

AGENDA RESERVATION REQUEST

CITY OF FRANKLIN COMMON COUNCIL

Please type or print

Date Submitted: July 16, 2014

Meeting Date: July 21, 2014

Contact Information:

Requested by: Krista Linke

On Behalf of Organization or Individual: Economic Development Commission

Telephone: 317-736-3631

Email address: klinke@franklin.in.gov

Mailing Address: 70 E. Monroe St., Franklin, IN 46131

Describe Request:

Resolution 2014-09: A Resolution Granting Tax Abatement for Hetsco, Inc.

List Supporting Documentation Provided:

Memorandum to the City Council

Staff Report & Attachments

Resolution 2014-09 & Exhibits

Who will present the request?

Name: Krista Linke

Telephone: 317-736-3631

Sam Willard, Hetsco

The Franklin City Council meets on the 1st and 3rd Monday of each month at 6:30 p.m. in the Council Chambers of City Hall located at 70 E. Monroe Street. In order for an individual and/or agency to be considered for new business on the agenda, this reservation form and supporting documents must be received in the Mayor's office no later than 12:00 p.m. on the Wednesday before the meeting.



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City Council

From: Krista Linke, Director

Date: July 16, 2014

Re: Real and Personal Property Tax Abatement Request – Hetsco, Inc.

The City of Franklin Economic Development Commission (EDC) reviewed and acted on a real and personal property tax abatement request from Hetsco, Inc., at a meeting held on June 10th, 2014. The board voted unanimously to forward a favorable recommendation to the City Council for a ten year tax abatement on real property and a five year tax abatement on personal property.

The property has been designated an Economic Revitalization Area. Therefore, only one resolution and one meeting are needed.

Attached to this memo are:

1. Case EDC 2014-03 Staff Report
2. Application and requested forms
3. Sample Tax Phase-In Savings Schedules
4. Resolution 2014-09
5. Exhibit "A" – Legal Description
6. Exhibit "B" - Forms SB-1 Real and Personal Property

If you have any questions regarding this request please contact me directly at 346-1250.



CITY OF FRANKLIN

DEPARTMENT OF COMMUNITY DEVELOPMENT

Staff Report

To: Economic Development Commission Members

From: Krista Linke, Director

Date: July 2nd, 2014

Re: Case EDC 2014-03 – Hetsco, Inc.

Case EDC 2014-03 – Hetsco, Inc.: A request for a 10-year tax abatement on \$2,165,000 in real property and a 5-year tax abatement on \$400,000 in personal property investment.

Location: 1725 N. Graham Road

Summary:

1. Characteristics of this location:

The shell building was a joint partnership between the City of Franklin Redevelopment Commission, the Mayor's Office, the Johnson County Development Corporation and Runnebohm Construction. The shell building was built to attract a new company to the City of Franklin.

2. Characteristics of this petitioner:

Global Power, Williams Industrial and Hetsco, Inc. design, engineer and manufacture a broad array of equipment and services to the global power infrastructure, energy and process industries. The Hetsco, Inc./Williams Services Division performs maintenance and construction services to fossil, nuclear, and hydroelectric power plants and other industrial operations. They provide specialty services to the aluminum heat exchanger and air distribution industries. They have performed work in more than 40 states across the U.S. and in over 30 countries. Their headquarters are currently located in Greenwood, Indiana, and they have a fabrication facility in Houston, Texas.

3. Characteristics of this project:

The shell building is 51,360 square feet. It is expandable to 150,000 square feet. Hetsco will purchase and build out this property for shop and office space. They will relocate their company from Greenwood to Franklin. They have outgrown their existing location and wish to consolidate numerous leased temporary spaces into one permanent location.

4. Economic Revitalization Area (ERA):

This property was previously designated an ERA by Resolution 2012-04 and confirmed by Resolution 2012-05.

5. ERA & Tax Abatements Findings (Real Property):

Indiana Code Section 6-1.1-12.1-3 states that the following findings must be made when considering an ERA designation and the granting of a tax abatement for real property:

- a. Whether the estimate of the value of the development or rehabilitation is reasonable for projects of that nature;
- b. Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- c. Whether the estimate of annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed redevelopment or rehabilitation; and
- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

6. ERA & Tax Abatements Findings (Personal Property):

Indiana Code Section 6-1.1-12.1-4.5 states that the following findings must be made when considering an ERA designation and the granting of tax abatement for personal property:

- a. Whether the estimate of the cost of new manufacturing equipment is reasonable for equipment of that type;
- b. Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of new manufacturing equipment;
- c. Whether the estimate of annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the installation of the new manufacturing equipment; and
- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

7. City of Franklin "Tax Abatement Policy" criteria:

The "Tax Abatement Policy" section of the *City of Franklin Community Investment Incentives Summary* states that the Economic Development Commission shall use certain criteria when considering a request for tax abatement. A comparison of those criteria and this request follows:

- a. *Diversification of Local Occupations*: The number of jobs being retained from the Greenwood location is 49. The number of new jobs being created is 40. This is a total of 89 new jobs to the

City of Franklin.

- 17 managerial/professional specialty occupation with an average hourly wage of \$44.42
- 32 operators/fabricators/laborer positions with an average hourly wage of \$22.47

Wage figures do not include benefits. A summary of benefits provided to employees has been provided and is included at the end of the staff report as Attachment A.

