

CITY COUNCIL MINUTES

COUNCIL CHAMBERS

TUESDAY, SEPTEMBER 13, 2022

6:00 PM

or immediately following the Joint City Council-Rice County Commissioners Work Session

Call to Order/Roll Call

The Special Council Meeting was called to order at 6:00 p.m. by Mayor Voracek. Councilors in attendance were Councilor Sara Caron, Royal Ross, Peter van Sluis, Tom Spooner, Janna Viscomi, and Jon Wood. Also in attendance was City Administrator Tim Murray, City Clerk Heather Slechta, Library and Communications Director Delane James, Community and Economic Development Director Deanna Kuennen, Parks and Recreation Director Paul Peanasky, Police Chief John Sherwin and Human Resource Manager Kevin Bushard.

Rice County Board of Commissioners Call to Order/Roll Call

The Rice County Board of Commissioners called their Work Session to order. Commissioners Jim Purfeerst, Steve Underdahl, Jeff Docken and Dave Miller were in attendance as well as County Administrator Sara Folsted.

Public Hearings

Proposed Property Tax Abatement and Business Subsidy, Tru Vue, Inc.

Community and Economic Development Director Deanna Kuennen explained Tru Vue, Inc., working with their consultants, determined that the expansion of the Faribault facility is their preferred option based on various site selection factors and a proposed incentive package. To support the expansion, the company has requested city and county tax abatement of new taxes over the course of 10 years - which are technically defined as the "increase in the City and County property taxes resulting from the Minimum Improvements to the Development Property." This assistance would make the project more financially feasible by easing the company into the new tax obligation created by the investment/project. The expansion includes a 70,000 square foot building, automation of manufacturing process, and the upskilling of workforce, totaling \$32,000,000.

Working with the project consultant and the Rice County Administrator, Staff evaluated the overall project scope and public benefits, and is proposing a tax abatement package that looks only at new taxes generated from the proposed project. These are increased taxes that would not be realized without the project. The tax abatement proposal would step the company into their new tax obligation over a period of time. This removes the potential new taxes as a burden to the company while the capital investments are being made, but still protects the existing taxes paid to the various different taxing jurisdictions. In return for the abatement - the company would be required to construct the addition and make the proposed investment.

The proposed 10-year tax abatement structure would consist of the following formula, which would be paid out in semi-annual installments over 10 years - with the first tax abatement payment starting in February 2025, ending in August 2034:

Years 1-5: 100% abatement of the increase in the City and County property taxes resulting from the Minimum Improvements to the Development Property established pursuant to the property tax assessment as of January 2, 2024

Year 6: 95% abatement of the City and County property taxes resulting from the Minimum Improvements

to the Development Property

Year 7: 85% abatement of the City and County property taxes resulting from the Minimum Improvements to the Development Property

Year 8: 75% abatement of the City and County property taxes resulting from the Minimum Improvements to the Development Property

Year 9: 65% abatement of the City and County property taxes resulting from the Minimum Improvements to the Development Property

Year 10: 55% abatement of the City and County property taxes resulting from the Minimum Improvements to the Development Property

Year 11: No Abatement

The actual abatement amount would be established based on the valuation assigned to the project by the Rice County Assessor, on January 2, 2024. This assessed value would capture the 70,000 SF building expansion that is proposed to be constructed over the course of 2023. The taxes associated with this new valuation are then due and payable starting in 2025.

Motion by Spooner, seconded by van Sluis to open the public hearing, the public hearing opened at 6:05pm.

The Rice County Commissioners opened their public hearing at 6:05 pm.

The Rice County Commissioners closed their public hearing at 6:07 pm.

Motion by Ross, seconded by Spooner to close the public hearing and carried unanimously. The public hearing was closed at 6:07 pm.

Rachel Gradner, Associate at CBRE, stated that they appreciate the support, and are looking forward to investing in Faribault.

Faribault City Council Actions

Motion by Spooner, seconded by Wood to approve Resolution 2022-199 Approving Property Tax Abatement for Certain Property in the City of Faribault and carried unanimously.

Motion by Wood, seconded by van Sluis to approve Resolution 2022-200 Approving Contract for Private Development with Tru Vue, Inc., for Certain Property in the City of Faribault and carried unanimously.

The Rice County Commissioners took their required actions to approve the tax abatement.

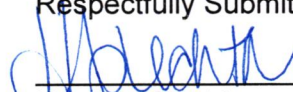
Adjournment

The Rice County Commissioners adjourned their meeting at 6:09 pm.

Motion by Ross, seconded by van Sluis to adjourn the meeting.

The meeting adjourned at 6:09 pm.

Respectfully Submitted,



Heather Slechta
City Clerk