



**ECONOMIC  
DEVELOPMENT  
CORPORATION**

**MEMORANDUM**

To: Mayor Don Keil  
Seguin City Council

Cc: Douglas G. Faseler, City Manager

From: Josh Schneuker, Director of Economic Development

Date: March 27, 2018

Re: Mutual Settlement and Rescission of Tax Abatement Agreement with Cerealto Seguin, LLC.

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On October 27, 2015, the City of Seguin and Cerealto Seguin, LLC. (a.k.a. Siro Group) executed a tax abatement agreement. Per the terms of the agreement, Cerealto agreed to construct a 250,000 square foot food manufacturing facility on a 50-acre site located at Interstate 10 and 8<sup>th</sup> Street. The project required a minimum capital investment of \$58,000,000 with the facility to be operational by October 27, 2018.

Due to the fact that the Company has yet to achieve the minimum necessary production volume to ensure the viability of the project, Cerealto has informed City Staff that they will not be able to build the facility before the October 27, 2018 deadline, and in all likelihood will not build the facility in the near future. Rather than declare the Agreement in default, both parties have determined that it is in the best interest of Cerealto and the City to mutually settle this matter and rescind the Tax Abatement Agreement. In addition, Cerealto and the Seguin Economic Development Corporation (SEDC) have agreed to a Mutual Settlement Agreement in which the land that was granted to Cerealto per the terms of a Performance Agreement approved on October 28, 2014 will be deeded back to the SEDC. The Mutual Settlement Agreement between the SEDC and Cerealto was approved by the SEDC Board of Directors and the Seguin City Council in March.

Attached with this memo you will find a copy of the Mutual Settlement and Rescission of Tax Abatement Agreement for your consideration. Staff is recommending approval of the resolution authorizing the City Manager to execute this agreement between the City of Seguin and Cerealto Seguin, LLC and declare an effective date.