,551.61 | 27.10% |
| TOTAL EXPENDITURES | 16,668,840 | 21,730.63 | 457,623.44 | 751,188.39 | - | 15,917,651.61 | 4.51% |
| ** REVENUE OVER(UNDER) EXPEND | (8,325,840) | 678,688.60 | 2,600,136 | 2,247,343 | | | |

CITY OF SCHERTZ

REVENUE REPORT (UNAUDITED)

AS OF: January 31th, 2025

| ***** 2024-2025 ***** | | | | | | | |
|-----------------------------------|-------------------|-------------------|----------------------------|-------------------------|------------------|---------------------|----------------|
| 620-SED CORPORATION REVENUES | CURRENT BUDGET | CURRENT PERIOD | PRIOR YEAR Y-T-D ACTUAL | CURRENT Y-T-D ACTUAL | Y-T-D ENCUMBR | BUDGET BALANCE | % OF BUDGET |
| <u>Taxes</u> | | | | | | | |
| 000-411500 Sales Tax Revenue (4B) | 7,083,000 | 510,471.41 | 2,248,172.23 | 2,341,738.64 | - | 4,741,261.36 | 33.06% |
| TOTAL Taxes | 7,083,000 | 510,471.41 | 2,248,172.23 | 2,341,738.64 | - | 4,741,261.36 | 33.06% |
| <u>Fund Transfers</u> | | | | | | | |
| 000-486000 Transfer In | - | - | 190,391.66 | - | - | - | 0.00% |
| TOTAL Fund Transfers | - | - | 190,391.66 | - | - | - | 0.00% |
| <u>Miscellaneous</u> | | | | | | | |
| 000-491000 Interest Earned | 10,000 | 677.54 | 5,319.77 | 2,916.08 | - | 7,083.92 | 29.16% |
| 000-491200 Investment Earnings | 1,250,000 | 189,270.28 | 613,875.68 | 653,876.78 | - | 596,123.22 | 52.31% |
| 000-497000 Misc Income | - | - | - | - | - | - | 0.00% |
| TOTAL Miscellaneous | 1,260,000 | 189,947.82 | 619,195.45 | 656,792.86 | - | 603,207.14 | 52.13% |
| TOTAL REVENUES | 8,343,000 | 700,419.23 | 3,057,759.34 | 2,998,531.50 | - | 5,344,468.50 | 35.94% |

SED CORPORATION
CASH IN BANK AND INVESTMENTS

AS OF: January 31th, 2025

| Cash in Bank | Investment Type | Yield | Maturity | Amount |
|--|--------------------|-------|-----------|-------------------------|
| Claim on Operating Cash Pool-Checking | Bank | 4.34 | - | \$ 358,983.51 |
| Cash in Investments | | | | |
| Texas Class Investment-Economic Development Corp | Pool* | 4.54 | - | 38,592,252.67 |
| Schertz Bank & Trust-Certificate of Deposit 1 Year | CD | 3.75 | 5/10/2025 | 1,206,572.53 |
| Schertz Bank & Trust-Certificate of Deposit 1 Year | CD | 4.00 | 1/5/2026 | 1,177,846.57 |
| Total Cash in Bank & Investments | | | | \$ 41,335,655.28 |

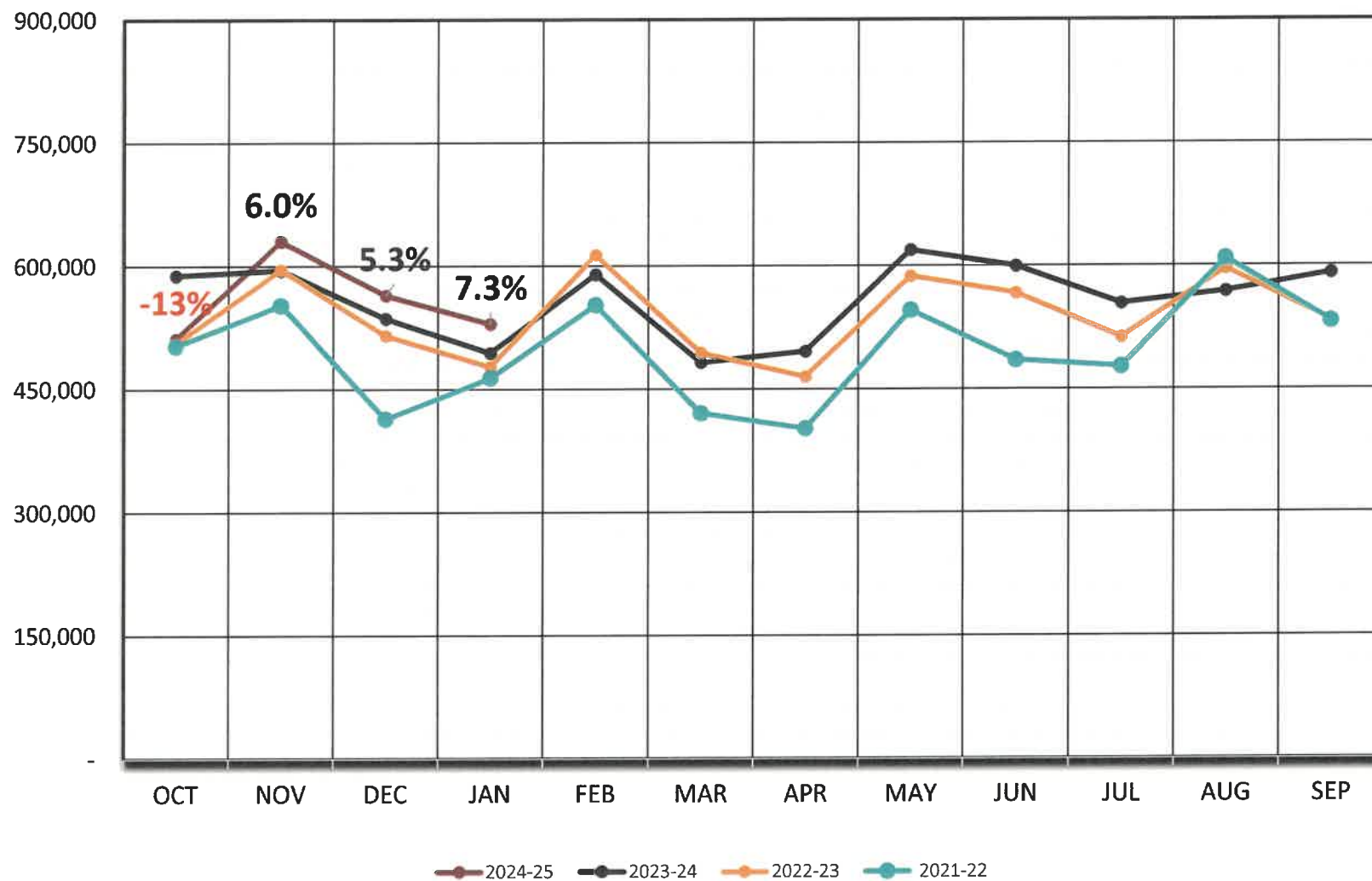
*Local Government Investment Pool, most comparable to a Money Market Mutual Fund

