



**Special Meeting Agenda
Freeport City Council
September 17, 2013
Freeport City Hall
7:00 p.m.**

1. Call to Order
2. Famo Feed, Inc. Tax Abatement Default
3. Adjournment

Next Meeting: September 24, 2013 at 7:00 PM

F. Property tax abatement

Minn. Stat. §§ 469.1812 to 469.1815.

A city may use this development tool to segregate some or all of the taxes (or the increase in taxes) it imposes on a parcel of property if the city expects the benefits of the proposed abatement agreement at least to equal the costs of the proposed development. The term "abatement" is somewhat misleading, as in most cases the tax is not forgiven; it is paid normally, but the amount of property tax levied by the city is used to pay for the bonds. The city must determine that the agreement is in the public interest because it will increase or preserve tax base, provide employment opportunities, provide or help acquire or construct public facilities, help redevelop or renew blighted areas, or help provide access to services for residents of the city. Property taxes in a TIF district cannot be abated unless the period of the abatement will not occur until after the district is decertified.

A resolution must be adopted after notice and public hearing, specifying the terms of the abatement. A city may issue bonds or other obligations to provide an amount equal to the sum of the abatements granted for a specific property. The maximum principal amount of these bonds may not exceed the estimated sum of the abatements for the property for the years authorized. The bonds may be general obligations of the city if the city council chooses to pledge the full faith and credit of the city in the resolution issuing the bonds. The law limits property tax abatements to 15 years. School districts and counties have similar abatement powers. A city, county, and school district can agree to abate their taxes on the same property.

RESOLUTION # 2010-013

INTRODUCED: *Member Humbert*

SECONDED: *Member Hennen*

VOTED: Aye: *Humbert, Hennen, Ritter, Goebel*

Nay: —

Absent: *Worms (Abstained)*

CITY OF FREEPORT

RESOLUTION APPROVING PROPERTY TAX ABATEMENT TO ASSIST IN FINANCING IMPROVEMENTS TO BE MADE BY FAMO FEEDS, INC. IN THE CITY OF FREEPORT, MINNESOTA

WHEREAS, Famo Feeds, Inc. (the "Company") owns real property located at 446 Industrial Drive in the City of Freeport (PID No. 54.32129.0056) (the "Property"); and

WHEREAS, the Company has proposed to construct an approximately 13,440 square foot expansion of its warehouse and processing facility located on the Property (the "Project"); and

WHEREAS, the Company has requested that the City of Freeport (the "City") establish a property tax abatement program (the "Tax Abatement Program") pursuant to Minnesota Statutes Section 469.1812 through 469.1815 (the "Tax Abatement Law") for the Property to reimburse the Company for some of the Project's costs; and

WHEREAS, under the Tax Abatement Program the City would provide tax abatement to the Company for the Project in the amount of \$40,000 (the "Tax Abatement") payable in twenty (20) equal semi-annual payments of \$2,000 each on or before February 1 and August 1 of each year commencing on August 1, 2013 and ending on February 1, 2023 (the "Tax Abatement Period") payable from the City's share of real property taxes received in the previous six month period from the Property; and

WHEREAS, a public hearing on the proposed Tax Abatement was held before the Freeport City Council at its regular meeting on June 29, 2010, following proper legal notice of said public hearing; and

WHEREAS, the Abatement is authorized under the Tax Abatement Law; and

WHEREAS, the City Council of Freeport, Minnesota, makes the following findings concerning the proposed Tax Abatement:

1. The Council expects the benefits to the City of the Tax Abatement to at least equal the costs thereof.
2. Granting the Tax Abatement is in the public interest because it will assist in the development of real property, increase or preserve the tax base of the City, and retain or provide employment opportunities in the City.
3. The Council expects the public benefits described above to be derived from the Tax Abatement.

4. During the period of Tax Abatement, the Property will not be located in a tax increment financing district.

5. In any year, the total amount of property taxes abated by the City by this and other resolutions does not exceed the greater of ten percent (10%) of the current levy or \$200,000.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Freeport, Minnesota, as follows:

1. The Tax Abatement is hereby approved on the following terms and conditions:

A. The Tax Abatement Period shall be for ten years beginning in the year 2013 and ending in 2023.

B. The Tax Abatement shall be paid from the City's portion of the property taxes paid and collected by the City for the Property beginning in the year 2013.

