

AGENDA RESERVATION REQUEST

CITY OF FRANKLIN COMMON COUNCIL

Please type or print

| | | | |
|---|--|----------------------|--------------|
| Date Submitted: | 07-12-17 | Meeting Date: | 07-17-17 |
| 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 2017-09: Tax Abatement for Direct Conveyors – Corner of Commerce Parkway and Linville Road | | | |
| List Supporting Documentation Provided: | | | |
| Memo | | | |
| Staff Report | | | |
| Resolution 2017-09 | | | |
| Who will present the request? | | | |
| Name: | Krista Linke | Telephone: | 317-736-3631 |

The Franklin City Council meets on the 1st and 3rd Monday of each month at 6:00 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 12, 2017
Re: Real Property and Personal Property Tax Abatement – Direct Conveyors LLC

The City of Franklin Economic Development Commission (EDC) reviewed and acted on real and personal property tax abatement requests from Direct Conveyors LLC at a meeting held on July 11th, 2017. The board voted to forward a favorable recommendation to the City Council for a seven-year real property tax abatement and a five-year personal property tax abatement.

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

Attached to this memo are:

1. Case EDC 2017-06 Staff Report
2. Application and requested forms
3. Sample Tax Phase-In Savings Schedules
4. Resolution 2017-09: Real Property Tax Abatement
5. Exhibit A – Legal Description
6. Exhibit B - Form SB-1 Real Property and Personal Property
7. Exhibit C – Real Property Abatement Schedule
8. Exhibit D – Personal Property Abatement Schedule

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 6th, 2017

Re: Case EDC 2017-06 – Direct Conveyors LLC

Case EDC 2017-06 – Direct Conveyors LLC: A request for a 5-year tax abatement on \$200,000 in personal property and a 7-year abatement on \$1,900,000 in real property investment.

Location: Corner of Commerce Parkway and Linville Way



DIRECT CONVEYOR
FRANKLIN, INDIANA



Summary:

1. Characteristics of this location:
Direct Conveyors is proposing to build a new 25,000-30,000 square foot facility as shown above. The budgeted amount for land purchase and construction is \$1,900,000.
2. Characteristics of this petitioner:

3. "Direct Conveyors manufactures the most comprehensive portfolio of low profile conveyors in the industry. Providing both standard and custom designed conveyance solutions, we can improve your productivity and efficiency to lower your operating cost. Direct Conveyors is a customer driven company with one simple goal, make it easy to purchase your material handling solution. We are committed to exceeding customer expectations in every area of the business, please contact us on your next material handling application." Source: www.directconveyors.com.
4. Characteristics of this project:
Direct Conveyors is currently located at 400 N. Forsythe Street in Franklin. They have outgrown their space and would like to stay in Franklin. They are in negotiations with the current property owner to purchase 5 acres and build a new facility.
5. Economic Revitalization Area (ERA):

This property has been previously designated an ERA through City Council Resolutions 2012-04 and 2012-05.
6. 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.
7. 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 instillation 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.

8. 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:* According to the Employment Phase-In Schedule submitted, there will be 17 jobs retained and 8 new jobs created as a result of the project. The average hourly salary for these 20 employees is \$20.00. Wage figures do not include benefits. Benefit information was not provided.
- b. *Diversification of Local Employment:* According to the 2011 U.S. Census Bureau County Business Patterns, there were no conveyor equipment manufacturing establishments in Johnson County.
- c. *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 the manufacturing sector is \$23.14 per hour. The average hourly wage (without benefits) for the 17 jobs being retained and the 8 additional jobs being created is \$20.00 per hour.
- d. *Sustainable Land Use:* The petitioner proposes to make this investment at a vacant property located within the Franklin Business Park.
- e. *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 any economic development fees.
- f. *Conformance with the Comprehensive Plan:* The Comprehensive Plan - Land Use Map identifies this property as a Light Industrial Area. Light industrial areas include a variety of employment and production facilities. Uses in this area may include warehouses, distribution centers, assembly facilities, technology centers, research and manufacturing facilities, professional offices. Light industrial areas are distinguished from manufacturing areas in that manufacturing areas focus on the manipulation of unfinished products and raw materials. Light Industrial facilities generally do not produce emissions of light, heat, sound, vibration, or odor and are completely contained within buildings. Some limited outdoor storage of finished products may occur. Light Industrial areas may also include facilities which are complimentary to their role as employment centers.

