



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

ECONOMIC DEVELOPMENT COMMISSION

May 10, 2022

Members Present:

Jake Sappenfield	President
Josh DeArmitt	Vice President
John Ditmars	Member
Lee Hodgen	Member
Shawn Taylor	Secretary

Others Present:

Dana Monson	Community Development Specialist
Rob Schafstall	Legal Counsel

Call to Order:

Jake Sappenfield called the meeting to order at 8:00 a.m.

Roll Call & Determination of a Quorum

Approval of Minutes

April 12, 2022 Meeting Minutes – Lee Hodgen made a motion for approval of the minutes. Shawn Taylor seconded. Passed unanimously, 5-0.

April 26, 2022 Meeting Minutes – Mr. Hodgen made a motion for approval of the minutes. Mr. Taylor seconded. Passed unanimously, 5-0.

Old Business

New Business

Dana Monson introduced one presentation for both these two company requests although a vote will be required for each entity separately.

EDC 2022-03: NSK Corporation Tax Abatement Request – They requested a 10-year tax abatement on \$1,380,000 of real property and \$28,654,000 of personal property.

EDC 2022-04: NSK Precision Tax Abatement Request – They also requested a 10-year tax abatement on \$1,882,000 of real property and \$7,183,000 of personal property.

They were amenable to the two percent and five percent EDC fees for both projects. They are both already in an ERA. Kyle Stiens, director of operations for NSK America's three bearing plants presented with a PowerPoint presentation. They were requesting a new tax abatement for their next five-year plan. They have a total of \$30 million dollars in capital spending as part of the abatement request. Much is machinery and equipment. The NSK Precision request is nine million dollars. Both requests are related to capital spending for both projects as related to some business expansion and renewal of

capacity and equipment. Recruitment is a challenge. In the past year they have had over 850 applicants. Fifty percent were interviewed. Nineteen percent resulted in a job offer. A high percentage accepted. They also have a high quit rate. Their safety rate is excellent. Mr. Stiens enumerated a number of other NSK improvements, prioritized efforts and community involvement.

Mr. Sappenfield asked what the required skill level was for the projected 62 new jobs. Mr. Stiens explained that most are hourly, entry level. Mr. Sappenfield followed up regarding the distinction between \$18/hour and \$20/hour jobs. Mr. Stiens it is just the mix between operator and set up positions. Mr. Sappenfield asked how the \$30 million would be divided out over the five-year period. Mr. Stiens highlighted extensive lead time often required for equipment. It is spread out approximately five to six million dollars each year. John Ditmars asked if over time the \$30 million would rise, and Mr. Stiens confirmed the likelihood of that. Mr. Ditmars asked if robotics would likely increase on the line. Mr. Stiens confirmed. Mr. Sappenfield asked if 14 Ivy Tech students was up or down from previous. Mr. Stiens identified that it was up a couple. Mr. Ditmars asked if they interact with C9. Mr. Stiens said minimally. Mr. Sappenfield asked Ms. Monson when average wages are updated. Ms. Monson responded that the state does that yearly in January. Mr. Ditmars offered that the 10-year time frame is inconsistent with what has been done recently but given this business model, he leans in support of the 10-year abatement. Mr. Sappenfield concurred.

Josh DeArmitt made a motion that findings of paragraph six in the staff report, a through e, for real property and paragraph seven, a through e, for personal property have all been met by NSK Corp. Mr. Taylor seconded. Passed unanimously, 5-0.

Mr. DeArmitt made a motion to grant the 10-year abatement for both real and personal property with the two and five percent economic development fees to NSK Corp. Mr. Taylor seconded. Passed unanimously, 5-0.

Mr. Ditmars made a motion that findings of paragraph five in the staff report, a through e, for real property and paragraph six, a through e, for personal property have all been met by NSK Precision. Mr. Taylor seconded. Passed unanimously, 5-0.

Mr. DeArmitt made a motion to grant the 10-year abatement for both real and personal property with the two and five percent economic development fees by NSK Precision. Mr. Taylor seconded. Passed unanimously, 5-0.

Ms. Monson announced that Monday night at 6:00 p.m. in Council Chambers would be the City Council meeting

EDC Fees Grant Application Request – Ms. Monson identified this year's total to be another increase for a total of \$33,722. Two applications were received, one from the Franklin Development Corporation and a second from Discover Downtown Franklin.

