

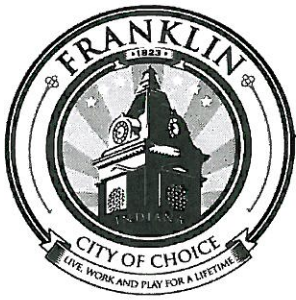
AGENDA RESERVATION REQUEST

CITY OF FRANKLIN COMMON COUNCIL

Please type or print

Date Submitted:	September 12 th , 2012	Meeting Date:	September 17 th , 2012
Contact Information:			
Requested by:	Krista Linke		
On Behalf of Organization or Individual:		Runnebohm Construction Company, Inc.	
Telephone:	317-736-3631		
Email address:	klinke@franklin.in.gov		
Mailing Address:	70 E. Monroe St., Franklin, IN 46131		
Describe Request:			
Resolution 2012-15: Granting Tax Abatement for Runnebohm Construction Company, Inc., Exhibits A and B			
List Supporting Documentation Provided:			
Memorandum			
EDC Staff Report, Sample Property Tax tables			
September 11 th EDC Minutes			
Who will present the request?			
Name:	Krista Linke/Chris King	Telephone:	317-736-3631

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

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

Memorandum

To: City Council
From: Krista Linke, Director
Date: September 12, 2012
Re: Real Property Tax Abatement Request – Runnebohm Construction Company, Inc.

The City of Franklin Economic Development Commission (EDC) reviewed but did not act on a real property tax abatement request from Runnebohm Construction Company Inc., at a meeting held on September 11th, 2012. Three of the five members were present and two members voted to approve and one voted no. A special meeting is being arranged to hear the request again. If possible, this meeting will be held before the September 17th City Council Meeting. If this does not occur, the request to the City Council will be tabled to the following meeting.

This property is already designated an Economic Revitalization Area so there will only be one resolution and one City Council meeting needed.

Attached to this memo are:

1. Resolution 2012-15
2. Exhibit "A" – Legal Description
3. Exhibit "B" - Form SB-1 Real Property
4. Application
5. Case EDC 2012-02 Staff Report
6. Sample Tax Phase-In Savings Schedules
7. September 11th, 2012 EDC Minutes

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

CITY OF FRANKLIN, INDIANA

RESOLUTION NUMBER 2012-15

**A RESOLUTION GRANTING TAX ABATEMENT
FOR RUNNEBOHM CONSTRUCTION COMPANY, INC. (EDC 2012-05)**

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 September 17th, 2012 held a public meeting and considered the tax abatement request of Runnebohm Construction Company, 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 Runnebohm Construction Company, Inc. receive a _____ year tax abatement on real 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. 12-04;

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 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.

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 _____ years pursuant to the deduction schedule set forth in IC 6-1.1-12.1-3(e)(10).
- (2) Runnebohm Construction Company 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.
- (3) 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 September, 2012.

City of Franklin, Indiana, by its Common Council:

Voting Affirmative:

Stephen D. Barnett, Council President

Joseph P. Abban

Joseph R. Ault

Kenneth W. Austin

Robert D. Henderson

Stephen D. Hougland

Richard L. Wertz

Voting Opposed:

Stephen D. Barnett, Council President

Joseph P. Abban

Joseph R. Ault

Kenneth W. Austin

Robert D. Henderson

Stephen D. Hougland

Richard L. Wertz

Attest:

Janet P. Alexander
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 21st day of May, 2012 at 6:30 p.m.

Janet P. Alexander
City 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 May, 2012 at 6:30 o'clock p.m.

