

**City of Franklin
COMMON COUNCIL**

Special Meeting

Thursday, May 13, 2010 @ 7:30 p.m.

**City Council Chambers
70 E. Monroe St.
Franklin, Indiana 46131**

Presiding Officer: Dr. William T. Murphy, President

Members Present: Mr. Joe Ault
Mr. Kenneth W. Austin
Mr. Stephen D. Barnett
Mrs. Ann M. Gordon

Members Absent Mr. Stephen D. Houglan
Mr. Joseph Abban

Also present: Clerk-Treasurer Janet P. Alexander
City Attorney Robert H. Schafstall

President Dr. Murphy opened the meeting and requested that the Clerk-Treasurer make roll call. A quorum was established for the City of Franklin Common Council.

Acceptance of Tax Abatement Compliance Reports

Krista Linke, Planning Director, presented tax abatement compliance reports for the following companies:

Precision Cutoff of Indiana, LLC (Case C 2010-34)

On April 28, 2008, the Common Council passed Resolution No. 2008-09 approving a 10-year tax abatement on personal property for Precision Cutoff of Indiana, LLC located at 1001 Hurricane Street.

Ms. Linke provided a summary report of actual and estimated benefits, a completed CF-1 Compliance with Statement of Benefits Personal Property form, a letter from Richard J. Smith CFO Precision Cutoff of Indiana, LLC and a Deficiency Statement

Ms. Linke explained that this is the first year of the 10-year personal property abatement. She pointed out that they have hired 19 less employees than initially predicted and have invested \$1.4M on personal property versus the predicted \$2M.

Ms. Linke recommended that the Council waive the non-compliance.

Mr. Barnett, seconded by Mrs. Gordon, made a motion to waive the non-compliance requirement due to circumstances outside of the company's control. The motion carried.

Trussway Ltd (Case C 2010-35)

On May 23, 2005, the Common Council passed Resolution No. 2005-13 approving a 10 year tax abatement on real property for Trussway, Ltd located at 1850 N. Graham Road.

Ms. Linke provided a summary report of actual and estimated benefits, a completed Form CF-1 Compliance with Statement of Benefits Real Estate Improvements form, a letter from Patrick A. Sherman, CPA on behalf of Trussway Ltd.

Trussway Ltd closed their Franklin plant in July of 2009. Mr. Sherman's letter states that Trussway plans to reopen the Franklin plant in 2011.

Ms. Linke explained that this is year five (5) of the 10-year abatement. Ms. Linke explained that this tax abatement was granted for a "spec" building and that no jobs were tied to the abatement.

The SB-1 prediction of investment into the real property was \$2.8M. Trussway Ltd invested \$2.7M to date. A discussion was held.

Mrs. Gordon, seconded by Dr. Murphy, made a motion to waive the non-compliance requirement. The motion carried 4-1. (Mr. Barnett voted nay)

Klaisler: (Case C 2010-36)

On April 24, 2006, the Common Council passed Resolution No. 2006-04 approving a 10-year tax abatement on real property and a 10-year tax abatement on personal property for Klaisler Manufacturing Corporation located at 1800 Musicland Drive.

Ms. Linke provided a summary report of actual and estimated benefits, a completed Form CF-1 Compliance with Statement of Benefits Real Estate Improvements form, a completed Form CF-1 Compliance with Statement of Benefits Personal Property, and a letter from Terry Hubbard President of Coyote Development and Klaisler Manufacturing Corporation.

Ms. Linke explained that this 90-year-old company is no longer in business due to the collapse of the international housing market.

When the abatement was granted Klaisler Corporation committed to invest \$2M into the property however the investment actually exceeded \$3.5M. They also committed to hire and retain 49 employees but due to the plant closure, the number of employees is zero.

Legal Counsel, Robert H. Schafstall, explained that the City has proposed to transfer this tax abatement to the new occupant, TailGate Beer, upon their relocation to Franklin.

Mr. Terry Hubbard, President of Coyote Development and Klaisler Manufacturing was present and offered to answer questions. Mr. Hubbard explained that the economy in the housing market has decreased by 80% eliminating their market niche.

Mrs. Gordon, seconded by Mr. Austin, made a motion to waive the non-compliance requirement due to factors beyond the company's control. The motion carried.

Indiana Hydraulic Equipment Corporation (formerly Nishina Industries): (Case C 2010-37)

On October 23, 2006, the Common Council passed Resolution No. 2006-08 approving a 10 year tax abatement on real property and a 10 year tax abatement on personal property for Indiana Hydraulic Equipment Corporation formerly Nishina Industries located at 2000 Musicland Drive.

Ms. Linke explained that this abatement expires in 2017 and the approval hinged on employment, real property investment, and personal property improvements. When the abatement was granted, the company had predicted that they would hire 34 employees but at the conclusion of 2009, they have only 20 employees. However, the salaries paid are higher than the initial estimate. The real property investment estimate equaled \$5MM however; the actual investment into the real property equals \$5.6M. The personal property improvement estimate was \$7M and the actual expenditure was \$6.1M.

Mr. Barnett, seconded by Mr. Gordon, made a motion to waive the non-compliance requirement due to factors beyond the company's control. The motion carried.

Ms. Linke explained that an Economic Development Fee is tied to some of these abatements:

ADJOURNMENT

A motion and a second were made to adjourn. As there was no further business to come before the Common Council, the meeting adjourned at 7:41 p.m.

Respectfully submitted,
Janet P. Alexander, Clerk-Treasurer

Enrolled: 5/25/10

Approved by Common Council: 6/22/10