C. The Tax Abatement may not be modified or changed during the term set forth above, except with the prior written consent of the Company and the City.


D. The Tax Abatement shall be subject to all the terms and limitations of the Abatement Law.

E. In order to be entitled to the Tax Abatement, the Company shall not be in default to the City for any of its payment obligations respecting any taxes, assessments, utility charges or other governmental impositions or in any agreement with the City of EDA.

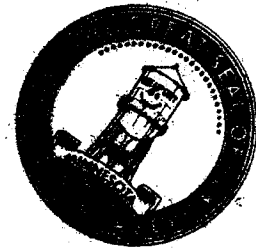
F. The Tax Abatement will be subject to the execution and delivery by the City and the Company of the Economic Development Tax Abatement Agreement (the "Abatement Agreement") substantially in the form presented to the City.

G. The City Council authorizes and directs the Mayor and City Clerk in the name of and on behalf of the City Council to execute and deliver the Abatement Agreement and take all other such actions and to execute and deliver such other documents as they deem necessary and appropriate to effectuate this transaction.

Adopted this 27 day of July, 2010.


Mayor

ATTEST: Victoria M. Holtzhaus
City Clerk-Treasurer



ECONOMIC DEVELOPMENT TAX ABATEMENT AGREEMENT

The City of Freeport, Minnesota, a Minnesota municipal corporation (the "City"), and Famo Feeds, Inc., a Minnesota corporation (the "Company"), make this Economic Development Tax Abatement Agreement (this "Agreement") effective as of July 27, 2010 (the "Effective Date").

RECITALS

- A. The Company owns real property located at 446 Industrial Drive in the City of Freeport, Minnesota (PID No. 54.32129.0056) (the "Property").
- B. The Company has presented the City with a proposal to construct an approximately 13,440 square foot expansion of the Company's warehouse and processing facility located on the Property (the "Project").
- C. The Company has requested that the City assist with the Project by establishing a property tax abatement program (the "Tax Abatement Program") for the Property to reimburse the Company for some of the Project's costs.
- D. The City has found that the Project is in accord with the public purposes and provisions of applicable state and local law, and that entering into this Agreement is in the public interest because it will assist in the development of real property, increase or preserve the City's tax base and retain or provide employment opportunities in the City.

In consideration of the mutual obligations contained in this Agreement and for other good and valuable consideration, the parties agree as follows:

ARTICLE I DEFINITIONS

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

"**Agreement**" means this Business Assistance and Property Tax Abatement Agreement, including all modifications, amendments, and supplements.

"**Business Subsidy Law**" means Minnesota Statutes Section 116J.993 through 116J.995, as amended.

"**City**" means the City of Freeport, Minnesota.

"Company" means Famo Feeds, Inc., a Minnesota corporation, and its successors and assigns.

"Construction Plans" means the Company's plans, specifications, drawings and related documents for construction of the Project, which the City has reviewed and approved.

"County" means Stearns County, Minnesota.

"Event of Default" means an action by the Company listed in Article VIII of this Agreement.

"Minimum Improvements" means the improvements necessary to construct an approximately 13,440 square foot expansion of the Company's warehouse and processing facility located on the Property, together with related improvements in accord with the approved Construction Plans and having a minimum value for property taxation purposes of \$336,000.00.

"Mortgage" means any mortgage made by the Company which is secured, in whole or in part, by the Property and which is permitted pursuant to this Agreement's provisions.

"Net Proceeds" means any proceeds paid by an insurer to the Company under a policy or policies of insurance required to be provided and maintained by the Company pursuant to this Agreement and remaining after deducting all expenses (including fees and disbursements of counsel) incurred in the collection of such proceeds.

"Project" means all work related to the site preparation and construction of the Minimum Improvements on the Property.

"Property" means the real property legally described as Lot One (1), Block One (1), Freeport Industrial Park Plat Two.

"State" means the State of Minnesota.

"Substantial Completion" means that the City's building inspector has issued a certificate of occupancy for the Project.

"Tax Abatement Law" means Minnesota Statutes Section 469.1812 through 469.1815, as amended.

"Tax Abatement Period" means the ten year period beginning in 2013 during which the City will abate a portion of the Property's real property taxes to the Company as provided in Section 4.1 of this Agreement. The Tax Abatement Period will not begin until after the current tax increment financing for the Property expires, which is scheduled to be on December 31, 2012.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.1. Company's Representations and Warranties. The Company represents and warrants to the City as follows:

(a) The Company is a corporation duly organized and existing under Minnesota law, is authorized and qualified to do business in Minnesota, is in good standing in Minnesota, is not in violation of any provisions of State or local law, has the full power and authority to enter into this Agreement and has taken all necessary action to enter into this transaction.