Joseph E. McGuinness
Mayor

Attest:

Janet P. Alexander
City Clerk-Treasurer

APPROVED AS TO FORM:

Lynnette Gray
City Attorney

EXHIBIT A

Legal Description

Part of the Northeast Quarter and the Southeast Quarters of Section 11, Township 11 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 (R2-1-07)

Prescribed by the Department of Local Government Finance

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 6-1.1-12.1-4.5)

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 16th 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(f)).
5. The schedules established under IC 6-1.1-12.1-4(d) for rehabilitated property and under IC 6-1.1-12.1-4.5(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 Runnebohm Construction Company, Inc.			
Address of taxpayer (number and street, city, state, and ZIP code) 144 East Rampart Street, Shelbyville, Indiana 46176			
Name of contact person Mike Runnebohm		Telephone number (317) 631-1955	E-mail address miker@runnebohm.com
SECTION 2		LOCATION AND DESCRIPTION OF PROPOSED PROJECT	
Name of designating body City of Franklin		Resolution number	
Location of property Franklin Business Park, Franklin, Indiana		County Johnson	DtGF taxing district number 41-009
Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary) Site improvements and construction of a 50,000-sf shell building.		Estimated start date (month, day, year) 09/28/2012	
		Estimated completion date (month, day, year) 02/28/2013	
SECTION 3			
ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT			
Current number	Salaries	Number retained	Salaries
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		480,000.00	20,424.00
Plus estimated values of proposed project		2,100,000.00	2,100,000.00
Less values of any property being replaced		0.00	
Net estimated values upon completion of project		2,580,000.00	2,120,424.00
SECTION 5			
WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER			
Estimated solid waste converted (pounds)		Estimated hazardous waste converted (pounds)	
Other benefits The purpose of this tax abatement request is to secure the abatement benefit for a future owner or tenant of the facility. As partners in the development of this project, the City of Franklin Administration and Johnson County Development Corporation will be assisting in the marketing of this facility to prospective companies. Tax abatement for this facility will provide a competitive advantage in attracting jobs and investment to the City of Franklin.			
SECTION 6		TAXPAYER CERTIFICATION	
I hereby certify that the representations in this statement are true.			
Signature of authorized representative 		Title President	Date signed (month, day, year) 08/24/2012

FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this Economic Revitalization Area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1, provides for the following limitations:

- A. The designated area has been limited to a period of time not to exceed _____ calendar years * (*see below*). The date this designation expires is _____.
- B. The type of deduction that is allowed in the designated area is limited to:
- | | | |
|--|------------------------------|-----------------------------|
| 1. Redevelopment or rehabilitation of real estate improvements | ☐ Yes | ☐ No |
| 2. Residentially distressed areas | ☐ Yes | ☐ No |
| 3. Occupancy of a vacant building | ☐ Yes | ☐ No |
- C. The amount of the deduction applicable is limited to \$ _____.
- D. Other limitations or conditions (*specify*) _____
- E. The deduction is allowed for _____ years* (*see below*).

We have also reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved (<i>signature and title of authorized member of designating body</i>)	Telephone number	Date signed (<i>month, day, year</i>)
Attested by (<i>signature and title of attester</i>)	Designated body	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.12-12.1-4.

- A. For residentially distressed areas, the deduction period may not exceed five (5) years.
- B. For redevelopment and rehabilitation or real estate improvements:
1. If the Economic Revitalization Area was designated prior to July 1, 2000, the deduction period is limited to three (3), six (6), or ten (10) years.
 2. If the Economic Revitalization Area was designated after June 20, 2000, the deduction period may not exceed ten (10) years.
- C. For vacant buildings, the deduction period may not exceed two (2) years.



CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

Tax Abatement Application

Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: Runnebohm Construction Company, Inc.
Primary Contact Name: Mike Runnebohm Chris King c. 508-0740
Contact Address: 144 East Rampart Street cking@runnebohm.com
City: Shelbyville State: Indiana Zip: 46176
Phone Number: (317) 631-1955
Email: miker@runnebohm.com
Three possible dates before the EDC meeting to conduct a site visit: We will work to best accommodate the EDC's schedule if a visit is requested
Name of Owner: Runnebohm Construction Company, Inc.
Parent Company (If Applicable): _____

Primary Contact for Yearly Compliance Reports

Name: Mike Runnebohm
Title: President & COO
Address: 144 East Rampart Street
City: Shelbyville State: IN Zip: 46176
Phone Number: (317) 631-1955
Email: miker@runnebohm.com

Description of Project

Project Location/Address: Franklin Business Park, Franklin, Indiana
Parcel Number: 41-08-11-041-001.000-009
Brief Description of Project:
Site improvements and construction of a 50,000-sf shell building.

