



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Director of Community Development
Date: March 2, 2016
Re: Case C 2016-08: Electro-Spec

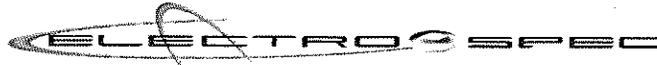
Summary:

1. On February 25th, 2008, the Franklin Common Council passed Resolution No. 2008-04 (amended by Resolution No. 2010-13), approving a 10-year tax abatement on real property and a 7-year personal property tax abatement for Electro-Spec located at 3070 RJ Parkway.
2. Actual and estimated benefits, as projected for 2015:

| | Estimated on SB-1 | Actual in 2015 | Difference |
|--------------------------------|-------------------|----------------|-------------|
| Employees Retained | 43 | 84 | 41 |
| Salaries | \$1,649,129 | \$3,598,253 | \$1,949,124 |
| New Employees | 7 | 0 | (7) |
| Salaries | \$189,280 | \$0 | -\$189,280 |
| Total Employees | 50 | 84 | 34 |
| Total Salaries | \$1,838,409 | \$3,598,253 | \$1,759,844 |
| Average Hourly Salaries | \$17.68 | \$20.59 | \$2.92 |
| Personal Property Improvements | \$2,200,000 | \$2,472,691 | \$272,691 |
| Real Property Improvements | \$319,000 | \$417,261 | \$98,261 |

3. The company has exceeded their estimate provided on their SB-1 Form for real property improvements.
4. Because it took them longer to purchase the equipment than anticipated, Resolution 2008-04 was amended with Resolution 2010-13 to allow them to purchase the equipment by the end of 2010, and increase the investment amount from \$1,800,000 to \$2,200,000. The 7-year personal property tax abatement will begin in the year the machinery is purchased.
5. The total number of employees increased from 75 at the end of 2012, to 84 at the end of 2013. The total number of employees at the end of 2014 was 80. The total number of employees increased in 2015 to 84, as shown in the table above. The company continues to meet the number of employees retained as well as exceed the number of new employees as estimated on their SB-1 Form. The average hourly salary also exceeds what was estimated on their SB-1 Form.
6. The real property tax abatement is scheduled to expire in tax year 2018 payable 2019. The final compliance review will take place in 2019.
7. The personal property tax abatement is now scheduled to expire in 2018 pay 2019 due to Resolution 2010-13. The final compliance will take place in 2019.

Staff Recommendation: Approval



February 3, 2016

Mrs. Krista Linke, Director
Dept. Of Planning & Economic Development
70 East Monroe Street
Franklin, IN 46131

RE: Tax Abatement Compliance for Electro-Spec, Inc.

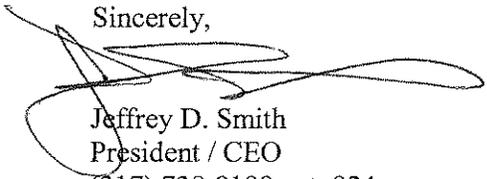
Dear Ms. Linke:

Enclosed please find the CF-1 forms (Compliance with Statement of Benefits) regarding compliance with real and personal property tax abatements which were granted to Electro-Spec, Inc. under Franklin Common Council Resolution No. 08-04/10-13.

As you can see from reviewing the enclosed documents, our company has been successful in (1) exceeding substantially all of the capital investments which had been projected for the project, and (2) exceeding the number of jobs which had been proposed in the Statement of Benefits (Form SB-1).

Please review all of the enclosed documents, and if you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,



Jeffrey D. Smith
President / CEO
(317) 738-9199 ext. 924
jsmith@electro-spec.com

1800 Commerce Parkway
Franklin, IN 46131
(317) 738-9199 phone
(317) 738-9491 fax



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

20 15 PAY 20 16

FORM CF-1 / Real Property

PRIVACY NOTICE

The cost and any specific individual's salary information is confidential; the balance of the filing is public record per IC 6-1.1-12.1-5.1 (c) and (d).

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
 Eligible vacant building (IC 6-1.1-12.1-4.8)

INSTRUCTIONS:

- This form does not apply to property located in a residentially distressed area. (IC 6-1.1-12.1-2 (b))
- Property owners must file this form with the County Auditor and the Designating Body for their review regarding the compliance of the project with the Statement of Benefits (SB-1 / Real Property).
- This form must accompany the initial deduction application that is filed with the County Auditor.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must file an updated form with the County Auditor and the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.1)
- The updated form must be filed annually by May 15, or by the due date for the real property owner's personal property return that is filed in the township where the project is located, whichever is later. (IC 6-1.1-12.1-5.1 (b))
- With the approval of the Designating Body, compliance information for multiple projects may be consolidated on one (1) compliance form (CF-1 / Real Property).