The property is zoned IL, Industrial: Light. The "IL," Industrial: Light zoning district is intended to provide locations for light production, assembly, warehousing, research and development facilities, and similar land uses. This district is intended to accommodate only industrial uses that are completely contained within structures and do not involve the outdoor storage of materials

or the release of potential environmental pollutants. This district should be used to support the industrial retention and expansion in Franklin.

9. 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).

10. Requested Effective Year:

The petitioner has requested that, if approved, the tax abatement be effective for the tax year 2018, payable 2019.

Staff Comments:

This project is the first of three that are tied to the new construction of Linville Way in the Franklin Business Park. The City of Franklin Redevelopment Commission is highly supportive of this project, as can be shown through their willingness to pay for the construction of Linville Way. This is the type of investment envisioned for the area as a result of that investment. The Mayor's Office has recommended a 7-year real property abatement and a 5-year personal property abatement.



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Tax Abatement Application

Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: Direct Conveyors LLC
Primary Contact Name: John van Kooten
Contact Address: 400 N Forsythe St
City: Franklin State: IN Zip: 46131
Phone Number: 317-346-7777
Email: john@directconveyors.com
Three possible dates before the EDC meeting to conduct a site visit: 7/07/17, 7/10/17, 7/11/17
Name of Owner: John van Kooten, Ron Wood
Parent Company (If Applicable): N/A

Primary Contact for Yearly Compliance Reports

Name: John van Kooten
Title: Owner
Address: 400 N Forsythe St
City: Franklin State: IN Zip: 46131
Phone Number: 317-346-7777
Email: john@directconveyors.com

Description of Project

Project Location/Address: Corner of Commerce Dr. and Linville way
Parcel Number: _____
Brief Description of Project:

New Manufacturing Facility for Direct Conveyors, 25000 to 30000 square feet with offices and manufacturing space.

Current Assessed Value (AV) of the Property:

| | |
|--------------|-----------------------|
| 1. Land | <u>\$200,000.00</u> |
| 2. Building | <u>\$1,600,000.00</u> |
| 3. Inventory | <u>\$320,000.00</u> |
| 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 type="checkbox"/> Summary of Benefits (if applicable) |
| <input type="checkbox"/> Legal Description of the Property | <input type="checkbox"/> Employment Phase-In Schedule |
| <input type="checkbox"/> Company Financial Statement | <input type="checkbox"/> Company Investment Timetable |
| <input type="checkbox"/> Job and Wage Description Information Sheet | <input type="checkbox"/> Compliance Affidavit |

Type of Abatement RequestedReal Property ☒Personal Property ☒Length of Abatement Requested: 7 / 5 YearsProject Size (square feet): 30,000 sq / ftSize of Site (acres): 5 acres

Type of Building:

Multiple Tenants (leased) ☐Single Tenant (leased) ☒Owner Occupied ☒Corporate Headquarters ☐**Capital Investment**1. Real property capital investment only: \$1,900,000.002. Personal property capital investment only: \$200,000.003. Total capital investment for proposed project: \$2,100,000.00**Jobs Created and/or Retained**1. Estimated number of full time jobs created by the proposed project: 82. Estimated number of full time jobs retained as a direct result of the proposed project: 173. Total number of full time jobs upon project completion: 25**Wages Created and Retained**1. Average hourly wage rate for new jobs (w/o benefits) \$20.002. Average hourly wage rate for jobs retained (w/o benefits) \$20.00

***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.

In order for Direct Conveyors to make this investment and grow, we require the abatements to ensure we can achieve our goals within our financial abilities .
With the abatements in place we are prepared to make the necessary property investment and workforce investment to achieve the goals of this project.
Additional facility space, equipment and staff are needed to ensure we are able to serve our customers in a timely and responsive manner.

