



CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

MINUTES

ECONOMIC DEVELOPMENT COMMISSION

April 10, 2012

Members Present:

John Ditmars	President
Tony Wellings	Secretary
Ken Austin	Member
H. Lee Hodgen	Vice-President
Jake Sappenfield	Member

Others Present:

Rob Schafstall	Legal Counsel
Krista Linke	Planning Director
Jaime Harshman	Recording Secretary

Call to Order:

John Ditmars called the meeting to order at 8:00 a.m.

Approval of Minutes:

On a motion by Ken Austin and a second by Jake Sappenfield, the members voted unanimously to approve the minutes from the March 13, 2012 meeting.

OLD BUSINESS:

C 2012-14, C 2012-15: CTC Casting Technologies Co.:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2008-11 and No. 2007-08.

Chuck Schiavello, CTC Casting Technologies, stated there were some questions regarding the reporting for the 2007/2008 tax abatements. Most of the assets related to those tax abatements have been sold off. The remaining tax benefit is very minimal. The abatement that was just awarded in January replaces the physical assets of the two prior abatements. They are willing to relinquish the two old abatements effective this tax year. They sold off the assets to get out of that part of the business. They have close to 77 employees and should have around 100 by the end of the year. The equipment was taken out of service by the end of 2010.

Action taken on C 2012-14: CTC Casting Technologies Co.:

On a motion by Lee Hodgen and a second by Tony Wellings, the members voted unanimously that the company is not in compliance, as the majority of the equipment has been sold, and to revoke the abatement.

Action taken on C 2012-15: CTC Casting Technologies Co.:

Tony Wellings made a motion to find the company not in compliance, as the majority of the equipment has been sold, and to revoke the abatement. Jake Sappenfield seconded the motion. The motion passed unanimously.

C 2012-37, C 2012-24: Cooper Tire:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2008-17 and No. 2008-17.

Ms. Linke stated she had received additional information from Kevin Farr, Plant Manager. They have an additional 87 temporary employees for a total of 126 full time employees. Their salaries are in excess of what they originally estimated. They more than doubled the number of employees they had estimated.

Action taken on C 2012-37, C 2012-24: Cooper Tire:

On a motion by Tony Wellings and a second by Lee Hodgen, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

C 2012-12: Holbrook Manufacturing:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2007-12.

Ms. Linke stated that she spoke to Mr. Holbrook. He told her that due to the economy they did not reach their anticipated goals. Mr. Wellings noted that the salaries are higher than anticipated and employees are lower than anticipated, but have maintained the same number of employees.

Action taken on C 2012-12: Holbrook Manufacturing:

On a motion by Ken Austin and a second by Lee Hodgen, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

NEW BUSINESS:

EDC 2012-02: Electro-Spec:

Jeff Smith stated that they started with renovations to the former Klaisler Manufacturing building located on Commerce Parkway in January. They are anticipating relocating some of their existing plating lines this week. They are hoping to set up operations by the end of the month. They are looking to add additional plating lines and to upgrade their waste treatment. They are looking to spend another million this year and another half million in 2013/2014 and also add jobs at the same time. Ms. Linke stated that they are requesting a personal property abatement and that they are requesting the maximum 10 year abatement. She explained that a real property abatement was not available at this time because the building was not new.

Action taken on EDC 2012-02: Electro-Spec:

On a motion by Tony Wellings and a second by Jake Sappenfield, the members unanimously voted to grant a 10 year personal property tax abatement on \$2,170,000.

EDC 2012-03: Metro FiberNet Economic Development Revenue Bonds:

Richard Starkey, Attorney with the Law firm of Barnes and Thronburg, stated that the bonds would be purchased by Metro FiberNet, the payback would come from the tax increment that is collected on the fiber that is laid in the community. It is fiber that has high speeds for internet, TV and phones. As an incentive for Metro FiberNet to bring their service to Franklin, the proposal has been to offer a bond issue which they would purchase themselves and over time would be paid back from the property tax increment they pay generated from their fiber. The fiber is taxed as personal property on a per foot basis. Every foot that they lay becomes taxed, which becomes increment which would be pledged back from the RDC and would be paid off over a 25 year period. They have done this in several communities in Indiana.

