



CITY OF FREEPORT

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September 17, 2013 – City Council Special Meeting Minutes

A special meeting of the Freeport City Council was convened at 7:00 P.M. by Mayor Matt Worms with Council Members Carrie Goebel, Ron Ritter, Ken Goebel and Rodney Atkinson present.

Also in attendance: Carol Moorman (Melrose Beacon), Jim Hemker (EDA), Andy Welle (EDA) and Todd Hagen (Ehlers).

Staff in attendance: Mason Schirmer.

The Pledge of Allegiance was said by those in attendance.

FAMO FEED, INC. TAX ABATEMENT DEFAULT

Worms said Famo Feed, Inc. did not meet obligations agreed to within a tax abatement agreement entered into with the City of Freeport July 27, 2010, in-turn rendering Famo Feed, Inc (aka The Company) in default. Worms said the special meeting was called to address the default. Worms said his company (Worms Ready Mix) was hired by Famo and was involved in the construction of the building addition. Worms said he would abstain from discussion and voting on the matter. Worms left the council table and sat in the audience. C. Goebel became presiding officer.

Schirmer said that during the Monday, September 16, 2013 regular meeting of the Freeport Economic Development Authority (EDA), the EDA unanimously approved (with Mayor Matt Worms abstaining) a motion to recommend to the City of Freeport termination of the tax abatement agreement with Famo Feed, Inc.

Hagen introduced himself and provided a brief explanation on what tax abatement is and how it compares to tax increment financing. Hagen said he worked on the original tax abatement analysis for the agreement being discussed. Hagen said he was volunteering his time on this matter.

K. Goebel asked Hagen if tax abatement fluctuates. Hagen said a fixed amount is typically agreed-upon; however, the abatement will decrease if valuation for taxation purposes decreases.

Hemker introduced himself and Welle, stating they are present on behalf of the Freeport Economic Development Authority (EDA). Hemker asked Hagen if cities use policies and procedures for evaluating tax abatement requests. Hagen said is aware of other communities that have such a policy.

Hemker said the EDA wants to ensure the tax abatement process is thorough, consistent and appropriate. Hagen said a policy can range from simple to complex. Hagen said he would provide the city with a model template for review. Hagen said business subsidies must use a policy.

Hemker asked how financial need is determined. Hagen said he uses a 'beyond the but-for test' to analyze an application to determine an amount that is large enough to meet the applicants needs but not excessive.

C. Goebel read the city's three options, as per Article VIII Section 8.2 of the tax abatement agreement. K. Goebel moved and Ritter seconded a motion to provide Famo Feed, Inc. with a notice of default and to terminate the tax abatement agreement if the event of default has not been cured by the Company within thirty (30) days. Atkinson asked to use a roll call vote. Schirmer read the name of each council member and recorded their responses as follows: Atkinson-aye, C. Goebel-aye, K-Goebel-aye, Ritter-aye, and Worms-abstained. Motion carried.

ADJOURNMENT

C. Goebel moved and K. Goebel seconded a motion to adjourn. Motion carried 5-0. Meeting adjourned at 7:36 P.M.

Mason Schirmer, City Clerk

Matthew H. Worms, Mayor