Company InformationHow long has the company been in existence? 10 yearsCurrent address of company headquarters and duration at that address: 400 N Forsythe St.Franklin, IN 46131

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

45%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:

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)? _____

**STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS**

State Form 51767 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

EXHIBIT B

20____ PAY 20____

FORM SB-1 / Real Property

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)
☐ Eligible vacant building (IC 6-1.1-12.1-4.8)

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** 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)
2. 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.
3. To obtain a deduction, application Form 322 ERA/RE or Form 322 ERA/VBD, Whichever is applicable, must be filed with the County Auditor by the later of: (1) May 10; or (2) thirty (30) days after the notice of addition to assessed valuation or new assessment is mailed to the property owner at the address shown on the records of the township assessor.
4. 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)]
5. The schedules established under IC 6-1.1-12.1-4(d) for rehabilitated property and under IC 6-1.1-12.1-4.8(1) for vacant buildings apply to any statement of benefits approved on or after July 1, 2000. The schedules effective prior to July 1, 2000, shall continue to apply to a statement of benefits filed before July 1, 2000.

| SECTION 1 TAXPAYER INFORMATION | | | | | |
|---|------------------------------|---|--|--|------------------------------|
| Name of taxpayer Direct Conveyors LLC | | | | | |
| Address of taxpayer (number and street, city, state, and ZIP code) 400 N Forsythe St, Franklin, IN 46131 | | | | | |
| Name of contact person John van Kooten | | Telephone number () 317-346-7777 | | E-mail address john@directconveyors.com | |
| SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT | | | | | |
| Name of designating body City of Franklin Common Council | | | | Resolution number | |
| Location of property | | County Johnson | | DLGF taxing district number 41 | |
| Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary) New Manufacturing Facility 30,000 sq ft. | | | | Estimated start date (month, day, year) 9/15/17 | |
| | | | | Estimated completion date (month, day, year) 2/28/18 | |
| SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT | | | | | |
| Current number 17 | Salaries \$707,200 | Number retained 17 | Salaries \$707,200 | Number additional 8 | Salaries \$332,800 |
| 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. | | REAL ESTATE IMPROVEMENTS | | | |
| | | COST | | ASSESSED VALUE | |
| | | Current values | | \$200,000 | |
| | | Plus estimated values of proposed project | | \$1,600,000 | |
| | | Less values of any property being replaced | | | |
| Net estimated values upon completion of project | | | | | |
| 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 Owner | | Date signed (month, day, year) 7/7/17 | |

**STATEMENT OF BENEFITS
PERSONAL PROPERTY**

State Form 51764 (R / 1-06)

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. 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. For equipment installed prior to March 2, 2001, the schedules and statutes in effect at the time shall continue to apply. (IC 6-1.1-12.1-4.5(f) and (g))

| SECTION 1 TAXPAYER INFORMATION | | | | | | | | | |
|--|------------------------------|-------------------------|------------------------------|--------------------------|--|---|---|--------------|---------------------------------|
| Name of taxpayer Direct Conveyors LLC | | | | | | | | | |
| Address of taxpayer (number and street, city, state, and ZIP code) 400 N Forsythe St. | | | | | | | | | |
| Name of contact person John van Kooten | | | | | | Telephone number (317) 346-7777 | | | |
| SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT | | | | | | | | | |
| Name of designating body City of Franklin Common Council | | | | | | Resolution number (s) 41 | | | |
| Location of property | | | | County Johnson | | DLGF taxing district number 41 | | | |
| 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) Plastic planer, plastics shaper, CNC mills, CNC lathes. | | | | | | ESTIMATED | | | |
| | | | | | | | | START DATE | COMPLETION DATE |
| | | | | | | Manufacturing Equipment | | 2018 | 2022 |
| | | | | | | R & D Equipment | | | |
| | | | | | | Logist Dist Equipment | | | |
| IT Equipment | | | | | | | | | |
| SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT | | | | | | | | | |
| Current number 17 | Salaries \$707,200 | | Number retained 17 | | Salaries \$707,200 | | Number additional 8 | | Salaries \$332,800.00 |
| 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 | | | | | | | | | |
| Plus estimated values of proposed project | | \$337,000 | | | | | | | |
| Less values of any property being replaced | | | | | | | | | |
| Net estimated values upon completion of project | | | | | | | | | |
| 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 Owner | | Date signed (month, day, year) 7/7/17 | | |