January 2025 PAYABLES REPORT

| VENDOR NAME | DESCRIPTION | AMOUNT |
|---|---|---|
| SED CORPORATION Group C Media Inc Citibank - Amy Madison Citibank - Tracy Miller Citibank - Scott Wayman Citibank - Ashley Ritchey UBEO, LLC Amy Madison Tracy Miller Denton, Navarro Rodrgiuez Wex Bank | 2025 Business Facilities LiveXch 2025 IEDC/IAMC/SSG/ICSC Conferences/memberships TMCA Membership, Monthly Software, Travel Expenses 2025 ICSC/TML/TEDC Conf/Memberships & lunches 2025 IEDC/TEDC Conf/Membership & Monthly software December Copy Rental Per Diem Per Diem December Legal Services December Fuel | 10,720.00 4,619.95 2,556.09 2,398.70 717.25 276.55 221.36 151.00 46.00 23.72 |
| | SUBTOTAL: | 21,730.62 |
| | TOTAL: | \$21,730.62 |

4B SALES TAX

By Collection Month



Sales Tax Industry Breakdown 2024-25

| | % of Sales Tax | | | | | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Industry | Column1 | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Spt |
| Unclassified | 44,45 | 2% | 2% | 0% | 0% | | | | | | | | |
| Ag, Forestry, Fishing, Hunting | 42 | 0% | 0% | 1% | 1% | | | | | | | | |
| Mining | 72 | 0% | 0% | 0% | 0% | | | | | | | | |
| Utilities | 31-33 | 3% | 7% | 2% | 2% | | | | | | | | |
| Construction | 23 | 6% | 5% | 7% | 5% | | | | | | | | |
| Wholesale Trade | 51 | 23% | 21% | 28% | 23% | | | | | | | | |
| Information | 53 | 7% | 4% | 6% | 5% | | | | | | | | |
| Finance & Insurance | 22 | 1% | 1% | 0% | 0% | | | | | | | | |
| Real Estate & Rental & Leasing | 54 | 3% | 3% | 4% | 3% | | | | | | | | |
| Professional, Scientific, & Technical Services | 81 | 1% | 1% | 2% | 1% | | | | | | | | |
| Management of Companies & Enterprises | 56 | 0% | 0% | 0% | 0% | | | | | | | | |
| Administrative & Support & Waste Management & Remediation Services | 11 | 2% | 2% | 2% | 2% | | | | | | | | |
| Educational Services | 0 | 0% | 0% | 0% | 0% | | | | | | | | |
| Health Care & Social Assistance | 48,49 | 0% | 0% | 0% | 0% | | | | | | | | |
| Arts, Entertainment, & Rec | 92 | 0% | 0% | 0% | 0% | | | | | | | | |
| Accommodation & Food | 21 | 9% | 8% | 8% | 8% | | | | | | | | |
| Other Services | 55 | 2% | 3% | 2% | 2% | | | | | | | | |
| Public Admin | 62 | 0% | 0% | 0% | 0% | | | | | | | | |
| Manufacturing | 52 | 7% | 13% | 2% | 10% | | | | | | | | |
| Retail Trade | 61 | 33% | 30% | 34% | 37% | | | | | | | | |
| Transportation & Warehousing | 71 | 1% | 0% | 0% | 0% | | | | | | | | |
| | | | | | | | | | | | | | |

SEDC MEMORANDUM

SEDC
Board Meeting: 02/27/2025
Department: Economic Development Corporation
Subject: Resolution 2025-1 - Authorizing the Executive Director of the City of Schertz Economic Development Corporation to enter into a Performance Agreement with EastGroup Properties, L.P. (S.Wayman)

BACKGROUND

The EDC has been working for many years to complete this Town Creek sewer line. You are all aware that this project started many years ago with the Town Creek Sewer Study conducted by Kimley Horn.

The northernmost piece of the Town Creek sewer line is to be constructed by Boomerang and Lovett. The piece that we are discussing this evening will be the final, southernmost portion that will take the sewer from 3009 to its location on FM 2252 where Boomerang and Lovett leave work stops. The completion of this Town Creek sewer line will be an extraordinary accomplishment for the Economic Development Corporation and there are many moving parts to it.

COMMUNITY BENEFIT

Provision of sewer to the Town Creek Sewer Shed.

FISCAL IMPACT

\$6,785,000 for the sewer construction and additional work of \$750,000 for work to decommission the Tri County Lift Station.

SUMMARY OF RECOMMENDED ACTION

Staff recommends approval of SEDC Resolution 2025-1

Attachments

Res. 2025-1

SEDC RESOLUTION 2025-1

A RESOLUTION BY THE CITY OF SCHERTZ DEVELOPMENT CORPORATION, TEXAS AUTHORIZING THE EXECUTIVE DIRECTOR OF THE CITY OF SCHERTZ ECONOMIC DEVELOPMENT CORPORATION TO ENTER INTO A PERFORMANCE AGREEMENT WITH EASTGROUP PROPERTIES, L.P.; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City of Schertz Economic Development Corporation (“SEDC”) is a non-profit industrial development corporation duly established under the Development Corporation Act of 1979, as amended (Section 501.001 et seq. Texas Local Government Code, formerly the Development Corporation Act of 1979) (the “Act”);

WHEREAS, all powers of the corporation are vested in the SEDC Board of Directors (the “Board”) appointed by the governing body of the corporation’s authorizing unity; and

WHEREAS, the Act authorizes a development corporation to fund certain projects as defined by the Act and request development corporations to enter into performance agreements to establish and provide for the direct incentive or make an expenditure on behalf of a business enterprise under a project; and

WHEREAS, EastGroup is pursuing the acquisition of four land parcels totaling approximately 79.497 acres located on FM 3009 near Thousand Oaks in Comal County and recorded by the Comal County Appraisal District; and

WHEREAS, EastGroup contemplates constructing 899,600 square feet in 8 buildings that will result in an estimated assessed value of **SIXTY-NINE MILLION FOUR HUNDRED THIRTY-FIVE THOUSAND TWO HUNDRED SEVENTY-FIVE** (\$69,435,275) on the Comal County Appraisal District tax roll; and

WHEREAS, EastGroup have requested the assistance of the City and SEDC to ensure a path to securing wastewater service and alleviate costs associated with extending wastewater from the Properties to the nearest connection point located near FM 2252; and

WHEREAS, the agreement provides that EastGroup will receive not more than **SEVEN MILLION SIX HUNDRED TWENTY-FIVE THOUSAND** (7,625,000) for Public Improvements; and

WHEREAS, Sections 501, 502, and 505 of the Texas Local Government Code (“Texas LGC”) authorizes the SEDC to fund certain projects as defined therein and enter into performance agreements to establish and provide for the direct incentive or make an expenditure on behalf of a business enterprise under a project; and

WHEREAS, Section Sec. 505.159 of the Texas LGC requires the SEDC to hold a public hearing to undertake projects, and a public hearing was held on February 27, 2025 at the SEDC Board Meeting; and

WHEREAS, Section 501.073 of the Act requires the City of Schertz, the SEDC authorizing unit, to approve all SEDC programs and expenditures.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF SCHERTZ ECONOMIC DEVELOPMENT CORPORATION THAT:

Section 1. The Schertz Economic Development Board hereby approves the Economic Development Performance Agreement attached hereto as ATTACHMENT A and authorizes the President to execute and deliver in substantial form as attached to the City of Schertz for final authorization of project expenditures.

