



## ECONOMIC DEVELOPMENT CORPORATION

**To:** Seguin City Council  
Donna Dodgen, Mayor

**CC:** Steve Parker, City Manager  
Mark Kennedy, City Attorney

**From:** Josh Schneuker  
Director of Economic Development | SEDC Executive Director

**Date:** June 3, 2025

**Subject:** Yukon Settlement Agreement

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### Historical Background

#### **Original Performance Agreement:**

On April 28, 2022, the SEDC Board of Directors approved Resolution 2022-07, authorizing a Performance Agreement with Yukon Venture Partners, LLC. Formed in 2018 by Marty Khait and Oliver Davis-Urman in Austin, Texas, Yukon Venture Partners specializes in the development and financing of cold storage facilities.

Yukon plans to develop a cold storage warehouse facility in Seguin on a 15.8-acre tract at the northwest corner of Lawson Street and U.S. Highway 90 (Kingsbury Street). The proposed facility would be at least 150,000 square feet, with a minimum total capital investment of \$30,000,000.

Per the Performance Agreement, the SEDC committed to providing Yukon with a **performance-based cash grant of \$250,000**. In exchange, Yukon agreed to the following performance obligations:

- Minimum capital investment of **\$30,000,000** in connection with the development of the subject property.
- Commencement of construction by **May 15, 2023**, as evidenced by the issuance of a building permit from the City of Seguin.
- Completion of construction by **November 15, 2024**, evidenced by the issuance of a Temporary or Final Certificate of Occupancy by the City.

The cash grant was structured to be distributed in three installments, contingent on meeting specific milestones:

1. **First Payment:** \$83,333.33 – paid within 30 days after closing on the property. *Released in June 2022.*
2. **Second Payment:** \$83,333.33 – paid within 30 days after the City issues a building permit.
3. **Third Payment:** \$83,333.34 – paid within 30 days after the issuance of a Certificate of Occupancy and verification that the capital investment requirement has been met.

#### **First Amendment to Performance Agreement:**

On May 4, 2023, via Resolution 2023-10, the SEDC Board approved a First Amendment to the Performance Agreement to extend key deadlines due to delays in the City's development process. Notably, the property required rezoning from Commercial to Light Industrial, which was completed in October 2023.

Amendments included:

- Construction commencement deadline moved to February 15, 2023 (*Note: this appears to be earlier than the original May 15, 2023 date — this may be a typo that needs correction to reflect the actual intent*)
- Construction completion deadline extended to December 31, 2024

## **Second Amendment to Performance Agreement:**

On February 13, 2024, the Board approved a Second Amendment via Resolution 2024-05, further adjusting project deadlines:

- Construction commencement deadline extended to December 31, 2024
- Construction completion deadline extended to December 31, 2025

## **Action Requested and Proposed Terms of Settlement Agreement**

In January, SEDC staff briefed the Board and City Council regarding Yukon's failure to commence construction by **December 31, 2024**, constituting a default under the amended Performance Agreement.

Despite the SEDC's good faith in approving two prior extensions, Yukon failed to meet its obligation to obtain a building permit. A subsequent request by Yukon for a third extension was **not approved** by the SEDC Board or the City Council. Both bodies authorized **termination** of the Agreement and the **recapture** of the initial grant payment of **\$83,333.33**.

**Formal notice of default and termination** was issued to Yukon on **January 22, 2025**. Since then, the parties have been engaged in negotiations and have now reached a mutually agreeable resolution.

Under the **proposed Settlement Agreement**:

- In lieu of repaying the \$83,333.33 grant, Yukon will cause its affiliate, **BGO-Yukon Seguin LLC**, to grant and deliver to the SEDC a **Temporary Construction Easement**.
- The easement will support the **Lawson Street Reconstruction Project**, which the SEDC believes will further economic development within the City of Seguin.
- Yukon agrees that the SEDC may assign or transfer easement rights to the **City of Seguin**.

## **Fiscal Impact**

The SEDC will waive its right to recapture the \$83,333.33 previously disbursed to Yukon under the Performance Agreement.

## **Staff and Board Recommendation**

On May 15, 2025, the SEDC Board of Directors approved Resolution NO. 2025-05, authorizing a Settlement Agreement, including a Temporary Construction Easement, with Yukon Venture Partners, LLC. Staff and the SEDC Board of Directors recommend approval of the attached Resolution.

## **Attachments**

- SEDC and Yukon Settlement Agreement
- Temporary Construction Easement