

Legislation Text

File #: 18-502, **Version:** 1

Presenter/Contact

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SUBJECT:

Discuss and consider approval of a resolution recommended by the New Braunfels Economic Development Corporation for a project expenditure of up to \$500,000 to US Real Estate Limited Partnership I-35 Logistics, LLC, for construction of required or suitable infrastructure necessary to promote or develop new or expanded enterprises.

BACKGROUND / RATIONALE:

In February of 2016, the NBEDC approved \$500,000 in incentives for US Real Estate Limited Partnership I-35 Logistics, LLC, (USRLP I-35 Logistics LLC), the operating entity of Stream Realty. City Council also approved this project expenditure in February of 2016. The incentives were to be used to attract tenants to the speculative project and were based on jobs. A contract was prepared but USRLP I-35 Logistics LLC did not execute because the company was uneasy guaranteeing the job performance numbers of a third party tenant.

On August 16, 2018, the NBEDC directed staff to rework the contract to tie the incentive to infrastructure rather than jobs as allowed by state law. The Development Corporation Act authorizes this type of economic incentive for the construction of required or suitable infrastructure that is found by the NBEDC board to be necessary to promote or develop new or expanded business enterprises. The NBEDC board found this project to be consistent with the 2017 Economic Development Strategic Plan to increase the inventory or such facilities in New Braunfels.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

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FISCAL IMPACT:

Funding for this incentive is already incorporated into the FY 2017-18 and FY 2018-19 NBEDC budget. Therefore, the funds have already been allocated to support this project expenditure.

COMMITTEE RECOMMENDATION:

TBD

STAFF RECOMMENDATION:

Staff recommends the restructured agreement to honor previous commitments and to ensure a secured return on investment for EDC funds.