

STATE OF TEXAS

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A MUNICIPAL PROPERTY TAX ABATEMENT AGREEMENT WITH YUKON VENTURE PARTNERS, LLC FOR THE CONSTRUCTION OF A COLD STORAGE WAREHOUSING FACILITY IN SEGUIN, TEXAS AND THE MAINTENANCE OF CURRENT EMPLOYMENT LEVEL

WHEREAS, the Seguin City Council desires to foster, promote, and encourage the economic development of the community; and

WHEREAS, Yukon Venture Partners, LLC ("Yukon") was formed in 2018 to develop and finance badly needed cold storage facilities; and

WHEREAS, Yukon is proposing to construct a 150,000 square foot cold storage warehouse facility at a cost of a minimum of \$30,000,000 on 15.8 acres of land located at the northwest corner of Lawson Street and Kingsbury Street; and

WHEREAS, all of the publication and hearing requirements for permitting the grant of a tax abatement have been met; and

WHEREAS, working in conjunction with Yukon city staff recommends a four-year tax declining abatement based on an average of 60% of the taxable value of the new construction and equipment.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Seguin, Texas:

Part 1. The attached Tax Abatement Agreement with Yukon Venture Partners, LLC for a period of for four years is hereby approved.

Part 2. The general terms and conditions provide for an abatement of 75% of the value of the new construction and equipment added to the existing facility in the first year declining 10% per year for the remaining three years.

Part 3. The Seguin City Manager is hereby authorized to enter into the attached tax-abatement agreement with Yukon Venture Partners, LLC for the purpose of expanding their facility in Seguin, Texas.

PASSED AND APPROVED on the 3rd day of May 2022.



DONNA DODGEN, MAYOR

ATTEST:



Naomi Manski, City Secretary



TAX ABATEMENT AGREEMENT BETWEEN THE CITY OF SEGUIN AND

YUKON VENTURE PARTNERS, LLC

1. **PARTIES**

This Tax Abatement Agreement ("Agreement") is made and entered into between the City of Seguin, Texas ("City") and Yukon Venture Partners, LLC ("YUKON"), a Texas limited liability company licensed to do business in the State of Texas.

2. **AUTHORIZATION AND FINDINGS**

A. This Agreement is entered into pursuant to the following:

- i. Texas Tax Code Chapter 312.
- ii. City of Seguin **Ordinance No. 2021-22**, designating YUKON's real property within a Seguin Reinvestment Zone #6 (the "Reinvestment Zone").
- iii. City of Seguin **Resolution No. 2021R-431**, establishing guidelines and criteria for tax abatements (the "Guidelines and Criteria").
- iv. City of Seguin **Resolution No. 2022R-077**, passed on May 3, 2022, by the City Council of Seguin, Texas and approving this Agreement.

B. The City, by approval of this Agreement, hereby finds the terms of this Agreement and the property subject to it, to meet the Guidelines and Criteria as adopted, and further finds that (a) there will be no long-term adverse effect on the provision of City services or tax base; and (b) the planned use of the property will not constitute a hazard to public safety, health, or morals.

3. **PROPERTY SUBJECT TO ABATEMENT**

A. The real property ("Real Property") subject to abatement under this Agreement is (i) the approximately 15.8-acre tract of land (the "Land") as shown on the attached Exhibit "A," which is incorporated herein as if fully set out as part of this Agreement, and said Land is located within the Reinvestment Zone, and (ii) any improvements located on the Land now or hereafter during the term of this Agreement.

- B. The personal property subject to this Agreement is the tangible personal property owned by YUKON and located within the Reinvestment Zone and used for administrative, manufacturing, testing, assembly, storage and related purposes (the “Personal Property”). Pursuant to provision of Texas Tax Code Section 312.204(a) Personal Property consisting of inventories or supplies located within the Reinvestment Zone will not be eligible for abatement. The Real Property and Personal Property are sometimes collectively referred to herein as the “Project.”

