

**AGENDA ITEM COVER SHEET**

ITEM #  
ON \_\_\_\_\_ AGENDA

**ITEM #** : Consider a Proposed Modification to Tax Abatement Approved on November 17, 2015 for Priefert Manufacturing/PMCI Properties II

**ITEM SUMMARY:** Council approved a Tax Abatement for Priefert Manufacturing to include the construction of a new 42,500 sq. ft. facility at an estimated cost of \$2.5 M and the installation of a Tube Mill and run-out Equipment also at an estimated value of \$2.5M. The term of the Abatement was to begin with Tax Year 2017. Building and Equipment were to be on the ground on Jan1, 2017.

Construction of the Building proceeded on schedule but the company experienced significant delays in retrieving the equipment in Mexico and the installation of the equipment in Mount Pleasant. As a result the company has requested that the Ten Year Abatement on the Equipment commence in Tax year 2018, enabling them to take full advantage of the abatement.

Term for the Building would remain the same, only the term for the Equipment would be modified. All other requirements and obligations for the company in the agreement would remain in place with no modification.

**SPECIAL CONSIDERATIONS:**

**STAFF RECOMMENDATIONS:**

Approval

**FINANCIAL IMPACT:**

**ATTACHMENTS:**

**Submitted By:**

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

STATE OF TEXAS

COUNTY OF TITUS

**MODIFICATION TO TAX ABATEMENT AGREEMENT DATED 11/17/2015  
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 Dec. 14,2015. In the Tax Abatement Agreement, the Company was required to construct a 42,500 sq. ft. facility at a value of 2.5 M to house "Tube Mill #3" with a value of \$2.5 M. The Building has been constructed in a timely fashion but the company experienced difficulty in bringing the Tube Mill from Mexico. Break down and shipment was delayed and the equipment did not arrive in time to be in service by the start of the Tax Abatement specified as Jan 1, 2017. For this reason, City and County wish to change the term of the Agreement to the following:

10. DURATION OF ABATEMENT FOR BUILDING TO REMAIN. 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 2017
90% of Property Taxes in Year Two	2018
90% of Property Taxes in Year Three	2019
75% of Property Taxes in Year Four	2020
75% of Property Taxes in Year Five	2021
75 % of Property Taxes in Year Six	2022
75% of Property Taxes in Year Seven	2023
50% of Property Taxes in Year Eight	2024
50% of Property Taxes in Year Nine	2025
50% of Property Taxes in Year Ten	2026

of the taxes assessed upon the increased value of the eligible IMPROVEMENTS (Building and Equipment) 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, 2017. 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.

DURATION OF TUBE MILL (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 personal 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

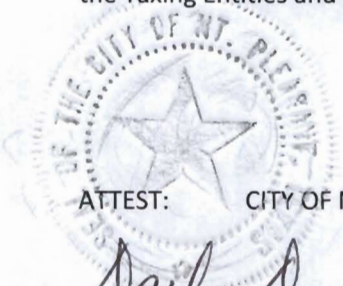


75% of Property Taxes in Year Seven	2024
50% of Property Taxes in Year Eight	2025
50% of Property Taxes in Year Nine	2026
50% of Property Taxes in Year Ten	2027

of the taxes assessed upon the increased value of the eligible EQUIPMENT (Tube Mill) 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

Dr. Paul O. Meriwether  
Dr. Paul O. Meriwether, Mayor

5-16-2017  
Date

**TITUS COUNTY**

ATTEST: TITUS COUNTY, TEXAS

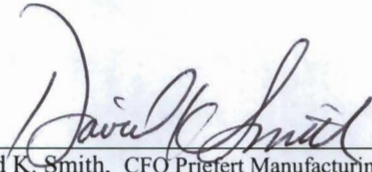
Joan Newman  
Joan Newman, County Clerk

Brian Lee  
Brian Lee, Titus County Judge

June 12, 2017  
Date



**OWNER**



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

ATTEST:

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Authorized Signature

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Date