

MEMORANDUM

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

FROM: Mark Kennedy, City Attorney

DATE: March 17, 2026

RE: Mutual Termination of Chapter 380 Economic Development Agreement with Navarro Oaks 123M, LLC

Purpose

The purpose of this memorandum is to request City Council approval for a Mutual Termination Agreement regarding the Chapter 380 Economic Development Agreement ("the Agreement") between the City of Seguin and Navarro Oaks 123M, LLC ("Navarro Oaks").

Background

On October 1, 2019, the City and Navarro Oaks entered into a Chapter 380 Agreement concerning the Navarro Oaks Subdivision, located along the proposed realignment of East Martindale Road. Under the terms of the original agreement, the Developer was obligated to construct the East Martindale Road project as a Major Collector. In exchange, the City agreed to reimburse the Developer using a combination of Ad Valorem tax revenues and Roadway Impact Fees generated by the subdivision.

Rationale for Termination

Since the execution of the Agreement in 2019, the Developer has not taken substantial steps toward the completion of the East Martindale Road project. Furthermore, as project costs and scope have evolved, it has become evident that the financial terms established in the original 2019 agreement would not have sufficiently covered the Developer's construction costs. Concurrently, regional growth and associated traffic impacts have necessitated immediate action by the City. To address these transportation needs, the City has proactively designed the East Martindale Road project and is currently in the process of acquiring the necessary Right of Way. The City intends to move forward with the construction of this critical infrastructure independently, without assistance from the Developer.

Fiscal Impact

There is no negative fiscal impact associated with this termination. The Developer has not performed the work stipulated in the original agreement; therefore, no reimbursements have been made.

Staff Recommendation

Staff recommends approval of the Mutual Termination Agreement with Navarro Oaks 123M, LLC, as it formalizes the closure of this inactive project and provides the City with the necessary administrative clarity to proceed with the East Martindale Road project under its own direction.