Current Assessed Value (AV) of the Property:

1. Land \$20,424.00
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:

- | | |
|---|--|
| ☒ Completed SB-1 Form(s) | ☐ Summary of Benefits (if applicable) |
| ☒ Legal Description of the Property | ☐ Employment Phase-In Schedule |
| ☐ Company Financial Statement | ☐ Company Investment Timetable |
| ☐ Job and Wage Description Information Sheet | ☐ Compliance Affidavit |

Type of Abatement RequestedReal Property ☒ 10 yrs.Personal Property ☐**Project Details**

Project Size (square feet): 50,000

Size of Site (acres): 12

Type of Building:Multiple Tenants (leased) ☐Single Tenant (leased) ☐Owner Occupied ☐Corporate Headquarters ☐ADD
* SPEC
BLDG**Capital Investment**

1. Real property capital investment only: \$2,580,000.00

2. Personal property capital investment only:

3. Total capital investment for proposed project: \$2,580,000.00

Jobs Created and/or Retained

1. Estimated number of full time jobs created by the proposed project: TBD

2. Estimated number of full time jobs retained as a direct result of the proposed project: TBD

3. Total number of full time jobs upon project completion: TBD

Wages Created and Retained

1. Average hourly wage rate for new jobs (w/o benefits)

2. Average hourly wage rate for jobs retained (w/o benefits)

***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:

To secure the abatement benefit for a future owner or tenant of the facility. Tax abatement will provide a competitive advantage in attracting jobs and investment to the City of Franklin.

Company Information

How long has the company been in existence? Since 1968

Current address of company headquarters and duration at that address: 144 East Rampart Street

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

0%

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:

Gold level investor in JCDC for 15 years, support of local non-profit organizations

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, paid by the applicant, 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. 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)?

This request is to secure abatement for future owner



CITY OF FRANKLIN

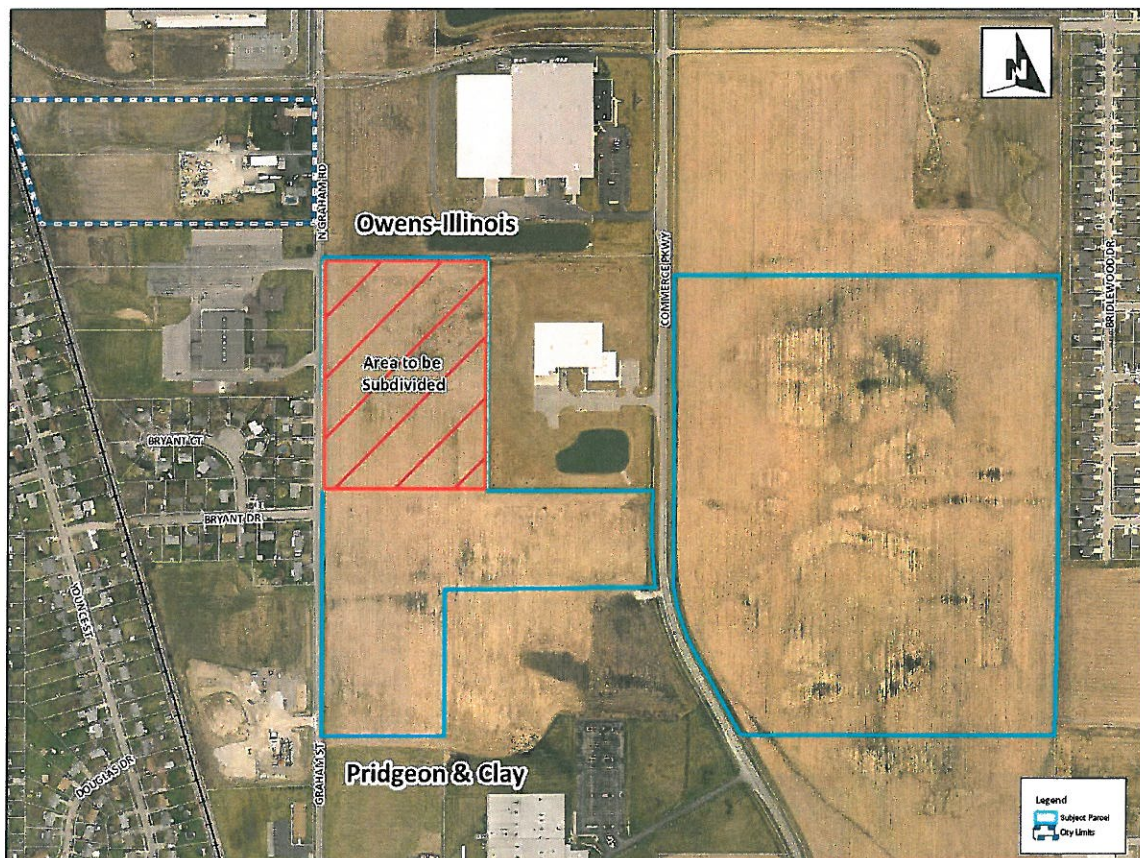
DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