4. **YUKON’S REPRESENTATIONS**

- A. YUKON represents that the Project will be used as set forth in this Agreement.
- B. YUKON represents that to its knowledge it has complied with the required application procedures relating to this Agreement as adopted by the Seguin City Council.

5. **TERMS OF THE AGREEMENT**

- A. YUKON agrees to complete the development of an at least approximately 150,000 square foot cold storage warehousing facility on the Land and to have such facility operational by November 15, 2024, subject to extension due to Force Majeure.
- B. YUKON agrees to invest at least Thirty Million Dollars (\$30,000,000.00) in acquiring, improving, developing, and equipping the Real Property and Personal Property.
- C. YUKON agrees to remain current in on its valorem tax payments to all local taxing entities during the abatement period with respect to the Real Property and Personal Property.
- D. YUKON agrees to maintain the Project in good repair during the abatement period.
- E. YUKON agrees to furnish the Chief Appraiser of Guadalupe County Appraisal District with such information as may be reasonably necessary for the abatement purposes.
- F. So long as such services are available to the Project, YUKON agrees to remain and will ensure that all of its tenants remain, a City of Seguin utility customer (water, sewer, and electric, if provided) and remain current in its City utility payments for the period of the abatement.

- G. During the period that this Agreement is in effect, YUKON agrees that the use of the property subject to this Agreement in a manner consistent with the general purpose of encouraging development or redevelopment within the Zone .
- H. YUKON agrees to annually certify in writing its compliance with the terms of this agreement, which certification shall be filed with the City of Seguin by February 1st of each year during the term of the abatement, and February 1st of the year following the term of the abatement.
- I. Failure to abide by the terms of this Agreement may result in the early termination of this Agreement and the abatement established herein subject to the cure periods provided hereinbelow.

6. **TAX ABATEMENT**

- A. Provided that YUKON complies with the terms of this agreement, YUKON shall receive a tax abatement on Real Property and Personal Property subject to this Agreement as follows:
 - Year One 75%
 - Year Two 65%
 - Year Three 55%
 - Year Four 45%
- B. The period of abatement will be four (4) years, commencing on January 1, 2025 (the "Commencement Date"), and expiring after the fourth anniversary of the Commencement Date (January 1, 2029).

7. **EVENTS OF DEFAULT AND RECAPTURE**

A. **Default, Termination, and Recapture of Tax Savings**

- i. Events of Default. Each of the following shall constitute an event of default by YUKON under this Agreement:
 - a. If YUKON refuses or neglects to comply with any of the terms of this Agreement, or if any representation is made by YUKON in the tax abatement application is false or misleading in any material respect when made.
 - b. YUKON ceases to operate a business at the Project.
 - c. The filing of a voluntary or involuntary petition seeking bankruptcy, receivership, reorganization, or admitting the material allegations of a

petition filed against it in any bankruptcy or reorganization proceeding; and, including any adjudication of YUKON as bankrupt.

- ii. If an event of default by YUKON occurs under this Agreement, the City will notify YUKON in writing at the address stated in Section 8 of this Agreement.
- iii. YUKON shall forgo any tax benefit under this Agreement so long as the Event of Default remains uncured. If YUKON cures the default following notice by City, YUKON shall not be liable to repay prior year tax savings and shall be entitled to the benefits under this Agreement for any future year in which it is not in default.
- iv. If the default is not cured within sixty (60) days from the date of such notice, this Agreement may be terminated by the City of Seguin, in which event the City may recapture up to 100 percent of the abatement received under this Agreement received by the YUKON prior to the date of termination.

B. Recapture in Event of Closure, Relocation, or Discontinuation of Operations

- i. If during the abatement period established by this Agreement YUKON discontinues, closes, or relocates its Business Activities in Seguin, Texas, then this agreement shall immediately terminate, and the City of Seguin may recapture up to 100 percent of the tax savings received by YUKON prior to the date of termination.
- ii. For purpose of this section, the following definitions shall apply:
 - a. **“Business Activities”** means the business operations of YUKON and/or its affiliates or lessees at site, including but not limited to, the assembly, manufacturing, storage, distribution of products.
 - b. **“Closure”** means the permanent cessation of all Business Activities at the site, with no foreseeable or anticipated commencement of Business Activities.
 - c. **“Discontinuation of Activities”** means the temporary cessation of all Business Activities at the site for a continuous period of six (6) months or more during the term of this Agreement, excluding cessations or closures resulting from casualty events or Force Majeure, as defined in Section 7(d) of this Agreement.