**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: 333922.
- (2) The total number of jobs current at the site: 17, the number of those jobs that will be retained as a direct result of the proposed investment 17, and the number of new jobs which will be created as a direct result of the proposed investment 8.
- (3) The total number of full-time employees at the site: 17.
- (4) The total number of temporary and/or contract employees currently at the site: 1.
- (5) The average hourly wages for the new jobs: \$20.00.
- (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.: 1 Average Hourly Wage: \$25.00
- (b) Technical/Sales/Admin. Support Occ.: 2 Average Hourly Wage: \$22.00
- (c) Service Occ.: Average Hourly Wage:
- (d) Precision Production/Craft/Repair Occ.: 3 Average Hourly Wage: \$19.00
- (e) Operators/Fabricators/Laborers: 2 Average Hourly Wage: \$17.00

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.**

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

| Year of Abatement | Job Type 1 2018 | Job Type 2 | Job Type 3 | Job Type 4 | Total |
|-------------------|--------------------|------------|------------|------------|-------|
| 1st Quarter | 1-2 | | | | |
| 2nd Quarter | | | | | |
| 3rd Quarter | | | | | |
| 4th Quarter | | | | | |
| Year of Abatement | 2019 | | | | |
| 1st Quarter | 1-2 | | | | |
| 2nd Quarter | | | | | |
| 3rd Quarter | | | | | |
| 4th Quarter | | | | | |
| Year of Abatement | 2020 | | | | |
| 1st Quarter | 1-2 | | | | |
| 2nd Quarter | | | | | |
| 3rd Quarter | | | | | |
| 4th Quarter | | | | | |
| TOTAL | | | | | |

2021

1-2

2022

1-2

Total: 8 additional over 5 years

SAMPLE COMPANY INVESTMENT TIMETABLE

| Year of Abatement | Buildings | Equip. Type 1 | Equip. Type 2 | Equip. Type 3 | Total |
|-------------------|-------------|---------------|---------------|---------------|-------|
| | 2017 | | | | |
| 1st Quarter | | | | | |
| 2nd Quarter | | | | | |
| 3rd Quarter | | | | | |
| 4th Quarter | \$200,000 | | | | |
| | | | | | |
| Year of Abatement | 2018 | 2018 | | | |
| 1st Quarter | \$1,600,000 | | | | |
| 2nd Quarter | | \$337,000 | | | |
| 3rd Quarter | | | | | |
| 4th Quarter | | | | | |
| | | | | | |
| Year of Abatement | | | | | |
| 1st Quarter | | | | | |
| 2nd Quarter | | | | | |
| 3rd Quarter | | | | | |
| 4th Quarter | | | | | |
| TOTAL | | | | | |

**ENVIRONMENTAL, LAND USE, AND
PERMITTING COMPLIANCE AFFIDAVIT**

I, John van Kooten, (representative) on behalf of Direct Conveyors LLC
(company) represent that, except to the extent that the City of Franklin has been given written notice of
any environmental, chemical, or waste hazards or violations prior to the date of this affidavit, the
petition and project plan of Direct Conveyors LLC (company) does not contemplate,
contain, nor anticipate:

- (1) any violation(s) of City of Franklin Municipal codes and/or ordinances;
- (2) any violation(s) of applicable zoning ordinances;
- (3) any violation(s) of site plan review and/or building permit requirements;
- (4) any violation(s) of federal or state laws, including but not limited to OSHA and ADA, and all
other regulations regarding safety, land use, and access;
- (5) any violation(s) of federal or state laws, including but not limited to the creation,
maintenance, utilization, control, handling, existence, and/or disposal of hazardous waste,
chemicals, conditions, equipment, materials, entities, or components as defined under federal
and/or state law.

Further, Direct Conveyors LLC (company) states that the construction and operation of the
proposed facility will in no way result in any discharges which will result in interruptions, inconsistencies,
or failures in the operation of the Franklin Wastewater Treatment facility. The petitioner understands
that the violation of any element of this affidavit may result in the revocation of any tax abatements or
other economic incentives which may have been granted by the City of Franklin.

[Signature]
Petitioner

6/27/17

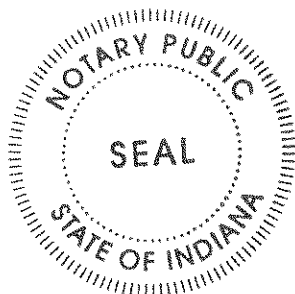
Date

STATE OF IN
COUNTY OF Johnson

SS:

Subscribed and sworn to before me on this 26th Day of July, 2017.

