



**ECONOMIC
DEVELOPMENT
CORPORATION**

To: Donna Dodgen, Mayor
Seguin City Council

CC: Steve Parker, City Manager
Mark Kennedy, City Attorney

From: Josh Schneuker
Director of Economic Development | SEDC Executive Director

Mtg Date: 10-06-2025

Subject: Nolte Project Term Sheet

Background Information

On July 16, 2025, the City of Seguin ("City") entered into an Exclusive Negotiating Agreement ("ENA") with GFNT, LLC ("Developer") to explore the redevelopment of the Nolte Building located at 101 East Nolte Street. The ENA established a 90-day period during which the parties would negotiate in good faith toward acceptable business terms for a mixed-use redevelopment project that includes a hotel, meeting space, retail, and structured parking (the "Project").

Following the ENA, the City and Developer have worked collaboratively, with input from the City's consultant TBA Douglas, to outline business terms that would form the basis of a definitive Property Conveyance and Development Agreement ("PCDA"). The attached Term Sheet memorializes the current understanding between the parties regarding the conveyance of the property, development program, financial model, feasibility milestones, and obligations of both parties.

It is important to note that the Term Sheet is non-binding. It serves solely as a framework for negotiations and does not obligate either the City or the Developer to complete the Project until such time as a definitive PCDA is executed and approved by City Council.

Additionally, while the Term Sheet identifies an approximately 100-room hotel and other components, specific redevelopment elements such as the hotel room count, mix of uses, and final design remain subject to change as feasibility analysis, financial modeling, and market testing are completed during the negotiation period.

Key highlights of the Term Sheet include:

- Redevelopment of the Nolte Building into a mixed-use project including a hotel, meeting, retail, and structured parking.
- Establishment of a Feasibility Period terminating upon execution of the PCDA or February 13, 2026, whichever comes first.
- Defined milestones for delivery of construction plans, guaranteed maximum price (GMP), and finalized capitalization within 12–15 months of the PCDA, followed by conveyance of the property at financial closing.
- Formal presentation of feasibility findings by the development team to City Council in executive session, with Council review and feedback provided in that setting. Any formal action or approval of an option will take place in open session.
- Requirement for Developer to secure all design, permitting, and construction obligations, while the City remains responsible for maintaining the property and funding an updated hotel market study during the feasibility phase.
- A reversion clause if construction has not commenced within 24 months of PCDA execution

Action Requested

Consider and take action to approve the non-binding Term Sheet between the City of Seguin and GFNT, LLC for the proposed Nolte Project redevelopment, and authorize the City Manager to execute the Term Sheet on behalf of the City.

Fiscal Impact

At this stage, the primary fiscal impacts include:

- City responsibility for maintaining the property until closing.
- City responsibility for funding the updated hotel market study by CSL.
- Future fiscal impact will be determined as part of the finalized PCDA and may include conveyance of the property, property tax abatement, economic development grants, and/or infrastructure participation.

A detailed financial model will be reviewed and approved by the City as part of the PCDA negotiation process.

Staff Recommendation

Staff recommends approval of the Term Sheet with GFNT, LLC and authorization for the City Manager to execute the Term Sheet. Approval will allow the City and Developer to continue progress toward a definitive Property Conveyance and Development Agreement that will be brought back to City Council for final consideration.

Attachments

1. Term Sheet – City of Seguin and GFNT, LLC (Draft dated September 22, 2025)
2. Exclusive Negotiating Agreement – Executed July 16, 2025