- Diversification of Local Employment:* According to the 2012 U.S. Department of Commerce, U.S. Census Bureau, the commercial and industrial machinery and equipment (except automotive and electronic) repair and maintenance, makes up 10% of the repair and maintenance industry sector in Johnson County. According to www.census.gov, there were 101 repair and maintenance establishments in Johnson County in the first quarter of 2012.
- Increase in Local Salaries:* The average wage for all industries in Johnson County for the first quarter of 2012 was \$14.98. The average hourly wage in Johnson County for repair and maintenance employees was \$21.41 per hour. The average hourly wage (without benefits) for the 49 jobs being retained with Hetsco is \$30.08. The average hourly wage (without benefits) for the 40 new jobs with Hetsco is \$27.29.
- Sustainable Land Use:* The petitioner proposes to make this investment at a location chosen by the City of Franklin to construct a shell building.
- Future Community Investment:* The applicant should share with the EDC their plans for future community investment. The company has indicated on their application that they are not agreeable to an Economic Development Fee on real or personal property.
- Conformance with the Comprehensive Plan:* The Comprehensive Plan - Future Land Use Plan identifies this property as Manufacturing. Manufacturing areas are intended to accommodate large scale businesses that produce finished products from raw materials. Uses in these areas may include products manufacturing as well as any related warehousing and offices. Manufacturing areas may include facilities that involve emissions or the outdoor storage of materials and finished products. These two factors are the primary distinction between manufacturing areas and light industrial areas.

The property is zoned IG, Industrial: General. The "IG," Industrial: General zoning district is intended to provide locations for general industrial manufacturing, production, assembly, warehousing, research and development facilities, and similar land uses. This district is intended to accommodate a variety of industrial uses in locations and under conditions that minimize land use conflicts. This district should be used to support industrial retention and expansion in Franklin.

8. Tax Abatement Duration:

The *City of Franklin Community Investment Incentives Summary* provides that longer periods of abatement on real and personal property may be considered for requests of an exceptional nature. The Summary states that development examples of an exceptional nature include projects which:

- a. Create a new plant or product line for an existing manufacturer;

- b. Creates substantial employment opportunities with higher than average wages;
- c. Increase substantially property values and the city tax base with minimal impact to city services (police & fire protection, schools, utilities, infrastructure, etc.); and
- d. Utilize existing public infrastructure (sanitary & storm sewer, roads & streets, drainage facilities, and other utilities).

9. Requested Effective Year:

The petitioner has requested that, if approved, the tax abatement be effective for the tax year 2015, payable 2016.

Staff Comments:

This tax abatement petition proposes an economic development project that meets all of the above outlined criteria to be considered when granting tax abatement. This is the type of development the Redevelopment Commission hoped to attract to the City of Franklin. The relocation of this company to a new facility allows their company to grow and expand. Their wages are considerably higher than average. One important fact to consider; only the build out of the property can receive abatement, the assessed value of the initial investment made by Runnebohm to build the building and the cost of the land did not receive tax abatement.



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

2014-03

Tax Abatement Application

Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: HETSCO INC
Primary Contact Name: TROY MARTIN
Contact Address: 505 PUSHVILLE ROAD
City: GREENWOOD State: IN Zip: 46143
Phone Number: 317-535-4315
Email: TMARTIN@HETSCO.COM
Three possible dates before the EDC meeting to conduct a site visit: 7/3, 7/4, or 7/7
Name of Owner: _____
Parent Company (If Applicable): GLOBAL POWER EQUIPMENT GROUP

Primary Contact for Yearly Compliance Reports

Name: TROY MARTIN
Title: SR TAX MANAGER
Address: 505 PUSHVILLE ROAD
City: GREENWOOD State: IN Zip: 46143
Phone Number: 317-535-4315
Email: TMARTIN@HETSCO.COM

Description of Project

Project Location/Address: 1725 N. GRAHAM RD. FRANKLIN, IN. 46131
Parcel Number: 41-08-11-042-002.000-009
Brief Description of Project:

Purchase "shell" building w/ build-out for shop and office space.

Current Assessed Value (AV) of the Property:

1. Land _____
2. Building _____
3. Inventory _____
4. Equipment _____

Have building permits been applied for (if applicable): Yes ☐ No ☐

Has equipment been installed (if applicable): Yes ☐ No ☒

Required Attachments:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Completed SB-1 Form(s) | <input checked="" type="checkbox"/> Summary of Benefits (if applicable) |
| <input checked="" type="checkbox"/> Legal Description of the Property | <input checked="" type="checkbox"/> Employment Phase-In Schedule |
| <input checked="" type="checkbox"/> Company Financial Statement | <input checked="" type="checkbox"/> Company Investment Timetable |
| <input checked="" type="checkbox"/> Job and Wage Description Information Sheet | <input checked="" type="checkbox"/> Compliance Affidavit |

Type of Abatement RequestedReal Property ☒Personal Property ☒5 YRS.Length of Abatement Requested: 10 YearsProject Size (square feet): 50,000Size of Site (acres): 11.199

Type of Building:

Multiple Tenants (leased) ☐Single Tenant (leased) ☐Owner Occupied ☒Corporate Headquarters ☐**Capital Investment**

1. Real property capital investment only: _____

2. Personal property capital investment only: _____

3. Total capital investment for proposed project: _____

Jobs Created and/or Retained1. Estimated number of full time jobs created by the proposed project: 40 / 4 YEARS2. Estimated number of full time jobs retained as a direct result of the proposed project: 49 CURRENT3. Total number of full time jobs upon project completion: 89**Wages Created and Retained**1. Average hourly wage rate for new jobs (w/o benefits) 27.292. Average hourly wage rate for jobs retained (w/o benefits) 30.08

***In addition to answering these questions, please fill out the Job and Wage Description for Tax Abatement Application information sheet and submit it with the application as an attachment.

