



**ECONOMIC
DEVELOPMENT
CORPORATION**

MEMORANDUM

To: Mayor Donna Dodgen
Seguin City Council

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

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

Date: April 15, 2021

Subject: Presentation of the 2020 Economic Development Projects Compliance Report

Background Information

The City of Seguin takes the initiative to invest in its future by offering competitive incentives to companies who are creating primary jobs, making substantial capital investments, and driving innovation in Seguin.

Authorized by Chapter 501 of the Texas Local Government Code, the SEDC may provide direct financial incentives to a qualified business enterprise Project that is capital intensive and will result in the creation or retention of primary jobs. SEDC incentives can take the form of sale of real estate at low/no cost, cash grants, annual reimbursements, or loans. These direct financial incentives to a qualified business enterprise are formalized through a Performance Agreement. A Performance Agreement between the SEDC and the business enterprise at a minimum must contain the following:

1. A schedule of additional payroll or jobs to be created or retained;
2. The capital investment to be made by the business enterprise; and
3. The terms under which repayment must be made by the business enterprise to the economic development corporation should the business fail to meet the performance requirements specified in the agreement.

In 2020, the SEDC had 7 active Performance Agreements with the following business enterprises:

1. Niagara Bottling (Expired 12/31/2020)
2. Cone Bioproducts (Terminated 03/08/2021)
3. Continental Structural Plastics (Expires 12/31/2024)
4. United Alloy (Expires 12/31/2024)
5. Seguin Fabricators (Expires 04/30/2021)

6. Quality Bioresources (Expires 11/19/2021)
7. Coastal Ag Supply (Expires 10/1/2020)

Authorized under Texas Tax Code Chapter 312, Tax Abatements are a type of incentive that allows local governments such as the City of Seguin to exempt all or part of the increased tax value of real property and/or tangible personal property for a period not to exceed 10 years. The City of Seguin has distinct guidelines and criteria for creating a reinvestment zone and authorizing a Chapter 312 Tax Abatement. Like a Performance Agreement, a Tax Abatement Agreement between the City of Seguin and the business enterprise typically contains the following performance obligations:

1. A schedule of additional payroll or jobs to be created or retained;
2. The capital investment to be made by the business enterprise; and
3. The terms under which repayment must be made by the business enterprise to the economic development corporation should the business fail to meet the performance requirements specified in the agreement.

In 2020, the City of Seguin had 5 active Tax Abatement Agreements with the following business enterprises:

1. Caterpillar, Inc. (Expired 12/31/2020)
2. Tractor Supply Co. of Texas (Expired 12/31/2020)
3. Minigrip LLC (Expires 1/1/2024)
4. CSP of Texas, LLC (Expires 1/1/2026 with option to extend)
5. United Alloy of Texas, LLC (Expires 1/1/2026)

Compliance Status

All business enterprises that enter into a Performance Agreement with the SEDC and/or Tax Abatement Agreement with the City of Seguin are required to certify their compliance with their specific performance obligations. Staff has confirmed that all business enterprises listed above are in compliance with the terms of their respective agreements.