



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

ECONOMIC DEVELOPMENT COMMISSION

September 13, 2022

Members Present:

Jake Sappenfield	President
Josh DeArmitt	Vice President
Shawn Taylor	Secretary
John Ditmars	Member
Lee Hodgen	Member

Others Present:

Dana Monson	Community Development Specialist
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Call to Order:

Jake Sappenfield called the meeting to order at 8:00 a.m.

Roll Call & Determination of a Quorum

Approval of Minutes

July 12, 2022 Meeting Minutes – Shawn Taylor made a motion for approval of the minutes. Lee Hodgen seconded. Passed unanimously, 5-0.

Old Business

New Business

EDC 2022-08: GMI Corporation Personal Property Abatement Request – GMI has been in Franklin since 1990. Their name changed from Greenwood Machine to GMI. They requested a seven-year tax abatement on \$2,000,700 in personal property investment. It will add seven new jobs at a starting wage of \$18/hour. Their average company wage is \$24/hour. They did have 91 employees which has since increased. They are amenable to the five percent economic development fee.

President Aaron Burr presented with a PowerPoint. He gave an overview of GMI's business. They are a contract manufacturer. Their plan for a new machine called a hydromat will take some of the load off their other machines and open up opportunities for new business. Additional employees will also be brought on to operate the hydromat. In 2019 they had 88 employees and crossed the 100 threshold this year. Current machine operator is \$18/hour in the door. They provide full benefits. They are working through a redesign plan for their space for better usage. They have purchased the building and an additional two acres beside them. They have an annual charitable volunteer group focusing on local fund raisers. They are members of the Chamber of Commerce and Aspire.

Mr. Sappenfield asked how long it would take an employee to progress from \$18/hour to \$26/hour. Mr. Burr responded that they do 30, 60, 90-day and annual reviews. Employees are eligible for a wage increase at each review. Josh DeArmitt asked about their employee turnover. Mr. Burr explained that

they have had a high turnover rate within 0-90 days. Beyond a year, their turnover is very low. John Ditmars asked if they have demand in line for what their company is able to do going forward with this diversification. Mr. Burr responded that it is forming. The demand is what drives their growth. They are challenged with the work coming in and their capacity to accomplish it. Mr. Sappenfield asked for the timing of securing the machine and starting production. The machine is to be complete by year end. Mr. Ditmars sought confirmation that it was a new piece of equipment and asked if it was being domestically manufactured. It is a German company but being assembled in St. Louis. Mr. DeArmitt asked for an explanation on their recent FFL licensing. Their RF connector business is where they began. They have a specific customer they are working with that required the FFL licensing. Mr. Hodgen thanked Mr. Burr for his presentation.

Dana Monson guided that their first step was to note that the property is not in an economic revitalization area. State law requires the making of the finding. Mr. Ditmars made a motion that the findings in 5a-e have been met for the ERA designation. Mr. Taylor seconded. Passed unanimously, 5-0.

The request was for a seven-year abatement and staff findings recommended five years. They are amenable to the five percent fee. It is five percent of the tax savings for that year. Mr. Sappenfield confirmed with Ms. Monson that there is precedent set for a seven-year abatement on equipment. Mr. Ditmars recommended the staff's recommendation for the five-year abatement. Mr. Ditmars made a motion that the findings 5a-e have been met for tax abatement eligibility and for a five-year abatement. Mr. DeArmitt seconded. Passed unanimously, 5-0.

EDC 2022-09: Cold Summit Real Property Abatement Request – Joe South is the Director of Development for Cold Summit. They are proposing a speculative building. It will be located between Graham and Earlywood Drive. A new road will be built running from Graham to Earlywood. Cold Summit has agreed to contribute \$500,000 towards its construction. The property is 36 acres. It will be approximately 350,000 square feet. They do state-of-the-art, high tech cold storage. They don't have job and wage numbers yet. They are not amenable to the two percent economic development fee. They prefer to donate a percentage of the profits annually from this location to the local school education foundation. The location is not in an ERA.

Mayor Steve Barnett added that the road to be added has been in Franklin's master plan for several years. Total cost of the road construction is \$1.2 million.