Steve Biggerstaff, Metro FiberNet, stated that they have met with the City Council, schools, hospitals, the RDC, and the County. Fiber is taken to each house, not just each neighborhood. They have only done this in Indiana so far. The equipment will have a capability of 1 gig. He described how they have worked in other towns. He stated they are in the process of purchasing a building on Commerce Drive that will house their fiber coming in. They are looking at about a \$20 million investment for Franklin and Whiteland and then more expansions from there. The TIF area is just the fiber area itself. It's only their personal property tax around their assets that are captured. There is a \$2.75 million bond amount over a 25 year period of time. As they extend into the County, they will capture the tax dollars which will help to pay the bonds off earlier. 2014-2015 is when they will see their taxes come in.

Mr. Biggerstaff stated that Wabash, Huntington, New Castle and Lebanon have all done it through TIF. Mr. Schafstall stated that until they were registered as a legal entity in Indiana, they wouldn't be able to move forward. Mr. Biggerstaff stated they would get it taken care of. He stated they bear the total financial risk. Mr. Starkey stated that concerning the entity, whatever taxes they pay are used to make payments on principle and interest on the bonds. If they don't make the payments they would not default on the bonds, the term of the bond would not be extended; the investors would not receive the amount they're expecting.

The floor was opened for public comment. Steve Barnett questioned if there are other tax abatements on top of this. Mr. Biggerstaff stated there were not. Mr. Barnett questioned what they think the total revenue should be per year. Jim Higgins stated it will have approximately \$300,000 assessed value. Over a 20 year term for every million put in it will be able to support \$141,000 in bond proceeds. They will not get the full benefit because of the Franklin tax caps. Mr. Barnett questioned if the TIF was not granted if they would continue. Mr. Biggerstaff stated that it was not likely. Mr. Higgins stated it stops at the end of the maturity of the bond. If there is a shortfall, it's the investors' risk.

Mr. Schafstall stated that Commission is being asked to do a 5 point report. He questioned on whose behalf Mr. Biggerstaff was speaking. Mr. Biggerstaff stated he was speaking for Metro FiberNet, LLC and Metro Net. Mr. Schafstall questioned if he estimated that no public works or services will be made necessary or desirable by the project. Mr. Biggerstaff answered yes. Mr. Schafstall questioned if the cost of project will be approximately \$20 million, of which the joint municipality's portion will not exceed \$2.75 million. Mr. Biggerstaff answered yes. Mr. Schafstall questioned if the project would create 20 new jobs with an estimated annual payroll of \$1 million and in the longer term will result in more jobs than that. Mr. Biggerstaff stated yes, they would be permanent jobs. Mr. Schafstall questioned if the project would not have an adverse competitive affect on similar facilities already constructed in the City. Mr. Biggerstaff answered yes. Mr. Schafstall questioned if the submittal was a 10 page section and 3 page section and that the Commission could rely upon those documents. Mr. Biggerstaff answered yes. Mr.

Schafstall questioned if Mr. Higgins submitted a 1 page analysis. Mr. Higgins stated that was correct.

Tony Wellings made a motion to close the public hearing. Lee Hodgen seconded the motion. The motion passed unanimously.

Action taken on EDC 2012-01 : Metro FiberNet Economic Development Revenue Bonds:

On a motion by Jake Sappenfield and a second by Lee Hodgen, the members voted unanimously to approve EDC Resolution 2001-01 and forward a favorable recommendation to City Council.

C 2012-19: Nitrex, Inc.:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2011-02.

Mr. Wellings stated they are lower on salaries, head count and personal property. Ms. Linke stated they didn't anticipate making the personal property purchase until 2012 and an additional purchase in 2013. They are purchasing \$1.5 million in 2012 and \$1.4 million in 2013. They are actually ahead of schedule in hiring as they have hired 8 and were to hire at total of 12 by 2014. They are in compliance.

