

September 24, 2019

To: Mayor and City Council Members

From: Douglas G. Faseler
City Manager



Re: CMC Steel Industrial District Agreement

In 2010 the City of Seguin initiated discussions and negotiations with CMC Steel regarding developing an Industrial District Agreement between the two entities. On July 7, 2010, such an agreement was executed. The terms of the agreement generally were that the City of Seguin would not annex the CMC property and facilities into the city limits of Seguin, and would not require compliance of the property with the City's rules and regulations. In exchange for these terms CMC would make payments to the City of Seguin in lieu of paying property taxes to the City. The term of this agreement was set at 10 years, and it will expire on September 30, 2020. During this term, CMC will have made payments to the City of Seguin totaling \$5,225,000.

In anticipation of the expiration of the agreement next year, staff has contacted CMC representatives requesting the extension of the agreement. Staff developed the payment schedule outlined in the attached agreement. As in the first agreement, payments increase each year by approximately one percent each year. The term of the new agreement is also for 10 years, and it will expire on September 30, 2030. During this term, CMC will have made payments to the City of Seguin totaling \$5,758,948.

Staff recommends approval of the attached resolution and agreement. CMC has already agreed to and executed the new agreement. Please let me know if you have any questions.

C.c. Susan Caddell
Andy Quittner