Please explain why the abatement incentive is necessary to the project: Attach additional sheets as necessary.

Abatement would allow Hetsco to continue to grow and increase the benefit of additional employees as future revenue continues to increase.

Company InformationHow long has the company been in existence? 32 years

Current address of company headquarters and duration at that address: _____

Approximate percentage of employees at current location who live in the City of Franklin and/or Johnson County: _____

Have you ever received tax abatement at your current location? Yes ☐ No ☒

If yes, when and for what term? _____

What specifically has the company done to give back to the community: _____

Increased workforce under low economic conditions while providing quality service and emergency response to customers.

While acting as a strong advocate for using economic incentives to help applicants expand and/or locate in the community, the City of Franklin also strives to enrich the quality of life for its citizens. To that end, the City embraces the use of voluntary economic development fees as allowed under Indiana law (IC 6-1.1-12.1-14). These fees are directed by the City to local nonprofit organizations to bolster their economic development efforts. The fee can be applied on both real and personal property abatements. The fee is collected annually by the County Treasurer as a special assessment on the tax bill and is distributed by the City to the designated economic development nonprofit organization. Typically, 2% is charged on Real Property and 5% is charged on Personal Property. The fee is a percentage of the abatement received. For example, instead of receiving 100% abatement in the first year, the company receives a 95% abatement, with the 5% difference going to support local economic development. More information can be found on the City's website (www.franklin.in.gov) under the Economic Development tab.

Is the company agreeable to the Economic Development Fee? Yes ☐ No ☒

If yes, at what percent(s)? _____

3 YEAR

Hetsco, Inc.

Sample Property Tax on Real Property (3 Year) with 2% Economic Development Fee

Real Property Tax Investment: \$2,165,000

Tax Rate: 3.0%

	<i>2015 Payable 2016</i>	<i>2016 Payable 2017</i>	<i>2017 Payable 2018</i>	
<i>True Cash Value</i>	\$2,165,000	\$2,165,000	\$2,165,000	
<i>Assessed Value</i>	\$2,165,000	\$2,165,000	\$2,165,000	
<i>Net Tax Rate</i>	3.0%	3.0%	3.0%	<i>Total</i>
<i>Tax w/o Abatement</i>	\$64,950	\$64,950	\$64,950	<i>\$194,850</i>
<i>Abatement Rate</i>	100%	66%	33%	
<i>Amount Abated</i>	\$64,950	\$42,867	\$21,434	<i>Total</i>
<i>Taxes Paid w/Abatement</i>	\$0	\$22,083	\$43,517	<i>\$65,600</i>

Total Fees Paid

<i>2% Fee</i>	\$1,299	\$857	\$429	<i>\$2,585</i>
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Total Tax Saving without Economic Development Fee

\$129,251

Total Tax Savings with 2% Economic Development Fee

<i>\$126,665</i>

5 YEAR

Hetsco, Inc.

Sample Property Tax on Real Property (5 Year Period) with 2% Economic Development Fee

Real Property Tax Investment: \$2,165,000

Tax Rate: 3.0%

	2015 Payable 2016	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019
True Cash Value	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000
Assessed Value	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%
Tax w/o Abatement	\$64,950	\$64,950	\$64,950	\$64,950	\$64,950
Abatement Rate	100%	80%	60%	40%	20%
Amount Abated	\$64,950	\$51,960	\$38,970	\$25,980	\$12,990
Taxes Paid w/Abatement	\$0	\$12,990	\$25,980	\$38,970	\$51,960

**Total
\$324,750**

**Total
\$129,900**

Total Fees Paid

2% Fee	\$1,299	\$1,039	\$779	\$520	\$260
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\$3,897

Total Tax Saving without Economic Development Fee

\$194,850

Total Tax Savings with 2% Economic Development Fee

\$190,953

7 YEAR

Hetsco, Inc.

Sample Property Tax on Real Property (7 Year) with 2% Economic Development Fee

Real Property Tax Investment: \$2,165,000

Tax Rate: 3.0%

	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	2019 Payable 2020	2020 Payable 2021	2021 Payable 2022	
True Cash Value	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	
Assessed Value	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$64,950	\$64,950	\$64,950	\$64,950	\$64,950	\$64,950	\$64,950	\$454,650
Abatement Rate	100%	85%	71%	57%	43%	29%	14%	
Amount Abated	\$64,950	\$55,208	\$46,115	\$37,022	\$27,929	\$18,836	\$9,093	Total
Taxes Paid w/Abatement	\$0	\$9,743	\$18,836	\$27,929	\$37,022	\$46,115	\$55,857	\$195,500
								Total Fees Paid
2% Fee	\$1,299	\$1,104	\$922	\$740	\$559	\$377	\$182	\$5,183

Total Tax Saving without Economic Development Fee
\$259,151

Total Tax Savings with 2% Economic Development Fee
\$253,967

10 YEAR

Hetsco, Inc.

