

MEMORANDUM

April 21, 2026

TO: Steve Parker, City Manager
Honorable Mayor and City Council

FROM: Mark Kennedy, City Attorney

RE: Development Agreement for Canvas Subdivision / Red Oak Development Group

Executive Summary

City Council is asked to consider approving execution of a Development Agreement between subsidiaries of the Red Oak Development Group and the City of Seguin, related to the subdivision and development of approximately 350 acres on the north side of Geronimo, in an area to be annexed by the City of Seguin and for which a Public Improvement District and Tax Increment Reinvestment Zone is contemplated.

Background and Necessity

Staff and management for the City has been negotiating the Development Agreement over the last few months. Due to the significant dedication of trails and parks, the type of housing product being proposed, and the establishment of a complimentary commercial development, Staff engaged the City's financial advising team to also negotiate a PID/TIRZ combination on the property. The limits of those financing structures are referenced in the Development Agreement. They are in-step with the limits referenced in the City's recent Development Agreement related to Walnut Springs/Walnut Branch.

Fiscal Impact

Overall, the fiscal impact associated with the development is a positive, as the HOA for the subdivision will dedicate and maintain a significant amount of trails and park land. The TIRZ is calibrated to capture 50% of the tax increment to "pay down" the PID and thus maintain an acceptable Equivalent Tax Rate on the project. The "tax stack" will be in-step and not exceed the maximum allowable Equivalent Tax Rate for the Walnut Springs/Walnut Branch project.

Recommendation

Staff and the Presiding Judge recommend that City Council approve the Development Agreement and authorize the City Manager to execute it and all documents associated with it. Actions related to the TIRZ and PID will be considered by City Council on a future date.