Section 2. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 3. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 4. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 5. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the board hereby declares that this Resolution would have been enacted without such invalid provision.

Section 6. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 7. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED AND ADOPTED, this _____ day of _____, 2025.

**CITY OF SCHERTZ ECONOMIC
DEVELOPMENT CORPORATION**

Sammi Morrill, SEDC Board President

ATTEST:

Donna Steward, SEDC Board Treasurer

ATTACHMENT A

ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT

EastGroup

This Economic Development Incentive Agreement (“Agreement”) is by and between the Schertz Economic Development Corporation, a Texas non-profit development corporation under the Development Corporation Act and governed by TEX. LOC. GOV. CODE chapters 501, 502 and 505 and the Texas Non-Profit Corporation Act (hereinafter called “SEDC” or the “Corporation”), and EastGroup Properties, L.P., a Delaware limited partnership authorized to do business in Texas (hereinafter called “EastGroup” or “Developer”), otherwise known as the “Parties” to this Agreement, is made and entered into effective as of _____, 2025.

RECITALS

WHEREAS, EastGroup is pursuing the acquisition of four land parcels set forth as **Exhibit “A”** (the “EastGroup Property”) totaling approximately 79.497 acres located on FM 3009 near Thousand Oaks in Comal County and recorded by the Comal County Appraisal District as Parcel IDs 147738, 147739, 147740, 147741; and

WHEREAS, EastGroup contemplates constructing 899,600 square feet in 8 buildings that will result in an estimated assessed value of \$69,435,275 on the Comal County Appraisal District tax roll and noted in the proposed development plan illustrated as set forth in **Exhibit “B”** (the “Project”); and

WHEREAS, EastGroup has requested the assistance of the SEDC to ensure a path to securing wastewater service and alleviate costs associated with extending wastewater from the Project to the nearest connection point as set forth in **Exhibit “C”** (the “Public Improvements”); and

WHEREAS, **Exhibit “D”** (the “Proposed Scope of Work”) sets forth the associated costs for Phase One (as more fully described below); and

WHEREAS, Sections 501, 502, and 505 of the Texas Local Government Code (“Texas LGC”) authorize the SEDC to fund certain projects as defined therein and enter into performance agreements to establish and provide for the direct incentive or make an expenditure on behalf of a business enterprise under a project; and

WHEREAS, EastGroup, in exchange and as consideration for the contemplated funding by SEDC, wishes to satisfy and comply with certain terms and conditions, including the construction of the Public Improvements (as more fully defined below); and

WHEREAS, the Parties believe that the provisions of this Agreement substantially advances a legitimate interest of the City of Schertz, Texas, a Texas home rule municipal corporation (the “City”) and SEDC by providing public infrastructure, expanding the tax base of the City, increasing employment and promoting economic development.

NOW, THEREFORE, in consideration of the mutual covenants, benefits and agreements described and contained in this Agreement, and for other good and valuable consideration, the

receipt and sufficiency of which are hereby acknowledged and further described herein, the Parties agree as follows:

ARTICLE I RECITALS

The recitals set forth above are declared true and correct by the Parties and are hereby incorporated as part of this Agreement.

ARTICLE II AUTHORITY AND TERM

1. Authority. The SEDC, by its execution of this Agreement, represents to other Parties that the SEDC's execution of this Agreement is authorized by Chapter 501 and 505 of the Texas LGC. The SEDC acknowledges that EastGroup is acting in reliance upon the SEDC's performance and money to the establishment of the Project hereinafter set forth.

2. Term. This Agreement shall become enforceable upon the Effective Date, hereinafter established, and shall continue until the Expiration Date, hereinafter established, unless terminated sooner in accordance with the terms of this Agreement.

3. Administration of Agreement. Upon the Effective Date, the SEDC delegates the administration and oversight of this Agreement to the Executive Director of the Corporation. Any proposed amendments to the Agreement shall require the approval of the Board of Directors of the Corporation.

ARTICLE III DEFINITIONS

As used in this Agreement, the following terms shall have the meanings ascribed below. All undefined terms shall retain their usual and customary meaning as ascribed by common and ordinary usage.

"Actual Additional Work Costs" means the actual cost of the Additional Work including, but not limited to, architectural, engineering, legal fees, construction, labor, materials, construction management, and the costs to "carry" the foregoing, as substantiated with receipts and invoices, but in no event to exceed \$750,000.00.

"Actual Total Improvement Costs" means the actual cost of the Public Improvements including, but not limited to, Easement Acquisition Costs (as defined below), architectural, engineering, legal fees, construction, labor, materials, construction management, and the costs to "carry" the foregoing, as substantiated with receipts and invoices and submittal of construction contract and copies of pay applications as documentation of actual costs.

"Additional Work" means the work described in "**Exhibit E**"

"Bankruptcy" or "Insolvency" shall mean the dissolution or termination of a Party's existence as a going business, insolvency, appointment of receiver for any part of such Party's

property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

“Easement Acquisition Costs” means all costs borne by Developer associated with acquiring easements (including costs of the easements themselves) necessary to construct the Public Improvements.”

“Certificate of Occupancy” shall mean the signed certificate issued by the City of Schertz Inspections Division granting EastGroup and/or its tenants the right to occupy a portion of the Project and confirming that the entire work covered by the permit and plans are in place.

“Default” shall mean failure by any Party to timely and substantially comply with any performance requirement, duty, or covenant under this Agreement if uncured within sixty (60) days of receiving written notice from any other Party.

“Effective Date” shall be _____, 2025.

“Expiration Date” shall mean the earlier of:

1. The SEDC’s reimbursement of the Maximum Grant Amount to EastGroup.
2. Five (5) years from the Effective Date of this Agreement, however, the Agreement may be renewed by EastGroup in their sole discretion for an additional five (5 year) period if they have not yet received the Maximum Grant Amount; and
3. The date of termination, provided for under **Article VIII** of this Agreement.

“Force Majeure” shall mean any contingency or cause beyond the reasonable control of a party, including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, government or de facto governmental action (unless caused by the intentionally wrongful acts or omissions of a party), fires, explosions or floods, strikes, slowdowns or work stoppages.