My Commission Expires: 9-26-23



[Signature]
Notary Public

Indiana Tax Abatement Results

- Johnson County, Franklin City-Franklin Twp
- Tax Rate (2016): 3.3734
- Project Name: Direct Conveyors LLC

Real Property: \$ 1,900,000.00

| | Abatement Percentage | With Abatement | | | Without Abatement | | | Estimated Tax Abatement Savings |
|---------------|----------------------|----------------|----------------------------|--------------------|-------------------|----------------------------|--------------------|---------------------------------|
| | | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | |
| Year 1 | 100% | \$ 0.00 | \$0.00 | \$0.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$57,000.00 |
| Year 2 | 80% | \$ 12,819.00 | \$0.00 | \$12,819.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$44,181.00 |
| Year 3 | 60% | \$ 25,638.00 | \$0.00 | \$25,638.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$31,362.00 |
| Year 4 | 40% | \$ 38,457.00 | \$0.00 | \$38,457.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$18,543.00 |
| Year 5 | 20% | \$ 51,276.00 | \$0.00 | \$51,276.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$5,724.00 |
| Totals | | \$128,190.00 | \$0.00 | \$128,190.00 | \$320,475.00 | (\$35,475.00) | \$285,000.00 | \$156,810.00 |

Personal Property: \$ 200,000.00

| | Abatement Percentage | With Abatement | | | Without Abatement | | | Estimated Tax Abatement Savings |
|---------------|----------------------|----------------|----------------------------|--------------------|-------------------|----------------------------|--------------------|---------------------------------|
| | | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | |
| Year 1 | 100% | \$0.00 | \$0.00 | \$0.00 | \$2,699.00 | (\$299.00) | \$2,400.00 | \$2,400.00 |
| Year 2 | 80% | \$756.00 | \$0.00 | \$756.00 | \$3,778.00 | (\$418.00) | \$3,360.00 | \$2,604.00 |
| Year 3 | 60% | \$1,133.00 | \$0.00 | \$1,133.00 | \$2,834.00 | (\$314.00) | \$2,520.00 | \$1,387.00 |
| Year 4 | 40% | \$1,295.00 | \$0.00 | \$1,295.00 | \$2,159.00 | (\$239.00) | \$1,920.00 | \$625.00 |
| Year 5 | 20% | \$1,619.00 | \$0.00 | \$1,619.00 | \$2,024.00 | (\$224.00) | \$1,800.00 | \$181.00 |
| Totals | | \$4,803.00 | \$0.00 | \$4,803.00 | \$13,494.00 | (\$1,494.00) | \$12,000.00 | \$7,197.00 |

Disclosures

- The abatement calculator is prepared by Umbaugh, a financial consulting firm, in conjunction with Hoosier Energy, based on current Indiana law. This calculation is intended to provide an ILLUSTRATIVE and PRELIMINARY indication of the level of property taxes and potential property tax savings for a proposed investment based on certain assumptions. Please read the Disclosures carefully. Companies must consult their own tax advisors to determine their actual tax liability and to prepare their annual Indiana filings.
- To be eligible to receive property tax abatements in Indiana, a company must follow a specific application process. Please contact your Hoosier Energy Representative for further guidance.
- Assumes taxes payable 2016 property tax rates, as provided by the Indiana Department of Local Government Finance.
- Real property in Indiana is subject to annual adjustments of assessed value to the market value of the structure based on annual sales data ("Trending").
- All personal property (equipment) is assumed to be new, and is assumed to be depreciated in Pool #2 (5-8 year depreciable life) for property tax purposes. A mixture of new and existing equipment (as well as a mixture of depreciation pools) will produce different tax savings results.
- Assumes a one-time investment in real and personal property. Staggering the investments may have a material effect on the actual value of property tax abatements.
- Includes the calculation of Minimum Value Ratio (MVR) for tax abatement of personal property, which effectively increases the assessed value used in the abatement calculation when the taxpayer is subject to the 30% depreciation floor. The MVR equals the adjusted assessed value at the 30% floor divided by the depreciated assessed value of the equipment.
- It is assumed that the Circuit Breaker Tax Credit, which limits property tax liability to 3.0% of gross assessed value for commercial and industrial properties, is applied.
- The property tax abatement savings value is an ESTIMATE based on preliminary information entered into this calculator. Actual abatement savings may differ materially from the results of this calculator based on the timing of the investment, actual assessment of structures upon completion by the local assessing official, differences in depreciation pools for personal property, annual changes in tax rates, changes to Indiana property tax law or regulations, or changes in assessment methodology.



