



# CITY OF FRANKLIN

## COMMUNITY DEVELOPMENT DEPARTMENT

### MINUTES

#### ECONOMIC DEVELOPMENT COMMISSION

December 10, 2019

#### **Members Present:**

Jake Sappenfield	President
Josh DeArmitt	Vice President
Ken Austin	Secretary
John Ditmars	Member
Lee Hodgen	Member

#### **Others Present:**

Krista Linke	Director of Community Development
Rob Schafstall	Legal Counsel
Julie Spate	Recording Secretary

#### **Call to Order:**

Jake Sappenfield called the meeting to order.

#### **Approval of Minutes**

Ken Austin made a motion to approve the November 12<sup>th</sup> minutes. Josh DeArmitt seconded. Passed.

#### **New Business**

**Economic Development Commission Appointment to the Franklin Development Corporation** – Krista Linke introduced that David Bedwell has served in this role for the last two terms. He is willing to serve a third two-year term. Mr. Bedwell from Horizon Bank introduced himself and asked for one more two-year appointment after which he believes a new person would be in order. He would like the opportunity to follow through on some remaining projects. Mr. Austin asked for an update for 2020. Mr. Bedwell explained they have not yet received funding, but there is a lot of continuing activity on Jefferson Street. He talked about the changes in the loan and grant application process due to finite funding. Ms. Linke added that it was changed from a monthly submission schedule to a competitive, point-based, quarterly schedule. She gave some examples of upcoming projects. Mr. Sappenfield asked the geographic boundaries to qualify. It is the downtown integrated TIF area. John Ditmars asked if there is any self-sourcing or reoccurring revenue. Mr. Bedwell identified some rental income, but beyond that source is the annual RDC grant. That is the only programming funds source. FDC has covered their operational expenses since 2014. Approximately \$6-8000 a year in interest comes in from the loans that could be put towards operating, but they have not needed to do that yet.

Mr. Ditmars nominated Mr. Bedwell to another two-year term. Mr. Austin seconded. Passed.

Mr. Ditmars asked about the staggered terms, wondering if they ever leveled off to all terms being the same. Ms. Linke explained that is by design so the whole board is not turned over at one time.

**EDC 2019-04 Rapid Prototype & Engineering – Personal Property Tax Abatement Request** – Will Harvey presented. Rapid Prototype & Engineering moved to Franklin last August and has invested over

\$800,000 in equipment. They've added four employees. Their original property tax abatement was for \$500,000. They gave an overview of their company and the work they do along with employee benefit highlights. They bought a new piece of equipment a couple of weeks ago which is in part why they are asking for the new abatement. Lee Hodgen asked Kasey Myers about the new machine they just bought for \$250,000. Mr. Myers confirmed it was a \$248,000 purchase to which they will add \$10-20,000 to get it wired up. And a new employee started yesterday to run the new machine. Mr. Sappenfield asked if the reported wages included benefits. Ms. Linke said they did not. Mr. Ditmars asked what the amounts of the abatements in place are. Ms. Linke reported a seven-year real property abatement when they purchased the building for two million total. The personal property was \$500,000. There was the purchase of the existing building and the cost of the new building. The real property abatement can only apply to any build-out or new building.

Mr. Austin made a motion that findings of fact have been met. Mr. Hodgen seconded. Passed.

Mr. Austin made a motion to approve the tax abatement as presented. Mr. Hodgen seconded. Passed.

It will go before the next City Council meeting on January 6.

Mr. Ditmars asked when the abatements were initially granted. Ms. Linke answered 2016. Mr. Ditmars asked if findings of fact approved with the first abatement would not still be good with later abatements. Mr. Schafstall responded that the ERA is good all the way through but findings of fact must be approved each time.

### **Other Business**

Ms. Linke announced that Dana Monson has been hired to fill Rhoni Oliver's position, starting on January 6. Ms. Monson explained that everything with regards to JCDC is moving forward, and they will hire from the outside to fill her position along with an individual for business development.

Ms. Linke also brought up an agenda item for the January meeting. Ms. Linke met with Overton Industries last week on a previously received tax abatement. There was confusion again over claiming the first year's abatement. Ms. Linke explained procedural steps taken by the county to the business entity and issues that were discussed. Overton was assessed at 80% completion at the end of 2018. The city is not notified of the increased assessed values. Mr. Ditmars asked where the accountability lies to make sure all is handled correctly, the city or the recipient? Ms. Linke thinks it to be a bit of both and gave explanation of city processes and county interface. She also believes the first year of an abatement should be standardized county-wide and not up to the company to choose. Any year they receive new assessed value should be the first year of their abatement. Overton did not pay all their taxes due as they thought there was an error. They will receive an adjusted tax bill with a 10% penalty on what is ultimately due. Overton caught this immediately when they received their 2019 tax bill and have been working to resolve it since that time.

### **Adjournment**

There being no further business, a motion for adjournment was made.

Respectfully submitted this 10th day of December, 2019.

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Jake Sappenfield, President

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Ken Austin, Secretary