- d. **“Relocation”** means the complete movement, transfer, or establishment of a new location for all of the Business Activities outside of current corporate city limits and reinvestment zone.

- C. **Process for Recapture of Tax Savings.** A bill for recaptured taxes will be sent to the YUKON, and YUKON agrees to pay the total amount within sixty (60) days of receipt. Interest at the rate of four percent (4%) per annum on unpaid amounts will begin to accrue on all amounts that remain unpaid following sixty (60) days after receipt of the bill.
- D. **Force Majeure.** YUKON shall not be deemed to be in default or otherwise responsible for delays or failures in performance resulting from acts of God; acts of war or civil disturbance; fires; earthquakes; unavailability of materials, power or communication; or other causes beyond YUKON’s reasonable control.

8. NOTICES

All notices shall be in writing, addressed to YUKON or City at the following addresses. If mailed, any notice or communication shall be deemed to be received three (3) days after the date of deposit in the United States Mail, certified mail, return receipt requested, postage prepaid and properly packaged for delivery. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To **YUKON**, via mail or personal delivery:

Mr. Martin Khait
Yukon Venture Partners, LLC.
316 W 12th Street, 6th Floor
Austin, TX 78701

With a copy to:

Holly Fuller, Esq.
Golden Steves & Gordon LLP
200 East Basse Road, Suite 200
San Antonio, Texas 78209

To **City**, via mail or personal delivery:

City Manager
City of Seguin
205 N. River Street

Seguin, Texas 78155

With a copy to:

City Attorney
City of Seguin
205 N. River Street
Seguin, Texas 78155

9. **AGREEMENT APPROVED BY CITY COUNCIL**

The City represents that this Agreement has been approved by affirmative vote of a majority of the members of the Seguin City Council at a regularly scheduled meeting.

10. **ASSIGNMENT**

This Agreement may be assignable to a new YUKON only with the approval of the Seguin City Manager; provided, however, that (a) the YUKON may upon thirty (30) days prior written notice to the City assign this Agreement to a subsequent owner of the Land so long as YUKON does not have an uncured default or breach of this Agreement and such assignee expressly assumes the obligations of the YUKON under this Agreement, and (b) this Agreement may be assigned and shall continue to apply to any successor of YUKON due to corporate restructuring, including but not limited to absorption into the corporate parent or a brother/sister corporation.

11. **SEVERABILITY**

In the event any section, subsection, paragraph, subparagraph, sentence, phrase or word herein is held invalid, illegal, or unenforceable, the balance of the Agreement shall stand, shall be enforceable, and shall be read as if the parties intended at all time to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase or word.

12. **COUNTERPARTS**

This Agreement may be signed in one or more counterparts, and each counterpart will be considered an original Agreement. All of the counterparts will be considered one document and become a binding agreement when one or more counterparts have been signed by each of the parties and delivered to the other.

13. **DATE**

This Agreement has been executed by the parties in multiple originals, each having full force and effect on the Commencement Date of the abatement period.

Yukon Venture Partners, LLC:

By: 
Printed Name: Martin Khait
Title: Authorized Signatory
Date: 5/3/22

City of Seguin:

By: 
Steve Parker
City Manager
Date: 5-4-22

Approved as to form:
By: 
Andrew Quittner, City Attorney
Date: 5-4-22

Land Subject to Proposed Abatement Agreement



It's real.

 Seguin Reinvestment Zone #6

 Land Subject to Proposed Abatement Agreement



This map is for information purposes only and represents the best data available at the time of printing. The City of Seguin assumes no liability for errors on this map or use of this information.