(<http://www.umbaugh.com>) Hoosier Energy's Tax Abatement Estimator was developed with the assistance of Umbaugh (<http://www.umbaugh.com>).

Hoosier Energy Economic Development

(A division of [Hoosier Energy Rural Electric Cooperative, Inc.](http://www.hepn.com/)
(<http://www.hepn.com/>))

2501 South Cooperative Way
PO Box 908
Bloomington, Indiana 47402-0908
812-876-0294

Indiana Tax Abatement Results

- Johnson County, Franklin City-Franklin Twp
- Tax Rate (2016): 3.3734
- Project Name: Direct Conveyors LLC

Real Property: \$ 1,900,000.00

| | Abatement Percentage | With Abatement | | | Without Abatement | | | Estimated Tax Abatement Savings |
|--------|----------------------|----------------|----------------------------|--------------------|-------------------|----------------------------|--------------------|---------------------------------|
| | | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | |
| Year 1 | 100% | \$ 0.00 | \$0.00 | \$0.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$57,000.00 |
| Year 2 | 85% | \$ 9,614.00 | \$0.00 | \$9,614.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$47,386.00 |
| Year 3 | 71% | \$ 18,587.00 | \$0.00 | \$18,587.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$38,413.00 |
| Year 4 | 57% | \$ 27,561.00 | \$0.00 | \$27,561.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$29,439.00 |
| Year 5 | 43% | \$ 36,534.00 | \$0.00 | \$36,534.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$20,466.00 |
| Year 6 | 29% | \$ 45,507.00 | \$0.00 | \$45,507.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$11,493.00 |
| Year 7 | 14% | \$ 55,121.00 | \$0.00 | \$55,121.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$1,879.00 |
| Totals | | \$192,924.00 | \$0.00 | \$192,924.00 | \$448,665.00 | (\$49,665.00) | \$399,000.00 | \$206,076.00 |

Personal Property: \$ 200,000.00

| | Abatement Percentage | With Abatement | | | Without Abatement | | | Estimated Tax Abatement Savings |
|---------------|----------------------|----------------|----------------------------|--------------------|-------------------|----------------------------|--------------------|---------------------------------|
| | | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | |
| Year 1 | 100% | \$0.00 | \$0.00 | \$0.00 | \$2,699.00 | (\$299.00) | \$2,400.00 | \$2,400.00 |
| Year 2 | 85% | \$567.00 | \$0.00 | \$567.00 | \$3,778.00 | (\$418.00) | \$3,360.00 | \$2,793.00 |
| Year 3 | 71% | \$822.00 | \$0.00 | \$822.00 | \$2,834.00 | (\$314.00) | \$2,520.00 | \$1,698.00 |
| Year 4 | 57% | \$928.00 | \$0.00 | \$928.00 | \$2,159.00 | (\$239.00) | \$1,920.00 | \$992.00 |
| Year 5 | 43% | \$1,154.00 | \$0.00 | \$1,154.00 | \$2,024.00 | (\$224.00) | \$1,800.00 | \$646.00 |
| Year 6 | 29% | \$1,437.00 | \$0.00 | \$1,437.00 | \$2,024.00 | (\$224.00) | \$1,800.00 | \$363.00 |
| Year 7 | 14% | \$1,741.00 | \$0.00 | \$1,741.00 | \$2,024.00 | (\$224.00) | \$1,800.00 | \$59.00 |
| Totals | | \$6,649.00 | \$0.00 | \$6,649.00 | \$17,542.00 | (\$1,942.00) | \$15,600.00 | \$8,951.00 |

