



# CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

## Memorandum

**To:** City of Franklin Economic Development Commission  
**From:** Dana Monson, Community Development Specialist  
**Date:** May 11, 2021  
**Re:** Case C 2021-24: Airtomic LLC (Formerly Sargent Aerospace) (2018-11)

### Summary:

- On September 17, 2018, the Franklin Common Council passed Resolution No. 2018-11 approving a 10-year tax abatement on real property and a 5-year personal property tax abatement for the property located at 75 Linville Way.
- Actual and estimated benefits, as projected for 2020:

	Estimated on SB-1	Actual in 2020	Difference
Employees Retained	24	24	0
Salaries	\$1,335,360	\$1,709,760	\$374,440
New Employees	13	8	-5
Salaries	\$723,320	\$569,920	-\$153,400
Total Employees	37	32	-5
Total Salaries	\$2,058,680	\$2,615,080	-\$556,400
Average Hourly Salaries	\$26.75	\$31.25	\$4.50
Personal Property Improvements	\$525,000	\$610,427	\$85,427
Real Property Improvements	\$2,872,900	\$2,877,715	\$4,815

- The company has exceeded their estimate provided on their SB-1 Form for real and personal property improvements.
- The total number of employees has exceeded their estimate by 10 with salaries coming as projected. 2020 saw a loss of 5 employees due to Covid reductions in sales but a substantial rise in wages. They plan to stabilize in 2021 and increase employment in 2022.
- The real property tax abatement is scheduled to expire in tax year 2028 payable 2029. The final compliance review will take place in 2029.
- The personal property tax abatement is scheduled to expire in 2023 pay 2024. The final compliance will take place in 2024.

**Staff Recommendation:** Approval



75 Linville Way  
Franklin, Indiana 46131  
Phone: 520.744.1000  
FAA Cert: OZDR901X

Tuesday, April 20, 2021

City of Franklin  
Attn: Mrs. Dana Monson, Community Development Specialist  
70 East Monroe Street  
Franklin, IN 46131

Re: Tax Abatement Compliance Packet for Airtomic LLC

Dear Mrs. Monson,

Please find attached Forms CF-1/RE and CF-1/PP (Compliance with Statement of Benefits) regarding compliance with the real property and personal property tax abatements, granted to Airtomic LLC in 2018 under Franklin Common Council Resolution number 2018-11.

As can be seen from reviewing the enclosed documents, our company has been successful in;

- (a) Completed all capital investment projected for completion by 31 May 19 with the building Runnebohm.
- (b) Creating the full complement of jobs which we projected (13 adds) which had been proposed in the statement of benefits (Form SB-a) which was approved on September 17, 2018. Due to the urgency of our customers, we had hired the complete complement of committed jobs when we were working at our original facility at 215 Industrial Drive, Franklin, Indiana, which put us at 37 employees. Since that time, we have added an additional 10 new employees and our total number of employees between the period of January 1, 2019 and January 1, 2020 stood at 49 (Not including 2 temporary employees working full-time as well). Thus, our total since inception is 25 total new employees.
- (c) The global pandemic seriously affected Airtomic and the extraordinary reduction in commercial passenger flights beginning in March of 2020. We addressed the changes in our market by reducing our staff by 21% in the 2<sup>nd</sup> Qtr., 17% 3<sup>rd</sup> Qtr., a 38% reduction to match our reduced in sales. In addition, we furloughed for various lengths to avoid closure. We invested in \$200,000 in 2021 in capital for our qualification laboratory to support new business. We expect to maintain our current staff levels through 2021 and our business to return to our previous levels in 2022 and 2023.

We are proud Franklin community members and our facility and surrounding grounds show our pride.

Please review the enclosed documents and if you have any questions or concerns regarding this matter, please feel free to contact me at (317) 738-0148, 4468.

Sincerely,

  
Mike Callaway  
General Manager



an RBC Bearings Company  
75 Linville Way | Franklin IN 46131  
[\(502\) 876-8292](tel:5028768292)  
[mcallaway@rbcbearings.com](mailto:mcallaway@rbcbearings.com)

Enclosures



# COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51768 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

20 19 PAY 20 20

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).

### INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area or any deduction for which the Statement of Benefits was approved before July 1, 1991.
2. 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 (Form SB-1/Real Property).
3. This form must accompany the initial deduction application (Form 322/RE) that is filed with the county auditor.
4. This form must also be updated each year in which the deduction is applicable. It is filed with the county auditor and the designating body before May 15, or by the due date of the real property owner's personal property return that is filed in the township where the property is located. (IC 6-1.1-12.1-5.1(b))
5. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance form (Form CF-1/Real Property).