Sample Property Tax on Real Property (10 Year Period) Schedule with 2% Fee

Real Property Tax Investment: \$2,165,000

Tax Rate: 3.0%

	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	2019 Payable 2020	2020 Payable 2021	2021 Payable 2022	2022 Payable 2023	2023 Payable 2024	2024 Payable 2025	
True Cash Value	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	
Assessed Value	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	\$2,165,000	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	Total
Tax w/o Abatement	\$78,362	\$78,362	\$78,362	\$78,362	\$78,362	\$78,362	\$78,362	\$78,362	\$78,362	\$78,362	\$783,622
Abatement Rate	100%	95%	80%	65%	50%	40%	30%	20%	10%	5%	
Amount Abated	\$78,362	\$74,444	\$62,690	\$50,935	\$39,181	\$31,345	\$23,509	\$15,672	\$7,836	\$3,918	Total
Taxes Paid w/Abatement	\$0	\$3,918	\$15,672	\$27,427	\$39,181	\$47,017	\$54,854	\$62,690	\$70,526	\$74,444	\$395,729

											Total Fees Paid
2% Fee	\$1,567	\$1,489	\$1,254	\$1,019	\$784	\$627	\$470	\$313	\$157	\$78	\$7,758

Total Tax Saving without Economic Development Fee

\$387,893

Total Tax Savings with 2% Economic Development Fee

\$380,135

3 YEAR**Hetsco, Inc.****Sample Property Tax on Personal Property (3 Year)**

Personal Property Tax Investment: \$400,000

Tax Rate: 3.0%

	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	
Cost of Equipment	\$400,000	\$400,000	\$400,000	
True Cash Percentage Rate	65%	50%	35%	
True Cash Value	\$260,000	\$200,000	\$140,000	
Net Tax Rate	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$7,800	\$6,000	\$4,200	\$18,000
Abatement Rate	100%	66%	33%	
Amount Abated	\$7,800	\$3,960	\$1,386	Total
Taxes Paid w/Abatement	\$0	\$2,040	\$2,814	\$4,854

Total Fees Paid

5% Fee	\$390	\$198	\$69	\$657
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Total Tax Savings without Economic Development Fee**\$13,146****Total Tax Savings with 5% Economic Development Fee****\$12,489**

5 YEAR

Hetsco, Inc.

Sample Property Tax on Personal Property (5 Year Period)

Personal Property Tax Investment: \$400,000

Tax Rate: 3.0%

	<i>2015 Payable 2016</i>	<i>2016 Payable 2017</i>	<i>2017 Payable 2018</i>	<i>2018 Payable 2019</i>	<i>2019 Payable 2020</i>	
<i>Cost of Equipment</i>	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	
<i>True Cash Percentage Rate</i>	40%	56%	42%	32%	24%	
<i>True Cash Value</i>	\$160,000	\$224,000	\$168,000	\$128,000	\$96,000	
<i>Net Tax Rate</i>	3.0%	3.0%	3.0%	3.0%	3.0%	<i>Total</i>
<i>Tax w/o Abatement</i>	\$4,800	\$6,720	\$5,040	\$3,840	\$2,880	<i>\$23,280</i>
<i>Abatement Rate</i>	100%	80%	60%	40%	20%	
<i>Amount Abated</i>	\$4,800	\$5,376	\$3,024	\$1,536	\$576	<i>Total</i>
<i>Taxes Paid w/Abatement</i>	\$0	\$1,344	\$2,016	\$2,304	\$2,304	<i>\$7,968</i>

						<i>Total Fees Paid</i>
<i>5% Fee</i>	\$240	\$269	\$151	\$77	\$29	<i>\$766</i>

Total Tax Savings without Economic Development Fee
\$15,312

Total Tax Savings with 5% Economic Development Fee
\$14,546

7 YEAR

Hetsco, Inc.

Sample Property Tax on Personal Property (7 Year Period)

Personal Property Tax Investment: \$400,000

Tax Rate: 3.0%

	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	2019 Payable 2020	2020 Payable 2021	2021 Payable 2022	
Cost of Equipment	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	
True Cash Percentage Rate	40%	56%	42%	32%	24%	18%	15%	
True Cash Value	\$160,000	\$224,000	\$168,000	\$128,000	\$96,000	\$72,000	\$60,000	
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$4,800	\$6,720	\$5,040	\$3,840	\$2,880	\$2,160	\$1,800	\$27,240
Abatement Rate	100%	85%	71%	57%	43%	29%	14%	
Amount Abated	\$4,800	\$5,712	\$3,578	\$2,189	\$1,238	\$626	\$252	Total
Taxes Paid w/Abatement	\$0	\$1,008	\$1,462	\$1,651	\$1,642	\$1,534	\$1,548	\$8,844

								Total Fees Paid
5% Fee	\$240	\$286	\$179	\$109	\$62	\$31	\$13	\$920

**Total Tax Savings without Economic Development Fee
\$18,396**

**Total Tax Savings with 5% Economic Development Fee
\$17,476**

10 YEAR

Hetsco, Inc.