Krista Linke, director of Community Development for Franklin, presented for FDC. FDC owns 650 Hurricane Street. It has been a problem property in the neighborhood for over 20 years. The property was purchased for \$17,000 and stabilized as much as possible. It will require almost complete demolition except for the foundation and possibly one wall. Grant monies would help greatly with the cost. FDC desires to build a new house at the location comparable to the neighborhood and surrounding properties. The lowest construction estimate received was \$218,000 to rebuild a three-bedroom, two bath home. FDC has worked with Stout Investments previously. Profit funds from the sale of the Circle Drive property are being applied to the Hurricane property. FDC is restricted to the TIF

districts where redevelopment commission dollars can be spent. Circle Drive and Hurricane Street are both located outside of the TIF districts, so regular programming dollars can't be used at either property. Unrestricted funds currently total \$185,000, so the \$218,000 needed for the Hurricane Street project is not available in its entirety, so the grant funds are being requested. There are no homes available in Johnson County for under \$150,000. There will be a deed restriction that it be owner-occupied for several years.

Mr. Sappenfield asked why FDC needed to pick up this project rather than let the market take over and someone else purchase it. Often other purchasers flip the house to the bare minimum and then it becomes a rental. Because this property had such a nuisance history involving code enforcement, police and city time, FDC desired to eliminate it becoming a rental property and continuing to be a problem. There were also several private investors who did look at the property and chose to not invest as it wouldn't provide a good return on their investment that they typically seek. Mr. Ditmars asked if there is evidence that improving a property such as this causes neighbors to better their properties as well. Ms. Linke responded that there are records showing increased assessed values. Mr. Taylor asked what other flipped homes in that area are going for. Ms. Linke responded \$180-200,000. Mr. Sappenfield asked how FDC insures that the purchaser will live in it. Legal Counsel Rob Schafstall advises through the process and it is written in to the agreement for a five-year commitment. Mr. DeArmitt asked how the buyer is identified. FDC board member Dustin Royer added that they will sometimes buy homes that have been on tax sale for years, and the private sector doesn't pick them up. Other properties are not a profitable venture for the private sector. Property sales follow real estate law. They are advertised for owner occupied only. Mr. DeArmitt asked if a lower offer is approached to raise their offer to match a higher offer received. Mr. Royer responded that decisions were based on net profit in an effort to not discriminate against any prospective owner. Appraisal, price and terms were the key decision elements.

Ms. Monson introduced Discover Downtown Executive Director Jessica Giles for the second applicant presentation. Ms. Giles first gave an update on the \$8,500 received last year toward the \$25,000 total needed for the bike rack. Additional funding was received. It was received yesterday. It is a functional art piece of American Sign Language. The street department is scheduled for the install next week in the amphitheater area.

This year's project submission is for a bicentennial installation. Both the county and city bicentennials will be celebrated next year. The responsible sub-committee wanted something visually impactful. The design features colored stars representing county entities. It is a place-making project creating a sense of home. The design would be for six independently standing steel structures. There are two possible locations. The first priority is the Artcraft Alley located alongside the theater. The stars additionally have a theatrical feel to them. One concern is that there are utilities both overhead and underneath. A second location would be in the amphitheater space near the walking path. The top of the structures would be lined with steel cable with 200 nylon stars but could accommodate different later installations. The total project quote is \$60,000. Festival Country and Public Art Commission would make up the remaining funding if the EDC grant is received.

Mr. Sappenfield asked if it is just for one alley. Ms. Giles confirmed. He followed up clarifying they would be permanent structures that are able to accommodate changing designs. He abstained from further discussion and the vote as he is on the DDF board. Mr. DeArmitt asked the applicants if their projects would be feasible if funding was divided in half between the two. Both responded in the affirmative. Mr. Taylor wished to split equally between the two. Mr. Ditmars made a motion to approve a 50-50 split. Mr. DeArmitt seconded. Passed unanimously, 4-0 with Mr. Sappenfield's abstention.

Other Business

Adjournment

There being no further business, a motion for adjournment was made.

Respectfully submitted this 12th day of July, 2022.

Jake Sappenfield, President

Shawn Taylor, Secretary