Memorandum

To: Economic Development Commission Members
From: Krista Linke, Director
Date: September 5, 2012
Re: Case EDC 2012-05 – Runnebohm Construction Company, Inc.

Case EDC 2012-05 – Runnebohm Construction Company, Inc.: A request for a 10-year tax abatement on a \$2,580,000 real property investment.

Location: Graham Road – North of Pridgeon and Clay and south of Owens-Illinois (no address assigned yet).



Summary:

1. Characteristics of this location:

12 acres (highlighted on the location map in red) are being subdivided from a 63.8 acre farm tract (highlighted on the location map in aqua).

Characteristics of this petitioner:

Runnebohm Construction Company, Inc. was selected by the City of Franklin Redevelopment Commission to build a 50-60,000 square foot spec building. The Redevelopment Commission is also partnering with the property owner, Fred Linville.

Runnebohm does not currently have any active tax abatements with the City of Franklin.

2. Characteristics of this project:

The Redevelopment Commission is paying for the costs associated with planning for the building and passed Resolution 2012-24, which approved a sum not to exceed \$480,000 to purchase the land if needed. As the builder, Runnebohm is requesting the real property abatement on behalf of the future owner of the building. Real Property abatements automatically transfer to new property owners. Having the abatement already in place makes the property more marketable to potential companies. The building will be a shell only. The specific needs of the purchaser will determine the build out and site design.

3. Economic Revitalization Area (ERA):

This property was designated an ERA by City Council Resolution 2012-04 on February 20th, 2012. The entire Franklin Business Park was included in this ERA designation. This was one of the requirements of making the business park "shovel ready."

4. 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.

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

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:* This is a speculative building and the end user is not yet known. Therefore, there has been no information provided on the number of employees, types of employment positions or salaries. The City typically reviews the following types of positions:
 - Managerial and professional specialty;
 - Technical, sales, and administrative support;
 - Service;
 - Farming, forestry, and fishing;
 - Precision production, craft, and repair; and
 - Operator, fabricator, and laborer occupations.
- b. *Diversification of Local Manufacturing Employment:* The potential use of the facility is unknown at this time.
- c. *Increase in Local Salaries:* The average wage for all industries in Johnson County for the first quarter of 2011 was \$14.98. The average hourly wage in Johnson County for manufacturing in the first quarter of 2011 was \$24.00 per hour. No employee or salary information has been provided at this time.
- d. *Sustainable Land Use:* The petitioner proposes to build the speculative building in an area designated and zoned for industrial use (Industrial: General). The petitioner does not propose the reuse of any existing brownfield sites.
- e. *Future Community Investment:* The petitioner has stated that the construction of the building will increase the overall assessed value in the community.
- f. *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 product manufacturers 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.

6. 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).
7. Tax Abatement Worksheet:
A copy of the Tax Abatement Worksheet from the *City of Franklin Community Investment Incentives Summary* is enclosed with the staff report. This document is recommended as an outline for considering and documenting these tax abatement requests for this meeting.
8. Requested Effective Year:
The abatement, if approved, would be effective for the tax year 2013, payable 2014.

