



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: March 12, 2024
Re: Case C 20243-13: Patch Development 21-11

Summary:

- On February 17th, 2021, the Franklin Common Council passed Resolution No. 2021-11, approving a 10-year tax abatement on \$3,800,000 in real property, for the Patch Development building located at 40 Linville Way. This building is leased to G & H Wire.
- Actual and estimated benefits, as projected for 2023:

	Estimated on SB-1	Actual in 2023	Difference
Employees Retained	134		
Salaries	\$22.90		
New Employees	116		
Salaries	\$25.00		
Total Employees	250	136	-114
Total Salaries	NA	NA	NA
Average Hourly Salaries	\$23.95	\$28.72	4.77
Real Property Improvements	\$3,800,000	\$4,000,000	\$200,000

- City of Franklin RDC partnered with Linville Farms and Runnebohm Construction to build the shell building. This shell was completed in 2019 and the property was sold to Patch Development in 2021. The building was leased to G & H Wire and this investment was their buildout.
- The real property investment is \$3,800,000. The company is above this estimate.
- The real property tax abatement is scheduled to expire in tax year 2032 payable in 2033. The final compliance review will take place in 2032.

Staff Recommendation: Approval



PATCH DEVELOPMENT

6950 E. 96TH STREET
FISHERS, IN 46038
859.552.8891

PATCH-DEVELOPMENT.COM

February 26, 2024

Mrs. Dana Monson, Community Development Specialist
Dept. of Community Development
70 E. Monroe Street
Franklin, IN 46131

Re: Tax Abatement Compliance for Patch Linville Way LLC

Dear Mrs. Monson:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the real and personal property tax abatements which were granted to Patch Linville Way LLC in 2023 under Franklin Common Council Resolution No. 17-10 and 21-11.

Patch Linville Way LLC as the building owner exceeded the capital investment in 2021 as contemplated in the agreement and in 2023, the jobs created and retained by G&H Orthodontics, the tenant, are reflected in the attached forms. G&H did meet the requirement of salaries of retained employees being \$22.90 per hour or higher for 2023 (Actual- \$32.71 per hour), but unfortunately fell short of the i) requirements for number of employees retained for 2023 with 118 jobs retained (134 jobs retained required); ii) the requirements for additional employees with 91 additional employees hired (116 additional employees proposed) and iii) the salary minimum of \$25 per hour for additional employees for 2023 at \$19.47 per hour.

Property Type: Industrial

Construction & Occupancy Status Report: Construction was complete in 2021 and the building is fully occupied by G&H Orthodontics.

Personal Property Listing: N/A

Expansion Investment Schedule: Full Investment Made in 2021

Job Creation or Retention Schedule: See Below

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,

A handwritten signature in black ink, appearing to read "AG", written over a horizontal line.

Andrew Greenwood, General Counsel
Patch Linville Way LLC



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

20 23 PAY 20 24

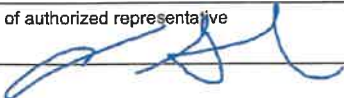
FORM CF-1 / Real Property

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 Patch Linville Way LLC		County Hamilton	
Address of taxpayer (number and street, city, state, and ZIP code) 6950 E 96th Street, Fishers, IN, 46038		DLGF taxing district number	
Name of contact person Andrew Greenwood		Telephone number (317) 412-4298	
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body City of Franklin Common Council	Resolution number 21-11	Estimated start date (month, day, year) March 1, 2021	
Location of property 40 Linville Way, Franklin, IN		Actual start date (month, day, year) May 3, 2021	
Description of real property improvements Paving, landscaping, fire suppression, HVAC/electrical, build out of office space (1,000 square feet)		Estimated completion date (month, day, year) December 31, 2021	
		Actual completion date (month, day, year) December 17, 2021	
SECTION 3		EMPLOYEES AND SALARIES	
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees			136
Salaries			\$28.72
Number of employees retained		134	118
Salaries		\$22.90	\$32.71
Number of additional employees		116	91
Salaries		\$25	\$19.47
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			
Less: Values of any property being replaced		\$3,800,000	
Net values upon completion of project			
ACTUAL	COST	ASSESSED VALUE	
Values before project			
Plus: Values of proposed project		\$4,000,000	
Less: Values of any property being replaced			
Net values upon completion of project			
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 VP/General Counsel	Date signed (month, day, year) 2/26/2024

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:

☐ the property owner **IS** in substantial compliance

☐ the property owner **IS NOT** in substantial compliance

☐ 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

☐ AM
☐ PM

Date of hearing (month, day, year)

Location of hearing

HEARING RESULTS (to be completed after the hearing)

☐ Approved

☐ 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

APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]

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.



PATCH DEVELOPMENT

6950 E. 96TH STREET
FISHERS, IN 46038
859.552.8891

PATCH-DEVELOPMENT.COM

Deficiency Statement

Patch Linville Way LLC
6950 E 96th Street
Fishers, IN 46038

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

While Patch Development completed the capital investment commitment for 2021 based on our statement of benefits, our tenant, G&H Orthodontics, has recently been unable to meet some of their requirements listed on the statement of benefits. Unfortunately, G&H did not meet the requirements for the number of employees retained, number of additional employees, and salary of those additional employees. G&H has reported that some of their difficulties stem from a reduction in the domestic and worldwide demand for dental/orthodontics supplies, higher hourly employee turnover combined with lower local unemployment, and a consolidation of manufacturing shifts.

G&H believes that these issues are temporary and intends to hopefully meet and exceed their commitments in 2024 and beyond as they see the markets getting more normalized going forward. With that being said, we ask that the City of Franklin will look favorably upon G&H as an employer and grant an extension of time to be in full compliance with the tax abatement commitments.



Actual Number of Employees Proposed Number of Employees	Actual Number of Employees Added (By Quarter)	Actual Total Number of Employees	Difference between Actual and Proposed
As of 12/31/23	3/31/2023 6/30/2023 9/30/2023 12/31/2023	As of 12/31/23	
136	0 9 9 6	136	2