

MEMORANDUM

SEGUIN
TEXAS

ECONOMIC
DEVELOPMENT
CORPORATION

To:	Mayor Donna Dodgen Seguin City Council
CC:	Steve Parker, City Manager Mark Kennedy, City Attorney
From:	Josh Schneuker Director of Economic Development SEDC Executive Director
Meeting Date:	March 19, 2024
Subject:	TSTC Incentives Agreement – First Amendment

Background Information – Original Agreement

On March 2, 2023, the SEDC passed Resolution 2023-05, approving an Economic Development Incentive Agreement with Texas State Technical College for the purchase of equipment for the Lone Star Chapter AMT Program. Per the agreement, TSTC is required to purchase the equipment up front and will be reimbursed by the SEDC as TSTC meets certain performance obligations over the term of the agreement. Total SEDC financial participation approved for this project was \$830,940.69.

Per the Agreement, the SEDC will release incremental portions of the financial incentive, which total \$830,940.69, to TSTC after the start of each semester for the AMT Program Cohort 1, and in accordance with the following schedule:

1. **Distribution 1** – A cash grant in the amount of \$207,735.17 shall be paid to TSTC at the beginning of the Fall 2023 semester, and no later than 30 days following the receipt by the SEDC of the Compliance Reporting Form certifying that TSTC has started Semester 1 for the AMT Program.
2. **Distribution 2** – A cash grant in the amount of \$207,735.17 shall be paid to TSTC at the beginning of the Spring 2024 semester, and no later than 30 days following the receipt by the SEDC of the Compliance Reporting Form certifying that TSTC has started Semester 2 for the AMT Program.
3. **Distribution 3** – A cash grant in the amount of \$166,188.14 shall be paid to TSTC at the beginning of the Fall 2024 semester, and no later than 30 days following the receipt by the SEDC of the Compliance Reporting Form certifying that TSTC has started Semester 3 for the AMT Program.
4. **Distribution 4** – A cash grant in the amount of \$166,188.14 shall be paid to TSTC at the beginning of the Spring 2025 semester, and no later than 30 days following the receipt by the SEDC of the Compliance Reporting Form certifying that TSTC has started Semester 4 for the AMT Program.
5. **Distribution 5** – A cash grant in the amount of \$83,094.07 shall be paid to TSTC at the beginning of the Fall 2025 semester no later than 30 days, and upon the receipt by the SEDC of the Compliance Reporting Form certifying that TSTC has started Semester 5 for the AMT Program.

Request to Amend Agreement and Fiscal Impact

TSTC has formally requested an amendment to the existing Performance Agreement to cover funding shortfalls for the purchase of equipment on the original list, as well as additional equipment needed to be purchased outside of the original equipment list (2 Fanuc Robots). The proposed amendment would increase the amount of funding paid out to TSTC over the term of the agreement by \$111,847.96. The SEDC has funding available within our Incentive and Infrastructure Fund to allocate towards this request. This available funding was previously appropriated as matching funds for the High Demand Job Training (HDJT) Grant. The SEDC terminated our pursuit of the HDJT Grant in the Fall of 2023. Language within the existing Incentives Agreement states that "In no event shall the SEDC grant payments to TSTC pursuant to this Agreement exceed \$830,940.69", so an amendment to the agreement is required if the SEDC were to approve this request. The SEDC has already paid out Distribution 1 and 2 (as described above). Staff is proposing that the additional funding allocated for the purchase of the new equipment be paid out over the next three incentive payment distributions.

- **Distribution 3** – A cash grant in the amount of ~~\$166,188.14~~ **\$203,470.79** shall be paid to TSTC at the beginning of the Fall 2024 semester, and no later than 30 days following the receipt by the SEDC of the Compliance Reporting Form certifying that TSTC has started Semester 3 for the AMT Program.
- **Distribution 4** – A cash grant in the amount of ~~\$166,188.14~~ **\$203,470.79** shall be paid to TSTC at the beginning of the Spring 2025 semester, and no later than 30 days following the receipt by the SEDC of the Compliance Reporting Form certifying that TSTC has started Semester 4 for the AMT Program.
- **Distribution 5** – A cash grant in the amount of ~~\$83,094.07~~ **\$120,376.73** shall be paid to TSTC at the beginning of the Fall 2025 semester no later than 30 days, and upon the receipt by the SEDC of the Compliance Reporting Form certifying that TSTC has started Semester 5 for the AMT Program.

Staff Recommendation and Next Steps

On March 7, 2024, the SEDC Board of Directors approved Resolution 2024-07, authorizing the First Amendment to the Incentive Agreement between the Seguin Economic Development Corporation and Texas State Technical College. Staff and the SEDC Board of Directors recommends approval of the Resolution authorizing the First Amendment to the Incentive Agreement between the Seguin Economic Development Corporation and Texas State Technical College.