



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

ECONOMIC DEVELOPMENT COMMISSION

January 14, 2020

Members Present:

Josh DeArmitt
Ken Austin
John Ditmars
Lee Hodgen

Vice President
Secretary
Member
Member

Others Present:

Krista Linke
Rob Schafstall
Julie Spate

Director of Community Development
Legal Counsel
Recording Secretary

Call to Order:

Josh DeArmitt called the meeting to order.

Approval of Minutes

Lee Hodgen made a motion to approve the December 10th minutes. John Ditmars seconded. Passed.

New Business

EDC 2020-01: Overton Industries Waiver of Non-Compliance – Krista Linke reminded this was approved in 2016 and the building construction took longer than anticipated. In June 2018 a notice of reassessment was sent, after EDC compliance reports go out at the beginning of the year. The taxes were assessed for 2018 because the building was deemed 80% complete. Ms. Linke is working with the county on how taxes can be assessed in June and due the same year. Overton needed to have filled out a compliance form in 2018 in order to claim the abatement since the assessment increased in 2018. Because of the timing of the notice of reassessment after normal compliance reports went out, they did not fill out a compliance form and EDC did not ask them to fill out a compliance form. Their compliance form for 2019 was completed and approved. Overton wants to use the first year of their abatement for 2018 taxes because it was an 80% assessment.

Scott Buie with Overton Industries stated their lack of awareness that the county could change their assessment on a partial completion. They are requesting the waiver of non-compliance so the abatement can be applied the first year the taxes were increased on the property even though not completely in the building at the time.

Ms. Linke added that due to the confusion Overton had not paid the tax increase. There will be no refund.

John Ditmars summarized this request as normalizing the abatement to the original intent based on completion. Overton was not operating during the time. Mr. Ditmars asked if this is county practice or an error. Ms. Linke explained that if the build is more than 50% complete, the county will assess it.

Rob Schafstall explained that if a company suffers an economic setback beyond their control and are thus not able to satisfy what was reported on their statement of benefits, they can request a waiver of non-compliance. In the past, because of EDC's view of their partnership with area companies, EDC has overlooked administrative failures on the part of the company and granted waivers of non-compliance as well and with receipt of the county's cooperation. In this case, there is no failure on the part of the city or county. It was the company's failure to not file their CF1. As long as EDC participates in such housekeeping endeavors with other companies, Mr. Schafstall believes it will happen again. It will not be fixed as other companies will not file things they are required to file.

Ms. Linke feels differently about this situation as Overton was not asked to fill out the compliance form. Mr. Schafstall stated EDC is not required to ask companies to complete compliance forms as they have already agreed to the process. EDC has taken more of a customer service approach. Mr. Buie stated they would have been happy to fill out the CF1 had they known. Mr. Austin stated county assessment percentages need to be known and prepared for by the company. Ms. Linke had that conversation with the county. The question is whether it is up to the company or EDC to decide if they want to claim the first year of their abatement on a partial assessment. There is no set policy.

Mr. Austin made a motion to approve the waiver of non-compliance. Mr. Hodgen seconded. Passed.

EDC 2020-02: GDI Holdings LLC Real Property Tax Abatement – Ms. Linke presented this request for a 10-year abatement, real property only, for an approximate 400,000 square foot speculative warehouse facility. There are two parcels newly annexed effective January 1, 2020. It is just over 59 total acres at the southeast corner of State Road 44 and Forest Road (previously CR 525). GDI is the development company that previously built the Cooper Tire facility.

Mike Sheek with GDI Construction gave an overview of their company. He explained that there is room on the property to build a second building of similar size. Mayor Steve Barnett explained this is not the only building being constructed in the area. There will be a lot of development coming with Sunbeam's 500,000 square foot second building and a \$5 million sewer project going before City Council February 3. The city is also working with the state to have stoplights installed by the interstate at the end of this year or the beginning of next year from the extra truck traffic. Forest Road (CR 525 E) will be upgraded this year. Mr. Ditmars asked if GDI will hold and lease the building or sell it. Mr. Sheek responded that will be determined by the market. Mr. Ditmars considers this project to be consistent with the current market and trends, but he also considers logistics, wages, number of employees and benefit to the community. Mayor Barnett identified Energizer's wages to be a bit higher than the norm in this area and reminded of the tax revenue the buildings bring in. Tax abatements are not required to give a company coming in just as a storage facility. Mr. Ditmars was looking for reconciliation of a building coming with no end game in play and is it bringing in to the community something Franklin desires. Mr. Austin concurred. Mr. Schafstall compared this to be like Trussway of the past only 18 times larger. Mayor Barnett explained there were no jobs tied to Trussway when it came about as there was not a company already there when the abatement was applied for. Trussway had promised to build the building and have jobs but they bought Meadors out and shut the building down. This proposal is only for a spec building and not tied to jobs. An additional abatement will be tied to jobs once the tenant or new owner does the build out of this building.

