

AGENDA ITEM COVER SHEET

ITEM #
ON _____ AGENDA

ITEM # : Consider a Proposed Modification to Tax Abatement Approved on October 6, 2015 and Amended on March 14, 2016 for Priefert Manufacturing/PMCI Properties II

ITEM SUMMARY: Council approved a Tax Abatement for Priefert Manufacturing to include the construction of a Loading Dock, a Packaging Building, and a Railroad Crossover Building (with associated equipment). The term of the Abatement was to begin with Tax Year 2017 and extend for ten years. Building and Equipment were to be on the ground on Jan 1, 2017.

The company experienced significant delays in the construction of the Railroad Crossover Building as well as significant cost increases in building and equipment. The building is under construction now but will not be in service until Dec. 2017. To take full advantage of the Abatement, the company has requested a modification to the date to begin the Abatement on the Railroad Crossover Building and Equipment. They would like the Abatement to begin in the 2018 Tax Year with building and equipment in place on January 1, 2018.

All other buildings included in the Abatement have been constructed. All other terms of the Abatement Agreement will remain unchanged. The term of abatement for the other buildings will remain unchanged.

SPECIAL CONSIDERATIONS:

STAFF RECOMMENDATIONS:

Approval

FINANCIAL IMPACT:

ATTACHMENTS:

Submitted By:

Mike Ahrens, City Manager
Charles Smith, Executive Director, MPEDC

The STATE OF TEXAS

COUNTY OF TITUS

**MODIFICATION TO TAX ABATEMENT AGREEMENT DATED 10/6/2015
BETWEEN THE CITY OF MOUNT PLEASANT, TITUS COUNTY
PRIEFERT MANUFACTURING/PMCI PROPERTIES**

The City of Mount Pleasant, Texas, duly acting herein by and through its Mayor, (hereinafter referred to as the CITY); and Titus County, duly acting herein by and through its County Judge (hereinafter referred to as the COUNTY), desires to modify the Tax Abatement Agreement approved by the City, Nov.17, 2015 and originally approved by the County October 6, 2015. In the Tax Abatement Agreement, the Company was required to construct Railroad Crossover Building (with related equipment). The negotiation period required between the Company and the Union Pacific RR went beyond the anticipated timeframe. Construction is not now expected to be complete until December of 2017. For this reason, City and County wish to change the term of the Agreement as it affects the RR Crossover Building and Equipment only, to the following:

DURATION OF ABATEMENT FOR RAILROAD CROSSOVER BUILDING AND EQUIPMENT Subject to the terms and conditions of this Agreement, and subject to the rights and holders of any outstanding bonds of the CITY and TAXING ENTITIES, a portion of ad valorem real property taxes from the PREMISES otherwise owed to the CITY and TAXING ENTITIES shall be abated. Said abatement shall be an amount equal to:

90% of Property Taxes in Year One	Tax Year 2018
90% of Property Taxes in Year Two	2019
90% of Property Taxes in Year Three	2020
75% of Property Taxes in Year Four	2021
75% of Property Taxes in Year Five	2022
75 % of Property Taxes in Year Six	2023
75% of Property Taxes in Year Seven	2024
50% of Property Taxes in Year Eight	2025
50% of Property Taxes in Year Nine	2026
50% of Property Taxes in Year Ten	2027

of the taxes assessed upon the increased value of the eligible RAILROAD CROSSOVER BUILDING AND EQUIPMENT valued at \$400,000 over the value in the year in which this Agreement is executed and in accordance with the terms of this Agreement and all applicable state and local regulations or valid waiver thereof; provided that the OWNER shall have the right to protest and/or contest any assessment of the PREMISES and said abatement shall be applied to the amount of taxes finally determined to be due as a result of any such protest and/or contest. Said abatement shall extend for a period of ten years beginning January 1, 2018. Use of the property during the Abatement Period shall be limited to uses consistent with the general purpose of encouraging development or redevelopment of the zone.

NOW, THEREFORE, by Action of the Mount Pleasant City Council and Titus County Commissioners Court the parties hereto do mutually agree to the above change.

All other obligations, terms, and conditions spelled out in the Tax Abatement Agreement adopted by the Taxing Entities and Owner are unchanged.



CITY OF MOUNT PLEASANT, TEXAS

ATTEST: CITY OF MOUNT PLEASANT, TEXAS

Darleen Denman

Darleen Denman, City Secretary

Paul O. Meriwether

Dr. Paul O. Meriwether, Mayor

5-16-2017

Date

TITUS COUNTY

ATTEST: TITUS COUNTY, TEXAS

Joan Newman

Joan Newman, County Clerk

Brian Lee

Brian Lee, Titus County Judge

June 12, 2017

Date



OWNER

David K. Smith

David K. Smith, CFO Priefert Manufacturing Co. Inc.

ATTEST:

Authorized Signature

Date