SECTION 1		TAXPAYER INFORMATION	
Name of taxpayer <b>Airtomic LLC - (Sargent Aerospace &amp; Defense)</b>		County <b>Johnson</b>	
Address of taxpayer (number and street, city, state, and ZIP code) <b>75 Linville Way, Franklin IN 46131 (41-08-02-043-005.000-009)</b>		DLGF taxing district number	
Name of contact person <b>Mike Callaway</b>		Telephone number <b>( 317 ) 738-0148, 4468</b>	
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body <b>City of Franklin Common Council</b>	Resolution number <b>2018-11</b>	Estimated start date (month, day, year) <b>11/1/2018</b>	
Location of property <b>75 Linville Way - Linville Business Park</b>		Actual start date (month, day, year) <b>11/1/2018</b>	
Description of real property improvements <b>Construction of a new 30,000 sq. ft. manufacturing facility with expansion space for an additional 20,000 sq. ft. available.</b>		Estimated completion date (month, day, year) <b>5/31/19</b>	
		Actual completion date (month, day, year) <b>11/25/19</b>	
SECTION 3		EMPLOYEES AND SALARIES	
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		24	32
Salaries		28.75	31.25
Number of employees retained		24	32
Salaries		28.75	31.25
Number of additional employees		13	8
Salaries		24.00	31.25
SECTION 4		COST AND VALUES	
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1		COST	ASSESSED VALUE
Values before project			
Plus: Values of proposed project		2,872,900.00	
Less: Values of any property being replaced			
Net values upon completion of project		2,872,900.00	
ACTUAL		COST	ASSESSED VALUE
Values before project			
Plus: Values of proposed project			
Less: Values of any property being replaced			
Net values upon completion of project		2,877,715.00	
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 <i>Mike Callaway</i>		Title <b>General Manager</b>	Date signed (month, day, year) <b>4/20/2019</b>

OPTIONAL: FOR USE BY A DESIGNATING BODY WHO ELECTS TO REVIEW THE COMPLIANCE WITH STATEMENT OF BENEFITS (FORM CF-1)  
THAT WAS APPROVED AFTER JUNE 30, 1991

**INSTRUCTIONS:** (IC 6-1.1-12.1-5.1 and IC 6-1.1-12.1-5.9)

1. Not later than forty-five (45) days after receipt of this form, the designating body may determine whether or not the property owner has substantially complied with the Statement of Benefits (Form SB-1/Real Property).
2. If the property owner is found **NOT** to be in substantial compliance, the designating body shall send the property owner written notice. The notice must include the reasons for the determination and the date, time and place of a hearing to be conducted by the designating body. The date of this hearing may not be more than thirty (30) days after the date this notice is mailed. A copy of the notice may be sent to the county auditor and the county assessor.
3. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable efforts to substantially comply with the Statement of Benefits (Form SB-1/Real Property) and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
4. If the designating body determines that the property owner has **NOT** made reasonable efforts to comply, then the designating body shall adopt a resolution terminating the property owner's deduction. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the county auditor; and (3) the county assessor.

We have reviewed the CF-1 and find that:			
<input type="checkbox"/> the property owner IS in substantial compliance			
<input type="checkbox"/> the property owner IS NOT in substantial compliance			
<input type="checkbox"/> other (specify) _____			
Reasons for the determination (attach additional sheets if necessary)			
Signature of authorized member			Date signed (month, day, year)
Attested by:		Designating body	
If the property owner is found not to be in substantial compliance, the property owner shall receive the opportunity for a hearing. The following date and time has been set aside for the purpose of considering compliance. (Hearing must be held within thirty (30) days of the date of mailing of this notice.)			
Time of hearing	<input type="checkbox"/> AM <input type="checkbox"/> PM	Date of hearing (month, day, year)	Location of hearing
<b>HEARING RESULTS (to be completed after the hearing)</b>			
<input type="checkbox"/> Approved <input type="checkbox"/> Denied (see instruction 4 above)			
Reasons for the determination (attach additional sheets if necessary)			
Signature of authorized member			Date signed (month, day, year)
Attested by:		Designating body	
<b>APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]</b>			
A property owner whose deduction is denied by the designating body may appeal the designating body's decision by filing a complaint in the office of the Circuit or Superior Court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner.			



**COMPLIANCE WITH STATEMENT OF BENEFITS  
PERSONAL PROPERTY**

State Form 51765 (R4 / 11-16)

Prescribed by the Department of Local Government Finance

**FORM CF-1 / PP****PRIVACY NOTICE**This form contains information  
confidential pursuant to  
IC 6-1.1-35-9 and IC 6-1.1-12.1-5.6.