(b) The Company will construct, operate and maintain the Minimum Improvements in accordance with this Agreement's terms, the approved Construction Plans, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) The Company has received no notice or communication from any local, state or federal official that the activities of the Company for the Project may be or will be in violation of any environmental law or regulation. To the Company's knowledge, the Company is aware of no facts the existence of which would cause it to be in violation of any local, state or federal environmental law, regulation or review procedure.

(d) The Company has obtained sufficient financial commitments, together with equity, to successfully complete the Minimum Improvements.

(e) Neither this Agreement's execution and delivery, the consummation of the transactions contemplated by this Agreement, nor the fulfillment of or compliance with this Agreement's terms and conditions is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions or any restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Company is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(f) In the Company's opinion, the Company would not have undertaken the Project to the size and extent proposed and the Project would not have been economically feasible without the tax abatement provided to the Company in this Agreement.

(g) All information regarding the Project which the Company has provided to the City is true and correct as of the Effective Date.

(h) The Company will obtain in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

(i) From the Effective Date through the end of the Tax Abatement Period, the Company will not seek any other financial assistance or business subsidy from the City related to the expansion of the warehouse on the Property.

ARTICLE III CONSTRUCTION OF MINIMUM IMPROVEMENTS

Section 3.1. Construction of Minimum Improvements. The Company shall construct the Minimum Improvements on the Property in accordance with the Construction Plans and all applicable building codes and City ordinances, and shall Substantially Complete the Minimum Improvements prior to **December 31, 2011**. The Company will at all times operate and maintain the Project in good repair and condition, ordinary wear and tear excepted. The Company agrees that the scope and scale of the Project to be constructed shall not be significantly less than the scope and scale of the Project as detailed and outlined in the Construction Plans. Within 30 days after the Project's Substantial Completion, the Company shall provide the City with a certification that the Minimum Improvements were completed in accord with the approved Construction Plans and a certified summary of the Project's actual total costs in a form reasonably acceptable to the City.

Section 3.2 Change in Construction Plans. If the Company desires to make any material change in the Construction Plans after the execution of this Agreement, the Company shall submit the proposed change to the City for its approval. So long as the proposed change is deemed appropriate by the City and does not constitute a material modification to the shape, size, or use of the Project or to the site plan therefor, the City shall approve the proposed changes.

ARTICLE IV TAX ABATEMENT

Section 4.1. Tax Abatement. Following the Company's Substantial Completion of the Minimum Improvements pursuant to this Agreement's terms and the Company's compliance with this Agreement's terms, the City will provide tax abatement to the Company for the Project in an amount of \$40,000 (the "Tax Abatement") payable in twenty (20) equal semi-annual payments of \$2,000 each on or before February 1 and August 1 of each year commencing on August 1, 2013 and ending on February 1, 2023 (the "Tax Abatement Period") payable from the City's share of property taxes received in the previous six month period. Notwithstanding anything in this Agreement to the contrary, in no event may the amount of taxes abated exceed the amount of the City's share of the property taxes for the Property paid in during the Tax Abatement Period.

**ARTICLE V
REAL PROPERTY TAXES**

Section 5.1. Real Property Taxes. The Company shall pay all real property taxes payable with respect to the Property. The Company agrees that the Minimum Improvements shall have a minimum value for taxation purposes of at least \$336,000 upon completion.

**ARTICLE VI
INSURANCE**

Section 6.1. Insurance. At all times prior to the expiration of the Tax Abatement Period, the Company will maintain at cost and expense insurance on the Minimum Improvements in an amount sufficient to rebuild. In the event of damage or destruction of the Minimum Improvements, the Company will repair or rebuild the Minimum Improvements to the same or an improved condition that existed prior to the damage within a commercially reasonable period of time not to exceed 12 months from the date of damage or destruction. The Company shall apply any Net Proceeds relating to such damage to the payment of the repair costs.

**ARTICLE VII
ASSIGNMENT, TRANSFER AND INDEMNIFICATION**

Section 7.1. Transfer or Assignment of Business Subsidy. This Agreement and the Tax Abatement may not be transferred or assigned to any other entity by the Company without the prior written approval of the City, which may be withheld for any reason.