“Fiscal Year” means October 1st of any given calendar year through September 30th of any given following calendar year.

“Maximum Grant Amount” means an amount not to exceed SIX MILLION EIGHT HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$6,875,000).

“Phase One Minimum Requirements” means funding all Public Improvements as noted in **“Exhibit C”** and **“Exhibit D”** to include acquisition of easements, oversight and construction of the wastewater line, and final acceptance by the City of Schertz.

“Phase Two Minimum Requirements” means the construction of two buildings with a total minimum 173,630 square feet valued at an amount equal to or exceeding THIRTEEN MILLION FOUR HUNDRED ONE THOUSAND ONE HUNDRED SEVENTEEN DOLLARS

(\$13,401,117) as reflected by the records of the Comal County Appraisal District, and signed lease agreements for total of 86,815 square footage in Building One and/or Building Two as described in **“Exhibit B”**.

“Property” shall have the meaning as ascribed to in **Exhibit “A”** and in such terms in the recitals as set forth above.

“Project” shall have the meaning as ascribed to in **Exhibit “B”** and in such terms in the recitals as set forth above.

“Public Improvements” means the improvements constructed by EastGroup for the purpose of extending a wastewater line to serve the EastGroup Property as generally depicted in **Exhibit “C”**.

“Texas Comptroller” shall mean the Office of the Texas Comptroller of Public Accounts, or its successor.

ARTICLE IV ECONOMIC DEVELOPMENT GRANTS

1. SEDC’s Funding

In consideration of EastGroup’s pursuit of the construction of the Project and Public Improvements, the SEDC agrees to participate in the funding of the Actual Total Improvements Cost of the Public Improvements as set forth in **Exhibit “C”** in an amount not to exceed the Maximum Grant Amount. Actual Total Improvement Costs shall be verified by the SEDC via documentation of receipts and invoices. Notwithstanding the foregoing, the SEDC hereby agrees that the tasks set forth in **Exhibit “D”** are reasonable and necessary to Phase One (as defined below) and hereby approves such costs and expenses associated with such tasks and agrees to make Grant Payments to the Developer for such Phase One costs and expenses in accordance with the terms of this Agreement. The Developer will make reasonable attempts to provide the SEDC with detailed proposals related to the work described in **Exhibit “D”** for the SEDC’s review and approval, subject to the terms of Article X, Section 12 herein, prior to commencing work.

2. Reimbursement Basis

SEDC’s grant payments shall be funded to EastGroup in two (2) separate installments (each installment, a “Grant Payment,” and together, the “Grant Payments”).

- (a) Phase One Payment: SEDC shall cause the first Grant Payment of not more than 55% of the Maximum Grant Amount to be paid to EastGroup within thirty (30) days following completion of Phase One Minimum Requirements. Proof of completion and final acceptance shall be the acceptance letter from the City of Schertz and proof of all expenditures eligible for reimbursement for the Public Improvements.
- (b) Phase Two Payment: SEDC shall cause the second Grant Payment of up to the remaining 45% of the Maximum Grant Amount to be paid to EastGroup

within thirty (30) days after submitting all required documentation evidencing the completion of Phase Two Minimum Requirements. Proof of completion shall include (1) certificates of occupancy from the City for an aggregated total of 173,630 square feet in two buildings, (2) signed leases evidencing 50% occupancy in one or both buildings totaling a minimum of 86,815 square feet, and (3) records from the Comal County Appraisal District reflecting taxable valuations of equal to or exceeding \$13,401,117.

- (c) Capital Recovery Fees: EastGroup shall be responsible for any Capital Recovery Fees assessed by the City of Schertz. Any Capital Recovery Credits from the construction of the Public Improvements are the sole property of the SEDC as funding authority and may be used or applied at their discretion for any building or facility constructed by EastGroup or any other developer of the collective properties served by the Project. Credits provided by the SEDC to a Developer are non-transferable to other entities.

3. Current Revenue

The Grant Payment distributed hereunder shall be paid solely from lawfully available funds that have been appropriated by the SEDC. Under no circumstances shall the SEDC's obligations hereunder be deemed to create any debt of the City within the meaning of any constitutional or statutory provision. SEDC shall not be obligated to pay any commercial bank lender or similar institution for any loan or credit agreement made by Developer, nor shall any of the SEDC's obligations under this Agreement be pledged or otherwise encumbered in favor of any commercial lender and/or similar financial institution.

4. Additional Work

- (a) EastGroup, may, at its option in its sole discretion, perform the Additional Work. If EastGroup elects to perform the Additional Work, EastGroup will commence such work once EastGroup has obtained all easements necessary to perform such work and EastGroup has commenced construction of the Public Improvements. If EastGroup performs the Additional Work, upon the completion thereof, SEDC shall reimburse EastGroup for the Actual Additional Work Costs up to the sum of \$750,000 as set forth below.
- (b) SEDC shall cause fifty percent (50%) of the Actual Additional Work Costs to be paid to Developer within thirty (30) days after Developer submits all required documentation evidencing fifty percent (50%) completion of the Additional Work, and the remainder of the Actual Additional Work Costs of up to \$750,000 to be paid to Developer within thirty (30) days after Developer submits all required documentation evidencing completion of the Additional Work approved by the City as described in "Exhibit E" attached hereto to re-route the existing sewer flows and decommission the Tri-County Lift Station at 7303 FM3009.

ARTICLE V CONDITIONS TO ECONOMIC DEVELOPMENT GRANTS

The obligation of the SEDC to pay each Grant Payment shall be conditioned upon Developer's compliance with and satisfaction of each of the conditions set forth in this Agreement.

1. Phase One

Shall consist of public utility easement acquisition by Developer, at its sole cost and expense. **Exhibit "D"**, which is attached and incorporated herein, sets forth the Phase One tasks which the SEDC hereby pre-approves.

- (a) Developer shall diligently pursue the acquisition of all easements required for the installation of the proposed wastewater line and shall have the right to request the assistance of the SEDC and City for the acquisition of necessary easements.
- (b) Developer shall be responsible for the cost of acquisition of the necessary easements and will pay all costs and expenses necessary to acquire any easements, however, any costs incurred by Developer on behalf of the SEDC or City shall be reimbursed to Developer in accordance with the terms of this Agreement.
 - i. The Parties agree that should the SEDC and/or the City be unable to assist the Developer in acquiring the necessary easement during Phase One, the Developer may terminate this Agreement without further obligations other than such obligations expressly set forth in this Agreement that survive the Agreement's termination or expiration. The Developer may terminate its obligations under this Agreement by sending written notice thirty (30) days in advance to the SEDC and the City (each a "Developer's Termination Notice") and included in the Developer's Termination Notice shall be such Developer's demand for reimbursement for their actual costs and expenses which the City and SEDC shall reimburse Developer within thirty (30) days after receipt of Developer's Termination Notice. SEDC will reimburse the Developer for its actual costs and expenses in furtherance of the Project, including but not limited to hiring third party consultants and easement acquisition costs, up to \$1,500,000.00 and this obligation shall survive termination of the Agreement. The easements that have been acquired up to that time shall be transferred by the Developer to the City.
 - ii. If the City has previously acquired certain easements that are beneficial and necessary to the Developer's construction of the Public Improvements, the City and SEDC hereby acknowledge and agree that such easements, shall be made available for design and construction of the Public Improvements contemplated hereby.
- (c) Completion of all Public Improvements and evidence of dedication and acceptance by the City as shown in **Exhibit "C"**.