- 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 January 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 January 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	Airtomic LLC, (Sargent Aerospace & Defense)		County Johnson					
Address of taxpayer (number and street, city, state, and ZIP code)	75 Linville Way, Franklin IN 46131		DLGF taxing district number 41-08-02-046-005.000-009					
Name of contact person	Mike Callaway		Telephone number ( 317 ) 738-0148, 4468					
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY						
Name of designating body	City of Franklin Common Council	Resolution number 2018-11	Estimated start date (month, day, year) 11/1/2018					
Location of property			Actual start date (month, day, year) 11/1/2018					
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired.	Construction of a new 30,000 sq. ft. manufacturing facility with expansion space for an additional 20,000 sq. ft. available.		Estimated completion date (month, day, year) 5/31/2019					
			Actual completion date (month, day, year) 11/25/2019					
SECTION 3		EMPLOYEES AND SALARIES						
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL					
Current number of employees		24	32					
Salaries		28.75	31.25					
Number of employees retained		24	32					
Salaries		28.75	31.25					
Number of additional employees		13	8					
Salaries		24.00	31.35					
SECTION 4		COST AND VALUES						
	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project								
Plus: Values of proposed project	3,500,000.00	283,050.00	75,000.00	0.00			100,000.00	0.00
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								
Plus: Values of proposed project								
Less: Values of any property being replaced								
Net values upon completion of project	4,415,173.00		75,000.00				90,304.00	
<b>NOTE: The COST of the property is confidential pursuant to IC 6-1.1-12.1-5.6(c).</b>								
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		0.00	0.00					
Amount of hazardous waste converted		0.00	0.00					
Other benefits:		0.00	0.00					
SECTION 6		TAXPAYER CERTIFICATION						
I hereby certify that the representations in this statement are true.								
Signature of authorized representative	Mike Callaway	Title General Manager	Date signed (month, day, year) 4/21/21					

**INSTRUCTIONS: (IC 6-1.1-12.1-5.9)**

1. This page does not apply to a Statement of Benefits filed before July 1, 1991; that deduction may not be terminated for a failure to comply with the Statement of Benefits.
2. Within forty-five (45) days after receipt of this form, the designating body may determine whether or not the property owner has substantially complied with the Statement of Benefits.
3. If the property owner is found **NOT** to be in substantial compliance, the designating body shall send the property owner written notice. The notice must include the reasons for the determination and the date, time and place of a hearing to be conducted by the designating body. If a notice is mailed to a property owner, a copy of the written notice will be sent to the County Assessor and the County Auditor.
4. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable effort to substantially comply with the Statement of Benefits and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
5. If the designating body determines that the property owner has **NOT** made reasonable effort to comply, then the designating body shall adopt a resolution terminating the deduction. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the County Auditor; and (3) the County Assessor.

We have reviewed the CF-1 and find that:			
<input type="checkbox"/> the property owner <b>IS</b> in substantial compliance <input type="checkbox"/> the property owner <b>IS NOT</b> in substantial compliance <input type="checkbox"/> other (specify) _____			
Reasons for the determination (attach additional sheets if necessary)			
Signature of authorized member			Date signed (month, day, year)
Attested by:		Designating body	
If the property owner is found not to be in substantial compliance, the property owner shall receive the opportunity for a hearing. The following date and time has been set aside for the purpose of considering compliance.			
Time of hearing	<input type="checkbox"/> AM <input type="checkbox"/> PM	Date of hearing (month, day, year)	Location of hearing
<b>HEARING RESULTS (to be completed after the hearing)</b>			
<input type="checkbox"/> Approved		<input type="checkbox"/> Denied (see instruction 5 above)	
Reasons for the determination (attach additional sheets if necessary)			
Signature of authorized member			Date signed (month, day, year)
Attested by:		Designating body	
<b>APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]</b>			
A property owner whose deduction is denied by the designating body may appeal the designating body's decision by filing a complaint in the office of the clerk of Circuit or Superior Court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner.			

## Airtomic Employment Phasing

	Management Professional Est./Act.	Technical Sales Est./Act.	Service Est./Act.	Precision Production Est./Act.	Operators Est./Act.	Total Est./Act.
<b>New Positions</b>						
<b>2018 Year of Abatement</b>						
3rd Qtr		2/0			2/0	4/0
4th Qtr	0/1	1/0			1/1	2/2
<b>2019 Year of Abatement</b>						
1st Qtr					6/6	6/6
2nd Qtr	3/3			1/1	1/1	5/5
3rd Qtr	3/3		1/1	2/2	2/2	8/8
4th Qtr			2/2	2/2		4/4
<b>2020 Year of Abatement</b>						
1st Qtr	4/4	1/1	4/4	28/28	14/14	51/51
2nd Qtr	4/3	1/1	4/3	28/21	14/12	51/40
3rd Qtr	4/3	1/1	4/2	28/14	14/11	51/31
4th Qtr	4/3	1/1	4/2	28/15	14/11	51/32
<b>Total by Type</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>15</b>	<b>11</b>	<b>51/32</b>

## Airtomic Investment Timetable

	Building & Site	Internal Utilities	Technology	Service Equipment	Furniture	Total
<b>Investment Type</b>						
<b>2018 Year of Abatement</b>						
3rd Qtr	\$200,000					\$200,000
4th Qtr						
<b>2019 Year of Abatement</b>						
1st Qtr		\$100,000				\$100,000
2nd Qtr	\$2,700,000	\$100,000	\$100,000	\$150,000	\$75,000	\$3,125,000
3rd Qtr						
4th Qtr				\$75,000		\$75,000
<b>2020 Year of Abatement</b>						
1st Qtr						
2nd Qtr						
3rd Qtr						
4th Qtr						
<b>Total by Type</b>	<b>\$2,900,000</b>	<b>\$200,000</b>	<b>\$100,000</b>	<b>\$225,000</b>	<b>\$75,000</b>	<b>\$3,500,000</b>