Disclosures

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- To be eligible to receive property tax abatements in Indiana, a company must follow a specific application process. Please contact your Hoosier Energy Representative for further guidance.
- Assumes taxes payable 2016 property tax rates, as provided by the Indiana Department of Local Government Finance.
- Real property in Indiana is subject to annual adjustments of assessed value to the market value of the structure based on annual sales data ("Trending").
- All personal property (equipment) is assumed to be new, and is assumed to be depreciated in Pool #2 (5-8 year depreciable life) for property tax purposes. A mixture of new and existing equipment (as well as a mixture of depreciation pools) will produce different tax savings results.
- Assumes a one-time investment in real and personal property. Staggering the investments may have a material effect on the actual value of property tax abatements.
- Includes the calculation of Minimum Value Ratio (MVR) for tax abatement of personal property, which effectively increases the assessed value used in the abatement calculation when the taxpayer is subject to the 30% depreciation floor. The MVR equals the adjusted assessed value at the 30% floor divided by the depreciated assessed value of the equipment.
- It is assumed that the Circuit Breaker Tax Credit, which limits property tax liability to 3.0% of gross assessed value for commercial and industrial properties, is applied.
- The property tax abatement savings value is an ESTIMATE based on preliminary information entered into this calculator. Actual abatement savings may differ materially from the results of this calculator based on the timing of the investment, actual assessment of structures upon completion by the local assessing official, differences in depreciation pools for personal property, annual changes in tax rates, changes to Indiana property tax law or regulations, or changes in assessment methodology.



(<http://www.umbaugh.com>) Hoosier Energy's Tax Abatement Estimator was developed with the assistance of Umbaugh (<http://www.umbaugh.com>).

Indiana Tax Abatement Results

- Johnson County, Franklin City-Franklin Twp
- Tax Rate (2016): 3.3734
- Project Name: Direct Conveyors LLC

Real Property: \$ 1,900,000.00

| | Abatement Percentage | With Abatement | | | Without Abatement | | | Estimated Tax Abatement Savings |
|---------|----------------------|----------------|----------------------------|--------------------|-------------------|----------------------------|--------------------|---------------------------------|
| | | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | |
| Year 1 | 100% | \$ 0.00 | \$0.00 | \$0.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$57,000.00 |
| Year 2 | 95% | \$ 3,205.00 | \$0.00 | \$3,205.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$53,795.00 |
| Year 3 | 80% | \$ 12,819.00 | \$0.00 | \$12,819.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$44,181.00 |
| Year 4 | 65% | \$ 22,433.00 | \$0.00 | \$22,433.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$34,567.00 |
| Year 5 | 50% | \$ 32,047.00 | \$0.00 | \$32,047.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$24,953.00 |
| Year 6 | 40% | \$ 38,457.00 | \$0.00 | \$38,457.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$18,543.00 |
| Year 7 | 30% | \$ 44,866.00 | \$0.00 | \$44,866.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$12,134.00 |
| Year 8 | 20% | \$ 51,276.00 | \$0.00 | \$51,276.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$5,724.00 |
| Year 9 | 10% | \$ 57,685.00 | (\$685.00) | \$57,000.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$0.00 |
| Year 10 | 5% | \$ 60,890.00 | (\$3,890.00) | \$57,000.00 | \$64,095.00 | (\$7,095.00) | \$57,000.00 | \$0.00 |
| Totals | | \$323,678.00 | (\$4,575.00) | \$319,103.00 | \$640,950.00 | (\$70,950.00) | \$570,000.00 | \$250,897.00 |