SECTION 1 TAXPAYER INFORMATION

| | |
|---|---|
| Name of taxpayer Electro-Spec, Inc. | |
| Address of taxpayer (number and street, city, state, and ZIP code) 1800 Commerce Parkway Franklin, IN 46131 | |
| Name of contact person Jeffrey D Smith | Telephone number (317) 738-9199 |

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY

| | | |
|--|--------------------------|---|
| Name of designating body Franklin City Council | | Resolution number 08-04 / 10-13 |
| Location of property 3070 RJ Parkway Franklin, IN 46131 | County Johnson | DLGF taxing district number 41-009 |
| Description of real property improvements: 6900 Sq Ft Building Expansion | | Estimated starting date (month, day, year) 03/01/2008 |
| | | Estimated completion date (month, day, year) 09/01/2008 |

SECTION 3 EMPLOYEES AND SALARIES

| EMPLOYEES AND SALARIES | AS ESTIMATED ON SB-1 | ACTUAL |
|--------------------------------|----------------------|--------------|
| Current number of employees | 43 | 84 |
| Salaries | 1,649,129.00 | 3,598,253.00 |
| Number of employees retained | 43 | 43 |
| Salaries | 1,649,129.00 | 1,649,129.00 |
| Number of additional employees | 7 | 41 |
| Salaries | 189,280.00 | 1,949,124.00 |

SECTION 4 COST AND VALUES

| COST AND VALUES | REAL ESTATE IMPROVEMENTS | |
|---|--------------------------|----------------|
| AS ESTIMATED ON SB-1 | COST | ASSESSED VALUE |
| Values before project | | 685,900.00 |
| Plus: Values of proposed project | 319,000.00 | 300,000.00 |
| Less: Values of any property being replaced | | |
| Net values upon completion of project | 319,000.00 | 985,900.00 |
| ACTUAL | COST | ASSESSED VALUE |
| Values before project | | 692,800.00 |
| Plus: Values of proposed project | 417,261.00 | 319,600.00 |
| Less: Values of any property being replaced | | |
| Net values upon completion of project | 417,261.00 | 1,012,400.00 |

SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

| WASTE CONVERTED AND OTHER BENEFITS | AS ESTIMATED ON SB-1 | ACTUAL |
|-------------------------------------|----------------------|--------|
| Amount of solid waste converted | | |
| Amount of hazardous waste converted | | |
| Other benefits: | | |

SECTION 6 TAXPAYER CERTIFICATION

I hereby certify that the representations in this statement are true.

| | | |
|--|---------------------------|--|
| Signature of authorized representative | Title PRESIDENT | Date signed (month, day, year) 2/21/16 |
|--|---------------------------|--|



COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (R / 1-06)

Prescribed by the Department of Local Government Finance

FORM CF-1 / PP

- INSTRUCTIONS:**
1. Property owners whose Statement of Benefits was approved must file this form with the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
 2. This form must be filed with the Form 103-ERA Schedule of Deduction from Assessed Value between March 1, and May 15, of each year, unless a filing extension under IC 6-1.1-3.7 has been granted. A person who obtains a filing extension must file between March 1, and the extended due date of each year.
 3. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance (CF-1).

