



**ECONOMIC
DEVELOPMENT
CORPORATION**

MEMORANDUM

To: Mayor Donna Dodgen
Seguin City Council

CC: Steve Parker, City Manager
Andy Quittner, City Attorney

From: Josh Schneuker, Director of Economic Development / SEDC Executive Director

Date: October 3, 2022

Subject: Amendment to the Purchase and Sale Agreement with Maruichi

Original Purchase and Sale Agreement (PSA) Details

On September 6, 2022, the SEDC Board of Directors and the Seguin City Council approved a Resolution authorizing a Purchase and Sale Agreement with Maruichi Stainless Tube Texas Corporation. Per the contract, the SEDC will sell Maruichi the property located on 8th Street at purchase price that will be adjusted on the basis of the survey to equal the product of Three Dollars and 00/100 (\$3.00) multiplied by the number of net square feet of surface area of the Land disclosed by the survey.

The fully executed PSA was receipted by Seguin Title Company on September 9th, with the \$40,000 deposit of earnest money from Maruichi received on September 19th. Maruichi has a period of 60 calendar days from the effective date of the PSA to complete due diligence of the Property. Closing shall occur no later than 30 days following the expiration of the Feasibility Period.

Proposed Amendment to the PSA

The proposed amendment would be applicable to Section A.2 of the PSA, defining “*net square feet*” of surface area of the Land disclosed by the Survey. *Net square feet* would be defined as the gross acres of the Land, reduced by the 1.8198 acre drainage easement located on the northern portion of the property. The easement was dedicated to United Alloy in 2020 as a part of their development on the adjacent property.

Maruichi has been working development plans for the site. Maruichi has attempted to utilize the drainage easement for the conveyance of some of their stormwater, however, site layout and topography render the easement nearly unusable. As a result, Maruichi sees the drainage easement has land area they will own, that provides little to no benefit to them. Maruichi has requested that the easement area be excluded from the net square feet of land subject to the purchase rate of 3.00 per square foot.

Per the PSA, the SEDC has obtained a new survey of the property, highlighting that a total surface area of 33.24 acres. Minus the 1.8198 acre drainage easement, the net square feet of land subject to the purchase rate of \$3.00 per square foot would be 31.4202 acres. The total estimated purchase price would be \$4,105,991.74.

Staff Recommendation

Previous SEDC real estate contracts have included language that defined net square feet or net acreage. In the SEDC's most recent sale of real estate to Rockspring (44 acres at Stempel and 123), "net acres" was defined as the "*gross acres of the Property, reduced by any portion of the Property that is (i) located in the flood plain, (ii) rights of way and easements other than those that directly provide utility services to the Property, (iii) public roadways, or (iv) is mandated to be utilized as a detention facility.*" Defining net square feet is needed to avoid potential conflict as we move towards closing. Staff believes that the proposed amendment is an appropriate compromise to address Maruichi's concerns of the drainage easement.

On September 29, 2022, the SEDC Board of Directors approved Resolution 2022-16, authorizing an amendment to the Purchase and Sale Agreement between the Seguin Economic Development Corporation and Maruichi Stainless Tube Texas Corporation. The SEDC Board of Directors and Staff recommend approval of the amendment to the PSA.