Sample Property Tax on Personal Property (10 Year Period)

Personal Property Tax Investment: \$400,000

Tax Rate: 3.0%

	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	2019 Payable 2020	2020 Payable 2021	2021 Payable 2022	2022 Payable 2023	2023 Payable 2024	2024 Payable 2025	
Cost of Equipment	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	
True Cash Percentage Rate	40%	60%	55%	45%	37%	30%	25%	20%	16%	12%	
True Cash Value	\$160,000	\$240,000	\$220,000	\$180,000	\$148,000	\$120,000	\$100,000	\$80,000	\$64,000	\$48,000	
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$4,800	\$7,200	\$6,600	\$5,400	\$4,440	\$3,600	\$3,000	\$2,400	\$1,920	\$1,440	\$40,800
Abatement Rate	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	
Amount Abated	\$4,800	\$6,480	\$5,280	\$3,780	\$2,664	\$1,800	\$1,200	\$720	\$384	\$144	Total
Tax Paid w/Abatement	\$0	\$720	\$1,320	\$1,620	\$1,776	\$1,800	\$1,800	\$1,680	\$1,536	\$1,296	\$13,548

											Total Fees Paid
5% Fee	\$240	\$324	\$264	\$189	\$133	\$90	\$60	\$36	\$19	\$7	\$1,363

Total Tax Savings without Economic Development Fee
\$27,252

Total Tax Savings with 5% Economic Development Fee
\$25,889

Corporate Organization



GlobalPower



Global Power, Williams Industrial and Hetsco, Inc. design, engineer and manufacture a broad array of equipment and services to the global power infrastructure, energy and process industries.

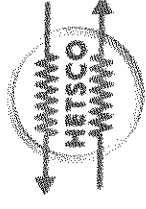
Services Division: Hetsco, Inc. / Williams

- **Maintenance & construction services to fossil, nuclear, and hydroelectric power plants and other industrial operations. Provide specialty services to the aluminum heat exchanger, air distribution industries.**

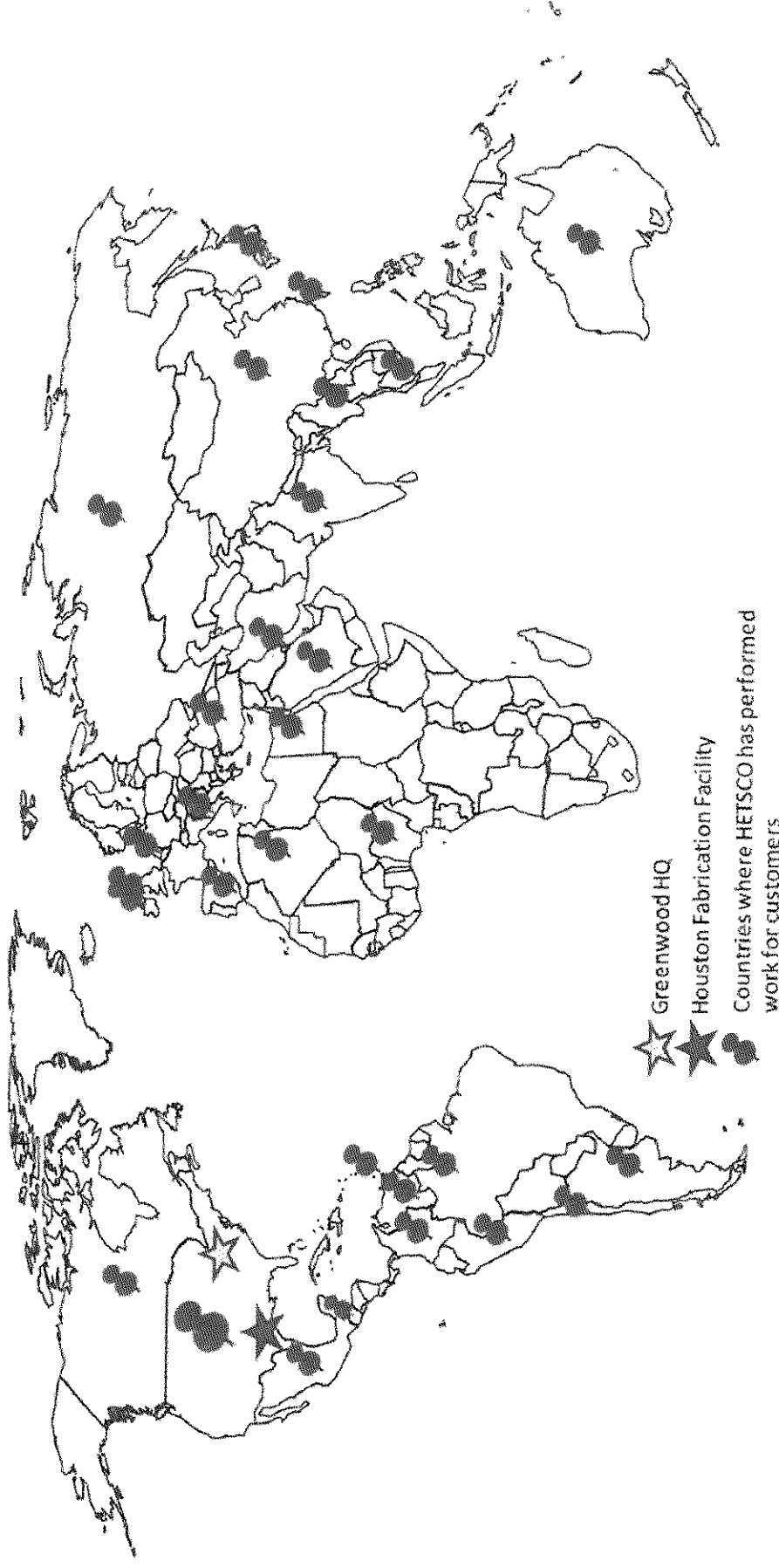
Products Division:

- Design, engineer and manufacture a comprehensive portfolio of equipment.
- Gas turbine power plants and power-related equipment for industrial operations.
- Strong competitive product position.
- Benefit from a large presence in domestic and international markets.

