

Schertz Tax Increment Reinvestment Zone Number Two
Minutes
Tuesday, July 8, 2025
4:00 PM

The Schertz Tax Increment Reinvestment Zone Number Two convened for a meeting on
Tuesday, July 8, 2025 at 4:00 PM in the Council Chambers, Building #4,
1400 Schertz Parkway, Schertz, Texas 78154

TIRZ Board of Directors Present:

Mark Davis, Chair

Brad Pittenger

Clark McChesney, Jr.

Demetric Herron

Paul Macaluso

Ralph Gutierrez

Staff Present:

Brian James, Deputy City Manager

Zinnia Reed, Administrative Assistant

Developer

Bradley Bechtol

CALL TO ORDER at 4:05 PM by Chairperson Davis

Given the new members on the TIRZ Board, introductions of staff and board members occurred. Brian James noted the other members of the Board who were not present.

HEARING OF RESIDENTS

No residents were in attendance.

1. Election of Chairperson and Vice-Chairperson:

Nominations were opened for Chairperson. Ralph Gutierrez nominated Mark Davis as Chair. Clark McChesney seconded the motion. The motion passed with a unanimous vote.

Nominations were opened for Vice-Chairperson. Chairperson Davis nominated Paul Macaluso as Vice-Chairperson. Brad Pittenger seconded the motion. The motion passed with a unanimous vote.

Brian James made mention of a change in state law that would make it easier to allow Board members attend via videoconference.

- 2. Minutes:** Consideration and/or action regarding the approval of the minutes of the January 14, 2025 meeting. A motion was made by Brad Pittenger to approve the minutes of the January 14, 2025 meeting. Clark McChesney seconded the motion. The motion passed with a unanimous vote.

3. Overview of the TIRZ Financials:

Brian James explained the process of sending notices for payment to the participating taxing entities to fund the TIRZ. At the last meeting a payment for \$1,275,000 was approved and subsequently paid to the developer. Per the TIRZ agreement, the developer is eligible for a maximum reimbursement of \$66,000,000.00 over the life of the TIRZ which runs through 2041. At present eligible expenses for infrastructure they have put in of just over \$35,000,000.00 have been approved and of that they have been paid \$6,800,000.00. It is not clear that the developer will realize the full \$66,000,000.00 even though they

will easily hit the \$66,000,000.00 in eligible expenses. The impact of the Veterans Homestead exemptions is significant and will significantly impact funds paid into the TIRZ.

4. Overview of the Development

Bradley Bechtol introduced herself and provided an overview of her role in the development and history with the developer. She noted there has been a lot of construction – both garden homes and single-family homes. Builders are saying sales are slow – but sales are slower in all of their communities due to interest rates and economic uncertainty. Master engineering on all of lots south of Woman Hollering Creek has been completed. This gives an idea of where streets, green space and storm sewer will be. They are focused on moving forward with Module 3A Unit 2. They are working with the City in front of Founders Classical Academy on moving a water line and upsizing a wastewater line that had been a pinch point. This will allow flows north of Lower Seguin Road to be captured. They are under contract with a multi-family developer, the fourth time to be under contract. The problems before seemed to be that the market wasn't quite ready and market capital issues. They are moving forward with the Learning Experience daycare that is into the city with submittals.

At this point 780 houses have been built – some are not sold but are inventory. There are 178 lots with no houses on them but which are for sale. They have 61 developed garden home lots with no houses that are for sale. South of Woman Hollering Creek there are 462 lots planned and once they move north of Lower Seguin Road there are a potential 175 single-family homes planned. They are almost halfway through the community in terms of home construction.

Chesmar Homes is building the garden homes – there are 2 model homes and 14 spec homes with 3 under contract and they may have just closed on one. The homes are 1,580 to 2,600 square feet, so they are pretty large. Prices range from \$340,000.00 to \$418,000.00 and so are priced at about \$207 per square foot. Chesmar only bought 44 of the garden home lots, as they wanted to test the market before buying the other 36 lots.

Module 3A Unit 1 is south of Woman Hollering Creek where houses are being built – there are 139 lots that are 45', 55' and 65' wide. David Weekly and Scott Felder have sold 36 houses total and have 24 built that are under contract or are spec. Weekly's sales are doing well but Felder's were a bit slower. It is worth noting that Weekly's average price is \$488,000.00 and Felder's is around \$556,000.00, so that may be the reason. Felder's prices are more in line with other builders in the community. Construction is planned to start in a few weeks on a concrete channel along FM 1518. Landscaping is generally in over the 7.5 acres of private parkland which allows public access and includes hike and bike trails.