Mr. DeArmitt asked why GDI is not amenable to the economic development fee. Mr. Sheek explained it to be the first time they've seen this and their thinking is that their total \$40 million investment is good for the community. Mr. Hodgen asked how long it would take to build. Mr. Sheek said they project a May start date with completion in January 2021. The second building would be built on a schedule based on the market. Mr. Ditmars responded that the investment is also good for GDI and would they

reconsider the economic development fee. Mr. Sheek responded affirmatively. Mr. DeArmitt stated this is typically two percent on real property. The percentage of the fee is calculated on the tax savings and decreases each year of the abatement. \$2.4 million would be the tax savings with an abatement and the total economic development fee would be \$48,000 over 10 years. With an abatement, the projection for GDI's payout over the 10-year period is \$2,938,943 and without an abatement \$5.4 million. Mr. DeArmitt expressed their hesitation due to uncertainties in the job market and concerns about repeating past mistakes. He believes it is a good project, but EDC is simply trying to determine the right way to do it. Mr. Sheek believes their due diligence supports the area for this type of project or GDI would not be pursuing it at all. He does not have the authority to agree alone to the economic development fee, but wondered of a conditional approval. Mr. Schafstall advised that there must be that commitment before going before City Council or it is not binding. Mayor Barnett identified Whiteland and Greenwood to be ahead of Franklin with the availability of buildings. He feels Franklin is sending a message that we don't want to do business. He is uncertain as to why there is so much hesitancy with buildings and tax abatements and why the economic development fee is such a stopping point. Mr. Schafstall said no projects have been stopped in Franklin. Mr. Ditmars spoke of the fee being a small expense for GDI but an amount that the City of Franklin could do a great deal of betterment with. Mr. Sheek made an absolute commitment to the economic development fee on behalf of GDI.

Mr. Austin made a motion that findings 5a-e of the staff report have been satisfied and designate the site as ERA. Mr. Hodgen seconded. Passed.

Mr. Austin made a motion that this project has satisfied findings 5a-e. Mr. Hodgen seconded. Passed.

Mr. Austin made a motion for a 10-year real property tax abatement with a two percent economic development fee. Mr. Hodgen seconded. Passed.

EDC 2020-03: B2S Life Sciences Personal Property Tax Abatement – Ms. Linke explained their plan to add \$882,000 in personal property for research and development equipment at their Monroe Street location. Aleks Davis represented B2S. They are requesting a seven-year tax abatement and are amenable to the 5% economic development fee. Mr. Davis reviewed their project for compliance, capacity and capability. The new equipment is bio-analytical equipment that characterizes and analyzes molecules for new drug development. Mr. Austin asked if equipment isn't normally on the abatement. Ms. Linke assured that it is, but it is usually manufacturing equipment. This is research and development so a different category but still equipment. Mr. DeArmitt asked if the equipment purchase has been planned for all along or is a direct result of business growth. Mr. Davis explained it to be a result of growth. Mr. Ditmars asked for an explanation of the pace of technology and the shelf life of equipment such as being discussed. Mr. Davis presented five to seven years as a reasonable average life span. Mr. Ditmars believed three to five years seems a better abatement than seven years. Mr. Austin suggested past abatements of this nature have typically been in the five-year range, and Mr. Davis stated no argument with a five-year abatement. Ms. Linke had provided estimated comparison tables for three-, five- and seven-year abatements. The equipment is new to the state of Indiana.

Mr. Austin made a motion that the staff report findings 6, a through e, have been satisfied. Mr. Ditmars seconded. Passed.

Mr. Austin made a motion for a seven-year abatement with 5% economic development fee. Mr. Hodgen seconded. Mr. Ditmars verified that Mr. Austin made a motion for a seven-year abatement. Mr. Austin affirmed that he started with a motion for a seven-year to see how the vote would go. The motion passed with one nay from Mr. Ditmars. Mr. Austin stated his motion was upside down, and he maybe shouldn't have done it that way. He apologized.

Other Business

Mayor Barnett reviewed a map of future development planned in 2020 to the east of the I-65 interchange.

Mr. Davis from B2S spoke of their plans to expand to a second facility. He also extended an invitation to tour their facility and see the equipment.

Adjournment

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

Respectfully submitted this 10th day of March, 2020.



Jake Sappenfield, President

, Secretary