Current International Reach



> Work performed in more than 40 states across the U.S. and in over 30 countries



**JOB AND WAGE DESCRIPTION
FOR TAX ABATEMENT APPLICATION**

Please provide the following job and wage earning information that is associated with this Tax Abatement Petition (***Please specify all wages in an hourly format without benefits:***

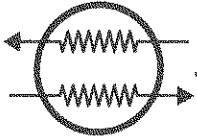
- (1) Company NAICS code: 811310.
- (2) The total number of jobs current at the site: 49, the number of those jobs that will be retained as a direct result of the proposed investment 49, and the number of new jobs which will be created as a direct result of the proposed investment 40.
- (3) The total number of full-time employees at the site: 49.
- (4) The total number of temporary and/or contract employees currently at the site: 0.
- (5) The average hourly wages for the new jobs: \$27.29.
- (6) Will the new jobs being created begin as temporary and/or contract employees? NO
If yes, please provide an explanation of the typical transition process to full time:

- (7) Number of new and/or retained jobs in:

- (a) Managerial/Professional Specialty Occ.: 17 Average Hourly Wage: \$44.42
- (b) Technical/Sales/Admin. Support Occ.: Average Hourly Wage:
- (c) Service Occ.: Average Hourly Wage:
- (d) Precision Production/Craft/Repair Occ.: Average Hourly Wage:
- (e) Operators/Fabricators/Laborers: 32 Average Hourly Wage: \$22.47

Note: The total number of jobs specified above should correspond with the Statement of Benefits Form SB-1.

- (8) **Attach detailed information on the types of benefits offered for new employees. A description of all possible bonuses and incentives should also be given if provided.**



HETSCO, INC.

505 Pushville Road, Greenwood, Indiana 46143
Phone (317) 535-4315 • Fax (317)535-4684

Re: New employee benefits

Benefits that are typically provided to new full-time employees to Hetsco, Inc. are itemized below.

1. Medical PPO (includes prescription)
2. Dental PPO
3. Vision PPO
4. FSA – Health & Dependent care
5. Short-term & Long-term disability (co. paid)
6. Basic Life & Voluntary life: basic Co. Paid for EE and dependents)
7. Basis AD&D & voluntary AD&D: basic paid by Co.
8. 401k w/ Co. match (50% up to 8% deferral)
9. EAP (Co. paid)

Hetsco, Inc.
505 Pushville Rd.
Greenwood, In. 46143

(317) 535-4315

SAMPLE COMPANY INVESTMENT TIMETABLE

Year of Abatement	Buildings	Equip. Type 1	Equip. Type 2	Equip. Type 3	Total
2014					
1st Quarter					
2nd Quarter					
3rd Quarter	1,400,000				
4th Quarter	1,200,000				
2015					
1st Quarter	600,000	400,000			
2nd Quarter	300,000				
3rd Quarter					
4th Quarter					
Year of Abatement					
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
TOTAL	4,000,000	400,000			

**EMPLOYMENT PHASE-IN SCHEDULE
SAMPLE JOB CREATION/RETENTION TIMETABLE**

Year of Abatement	Job Type 1	Job Type 2	Job Type 3	Job Type 4	Total
1st Quarter	2015				
2nd Quarter	3				
3rd Quarter	2				
4th Quarter	3				
	2				
Year of Abatement	2016				
1st Quarter	3				
2nd Quarter	2				
3rd Quarter	3				
4th Quarter	2				
Year of Abatement	2017				
1st Quarter	3				
2nd Quarter	2				
3rd Quarter	3				
4th Quarter	2				
TOTAL					

Q1	2018
Q2	3
Q3	2
Q4	3
	2
	<hr/> 40

CITY OF FRANKLIN, INDIANA

RESOLUTION NUMBER 2014-09

**A RESOLUTION GRANTING TAX ABATEMENT
FOR HETSCO INC. (EDC 2014-03)**

WHEREAS, the economic growth and development of the City of Franklin, Johnson County, Indiana is the primary goal of the community;

WHEREAS, the Franklin Economic Development Commission has on June 10th, 2014, held a public meeting and considered the tax abatement request of Hetsco, Inc. in a manner consistent with the *City of Franklin Community Investment Incentives Summary* and the applicable sections of the Indiana Code.

WHEREAS, the Franklin Economic Development Commission has made the findings required by IC 6-1.1-12.1-3 and IC 6-1.1-12.1-4.5 and recommends that Hetsco, Inc. receive a ten (10) year tax abatement on real property and a five (5) year tax abatement on personal property for the real estate described as Exhibit "A" and described in the tax abatement request.