Module 3B Unit 1 is just south of Module 3A Unit 1 and was developed by Brightland Homes who sold half to Highland Homes and is nearing completion of construction. The Crossvine developer has approval control over most aspects of the development - so it has to conform to all of the Crossvine standards. They have sold 5 houses and have 6 houses under contract and Highland Homes has 11 under contract. Brightland's average sale price is \$506,000.00 and Highland's is \$571,000.00 they have 12 built inventory available. All builders have been investing in spec homes – they have to have 4 spec homes on the ground at all times but are doing more than that given the lessons learned from COVID – impact on pricing and availability of materials. This helps them to better control margins and appeal to folks with time constraints who have to move in quickly. This module has 7.8 acre of parkland.

The developer is starting to work on construction plans of Unit 2 of Module 3A, and will have 129 lots. They hoping to start construction in the beginning of next year. Brightland has a second phase of lots in the area and have submitted the plat and construction plans for 89 lots that are 50' wide lots – these will all be Highland Homes and Brightland Homes as well.

Vantage Communities is under contract on the multi-family land that will be market rate. Vantage has done over 30 communities across the country. Its anticipated to have 325 units in a mix of 2 and 3 story buildings as well as some attached two story smaller product on the west side to better buffer the adjacent single family homes. The taxable value should be over \$60,000,000.00 which will really help the TIRZ. The developer is also building a public wastewater line along the edge of the property which provides

sewer to a larger area of the Crossvine. The sale should close by early next year and will hopefully have apartments available for rent in early 2027.

The Learning Experience is a national chain of daycares, and is planning to build a 10,000 square foot building at Hollering Vine and Lower Seguin Road. They want to start construction in the next 3-4 months and want to open in late 2026 – this will be the first commercial development in the Crossvine. They currently have a location in Schertz on FM 3009.

The area north of Lower Seguin Road is the town center – and is designated as a commercial node on the City’s Comprehensive Plan. They are working with the City on development of Lower Seguin Road. They are also coordinating with the City and TxDOT on the plans for Lower Seguin Road and FM 1518 to avoid tearing new construction up and to provide for needed drainage which has a significant impact.

Bradley went over some of the financials. She noted a submittal of another \$11,000,000.00 worth of infrastructure is in for the City for review and approval. They are also pulling together the next submittal which will likely push them to the \$66,000,000.00 cap. They are looking carefully at reimbursements as this was the first year they did not hit their projected reimbursements. There are larger economic issues at play but it is mainly the exemptions. They are also working closely with the City on the sewer capacity issues to keep development moving forward. It is critical they have sewer capacity when needed.

Brad Pittenger discussed the Veterans Homestead exemption waivers. He went over how he analyzes the impact. He noted that in 2013 the TIRZ collected 92% of the value of property. In 2024 the TIRZ collected only 65%, so a significant increase that impacts not only the Crossvine developer but also the City as a whole. He pointed out increases in values in both Sedona and the Crossvine especially during and after COVID. He noted they redo projections every year, but it is still a challenge projecting out to 2041. They are currently projecting two to two and a half homes per month. This year it is lagging, in large part due to economic uncertainty, but he is confident things will improve. He noted they have pretty much spent the \$66,000,000.00 already with the rest not being reimbursable, unless the taxing entities are willing to amend the agreements. He also noted that some of the market changes are causing them to have to come in for more changes to the PDD to better respond to the market, but noted the changes are consistent with the vision of the Crossvine and the master plan. Bradley noted that having five builders instead of two has really helped increase momentum and velocity. She noted the capital investors recently reiterated that they are fully behind the project, so keep pushing forward. Brad noted that it takes a while for master planned communities to gain momentum, so what they have seen is typical, but that being a master planned community they can better maintain momentum in downturns. He noted that the commitment to small details and quality is a big part of what the Crossvine is about. Ralph Gutierrez thanked them for the data and agreed the impact of Veterans Exemptions is significant.

There being no further questions, the Chair called for a motion to adjourn which was made by Brad Pittenger and seconded by Ralph Gutierrez, motion passed unanimously.

Adjournment: *Meeting adjourned at 4:52 PM.*

Attest:

Mark Davis, Chairperson

Brian James, Recording Secretary