Section 7.2. Release and Indemnification Covenants.

(a) The Company releases from and covenants and agrees, that the City, and the governing body members, officers, agents, servants and employees thereof (the "Indemnified Parties"), shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project.

(b) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Company agrees to indemnify, defend and hold harmless the Indemnified Parties from any claim, demand, suit, action or other proceeding whatsoever by any person or entity, including the Company and the Company's agents and employees, whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated by this Agreement or the acquisition, construction, installation, ownership, and operation of the Project, or negligent or intentional acts of any person (with the exception of intentional or negligent acts of one of the above named indemnitees).

(c) The Company agrees to indemnify and defend the Indemnified Parties from and against any and all damages, costs, payments, reimbursements or liabilities resulting from the Company's failure to comply with this Agreement's requirements or the requirements relating to the Company's eligibility to receive the Loan.

ARTICLE VIII EVENTS OF DEFAULT

Section 8.1. Events of Default Defined. The term "Event of Default" means any failure by the Company to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder or any default under any other agreement the Company may have with the City.

Section 8.2. Remedies on Default. Whenever any Event of Default occurs, the City may: (i) immediately suspend their performance under this Agreement, including without limitation, the obligation to provide the Tax Abatement until they receive assurances from the Company, deemed adequate by the City, in its sole discretion, that the Company will cure its default and continue its performance under this Agreement; and/or (ii) take any one or more of the following actions after providing written notice to the Company of the Event of Default and the Event of Default has not been cured within thirty (30) days after the notice of the Event of Default:

- (a) Terminate this Agreement;
- (b) Terminate the City's obligation to provide the Tax Abatement without terminating the remainder of this Agreement; and/or,
- (c) Take whatever action, including legal, equitable, and administrative action, which may appear necessary or desirable to the City to collect any payments due under this Agreement or to enforce performance and observance of any obligation, agreement, or covenant of the Company under this Agreement.

Section 8.3. No Remedy Exclusive. No remedy conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies available under this Agreement or at law or in equity, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.4. No Additional Waiver Implied by One Waiver. In the event any obligation contained in this Agreement should be breached by either party and thereafter waived

by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach.

**ARTICLE IX
ADDITIONAL PROVISIONS**

Section 9.1. Equal Employment Opportunity. The Company, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 9.2. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 9.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; at the following addresses or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section:

<u>Company</u>	<u>City</u>
Famo Feeds, Inc.	City of Freeport
Attn: John H. Beste	125 Main Street East
446 Industrial Drive	P.O. Box 301
P.O. Box 7	Freeport, MN 56331
Freeport, MN 56331	Attn: City Clerk

Section 9.4. Disclaimer of Relationships. The Company acknowledges that nothing contained in this Agreement nor any act of or by the City or the Company will be deemed or construed by the Company or by any third party to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the City and the Company.

Section 9.5. Counterparts. This Agreement is executed in any number of counterparts, each of which shall constitute one and the same instrument. Facsimile and emailed signatures shall be sufficient for all purposes.

Section 9.6. Judicial Interpretation. Should any of this Agreement's provisions require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who

itself or through its agent or attorney prepared the same, it being agreed that the agents and attorneys of both parties have participated in this Agreement's preparation.

Section 9.7. Attorneys' Fees. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses, for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Company under this Agreement, the Company agrees that it will, within ten (10) days of written demand by the City, pay to the City all such fees and expenses incurred by them after notice of default and the Company's failure to cure.

Section 9.8. Governing Law. Minnesota law will govern this Agreement. All disputes arising from this Agreement shall be venued in Stearns County, Minnesota.

Section 9.9. Rinke Noonan Represents City. Rinke Noonan represents the City in negotiation and drafting of this Agreement. The Company is advised to seek independent representation from a law firm other than Rinke Noonan to review and advise the Company as to this Agreement's terms and ramifications.

Section 9.10. Business Subsidy Agreement. Pursuant to section 116J.993, subd. 3(1), of Business Subsidy Act, the Tax Abatement does not constitute a "business subsidy" because it is in an amount under \$150,000. However, the Tax Abatement is subject to reporting requirements contained in Minnesota Statutes Section 116J.994(8)(b). The Company must submit to the City upon request by the City a report containing information that allows the City to submit the reports required by Section 116J.994(8)(b) and (c) of the Business Subsidy Act. The City will provide information to the Company regarding the required forms. If the Company fails to timely file any report required under this section, the City will mail the Company a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Company fails to provide a report, the Company must pay to the City a penalty of \$100 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is \$1,000.