WHEREAS, a copy of the Statement of Benefits recommended for approval by the Franklin Economic Development Commission is attached hereto as Exhibit "B;"

WHEREAS, the said real estate as described as Exhibit "A" is located in an existing Economic Revitalization Area as approved by the City of Franklin Common Council with City Council Resolution No. 2012-05;

WHEREAS, the Common Council has received and reviewed Exhibit "B" with all attachments, and that such attachments are made a part hereof and incorporated herein, all which together contain the necessary statements of benefits and description of the project, along with the recommendation of the Economic Development Commission for tax abatement for real property; and

WHEREAS, the Common Council has given careful consideration to the materials submitted and affirms the findings of the Franklin Economic Development Commission relative to the requirements of IC 6-1.1-12.1-3 and IC 6-1.1-12.1-4.5, and specifically including the following findings:

As to **real property** the following findings are made:

- 1) Whether the estimate of the value of the development or rehabilitation is reasonable for projects of that nature;
- 2) Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- 3) Whether the estimate of annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- 4) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed redevelopment or rehabilitation; and
- 5) Whether the totality of the benefits is sufficient to justify the tax abatement.

As to **personal property** the following findings are made:

- 1) The estimate of the cost of new equipment is reasonable for equipment of that type;
- 2) The estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new equipment;
- 3) The estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new equipment;
- 4) Any other benefits about which information was requested are benefits that can be reasonably expected to result from the installation of the new equipment; and
- 5) The totality of the benefits is sufficient to justify the tax abatement.

NOW THEREFORE BE IT RESOLVED THAT:

- (1) The abatement of real property tax for the property described as Exhibit "A" shall extend for a period of (10) years pursuant to the deduction schedule set forth in IC 6-1.1-12.1-3(e)(10).
- (2) The abatement of personal property tax shall extend for a period of five (5) years pursuant to the deduction schedule set forth in IC 6-1.1-12.1-4.5(e)(10).
- (3) Hetsco, Inc. shall be required to provide the City of Franklin with information showing the extent to which there has been compliance with the statement of benefits submitted in their request for tax abatement within sixty (60) days after the end of each year in which the deduction is applicable, all as require by IC 6-1.1-12.1-5.1.
- (4) A copy of this resolution and a description of the affected area will be available and can be inspected in the office of the Johnson County Assessor and the City Clerk/Treasurer.

APPROVED by the Common Council of the City of Franklin, Johnson County, Indiana, this 21st day of July, 2014.

City of Franklin, Indiana, by its Common Council:

Voting Affirmative:

Stephen D. Barnett, Council President

Kenneth W. Austin, Vice-President

Joseph R. Ault

Joseph P. Abban

Robert D. Henderson

Voting Opposed:

Stephen D. Barnett, Council President

Kenneth W. Austin, Vice President

Joseph R. Ault

Joseph P. Abban

Robert D. Henderson

Stephen D. Hougland

Stephen D. Hougland

Richard L. Wertz

Richard L. Wertz

Attest:

Janet P. Alexander
Clerk-Treasurer

Presented by me to the Mayor of the City of Franklin for his approval or veto pursuant to Indiana Code § 36-4-6-15, 16, this 21st day of July, 2014.

Janet P. Alexander
Clerk-Treasurer

This ordinance having been passed by the legislative body and presented to me this [Approved by me and duly adopted, pursuant to Indiana Code § 36-4-6-16(a)(1)] [Vetoed, pursuant to Indiana Code § 36-4-6-16(a)(2)], this 21st day of July, 2014, at 6:30 o'clock p.m.

Joseph E. McGuinness
Mayor

Attest:

Janet P. Alexander
Clerk-Treasurer

EXHIBIT A

LAND DESCRIPTION

Part of the Northeast Quarter and the Southeast Quarters of Section 11, Township 12 North, Range 4 East of the Second Principal Meridian, City of Franklin, Johnson County, Indiana, described as follows:

BEGINNING at a Mag nail found marking the southwest corner of said Northeast Quarter; thence North 00 degrees 00 minutes 00 seconds East along the west line thereof (basis of bearing derived from a survey completed by Robert Etter and recorded as Instrument Number 94-007806 in the Office of the Recorder of said county) 72.31 feet to the southwest corner of the land of the land of Owens-Illinois Closure, Inc. as described in Instrument Number 96-2491 in said county records; thence South 90 degrees 00 minutes 00 seconds East along the south line thereof 608.36 feet a 5/8 inch rebar found at the northwest corner of Klaiser Plat recorded as Instrument Number 2006-028157 in said county records; thence South 00 degrees 00 minutes 00 seconds West along the west line of said platted land 859.22 feet to a 5/8 inch rebar found at the southwest corner thereof; thence North 90 degrees 00 minutes 00 seconds West along the westerly extension of the south line of the Klaiser Plat 606.94 feet to the west line of the Southeast Quarter; thence North 00 degrees 06 minutes 13 seconds West along said west line 786.91 feet to the POINT OF BEGINNING, containing 11.987 acres, more or less.



STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51767 (R4 / 2-13)

Prescribed by the Department of Local Government Finance

EXHIBIT B

2014 PAY 2015

FORM SB-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).