| SECTION 1 TAXPAYER INFORMATION | | | | | | | | |
|--|-------------------------|----------------|-----------------|--------------------|-----------------------|--|--------------|----------------|
| Name of taxpayer Electro-Spec, Inc. | | | | | | | | |
| Address of taxpayer (number and street, city, state, and ZIP code) 1800 Commerce Parkway Franklin, IN 46131 | | | | | | | | |
| Name of contact person Jeffrey D Smith | | | | | | Telephone number (317) 738-9199 | | |
| SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY | | | | | | | | |
| Name of designating body Franklin City Council | | | | | | Resolution number 08-04/10-13 | | |
| Location of property 1800 Commerce Parkway Franklin, IN 46131 | | | | County Johnson | | DLGF taxing district number 41-009 | | |
| Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Plating Lines and Associated Equipment | | | | | | Estimated starting date (month, day, year) 03/01/2008 | | |
| | | | | | | Estimated completion date (month, day, year) 12/31/2010 | | |
| SECTION 3 EMPLOYEES AND SALARIES | | | | | | | | |
| EMPLOYEES AND SALARIES | | | | | | AS ESTIMATED ON SB-1 | | ACTUAL |
| Current number of employees | | | | | | 43.00 | | 84 |
| Salaries | | | | | | 1,649,129.00 | | 3,598,253.00 |
| Number of employees retained | | | | | | 43.00 | | 43 |
| Salaries | | | | | | 1,649,129.00 | | 1,649,129.00 |
| Number of additional employees | | | | | | 7.00 | | 41 |
| Salaries | | | | | | 189,280.00 | | 1,949,124.00 |
| SECTION 4 COST AND VALUES | | | | | | | | |
| AS ESTIMATED ON SB-1 | MANUFACTURING EQUIPMENT | | R & D EQUIPMENT | | LOGIST DIST EQUIPMENT | | IT EQUIPMENT | |
| | COST | ASSESSED VALUE | COST | ASSESSED VALUE | COST | ASSESSED VALUE | COST | ASSESSED VALUE |
| Values before project | | | | | | | | |
| Plus: Values of proposed project | 2,200,000.00 | | | | | | | |
| Less: Values of any property being replaced | | | | | | | | |
| Net values upon completion of project | | | | | | | | |
| ACTUAL | COST | ASSESSED VALUE | COST | ASSESSED VALUE | COST | ASSESSED VALUE | COST | ASSESSED VALUE |
| Values before project | 4,072,444.00 | | | | | | | |
| Plus: Values of proposed project | 2,472,691.00 | | | | | | | |
| Less: Values of any property being replaced | | | | | | | | |
| Net values upon completion of project | 6,545,135.00 | | | | | | | |
| NOTE: The COST of the property is confidential pursuant to IC 6-1.1-12.1-5.6 (d). | | | | | | | | |
| SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER | | | | | | | | |
| WASTE CONVERTED AND OTHER BENEFITS | | | | | | AS ESTIMATED ON SB-1 | | ACTUAL |
| Amount of solid waste converted | | | | | | | | |
| Amount of hazardous waste converted | | | | | | | | |
| Other benefits: | | | | | | | | |
| SECTION 6 TAXPAYER CERTIFICATION | | | | | | | | |
| I hereby certify that the representations in this statement are true. | | | | | | | | |
| Signature of a authorized representative | | | | Title PRESIDENT | | Date signed (month, day, year) 2/21/2010 | | |

Electro-Spec, Inc.
 1800 Commerce Parkway
 Franklin, IN 46131

Attachment to Form CF-1 (Compliance with Statement of Benefits)
 Employees by Quarter

| Number of Employees As 03/01/2008 (Form SB-1) | Proposed Total Number of Employees by 12/31/2010 (Form SB-1) | 3/31/2015 | 6/30/2015 | 9/30/2015 | 12/31/2015 | Actual Total Number of Employees as of 12/31/15 | Difference Between Actual and Proposed Number of Employees |
|---|--|-----------|-----------|-----------|------------|---|--|
| 43 | 50 | 86 | 84 | 83 | 84 | 84 | 34 |

Electro-Spec, Inc.
 1800 Commerce Parkway
 Franklin, IN 46131

Attachment to Form CF-1 (Compliance with Statement of Benefits)
 Expansion Investment Schedule by Quarter

| | Actual Amount of Investment As of 03/01/2008 (Form SB-1) | Proposed Amount of Total Investment by 12/31/10 (Form SB-1) | Actual Amount of Investment Added During the Year | | | Actual Total Investment as of 12/31/15 | Difference Between Actual and Proposed Investment |
|--------------------------|---|--|---|-----------|-----------|--|---|
| | | | 3/31/2015 | 6/30/2015 | 9/30/2015 | | |
| Machinery & Equipment | \$ 4,072,444 | \$2,200,000* | \$ - | \$ - | \$ - | \$2,472,691** | \$ 272,691 |
| Totals: | | \$ 2,200,000 | | | | | |

* As amended by Resolution Number 2010-13.

** Sum of Prior Years' Investment 2009 (\$1,169,455) 2010 Investment (\$950,487), 2011 Investment (\$271,288) and 2012 Investment (\$81,461).