Section 9.11. Limitation on City Tax Abatements. In any year, the total amount of property taxes abated by the City under this Agreement and other agreements shall not exceed the greater of (a) 10% of the current levy, or (b) \$200,000.

Section 9.12. Tax Increment Financing. The Property is currently located in the City's Tax Increment Financing District No. 1-3 (the "TIF District"). The City's abatement of property taxes under this Agreement shall not occur, and the Tax Abatement Period shall not begin, until the Property is no longer located in the TIF District.

(Signature pages to follow)

COMPANY:

FAMO FEEDS, INC.

By



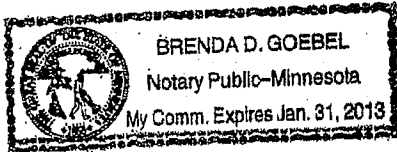
Thomas U. Beste
Its Secretary/Treasurer

STATE OF MINNESOTA)

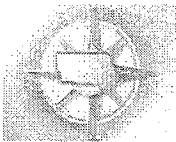
) SS

COUNTY OF STEARNS)

On this 2 day of August, 2010, before me, a Notary Public for this County, personally appeared Thomas U. Beste, to me personally known, who, being by me duly sworn did say that he is the Secretary/Treasurer of FAMO FEEDS, INC., and that said instrument was signed on behalf of said corporation and acknowledged said instrument to be the free act and deed of said corporation.



Brenda Goebel
Notary Public



Randy R. Schreifels
 Stearns County Auditor-Treasurer
 Administration Center Rm. 136 PO Box 728
 St. Cloud, MN 56302-0728
 Phone #: 320-656-3870
 Website: www.co.stearns.mn.us

2013 **PROPERTY TAX STATEMENT**

Pin Number: 54.32129.0056
 Owner Names: FAMO FEEDS INC

FAMO FEEDS INC
 PO BOX 7
 FREEPORT MN 56331-0007

YOUR PROPERTY TAX VALUES & CLASSIFICATIONS		
Taxes Payable Year:	2012	2013
Estimated Market Value:	\$1,379,200.00	\$1,370,200.00
Improvements Excluded:		
Homestead Exclusion:	\$0.00	\$0.00
Taxable Market Value:	\$1,379,200.00	\$1,370,200.00
New Improvements/ Expired Exclusions:	\$308,700.00	
Property Classification:	Comm/Ind	Comm/Ind

\$\$\$ You may be eligible for one or even two refunds to reduce your property tax.
REFUNDS?

2013 **PROPERTY TAX STATEMENT**

Pin Number: 54.32129.0056
 Property Address: 446 INDUSTRIAL DR, FREEPORT MN 56331
 Property Description: SubdivisionName FREEPORT INDUSTRIAL-PK PLAT 2, Lot.001 Block.001 SubdivisionCd 54020 Section 03 Township 125 Range 032

Special Assessment Breakdown

Special Assessment Total \$0.00

Taxes Payable Year:	2012	2013
1. Use this amount on Form M1PR to see if you are eligible for a property tax refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.		\$0.00
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	<input type="checkbox"/>	\$0.00
Tax and Credits		
3. Your Property taxes before credits	\$60,052.00	\$57,180.00
4. Credits that reduce your property taxes		
A. Agricultural market value credits	\$0.00	\$0.00
B. Other credits	\$0.00	\$0.00
5. Property taxes after credits	\$60,052.00	\$57,180.00
Property Tax by Jurisdiction		
6. County STEARNS COUNTY	\$255.44	\$14,522.14
7. City or Town FREEPORT CITY	\$410.28	\$21,411.86
8. State General Tax	\$13,712.17	\$13,999.48
9. School District ISD 0740 MELROSE		
A. Voter Approved Levies	\$2,077.74	\$2,065.82
B. Other Local Levies	\$359.94	\$4,773.62
10. Special Taxing Districts		
A. HRA	\$1.61	\$107.05
B. Transit	\$0.00	\$0.00
C. Watershed	\$3.99	\$233.70
D. TIF	\$43,229.48	\$0.00
E. Other	\$1.35	\$66.33
11. Non-school voter approved referenda levies	\$0.00	\$0.00
12. Total property tax before special assessments	\$60,052.00	\$57,180.00
13. Special Assessments on Your Property		
See Left for Breakdown of Special Assessments		
Special Assessment Totals	\$0.00	\$0.00
14. YOUR TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	\$60,052.00	\$57,180.00