2. Phase Two

- (a) Construction of two buildings in the Project as shown in Exhibit "B" totaling 173,630 square feet and valued at an amount equal to or exceeding THIRTEEN MILLION FOUR HUNDRED ONE THOUSAND ONE HUNDRED

SEVENTEEN DOLLARS (\$13,401,117) as certified by the Comal County Appraisal District.

- (b) Evidence of having leased 50% of either Building One or Building Two of the Project as set forth in **“Exhibit B”**.
- 3. Order of Performance. SEDC and the City acknowledge and agree that Developer may complete Phase One before Phase Two and further agree that the order in which Developer completes Phase One and Phase Two shall not alter SEDC’s payment obligations under this Agreement.
- 4. Clawback. For a period of eighteen (18) months following the date of completion of the Phase Two Minimum Requirements, if signed lease agreements covering Building One and/or Building Two as described in **“Exhibit B”** fall below 86,815 square feet in total (a “Lease Shortfall”) at any time during such eighteen (18) month period, and Developer does not cure such Lease Shortfall by entering into replacement leases or expansions of existing leases covering Building One and/or Building Two within twelve (12) months after the occurrence of such Lease Shortfall, a portion of the Phase Two Payment is subject to reimbursement by Developer as follows:
 - (a) If the Lease Shortfall occurs during the first twelve (12) months following the date of completion of the Phase Two Minimum Requirements and is not cured by Developer as set forth above, Developer shall refund to SEDC a portion of the Phase Two Payment equivalent to eighty percent (80%) of the percentage by which the total leased space in Building One and/or Building Two falls below 86,815 square feet. For example, if during the first twelve (12) months following the date of completion of the Phase Two Minimum Requirements, signed lease agreements covering Building One and/or Building Two reduce to a total of 34,726 square feet, Developer would refund to SEDC 80% of ((86,815 sf-34,726 sf)/86,815 sf) or 48% of the Phase Two Payment.
 - (b) If the Lease Shortfall occurs during months 13 through 18 following the date of completion of the Phase Two Minimum Requirements and is not cured by Developer as set forth above, Developer shall refund to SEDC a portion of the Phase Two Payment equivalent to sixty percent (60%) of the percentage by which the total leased space in Building One and/or Building Two falls below 86,815 square feet. For example, if during the second twelve (12) months following the date of completion of the Phase Two Minimum Requirements, signed lease agreements covering Building One and/or Building Two reduce to a total of 34,726 square feet, Developer would refund to SEDC 60% of ((86,815 sf-34,726 sf)/86,815 sf) or 36% of the Phase Two Payment.

ARTICLE VI COVENANTS AND DUTIES

1. SEDC’s Covenants and Duties

- (a) SEDC Grant Payment. The SEDC is obligated to pay EastGroup an amount not to exceed the Maximum Grant Amount from sources contemplated by this Agreement,

subject to EastGroup's timely and full satisfaction of all applicable terms and conditions of this Agreement. Further, SEDC's obligations to pay EastGroup shall cease upon the earlier of: (1) payment in full of the Maximum Grant Amount and payment of any remaining Actual Total Improvements Costs through allocations and reimbursements from a pro rata agreement between the City and EastGroup; (2) reaching the Agreement's Expiration Date; or (3) Default by EastGroup in accordance with the terms of this Agreement.

- (b) Substantial Compliance and Default. Failure by any Party to timely and substantially comply with any performance requirement, duty, or covenant shall be considered an act of Default if uncured within sixty (60) days of receiving written notice from the non-defaulting Party. Failure of EastGroup to timely and substantially cure a default will give the SEDC the right to terminate this Agreement, as reasonably determined by the Board of Directors of the Corporation, however, if EastGroup completes the required curative action prior to SEDC's termination then EastGroup will no longer be in Default and SEDC will no longer have the option to terminate this Agreement for that specific default by EastGroup. Notwithstanding the foregoing, if the SEDC terminates this Agreement in accordance with this provision, the SEDC's obligation to fund the Grant Payment and any other reimbursement obligation that was otherwise due and payable as of the date of termination shall not survive termination.

- 2. EastGroup's Covenants and Duties. EastGroup makes the covenants and warranties to timely and fully perform the obligations and duties contained in Article V of this Agreement. Any false or substantially misleading statements by Developer contained herein or failure of Developer to timely and fully perform those obligations and duties within this Agreement, subject to all applicable notice and cure periods, shall be an act of Default by EastGroup.

- (a) EastGroup is authorized to do business with the Texas Comptroller and is in good standing with the Texas Secretary of State and shall remain in good standing with the Texas Secretary of State during the term of this Agreement.
- (b) The execution of this Agreement has been duly authorized by EastGroup's authorized agent, and the individuals signing this Agreement are empowered to execute such Agreement and bind the entity. Said authorization, signing and binding effect is not in contravention of any law, rule, regulation, or of the provisions of EastGroup's governing documents, or of any agreement or instrument to which EastGroup is a party to or by which it may be bound.
- (c) To its current, actual knowledge, EastGroup is not a party to any bankruptcy proceedings currently pending or contemplated, and EastGroup has not been informed of any potential involuntary bankruptcy proceedings.
- (d) EastGroup shall acquire and maintain all necessary approvals for rights, licenses, permits, and authority to carry on its business from the City and/or all other governmental agencies having jurisdiction over the construction of Public Improvements to the Property and shall continue to use reasonable efforts to maintain all necessary approvals for rights, licenses, permits, and authority.
- (e) EastGroup shall timely and fully, subject to any applicable notice and cure periods, comply with all of the terms and conditions of this Agreement.