Mr. South introduced himself and Cold Summit with a PowerPoint presentation. Cold Summit is headquartered in Sun Valley, Idaho. They have 20 employees and approximately 40% of them are veterans. They commit to give back five percent of their profits to education. He highlighted the layout of their build on the property.

Mr. Sappenfield asked if Cold Summit traditionally retains ownership of their properties or sells them off. Mr. South confirmed that they retain ownership. Mr. Sappenfield followed up to ask for a profile of their tenants at their stabilized locations. In Dallas their tenants are a meat distributor and a pallet handling company. Their typical construction time is 14 months. If they are able to start in the spring, completion would be projected for mid-2024. Mr. Sappenfield asked what is driving the demand for this project. Mr. South responded with ease of access from Indianapolis to surrounding municipalities. The working relationship with the owner and his reports of development happening in Franklin were influential positives. The community's response to covid was also a significant factor. Mr. Ditmars asked how they have accomplished and financed so much in the three years since their inception. Mr. South cited the building of their team of first importance. Second was finding a capital partner. Mr. Ditmars followed up asking if any of the banking is handled in the local community or if it is centralized.

So far they do not have a local bank option. Mr. Ditmars asked what the wage estimate is. Mr. South did not have exact numbers. Ms. Monson compared to the cold storage of Interstate Warehousing. They have been a little higher in their wages. Energizer runs \$18-22/hour for comparably skilled laborers, and Interstate Warehousing runs approximately \$4-5/hour higher. With Cold Summit's stellar first three years, Mr. Ditmars asked about their sustainability. Mr. South assured there is no shortage of demand in the markets, driving Cold Summit to move forward as quickly as possible. Mr. Ditmars asked what the tenant cost per square foot would be. Mr. South approximated \$15-18/square foot. Mr. DeArmitt asked if Cold Summit's plan to put the five percent EDC fees into an education foundation could be mandated or if that was just voluntary. Ms. Monson is going to ask Attorney Rob Schafstall, but she thought it could be put in to the resolution. Mr. DeArmitt followed up to ask what happens to the five percent of all revenue in the event of Cold Summit selling the building. Mr. South assured that five percent of the sale would be included as well.

Mr. DeArmitt made a motion that findings 5a-e have been met. Mr. Taylor seconded. Passed unanimously, 5-0.

Due to the spec nature of the project, Mr. Ditmars recommended a seven-year abatement as opposed to a 10-year abatement. A 10-year abatement would be a savings of \$9,382,792. For a seven-year estimation, the savings would be \$7,712,977. After 10 years the city would receive \$11,716,208 in property taxes. After 20 years it goes to \$32 million. Mayor Steve Barnett spoke to a precedent already set for a 10-year abatement. Other companies having received abatements have pulled out due to the economy. Mayor Barnett confirmed the market for Cold Summit and expressed his support for the project and a 10-year abatement. Mr. Taylor spoke to the uniqueness of the project and his support for the 10-year abatement. Mr. Ditmars reiterated his support of the project, only his hesitancy over the spec nature and less than average wages coming in. Mr. DeArmitt made a motion that findings 5a-e have been met for real property. Mr. Ditmars seconded. Passed unanimously, 5-0. Mr. Taylor made a motion to approve a 10-year tax abatement. Mr. Hodgen seconded. Passed 4-1 with a nay from Mr. Ditmars.

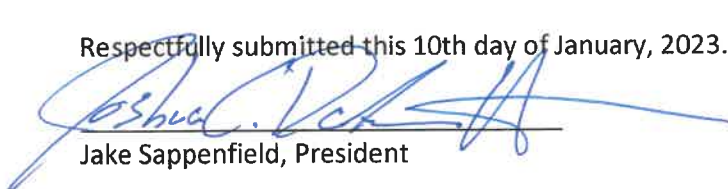
Other Business

There will not be an October meeting as it is scheduled during fall break and there will not be a quorum.

Adjournment

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

Respectfully submitted this 10th day of January, 2023.



Jake Sappenfield, President



Shawn Taylor, Secretary