

MEMORANDUM

SEGUIN
TEXAS

ECONOMIC
DEVELOPMENT
CORPORATION

To:	Donna Dodgen, Mayor Seguin City Council
CC:	Steve Parker, City Manager Mark Kennedy, City Attorney
From:	Josh Schneuker Director of Economic Development SEDC Executive Director
Meeting Date:	April 16, 2024
Subject:	Second Amendment to the Tax Abatement Agreement – Yukon Ventures

Background Information – Original Tax Abatement Agreement

On May 3, 2022, the Seguin City Council approved Resolution 2022R-07, authorizing a Tax Abatement with Yukon Venture Partners. 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 (the “Property”). 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**.

In exchange for Yukon’s commitment to meet the Performance Obligations pursuant to the Tax Abatement Agreement (the “Agreement”) effective May 3, 2022, the City of Seguin approved a tax abatement for a period of 4-years at an average value of 65%. The abatement would be applicable to the increased value of real and tangible personal property located within the Subject Property. The City tax abatement over the 4-year term is scheduled as follows:

Year	Abatement Percentage
1	75%
2	65%
3	55%
4	45%
Average/Total	60%

Background Information – First Amendment to the Tax Abatement Agreement

On May 16, 2023, the Seguin City Council approved Resolution 2023R-092, authorizing a First Amendment to the Tax Abatement Agreement with Yukon Venture Partners. The Performance Agreement between the SEDC and Yukon Ventures was amended as follows:

- Yukon agrees to complete the development of an at least approximately 150,000 square foot cold storage warehousing facility on the Property and to have such facility operational by **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.

Yukon requested the amendment to the Tax Abatement 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 Tax Abatement Agreement

Yukon has made a formal request to the City of Seguin to amend the Tax Abatement Agreement as follows:

- Yukon agrees to complete the development of an at least approximately 150,000 square foot cold storage warehousing facility on the Property and to have such facility operational by **December 31, 2025**, subject to extension due to Force Majeure. Completion of construction will be evidenced by the issuance of a Temporary or Final Certificate of Occupancy by the City of Seguin.
- The period of abatement will be four (4) years, commencing on **January 1, 2026** (the “Commencement Date”), and expiring after the fourth anniversary of the Commencement Date (**January 1, 2030**). The original commencement date is January 1, 2025, with an expiration date of January 1, 2029. There are no changes to the length of the tax abatement period or the tax abatement percentages.

Yukon is requesting an amendment to the Tax Abatement 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

Staff has reviewed the terms, conditions, incentives, and obligations provided in the Agreement, and has considered and evaluated the current progress Yukon has made towards finalization of the Project as defined in the Agreement and has determined that it is in the best interests of the City and Yukon to so amend the Agreement. Staff recommend approval of this Resolution by the Seguin City Council.