



CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

MINUTES

ECONOMIC DEVELOPMENT COMMISSION

September 11, 2012

Members Present:

John Ditmars	President
H. Lee Hodgen	Vice-President
Jake Sappenfield	Member

Members Absent:

Tony Wellings	Secretary
Ken Austin	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 Lee Hodgen and a second by Jake Sappenfield, the members voted unanimously to approve the minutes from the May 8th, 2012 meeting as presented.

OLD BUSINESS:

Updated Tax Application:

Ms. Linke stated that the EDC has never had a formal application before; it was basically a packet full of information as it was created before the City had a website. She has taken the general information and put it on the City website and created a two page application that can be filled out online. Mr. Ditmars questioned whether a spec building should be one of the types of projects on the application. He suggested it be included on further applications. Mr. Ditmars questioned if the tax abatement fee had been defined. Mayor McGuinness stated that percentages in the past were not set and he'd like to see a set percentage and for it to be consistent. Ms. Linke stated the Commission has always used 2% on real property and 5% on personal property for the economic development fee but it can be negotiable. A 10 year abatement was used if the company agreed to pay the fees. The decision can be made on a case by case basis. Ms. Linke stated she would add a category about the spec building onto the application.

Action taken on the Updated Tax Application:

On a motion by Jake Sappenfield and a second by Lee Hodgen, the members voted to adopt the Tax Abatement Application as presented.

NEW BUSINESS:

EDC 2012-05:Runnebohm Construction Company, Inc.:

Chris King, Vice-President of Runnebohm, stated they are requesting an abatement on the shell building they are constructing in Franklin Tech Park. The property is set up so they can expand the building on the site. They would like the tax abatement so they can have a competitive advantage in trying to attract a new business to the community. The building will be pre-cast on 2 sides. On the south side it will have a metal expansion wall and on the east side will be a metal wall. Runnebohm has built 4 shell buildings in Shelby County and one in New Castle. The first few buildings in Shelby County sold very quickly.

Mr. Ditmars questioned if the plans were complete. Mr. King stated the size is going to be close to the 50,000 sq ft number. It's an approximate cost of \$2.1 million for the shell building. The land is for \$480,000. Cheryl Morpew stated they don't want to change the customizable features. If a new business comes in and is going to expand beyond the 50,000 sq ft, they could be eligible for a tax abatement on the expansion. Tax abatements on real property can only be granted before construction begins.

Mayor McGuinness stated that if the building does not sell or lease within a 3 year period (by September 1, 2015), the RDC will then buy the property at \$40,000 an acre. If the building sells before then, the land will be part of the sale price. This is a deal arranged between land owner Fred Linville and the City of Franklin Redevelopment Commission.

Mr. Ditmars stated he is envisioning a separate escrow agreement. He questioned the marketability of the building. Ms. Morpew stated it could put the City at a disadvantage if the City doesn't approve the abatement on it. Abatements are seen as an entitlement type of incentive program. If it's not done now, it can only be done with an expansion of the building. Discussion was held on abating the shell building. Mr. Ditmars expressed his concern about the risk in building the structure. Ms. Morpew stated they have done their homework and understand the risk but the advantages far outweigh the risks. The abatement is a marketing tool to help sell the building.

Mayor McGuinness stated that they have already started marketing the building. It has been submitted to the State economic development program. Mr. King stated that this type of space doesn't exist anywhere in Indiana right now. A manufacturing or distribution facility could work in the space. The building is a lot taller than a lot of the other buildings that are out there. Mr. Sappenfield questioned if they would entertain a lease option. Mr. King stated they would. Mr. Ditmars requested that the tax phase in examples for each abatement period be provided to the EDC and City Council. Ms. Linke stated she would include it based on the amount of the investment.

The property has already been designated as an ERA. Mr. Schafstall stated that some of the statutory findings will not apply for this abatement because employment number are unknown.

Action taken on EDC 2012-05:Runnebohm Construction Company, Inc.:

On a motion by Lee Hodgen and a second by Jake Sappenfield, the members voted to find EDC 2012-05 in compliance of letter A in the Indiana Code section 6-1-12.1-3.

Sections B & C don't apply for this abatement.

On a motion by Lee Hodgen and a second by Jake Sappenfield, the members voted to find EDC 2012-05 in compliance of letter D Indiana Code section 6-1.1-12.1-3.

On a motion by Jake Sappenfield and a second by Lee Hodgen, the members voted to find EDC 2012-05 in compliance of letter E Indiana Code section 6-1.1-12.1-3.

Lee Hodgen made a motion to approve a 10 year property tax abatement on a \$2.58 million dollar investment subsequent on the completion of the building. Jake Sappenfield seconded the motion.

Jake Sappenfield-yes, Lee Hodgen-yes, John Ditmars-no. The motion failed.

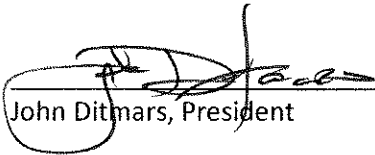
A special meeting will be set for the commission next week.

Other Business:

None.

Adjournment:

There being no further business, the meeting was adjourned. Respectfully submitted this 9th day of October, 2012.


John Ditmars, President


Tony Wellings, Secretary