

CITY OF FARIBAULT, MINNESOTA**RESOLUTION NO. 2020-051****RESOLUTION APPROVING PROPERTY TAX
ABATEMENT FOR CERTAIN PROPERTY IN THE CITY
OF FARIBAULT**

BE IT RESOLVED by the City Council (the “City Council”) of the City of Faribault, Minnesota (the “City”) as follows:

Section 1. Recitals.

1.01. Trystar, Inc., (the “Developer”), is considering consolidating its current business operations within the City and has asked for financial assistance to offset costs associated with the consolidation, including the buildout, expansion, and the construction of physical improvements.

1.02. The City has determined a need to grant a property tax abatement (the “Abatement”) pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815 (the “Abatement Act”) to the Developer to reimburse the Developer for the costs of converting the existing space located at 15765 Acorn Trail, Faribault, Minnesota, as legally described in Exhibit A attached hereto (the “Property”) into a production facility.

1.03. This City Council has reviewed information concerning the Developer’s request for financial assistance.

1.04. The proposed Abatement will be considered a business subsidy pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995 (the “Business Subsidy Act”).

1.05. On the date hereof, the City Council conducted a duly noticed public hearing on the Abatement proposed to be provided by the City and the business subsidy proposed to be provided to the Developer at which the views of all interested persons were heard.

1.06. The City intends to enter into a Contract for Private Development, including a Tax Abatement Agreement (collectively the “Abatement Agreement”) with the Developer, which shall set forth the terms of the Abatement and include a business subsidy agreement as required by the Business Subsidy Act.

Section 2. Findings.

2.01. The recitals set forth above are incorporated into this Resolution.

2.02. It is hereby found and determined that the benefits to the City from the Abatement will be at least equal to the costs to the City of the Abatement, because (a) the City believes that the development to be facilitated is not reasonably likely to occur absent the Abatement and other business subsidies provided by the City, and (b) the long-term taxes collected from the Property

after termination of the Abatement will exceed the amount of the Abatement returned to the Developer.

2.03. It is hereby found and determined that the Abatement is in the public interest because such action will increase the tax base and retain employment of 150 existing jobs in the City.

2.04. The Abatement complies with the City's written Tax Abatement Assistance Policy.

Section 3. Actions Ratified; Abatement Approved

3.01. The City Council hereby ratifies all actions of the City's staff and consultants in arranging for approval of this resolution in accordance with the Act.

3.02. Subject to the provisions of the Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

(a) The term "Abatement" means the real property taxes generated in any tax-payable year by extending the City's total tax rate for that year against the tax capacity of the Property in accordance with the Abatement Agreement, excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.

(b) The Abatement will be paid by the City to the Developer on the dates and in accordance with all the terms and conditions of the Abatement Agreement.

(c) In accordance with Section 469.1813, subdivision 8 of the Act, in no year shall the Abatement, together with all other abatements approved by the City under the Act and paid in that year exceed the greater of 10% of the City's net tax capacity for that year or \$200,000 (the "Abatement Cap"). The City may grant any other abatements permitted under the Act after the date of this Resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatement granted pursuant to this Resolution.

(d) The City will pay the Abatement to the Developer in semi-annual installments each August 1 and February 1, commencing August 1, 2021 and continuing through February 1, 2030. In no event shall the payment of Abatement to the Developer exceed \$260,040.00, nor shall the time period for payment of the Abatement to the Developer be more than ten (10) years.

(e) The Abatement is subject to modification in accordance with the Act, subject to the terms of the Development Agreement.

(f) In accordance with Section 469.1815 of the Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this Resolution.

(g) The City makes no warranties or representations regarding the amount or availability of the Abatement.

(h) The Abatement shall be provided to the Developer pursuant to the terms and conditions of the Abatement Agreement as approved by the City Council.

3.03. Restrictions on Abatement. The Abatement granted pursuant to this Resolution shall not commence until The City and Developer mutually agree on the terms and conditions of the Abatement Agreement.

Section 4. Implementation.

4.01. The Mayor and the City Administrator are authorized and directed to execute and deliver any additional agreements, certificates or other documents that the City determines are necessary to implement this Resolution.

4.02. The City Council directs City staff to take any appropriate action and to prepare any appropriate documents to facilitate the directives of the City Council as set forth in this Resolution.

4.03. The Mayor, City staff, City attorney and City consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

Section 5. County Participation. The Mayor and City Administrator are authorized to work with Rice County (the “County”) if the County chooses to abate a portion of the County’s taxes for the benefit of the Developer, including but not limited to drafting the Abatement Agreement with the County as a party and administering the payment of the County’s abatement dollars.

Section 6. Effective Date. This resolution is effective upon execution in full of the Abatement Agreement.

Approved by the City Council of the City of Faribault, Minnesota, this 23rd day of March, 2020.

CITY OF FARIBAULT, MINNESOTA

Kevin F. Voracek
Mayor

Attest:

Timothy C. Murray
City Administrator

EXHIBIT A TO ABATEMENT RESOLUTION

THE PROPERTY

That the real property in the City of Faribault, County of Rice, State of Minnesota, legally described as follows:

That part of the Southeast Quarter (SEL/4) of Section 1 Township 110 North Range 21 West of the fifth Principal Meridian, Rice County, Minnesota, lying East of County Road No.76, now known as Acorn Trail: EXEPTING THEREFROM that part thereof described as follows: Beginning at a point in the South line of said Southeast Quarter (SEL/4) for purposes of this description bearings are assumed and based on said South line being 89°33'57" West), a distance of 963.44 feet Westrly from the Southeast corner of said Southeast Quarter (SEL/4), said point being in the center line of Acorn Trail, thence North 10°36'04" East, along said center line of Acorn Trail, 430.00 feet;thence North 89°33'57" East, 474.90 Feet;thence South 0°26'03" East, 422.05 feet to a point in said South line; thence South 89°33'57" West, 557.21 feet to said point of beginning. SUBJECT TO roads, easements and restrictions of record.

And Also

ALL THAT PART OF THE SOUTHWEST QUARTER (SW1/4) OF SECTION 6 TOWNSHIP 110 NORTH RANGE 20 WEST OF THE FIFTH PRINCIPAL MERIDIAN, RICE COUNTY, MINNESOTA, LYING WEST OF THE RIGHT OF WAY OF THE MINNEAPOLIS, ST. PAUL ROCHESTER AND DUBUQUE ELECTRIC TRACTION COMPANY