Staff Comments:

This tax abatement petition proposes an economic development project that will create an opportunity for a new industrial company to locate in an area of Franklin that has been targeted, designated, and zoned for industrial development and land use. The project will utilize existing public infrastructure. The site is located in an area that the City of Franklin already provides municipal services to. The construction of a new industrial building not only increases the likelihood of attracting a new company to the City of Franklin, but will also contribute to the local tax base.

Runnebohm Construction Company Inc.

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

Real Property Tax Investment: \$2,580,000

Tax Rate: 3.6195%

	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016
True Cash Value	\$2,580,000	\$2,580,000	\$2,580,000
Assessed Value	\$2,580,000	\$2,580,000	\$2,580,000
Net Tax Rate	3.6195%	3.6195%	3.6195%
Tax w/o Abatement	\$93,383	\$93,383	\$93,383
Abatement Rate	100%	66%	33%
Amount Abated	\$93,383	\$61,633	\$30,816
Taxes Paid w/Abatement	\$0	\$31,750	\$62,567

Total
\$280,149

Total
\$94,317

Total Fees Paid
\$3,717

2% Fee	\$1,868	\$1,233	\$616
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Total Tax Savings with 2%
Economic Development Fee

\$182,116

Runnebohm Construction Company Inc.

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

Real Property Tax Investment: \$2,580,000

Tax Rate: 3.6195%

	2013 Payable 2014	2014 Payable 2015	20152015 Payable 2016	2016 Payable 2017	20172017 Payable 2018
True Cash Value	\$2,580,000	\$2,580,000	\$2,580,000	\$2,580,000	\$2,580,000
Assessed Value	\$2,580,000	\$2,580,000	\$2,580,000	\$2,580,000	\$2,580,000
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%
Tax w/o Abatement	\$93,383	\$93,383	\$93,383	\$93,383	\$93,383
Abatement Rate	100%	80%	60%	40%	20%
Amount Abated	\$93,383	\$74,706	\$56,030	\$37,353	\$18,677
Taxes Paid w/Abatement	\$0	\$18,677	\$37,353	\$56,030	\$74,706

Total
\$466,916

Total
\$186,766

Total Fees Paid
\$5,603

**Total Tax Savings with 2% Economic
Development Fee**

\$274,546

2% Fee	\$1,868	\$1,494	\$1,121	\$747	\$374
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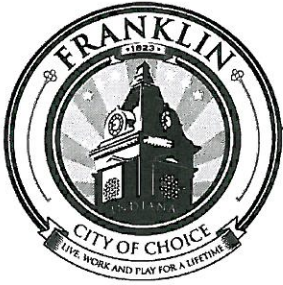
Runnebohm Construction Company Inc.

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

Real Property Tax Investment: \$2,580,000

Tax Rate: 3.6195%

[illegible]



CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

MINUTES

ECONOMIC DEVELOPMENT COMMISSION

September 11, 2012

Members Present:

John Ditmars	President
H. Lee Hodgen	Vice-President
Jake Sappenfield	Member

Members Absent:

Tony Wellings	Secretary
Ken Austin	Member

Others Present:

Rob Schafstall	Legal Counsel
Krista Linke	Planning Director
Jaime Shilts	Recording Secretary

Call to Order:

John Ditmars called the meeting to order at 8:00 a.m.

Approval of Minutes:

On a motion by Lee Hodgen and a second by Jake Sappenfield, the members voted unanimously to approve the minutes from the May 8th, 2012 meeting.

OLD BUSINESS:

Updated Tax Application:

Ms. Linke stated that the EDC has never had a formal application before; it was basically a packet full of information as it was created before the City had a website. She has taken the general information and put it on the City website and created a two page application that can be filled out online. Mr. Ditmars questioned whether a spec building should be one of the options on the application for building type. He suggested it be included on further applications. Mr. Ditmars questioned if the tax abatement fee had been defined. Mayor McGuinness stated that percentages in the past were not set and he'd like to see a set percentage and for it to be consistent. Ms. Linke stated the Commission has always used 2% and 5% on the economic development fee but it can be negotiable. The confusion seemed to be when a 10 year abatement was granted if the company agreed to pay the fees, instead of a shorter term that had been more typical. The decision can be made on a case by case basis. Ms. Linke stated she would add a category about the spec building onto the application.