2nd Half Payment Stub - Payable 2013
 To avoid penalty, pay on or before October 15, 2013

Total Property Tax for 2013	\$57,180.00
2nd Half Tax Amount	\$28,590.00
Penalty	
2nd Half Total Amount Due	

PIN: 54.32129.0056
 BILL NUMBER: 1331780
 TAXPAYER(S): FAMO FEEDS INC
 PO BOX 7
 FREEPORT MN 56331-0007

Paid By _____

MAKE CHECKS PAYABLE TO:
 Randy R. Schreifels
 Stearns County Auditor-Treasurer
 PO BOX 728
 St Cloud, MN 56302-0728



1st Half Payment Stub - Payable 2013
 To avoid penalty, pay on or before May 15, 2013
If your tax is \$100.00 or less, pay the entire tax by May 15, 2013

Total Property Tax for 2013	\$57,180.00
1st Half Tax Amount	\$28,590.00
Penalty	
1st Half Total Amount Due	

PIN: 54.32129.0056
 BILL NUMBER: 1331780
 TAXPAYER(S): FAMO FEEDS INC
 PO BOX 7
 FREEPORT MN 56331-0007

Paid By _____

MAKE CHECKS PAYABLE TO:
 Randy R. Schreifels
 Stearns County Auditor-Treasurer
 PO BOX 728
 St Cloud, MN 56302-0728



CITY OF FREEPORT

125 Main Street E – PO Box 301 – Freeport, MN 56331 – 320-836-2112 – FAX 320-836-2116
For TTY/TDD Users 1-800-627-3529 or 711 Minnesota Relay Service - www.freeportmn.org

August 8, 2013

Famo Feeds, Inc
PO Box 7
Freeport, MN 56331

Dear Mr. Thomas Beste,

On July 27, 2010; Famo Feeds entered into an agreement with the City of Freeport for Tax Abatement.

As per Article V: "The Company shall pay all real property taxes payable with respect to the Property. The Company agrees that the Minimum Improvements shall have a minimum value for taxation purposes of at least \$336,000 upon completion."

The recent Property Tax Statement (2013) for the Property, indicates new improvements of only \$308,700; thus, the terms of the agreement were not met.

As per Article VIII, the City may provide written notice of an Event of Default. This letter is hereby written notice of the Event of Default.

Until further notice, tax abatement shall be suspended. The City will determine an appropriate action in response to the default, during the upcoming regular City Council meeting on Tuesday, August 27th at 7:00pm.

Thank you for your understanding. Feel free to contact me directly with any questions at 836-2112.

Sincerely,

Mason Schirmer, Clerk-Treasurer

Memo

From: Mason Schirmer, Clerk-Treasurer

To: Freeport City Council

Date: August 13, 2013

Re: Famo Feeds Tax Abatement Default

On July 27, 2010 Famo Feeds, Inc entered into an agreement with the City of Freeport (attached along with this memo) for Tax Abatement. As per the agreement, on August 1, 2013 the City was to send Famo their first \$2,000 payment (1st of 20 total payments).

Before sending any payments, I reviewed the contract and found that Section 5.1 was not satisfied by the company. According to the company's 2013 Property Tax Statement, New Improvements were \$308,700 (\$27,300 less than agreed upon).

The company's default was confirmed by Adam Ripple (Rinke Noonan). As per Section 8.2, I provided Tom Beste with written notice of the default. Jon Beste discussed the matter with me over the phone and said he understands the need to prorate abatement.

According to Stearns County Senior Appraiser Steve Chmielewski, the reduced value resulted in a decreased tax liability of \$1,221.

It is my recommendation, that as per Section 8.2 (c), the City amend the Agreement to reduce tax abatement to \$27,790 payable in twenty (20) equal semi-annual payments of \$1,389.

\$4,000	Original Tax Abatement
<u>-1,221</u>	Company's estimated reduced tax liability by not meeting agreed-upon market valuation
\$2,779	Adjusted Tax Abatement
\$1,389	Adjusted semi-annual payment