- (f) EastGroup agrees to use reasonable efforts to complete, or cause to be completed, the Public Improvements described herein at its sole cost and expense, subject to SEDC's funding of the Maximum Grant Amount.
- (g) EastGroup's Project will not be obligated to directly create or retain any jobs and will result in a minimum assessed value of a capital investment, including land, of at least or exceeding THIRTEEN MILLION FOUR HUNDRED ONE THOUSAND ONE HUNDRED SEVENTEEN DOLLARS (\$13,401,117). Notwithstanding the foregoing, should a disagreement arise over the calculation of the total capital investment, then the full assessed property value, land plus all improvements, as determined by Comal County Appraisal District shall govern.
- (h) To the extent not already attached to this Agreement as **Exhibit "C"**, EastGroup agrees to prepare, or cause to be prepared, plans and specifications for the Public Improvements prior to starting any construction.
- (i) EastGroup agrees to supervise the construction of the Project and cause the construction to be performed substantially in accordance with the Public Improvements approved by the City in accordance with federal, state, and local laws and ordinances and this Agreement.
- (j) EastGroup shall be responsible for paying, or causing to be paid, to City and all other governmental agencies the cost of all applicable permit fees and licenses required for construction of the Project. Developer agrees to develop the Project in accordance with the ordinances, rules and regulations of the City in effect on the date the project was designated, unless specified otherwise in this Agreement. EastGroup, in its sole discretion, may choose to comply with any or all the City rules promulgated after the Effective Date of this Agreement.
- (k) EastGroup, at the City's and SEDC's expense, shall dedicate, convey and transfer all easements and public utilities to the City within ninety (90) days after the Public Improvements are accepted by the City.
- (l) EastGroup shall cooperate with SEDC in providing all necessary information to assist the City in complying with this Agreement.
- (m) The cost of the Public Improvements and all other improvement expenses associated with the Project shall be funded through the use of EastGroup's own capital or through credit secured solely by EastGroup.
- (n) EastGroup shall not knowingly employ an undocumented worker as defined in the Texas Government Code Section 2264.051.

ARTICLE VII DEVELOPMENT STANDARDS

1. Plan. The Project shall be developed in substantial accordance with the Project as depicted in **Exhibit "B"**.

ARTICLE VIII TERMINATION

1. Termination. This Agreement shall terminate upon the earliest occurrence of any one or more of the following:

- (a) The written agreement of the Parties;
- (b) By Developer, in its sole and absolute discretion, if Developer does not acquire the EastGroup Property;
- (c) The Agreement's Expiration Date;
- (d) Default by Developer (at the option of the Corporation), subject to all applicable notice and cure provisions; or
- (e) Upon thirty (30) days written notice from Developer to SEDC and City if
 - (i) Developer is unable to acquire, in Developer's sole and absolute discretion, the necessary easements during Phase One, regardless of the SEDC or the City's assistance, or
 - (ii) Developer is unable to construct the Project or the Public Improvements, in Developer's sole and absolute discretion.

ARTICLE IX DISPUTE RESOLUTION

1. Mediation. If a dispute arises out of or relates to this Agreement or the breach thereof, the Parties shall first in good faith seek to resolve the dispute through negotiation between the authorized management of each respective Party. If such dispute cannot be settled through negotiation, the Parties agree to try in good faith to settle the dispute by mediation under the Commercial Mediation Rules of the American Arbitration Association, San Antonio, Texas, before resorting to litigation; provided that a Party may not invoke mediation unless it has provided the other Party with written notice of the dispute and has attempted in good faith to resolve such dispute through negotiation. Notwithstanding the foregoing, any Party may seek immediate equitable relief, without attempting to settle a dispute through mediation, in any case where such Party is entitled to equitable relief by law, the terms of the Agreement, or otherwise. All costs of negotiation and mediation collectively known as alternate dispute resolution ("ADR") shall be assessed equally between the Parties with each party bearing their own costs for attorneys' fees, experts, and other costs of ADR and any ensuing litigation.

2. Escrow Agent. During the term of this Agreement, if EastGroup files and/or pursues an adversarial proceeding against the SEDC regarding this Agreement without first engaging in good faith mediation of the dispute, then, at the SEDC's option, all access to the funds provided for hereunder may be deposited with a mutually acceptable escrow agent that will deposit such funds in an interest bearing account until the resolution of such adversarial proceeding.

3. Attorney Fees. Under no circumstances will the funds received under this Agreement be used, either directly or indirectly, to pay costs or attorney fees incurred in any adversarial proceeding regarding this Agreement against either the Corporation or the City of Schertz.

ARTICLE X MISCELLANEOUS

1. Binding Agreement. The terms and conditions of this Agreement shall be binding on and inure to the benefit of the Parties, and their respective successors and assigns. The Executive Director of the Corporation shall be responsible for the administration of this Agreement and shall have the authority to execute any instruments, duly approved by the Corporation, on behalf of the Parties related thereto.

2. Mutual Assistance. The Parties will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carrying out such terms and provisions.

3. Representations and Warranties. The SEDC represents and warrants to EastGroup that this Agreement is within their authority, and that they are duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. EastGroup represents and warrants to the SEDC that it has the requisite authority to enter into this Agreement.

4. Assignment. EastGroup shall have the right to assign all of its rights, duties, and obligations under this Agreement to a duly qualified third party with prior written approval of the SEDC, which shall not be unreasonably withheld, conditioned or delayed. Any assignment provided for herein shall not serve to enlarge or diminish the obligations and requirements of this Agreement, nor shall they relieve EastGroup of any liability to the SEDC including any required indemnity in the event that any Assignee hereof shall at any time be in Default of the terms of this Agreement. The SEDC may demand and receive adequate assurance of performance including the deposit or provision of financial security by any proposed Assignee prior to its approval of an assignment.

5. Independent Contractors.

(a) It is expressly understood and agreed by all Parties hereto that in performing their services hereunder, EastGroup at no time will be acting as an agent of the SEDC and that all consultants or contractors engaged by EastGroup respectively will be independent contractors of EastGroup; and nothing contained in this Agreement is intended by the Parties to create a partnership or joint venture between the Parties and any implication to the contrary is hereby expressly disavowed. The Parties hereto understand and agree that the SEDC will not be liable for any claims that may be asserted by any third party occurring in connection with services performed by EastGroup under this Agreement, unless any such claims are due to the fault of the SEDC.

(b) By entering into this Agreement, except as specifically set forth herein, the Parties do not waive, and shall not be deemed to have waived, any rights, immunities, or defenses either may have, including the defense of parties, and nothing contained herein shall ever be construed as a waiver of sovereign or official immunity by the SEDC with such rights being expressly reserved to the fullest extent authorized by law and to the same extent which existed prior to the execution hereof.

- (c) No employee of the SEDC, or any board member, or agent of the SEDC, shall be personally responsible for any liability arising under or growing out of this Agreement.
- (d) No employee of Developer, or any board member, director, shareholder or agent of Developer, shall be personally responsible for any liability arising under or growing out of this Agreement
6. Notice. Any notice required or permitted to be delivered hereunder shall be deemed delivered by actual delivery, or on the first business day after depositing the same in the hands of a reputable overnight courier (such as United States Postal Service, FedEx or UPS) and addressed to the Party at the address set forth below:

If intended for SEDC: Schertz Economic Development Corporation
Attention: Exec. Dir. of Economic Development
1400 Schertz Parkway
Schertz, TX 78154

With a copy to:
Denton Navarro Rodriguez Bernal Santee and Zech
Attention: T. Daniel Santee
2517 North Main Avenue
San Antonio, TX 78212

If to the EastGroup: EastGroup Properties, L.P.
Attention: Matt Troutt
6565 N. MacArthur Blvd, Suite 255
Irving, Texas 75039

With a copy to:
Butler Snow LLP
Attention: Craig D. Smith
1020 Highland Colony Parkway, Suite 1400
Ridgeland, Mississippi 39157

Any Party may designate a different address at any time upon written notice to the other Parties.