Action taken on the Updated Tax Application:

On a motion by Jake Sappenfield and a second by Lee Hodgen, the members voted to adopt the Tax Abatement Application as presented.

NEW BUSINESS:

EDC 2012-05:Runnebohm Construction Company, Inc.:

Chris King, Vice-President of Runnebohm, stated they are requesting an abatement on the shell building they are constructing in Franklin Business Park. The property is set up so they can expand the building on the site. They would like the tax abatement so they can have a competitive advantage in trying to attract a new business to the community. The building will be pre-cast on 2 sides. On the south side it will have a metal expansion wall and on the east side will be a metal wall. Runnebohm has built 4 shell buildings in Shelby County and one in New Castle. The first few buildings in Shelby County sold very quickly.

Mr. Ditmars questioned if the plans were complete. Mr. King stated the size is going to be close to the 50,000 sq ft number. It's an approximate cost of \$2.1 million for the shell building. The land is for \$480,000. Cheryl Morphew stated they don't want to change the customizable features. If a new business comes in and is going to expand beyond the 50,000 sq ft, they could be eligible for a tax abatement for the expansion. Abatements cannot be granted on real property after the building has been built. The application has to be filed before ground breaking.

Mayor McGuinness stated that if the building does not sell or lease within a 3 year period by September 1, 2015, the RDC will then buy the property at \$40,000 an acre. If the building sells before then, the land will be part of the sale price. This is a deal arranged between land owner, Fred Linville and the City of Franklin.

Mr. Ditmars stated he is envisioning a separate escrow agreement. He questioned the marketability of the building. Ms. Morphew stated it could put the City at a disadvantage if they don't put the abatement on it. Abatements are seen as an entitlement type program. If we don't put it on now, it can only be done with an expansion of the building. Discussion was held on abating the shell building. Mr. Ditmars expressed his concern about the risk in building the structure. Ms. Morphew stated they have done their homework and understand the risk but the advantages far outweigh the risks. The abatement is a marketing tool to help sell the building.

Mayor McGuinness stated that they have already started marketing the building. It has been submitted to the State economic development program. Also, Mr. King stated that this type of space doesn't exist anywhere in Indiana right now. A manufacturing or distribution facility could work in the space. The building is a lot taller than a lot of the other buildings that are out there. Mr. Sappenfield questioned if they would entertain a lease option. Mr. King stated they would. Mr. Ditmars requested that the economic phase in schedule be included in the packet. Ms. Linke stated she would include it based on the amount of the investment.

The property has already been designated as an ERA. Mr. Schafstall stated that some of the statutory findings will not apply for this abatement because of the employment figures.

Action taken on EDC 2012-05:Runnebohm Construction Company, Inc.:

On a motion by Lee Hodgen and a second by Jake Sappenfield, the members voted to find EDC 2012-05 in compliance of item A in the Indiana Code section 6-1-12.1-3.

- a. Whether the estimate of the value of the development or rehabilitation is reasonable for projects of that nature;

Sections B & C don't apply for this abatement.

- 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;

On a motion by Lee Hodgen and a second by Jake Sappenfield, the members voted to find EDC 2012-05 in compliance of item D Indiana Code section 6-1.1-12.1-3.

- 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

On a motion by Jake Sappenfield and a second by Lee Hodgen, the members voted to find EDC 2012-05 in compliance of item E Indiana Code section 6-1.1-12.1-3.

- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

Lee Hodgen made a motion to approve a 10 year property tax abatement on a \$2.58 million dollar investment subsequent on the completion of the building. Jake Sappenfield seconded the motion.

Jake Sappenfield-yes, Lee Hodgen-yes, John Ditmars-no. The motion failed.

A special meeting will be set for the commission next week.

Other Business:

None

Adjournment:

There being no further business, the meeting was adjourned. Respectfully submitted this 9th day of October, 2012.

John Ditmars, President

Tony Wellings, Secretary