

## MEMORANDUM

**SEGUIN**  
TEXAS

ECONOMIC  
DEVELOPMENT  
CORPORATION

<b>To:</b>	Donna Dodgen, Mayor Seguin City Council
<b>CC:</b>	Steve Parker, City Manager Mark Kennedy, City Attorney
<b>From:</b>	Josh Schneuker Director of Economic Development   SEDC Executive Director
<b>Meeting Date:</b>	February 20, 2024
<b>Subject:</b>	Second Amendment to Performance Agreement – Yukon Ventures

### **Background Information – Original Performance Agreement**

On April 28, 2022, the SEDC Board of Directors approved Resolution 2022-07, authorizing a Performance Agreement with Yukon Venture Partners. This action was ratified by the Seguin City Council on May 3, 2022. Yukon Venture Partners, LLC was formed in 2018 by Marty Khait and Oliver Davis-Urman in Austin, TX to develop and finance Cold Storage facilities.

Yukon is planning to develop a cold storage warehouse facility in Seguin on a 15.8-acre tract of land located at the northwest corner of Lawson Street and US Hwy 90 (Kingsbury Street). The Facility will be at least **150,000 square feet**. The minimum total capital investment for the Project is anticipated to be at least **\$30,000,000**.

Per the terms of the Performance Agreement, the SEDC will provide a Performance Based Cash Grant to Yukon in the amount of **\$250,000.00**. In exchange for the Grant, Yukon has agreed to the following performance obligations:

- Yukon will commit to a **minimum Capital Investment of \$30,000,000.00** on or in connection with the development of the Subject Property.
- Yukon will **commence construction** on or before **May 15, 2023**. Commencement of construction will be evidenced by the issuance of a Building Permit by the City of Seguin.
- Yukon will **complete construction** on or before **November 15, 2024**. Completion of construction will be evidenced by the issuance of a Temporary or Final Certificate of Occupancy by the City of Seguin.

The SEDC Performance Based Cash Grant will be distributed in three payments, subject to Yukon subject to meeting the following terms:

**1st Payment:** A cash grant in the amount of **\$83,333.33** shall be paid to Yukon within 30 days after closing on the Subject Property. **This payment was released to Yukon in June 2022.**

- **2<sup>nd</sup> Payment:** A cash grant in the amount of **\$83,333.33** shall be paid to Yukon within 30 days after issuance of a building permit by the City of Seguin.
- **3<sup>rd</sup> Payment:** A cash grant in the amount of **\$83,333.34** shall be paid to Yukon within 30 days after receiving a final Certificate of Occupancy from the City of Seguin, and subject to the Developer providing evidence of that the capital investment benchmark outlined below was met.

### **Background Information – First Amendment to Performance Agreement**

On May 4, 2023, the SEDC Board of Directors approved Resolution 2023-10, authorizing a First Amendment to the Performance Agreement with Yukon Venture Partners. This action was ratified by the Seguin City Council on May 16, 2023. The Performance Agreement between the SEDC and Yukon Ventures was amended as follows:

- Yukon will **commence construction** on or before **February 15, 2023**. Commencement of construction will be evidenced by the issuance of a Building Permit by the City of Seguin. The original deadline for completion of construction is May 15, 2023.
- The Developer will **complete construction** of the 150,000 square foot Facility at the Subject Property on or before **December 31, 2024**. Completion of construction will be evidenced by the issuance of a Temporary or Final Certificate of Occupancy by the City of Seguin. The original deadline for completion of construction is November 15, 2024.

Yukon requested the amendment to the Performance Agreement due to delays experienced as they moved through the City's development process. Yukon's property was originally zoned Commercial. Yukon anticipated that they could move forward with the project within a commercial zoning district, however it was later determined that rezoning of the property to Light Industrial was required in order to conform with the City's Unified Development Code. The rezoning of the Property to Light Industrial was completed in October 2023.

### **Proposed – Second Amendment to the Performance Agreement**

Yukon has made a formal request to the SEDC to amend the Performance Agreement as follows:

- Yukon will **commence construction** on or before **December 31, 2024**. Commencement of construction will be evidenced by the issuance of a Building Permit by the City of Seguin. The original deadline for completion of construction is May 15, 2023.
- The Developer will **complete construction** of the 150,000 square foot Facility at the Subject Property on or before **December 31, 2025**. Completion of construction will be evidenced by the issuance of a Temporary or Final Certificate of Occupancy by the City of Seguin. The original deadline for completion of construction is November 15, 2024.

Yukon is requesting an amendment to the Performance Agreement due to delays created by the Lawson Street Reconstruction Project. Over the past several months, the City of Seguin has been working to acquire Right-Of-Way (ROW) from Yukon for the Lawson Street Project. The acquisition of ROW from Yukon for the Lawson Street project created delays in finalizing site and building plans for the project. The City of Seguin and Yukon recently came to terms on ROW acquisition for the Lawson Street Project. Yukon can now finalize their development plans and begin the site development review process with the City.

### **Staff Recommendation and Next Steps**

On February 12, 2024, the SEDC Board of Directors approved Resolution 2024-05, authorizing the Second Amendment to the Performance Agreement between the Seguin Economic Development Corporation and Yukon Venture Partners, LLC. Staff and the SEDC Board of Directors recommend approval of the Resolution authorizing the Second Amendment to the Performance Agreement between the Seguin Economic Development Corporation and Yukon Venture Partners, LLC by the Seguin City Council.