Personal Property: \$ 200,000.00

| | Abatement Percentage | With Abatement | | | Without Abatement | | | Estimated Tax Abatement Savings |
|---------|----------------------|----------------|----------------------------|--------------------|-------------------|----------------------------|--------------------|---------------------------------|
| | | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | |
| Year 1 | 100% | \$0.00 | \$0.00 | \$0.00 | \$2,699.00 | (\$299.00) | \$2,400.00 | \$2,400.00 |
| Year 2 | 90% | \$378.00 | \$0.00 | \$378.00 | \$3,778.00 | (\$418.00) | \$3,360.00 | \$2,982.00 |
| Year 3 | 80% | \$567.00 | \$0.00 | \$567.00 | \$2,834.00 | (\$314.00) | \$2,520.00 | \$1,953.00 |
| Year 4 | 70% | \$648.00 | \$0.00 | \$648.00 | \$2,159.00 | (\$239.00) | \$1,920.00 | \$1,272.00 |
| Year 5 | 60% | \$810.00 | \$0.00 | \$810.00 | \$2,024.00 | (\$224.00) | \$1,800.00 | \$990.00 |
| Year 6 | 50% | \$1,012.00 | \$0.00 | \$1,012.00 | \$2,024.00 | (\$224.00) | \$1,800.00 | \$788.00 |
| Year 7 | 40% | \$1,214.00 | \$0.00 | \$1,214.00 | \$2,024.00 | (\$224.00) | \$1,800.00 | \$586.00 |
| Year 8 | 30% | \$1,417.00 | \$0.00 | \$1,417.00 | \$2,024.00 | (\$224.00) | \$1,800.00 | \$383.00 |
| Year 9 | 20% | \$1,619.00 | \$0.00 | \$1,619.00 | \$2,024.00 | (\$224.00) | \$1,800.00 | \$181.00 |
| Year 10 | 10% | \$1,822.00 | (\$22.00) | \$1,800.00 | \$2,024.00 | (\$224.00) | \$1,800.00 | \$0.00 |
| Totals | | \$9,487.00 | (\$22.00) | \$9,465.00 | \$23,614.00 | (\$2,614.00) | \$21,000.00 | \$11,535.00 |

CITY OF FRANKLIN, INDIANA

RESOLUTION NUMBER 2017-09

A RESOLUTION GRANTING TAX ABATEMENT FOR DIRECT CONVEYORS LLC

WHEREAS, the Indiana General Assembly has enacted a statute, IC 6-1.1-12.1 (the “Act”) authorizing certain tax deductions of property taxes (as defined in the Act) attributable to redevelopment or rehabilitation activities in economic development areas; and

WHEREAS, *Direct Conveyors LLC* (the “Applicant”) has submitted a Statement of Benefits and made application for Real and Personal Property Tax Abatement pursuant to the Act; and

WHEREAS, the Franklin Economic Development Commission has on July 11th, 2017, held a public meeting and considered the tax abatement request of *Direct Conveyors* in a manner consistent with the applicable section 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 recommended that *Direct Conveyors* receive a seven (7) 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 in “Exhibit A” is located in an existing Economic Revitalization Area as approved by the City of Franklin Common Council with City Council Resolution Number 2012-04 and confirmed by Resolution Number 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 and personal 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 manufacturing 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 manufacturing 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 manufacturing 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 shall extend for a period of _____ years pursuant to the deduction schedule set forth in Exhibit C.
- 2) The abatement of personal property tax shall extend for a period of _____ years pursuant to the deduction schedule set forth in Exhibit D.
- 3) *Direct Conveyors LLC* 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, as required 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 17th day of July, 2017.

City of Franklin, Indiana, By its Common Council:

Voting Affirmative:

Voting Opposed:

Keith Fox, Council President

Keith Fox, Council President

Joseph P. Abban

Joseph P. Abban

Joseph R. Ault

Joseph R. Ault

Kenneth Austin

Kenneth Austin

Andrew Eggers

Andrew Eggers

Robert D. Heuchan

Robert D. Heuchan

Richard L. Wertz

Richard L. Wertz

Attest:

Jayne Rhoades, City 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 _____ day of _____, 2017 at _____ o'clock a.m./p.m.

Jayne Rhoades, City Clerk-Treasurer

This ordinance having been passed by the legislative body and presented to me [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 _____ day of _____, 2017 at _____ o'clock a.m./p.m.

Steve Barnett, Mayor

Attest:

Jayne Rhoades, City Clerk-Treasurer

Prepared by: Krista M. Linke, Director of Community Development

“I affirm, under the penalties for perjury, that I have taken reasonable care to redact each social security number in this document, unless required by law.”

Krista Linke, Director of Community Development

EXHIBIT C

Real Property Schedule

Resolution 2017-09

Direct Conveyors LLC

| Year | Abatement |
|-------------|------------------|
| 1 | 100% |
| 2 | 85% |
| 3 | 71% |
| 4 | 57% |
| 5 | 43% |
| 6 | 29% |
| 7 | 14% |

EXHIBIT D

Personal Property Schedule

Resolution 2017-09

Direct Conveyors LLC

| Year | Abatement |
|-------------|------------------|
| 1 | 100% |
| 2 | 80% |
| 3 | 60% |
| 4 | 40% |
| 5 | 20% |