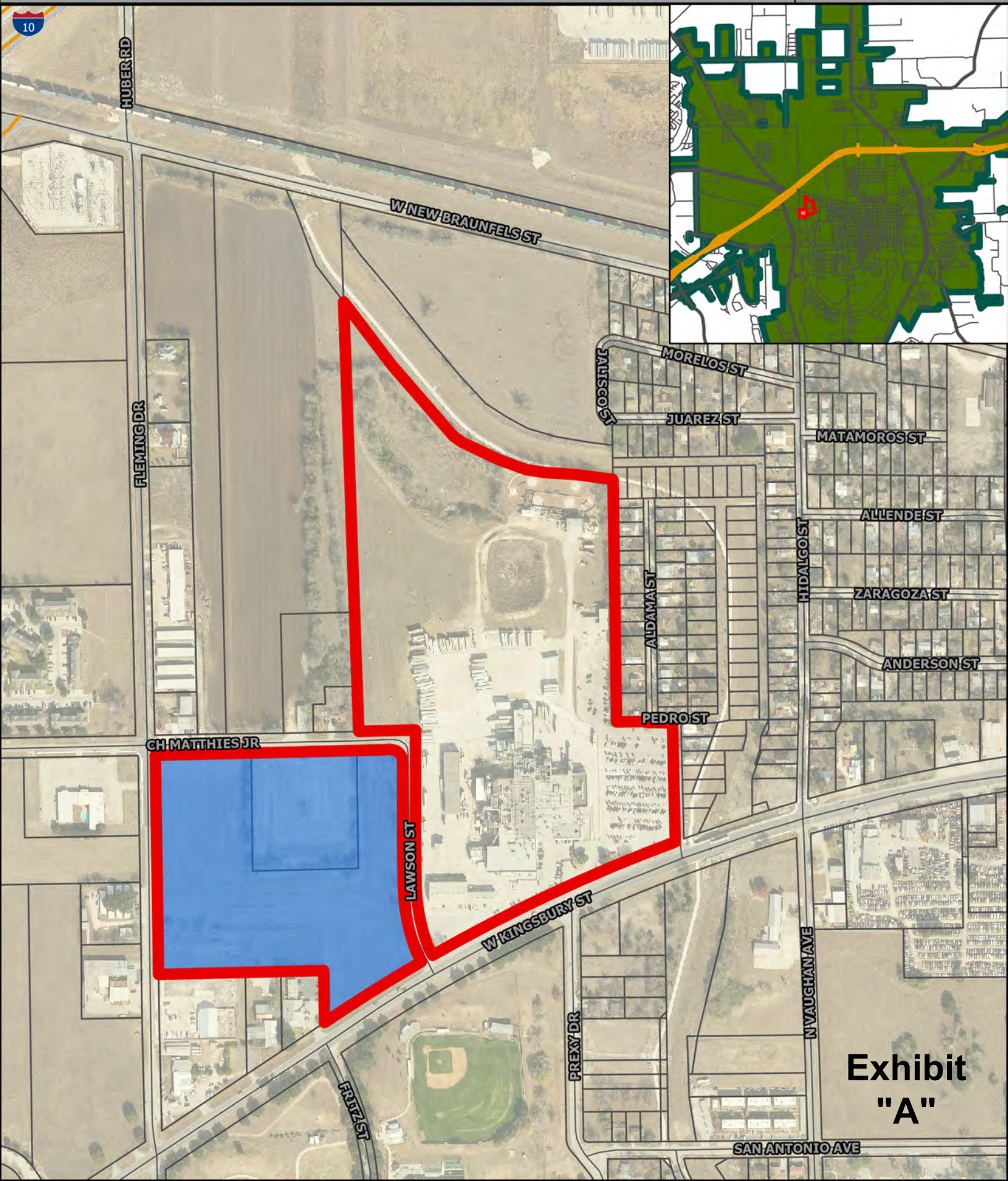


Exhibit
"A"