



ECONOMIC DEVELOPMENT CORPORATION

To: Donna Dodgen, Mayor
Seguin City Council

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

From: Alora Wachholz
Director of Economic Development | SEDC Executive Director

Date: 12-16-2025

Subject: Third Amendment to the Performance Agreement between the Seguin Economic Development Corporation and Maruichi Stainless Tube Texas Corporation

Background

On September 9, 2022, the Seguin Economic Development Corporation (SEDC) entered into an Economic Development Performance Agreement (“Agreement”) with Maruichi Stainless Tube Texas Corporation (“Maruichi”). The Agreement provided performance-based incentives to support the construction and operation of Maruichi’s new stainless-steel tube manufacturing facility in Seguin. Incentive payments under the Agreement are tied to capital investment, job creation, and payroll performance metrics.

On October 6, 2022, the Parties executed a First Amendment to modify terms of the Purchase and Sale Agreement associated with the project. On December 12, 2024, the Parties executed a Second Amendment to extend deadlines for Maruichi to comply with certain job creation requirements due to delayed market conditions.

Maruichi has fully met its capital investment obligations and has completed construction and business operations at the Seguin facility. However, Maruichi has requested additional modifications to its job creation schedule. These requested changes stem from significant delays experienced by key customers in the semiconductor industry, whose own facility construction timelines have shifted. These delays have impacted Maruichi’s production ramp-up and hiring schedule—circumstances outside of the Company’s reasonable control

To reflect current operational and market conditions, Maruichi is requesting:

1. An extension of the deadlines for meeting job creation obligations;
2. A reduction in the total number of required full-time jobs from one hundred six (106) to eighty (80); and
3. A corresponding adjustment to the final remaining Performance-Based Cash (PBC) Grant payment.

Maruichi has committed to maintaining the full annual payroll obligation of \$4,770,000, resulting in higher average wages per employee despite the reduction in total headcount. The requested adjustments have been incorporated into a proposed **Third Amendment** to the Agreement.

At the Regular called meeting of the SEDC Board of Directors, held on December 11, 2025, a Resolution was approved for this Third Amendment request to the Maruichi Performance Agreement.

Staff requests the City Council consider and approve the **Third Amendment to the Economic Development Performance Agreement with Maruichi Stainless Tube Texas Corporation**, which:

1. Extends the deadlines for job creation obligations in Article IV(2)(a) and (b);
2. Reduces the total full-time job requirement from 106 to 80;

3. Maintains the previously required total annual payroll of \$4,770,000;
4. Adjusts the Distribution 4 Performance-Based Cash Grant payment from \$239,516.18 to \$180,681.29; and
5. Establishes that no further reductions to job, payroll, or deadline requirements will be considered unless expressly approved by both the SEDC Board and the Seguin City Council.

Fiscal Impact

Under the original Agreement, the total PBC Grant allocation was \$958,064.74. The proposed amendment reduces Distribution 4 proportionally to reflect the revised job requirement, decreasing the total incentive by **\$59,834.91**, for a new total incentive obligation of **\$898,229.83**.

No additional financial commitments or obligations are created by this Third Amendment.

Staff Recommendation

Staff recommends approval of the Third Amendment to the Economic Development Performance Agreement with Maruichi Stainless Tube Texas Corporation. The amendment appropriately reflects current market conditions, maintains the overall payroll benefit to the community, ensures continued accountability for performance milestones, and protects the fiscal interests of the SEDC by aligning incentive payments with actual job creation.

Attachments

1. Proposed Third Amendment to the Economic Development Performance Agreement
2. Approved Resolution Authorizing the Third Amendment to the Maruichi Performance Agreement
3. Original Agreement (September 9, 2022)
4. First Amendment (October 6, 2022)
5. Second Amendment (December 12, 2024)