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- ☐ Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
☐ Residentially distressed area (IC 6-1.1-12.1-4.1)

INSTRUCTIONS:

- This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise, this statement must be submitted to the designating body **BEFORE** the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
- Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation, **BEFORE** a deduction may be approved.
- To obtain a deduction, a Form 322/RE must be filed with the County Auditor before May 10 in the year in which the addition to assessed valuation is made or not later than thirty (30) days after the assessment notice is mailed to the property owner if it was mailed after April 10. If the property owner misses the May 10 deadline in the initial year of occupation, he can apply between March 1 and May 10 of a subsequent year.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must attach a Form CF-1/Real Property annually to the application to show compliance with the Statement of Benefits. [IC 6-1.1-12.1-5.1(b) and IC 6-1.1-12.1-5.3(j)].
- The schedules established under IC 6-1.1-12.1-4(d) for rehabilitated property apply to any economic revitalization areas designated after June 30, 2000, unless an alternative deduction schedule is adopted by the designating body (IC 6-1.1-12.1-17). The schedules effective prior to July 1, 2000, shall continue to apply to economic revitalization areas designated before July 1, 2000.

SECTION 1 TAXPAYER INFORMATION					
Name of taxpayer HETSCO INC					
Address of taxpayer (number and street, city, state, and ZIP code) 505 PUSHVILLE ROAD GREENWOOD, IN. 46143					
Name of contact person TROY MARTIN		Telephone number (317) 535-4315		E-mail address tmartin@hetsco.com	
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT					
Name of designating body			Resolution number		
Location of property 1725 N. GRAHAM RD FRANKLIN, IN. 46131			County JOHNSON		
Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary) BUILD-OUT OF SHELL BUILDING @ 1725 N. GRAHAM RD FRANKLIN, IN. 46131			DLGF taxing district number 41009		
			Estimated start date (month, day, year) 08/01/2014		
			Estimated completion date (month, day, year) 12/31/2015		
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT					
Current number 49.00	Salaries \$3,066,000.00	Number retained 49.00	Salaries \$3,066,000.00	Number additional 40.00	Salaries \$2,271,000.00
SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT					
			REAL ESTATE IMPROVEMENTS		
			COST	ASSESSED VALUE	
Current values			0.00		
Plus estimated values of proposed project			\$2,165,000	XXXXXX	
Less values of any property being replaced			0.00		
Net estimated values upon completion of project			XXXXXX		
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER					
Estimated solid waste converted (pounds) _____			Estimated hazardous waste converted (pounds) _____		
Other benefits					
SECTION 6 TAXPAYER CERTIFICATION					
I hereby certify that the representations in this statement are true.					
Signature of authorized representative 		Title SR TAX MANAGER		Date signed (month, day, year) 06/27/2014	



STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51764 (R2 / 12-11)

Prescribed by the Department of Local Government Finance

EXHIBIT B

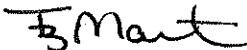
FORM SB-1 / PP

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 statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body **BEFORE** a person installs the new manufacturing equipment and/or research and development equipment, and/or logistical distribution equipment and/or information technology equipment for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
2. Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to installation of the new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment, **BEFORE** a deduction may be approved
3. To obtain a deduction, a person must file a certified deduction schedule with the person's personal property return on a certified deduction schedule (Form 103-ERA) with the township assessor of the township where the property is situated or with the county assessor if there is no township assessor for the township. The 103-ERA must be filed between March 1 and May 15 of the assessment year in which new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment is installed and fully functional, unless a filing extension has been obtained. A person who obtains a filing extension must file the form between March 1 and the extended due date of that year.
4. Property owners whose Statement of Benefits was approved after June 30, 1991, must submit Form CF-1 / PP annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
5. The schedules established under IC 6-1.1-12.1-4.5(d) and (e) apply to equipment installed after March 1, 2001, unless an alternative deduction schedule is adopted by the designating body (IC 6-1.1-12.1-17).

SECTION 1 TAXPAYER INFORMATION								
Name of taxpayer HETSCO INC								
Address of taxpayer (number and street, city, state, and ZIP code) 505 PUSHVILLE ROAD GREENWOOD, IN. 46143								
Name of contact person TROY MARTIN				Telephone number (317) 535-4315				
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT								
Name of designating body				Resolution number (s)				
Location of property 1725 N. GRAHAM RD FRANKLIN, IN. 46131		County JOHNSON		DLGF taxing district number 41009				
Description of manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment. (use additional sheets if necessary) Welding / Office equipment				ESTIMATED				
				START DATE		COMPLETION DATE		
				Manufacturing Equipment		08/01/2014 12/31/2015		
				R & D Equipment				
				Logist Dist Equipment				
IT Equipment								
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT								
Current number 49	Salaries 3,066,000.00	Number retained 49	Salaries 3,066,000.00	Number additional 40	Salaries 2,270,000.00			
SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT								
NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the COST of the property is confidential.	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Current values	0.00							
Plus estimated values of proposed project	400,000.00							
Less values of any property being replaced	0.00							
Net estimated values upon completion of project	400,000.00							
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER								
Estimated solid waste converted (pounds) _____				Estimated hazardous waste converted (pounds) _____				
Other benefits:								
SECTION 6 TAXPAYER CERTIFICATION								
I hereby certify that the representations in this statement are true.								
Signature of authorized representative 				Title SR TAX MANAGER		Date signed (month, day, year) 06/27/2014		