7. Governmental Records. All invoices, records and other documents required for submission to the City pursuant to the terms of this Agreement are Governmental Records for the purposes of Texas Penal Code Section 37.10

8. Governing Law. The Agreement shall be governed by the laws of the State of Texas, and the venue for any action concerning this Agreement (subject to the dispute resolution mechanisms of Article IX above) shall be in the Courts of Guadalupe County. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

9. Amendment. This Agreement may be amended by mutual written agreement of the Parties, as approved by the Board of Directors of the SEDC.

10. Legal Construction. In the event any one or more of the provisions contained in this Agreement shall, for any reason, be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions of this Agreement, and it is the intention of the Parties to this Agreement that, in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid, or unenforceable.

11. Payment of Legal Fees. Company commits to reimburse the Corporation for the necessary legal fees in the preparation of any amendment to this Agreement requested by Company. Timely payment shall be made within 60 days of submittal of invoice to Company by the SEDC or its assigns. Each Party shall bear its own attorney's fees in connection with the negotiation of this Agreement.

12. Interpretation. Each of the Parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which Party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, whatever its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any Party. Any approval by the SEDC or the City as required by this Agreement shall be construed as such approval shall not be unreasonably withheld, conditioned or delayed by the SEDC or the City. Further, any proposal by the Developer submitted for approval by the SEDC and/or the City shall be deemed approved if the approving authority, either the SEDC or the City, fails to respond within ten (10) business days of delivery of such proposal.

13. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written agreement between the Parties that, in any manner, relates to the subject matter of this Agreement, except as provided for in any Exhibits attached hereto or duly approved amendments to this Agreement, as approved by the Board of Directors of the SEDC.

14. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

15. Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument. Signatures provided by facsimile or electronic transmission shall have the same force and effect as original signatures and shall be binding upon the Parties.

16. Exhibits. Any Exhibits attached hereto are incorporated by reference for all purposes.

17. Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

18. Indemnification.

DEVELOPER AGREES TO DEFEND, INDEMNIFY AND HOLD THE CORPORATION AND CITY, AND THEIR RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES HARMLESS FROM AND AGAINST ANY AND ALL REASONABLE LIABILITIES, DAMAGES, CLAIMS, LAWSUITS, JUDGEMENTS, ATTORNEY FEES, COSTS,

EXPENSES AND ANY CAUSE OF ACTION THAT DIRECTLY RELATES TO ANY WILLFUL ACT OR GROSS NEGLIGENCE BY THE DEVELOPER UNDER THIS AGREEMENT, SAVE AND EXCEPT THAT DEVELOPER'S INDEMNITY PROVIDED HEREIN SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM ANY ACT OR OMISSION OR NEGLIGENCE OF THE SEDC OR CITY. NOTWITHSTANDING THE FOREGOING, THE SEDC AND CITY EXPRESSLY WAIVE ANY AND ALL RIGHTS TO RECOVER OR SEEK INDEMNIFICATION FROM DEVELOPER FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, OR PUNITIVE DAMAGES ARISING UNDER THIS AGREEMENT AND INCURRED BY SEDC OR THE CITY. DEVELOPER'S INDEMNITY OBLIGATION SHALL ONLY APPLY TO CLAIMS MADE DIRECTLY BY THE CITY OR SEDC AND SHALL NOT INCLUDE ANY CLAIMS MADE BY THIRD PARTIES BY OR THROUGH THE CITY OR SEDC. DEVELOPER'S LIABILITY AND OBLIGATIONS AS SET FORTH IN THIS SECTION SHALL BE PROPORTIONAL TO EACH PARTIES' RESPONSIBILITY FOR THE INDEMNIFICATION CLAIM'S PRECIPITATING ACT OR OMISSION. THE PROVISIONS OF THIS SECTION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. THIS PROVISION SHALL SURVIVE FOR SIX (6) MONTHS FROM THE DATE OF TERMINATION OR EXPIRATION OF THIS AGREEMENT.

19. Additional Instruments. The Parties agree and covenant to cooperate, negotiate in good faith, and to execute such other and further instruments and documents as may be reasonably required to fulfill the public purposes provided for and included within this Agreement.

20. Force Majeure. Whenever a period of time is herein prescribed for action to be taken by the Developer, the Developer shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to causes of any kind whatsoever which are caused by Force Majeure.

[Signatures begin next page]

[Signature page to Economic Development Incentive Agreement]

Executed on this _____ day of _____ 2025.

**SCHERTZ ECONOMIC DEVELOPMENT
CORPORATION**

By: _____

ATTEST:

By: _____

Executed on this _____ day of _____, 2025

DEVELOPER

EASTGROUP PROPERTIES, L.P., a Delaware
limited partnership

By EastGroup Properties General Partners, Inc.,
a Delaware corporation, its general partner

By: _____

Name:

Title:

By: _____

Name:

Title:

21

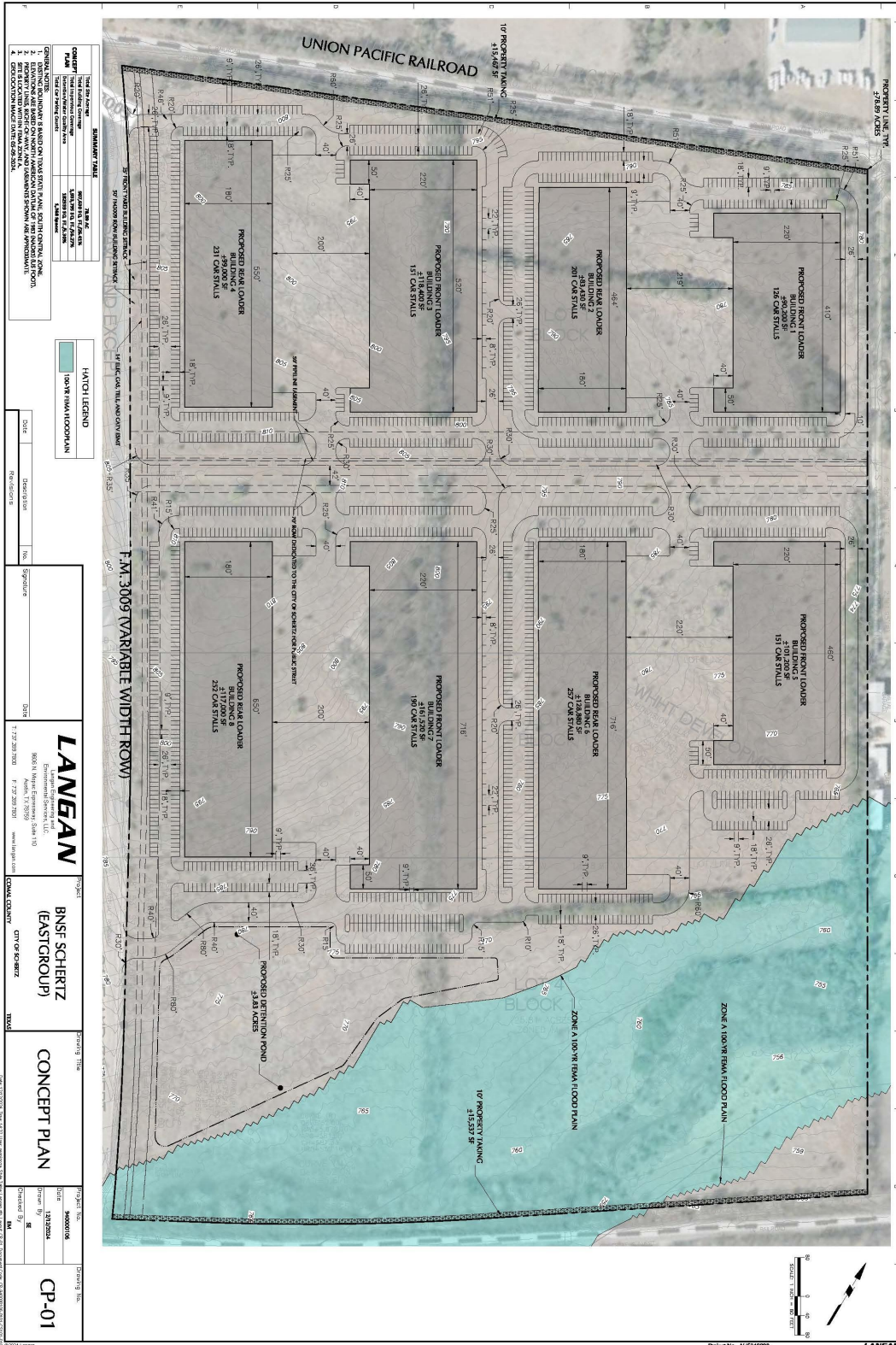


Exhibit C
PUBLIC IMPROVEMENTS
WASTEWATER EXTENSION (in yellow)

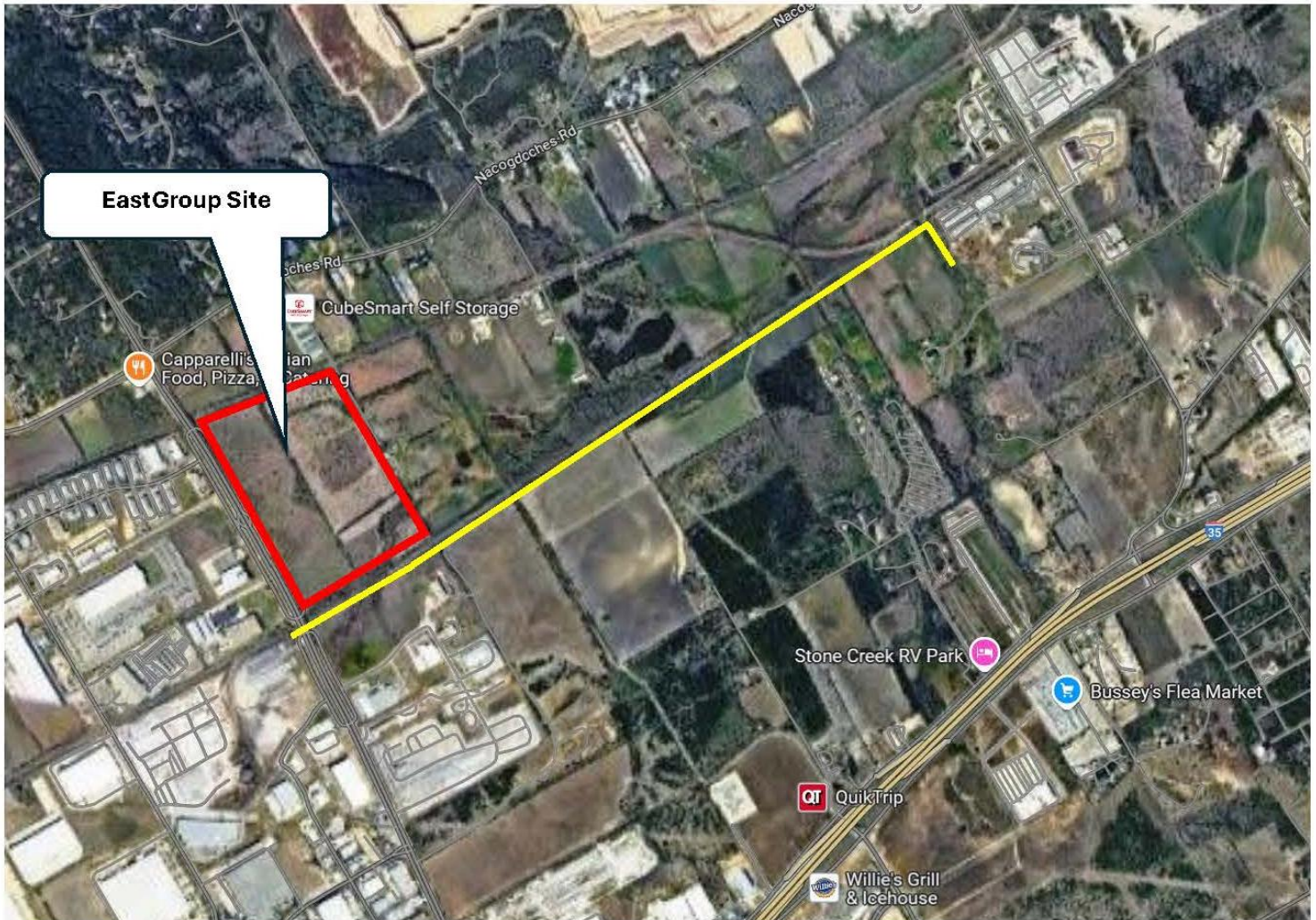


Exhibit D

**SCOPE OF WORK
(PROJECT COST ESTIMATE)**

| Item | Cost | LF | \$/LF |
|-------------------------|---------------------|-----------|--------------|
| RC Page Bid | \$ 4,683,925 | 9,000 | \$ 520.44 |
| Civil | \$ 70,000 | | |
| ROW Surveying | \$ 60,000 | | |
| ROW Acquisition | \$ 720,000 | 9,000 | \$ 4.00 |
| ROW Acq. Agent | \$ 226,800 | | |
| Contingency | \$ 288,036 | | |
| Construction Management | \$ 302,438 | | |
| Construction Interest | \$ 507,332 | | |
| | | | |
| Total | \$ 6,858,531 | | |

Exhibit E
ADDITIONAL WORK