Action taken on C 2012-19: Nitrex, Inc.:

On a motion by Jake Sappenfield and a second by Lee Hodgen, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

C 2012-23: Rexam:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2010-05.

Ms. Linke stated that their completion date on their original SB-1 Form was 12-31-2010 but they are requesting an extension. Larry Williams, Controller at Rexam, stated they are part of the health care division with plastic injection moldings. The original SB-1 investment was anticipated as \$14.5 million in assets. The actual investment has been approximately \$17.8 million as of 2011 instead of 2010 as anticipated. They have increased employees to 188 employees. In addition to 80 people added, they employ about 38 temporary employees. They are requesting an extension on the investment period and an amendment to include the additional investment amount.

Action taken on C 2012-23: Rexam:

On a motion by Tony Wellings and a second by Lee Hodgen, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance, that the amended completion date be extended to December 31, 2011 and personal property improvements be increased to \$17.8 million.

C 2012-26: Laugle Properties, LLC:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2005-14.

Krista Linke explained the map that was attached to the Staff Reports for the Laugle abatements and how Innovative Casting Technologies moved from the north side of Blue Chip Court into the facility formerly occupied by Greenwood Machine on the south side of Blue Chip Court. She also explained how Dualtech had a fire at their facility on the north side of Blue Chip Court and moved into a new facility on the south side of Blue Chip Court.

Action taken on C 2012-26: Laugle Properties, LLC:

On a motion by Lee Hodgen and a second by John Ditmars, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

C 2012-28: Laugle Properties, LLC:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2001-02.

Action taken on C 2012-28: Laugle Properties, LLC:

On a motion by Jake Sappenfield and a second by Tony Wellings, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

C 2012-27, C 2012-29: Laugle Properties, LLC:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2007-07 and No. 2008-06.

Action taken on C 2012-27, C2012-29: Laugle Properties, LLC:

On a motion by Lee Hodgen and a second by Jake Sappenfield, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

C 2012-30: Dualtech, Inc.:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2008-03.

Action taken on C 2012-30: Dualtech, Inc.:

On a motion by Jake Sappenfield and a second by Tony Wellings, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

C 2012-31, C 2012-32: Caterpillar:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2010-15 and No. 2005-01.

Action taken on C 2012-31, C 2012-32: Caterpillar:

On a motion by Tony Wellings and a second by Lee Hodgen, the members voted unanimously to table the case until the next meeting.

C 2012-33: Indiana Hydraulic Equipment Corp.:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2006-08.

Action taken on C 2012-33: Indiana Hydraulic Equipment Corp.:

On a motion by Jake Sappenfield and a second by Tony Wellings, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

C 2012-34, C 2012-35, C 2012-36: NSK:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2010-19, No. 2004-03, and No. 2005-18.

Action taken on C 2012-34, C 2012-35, C 2012-36: NSK:

On a motion by Lee Hodgen and a second by Jake Sappenfield, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

C 2012-38: Mitsubishi:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2010-10.

Action taken on C 2012-38: Mitsubishi:

On a motion by Jake Sappenfield and a second by Tony Wellings, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

C 2012-40, C 2012-41: KYB:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2006-02 and No. 2006-09.

Action taken on C 2012-40, C 2012-41: KYB:

On a motion by Lee Hodgen and a second by Jake Sappenfield, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

C 2012-42, C 2012-43: Amcor:

Tax Abatement Compliance Hearing as granted through Council Resolution No. 2005-05 and No. 2006-06.

Action taken on C 2012-42, C 2012-43: Amcor:

On a motion by Tony Wellings and a second by Lee Hodgen, the members voted unanimously to forward a favorable recommendation to City Council to find the company in substantial compliance.

Other Business:

None.

Adjournment:

There being no further business, the meeting was adjourned. Respectfully submitted this 8th day of May, 2012.

John Ditmars, President

Tony Wellings, Secretary