

RESOLUTION NO. 2014- 05

**A RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF HOBART, INDIANA,
DESIGNATING A CERTAIN AREA WITHIN THE CITY AS AN ECONOMIC REVITALIZATION AREA FOR PURPOSES
OF PERSONAL PROPERTY TAX ABATEMENT**

WHEREAS, a petition for personal property tax abatement has been filed with the City of Hobart for consideration by the Common Council of the City of Hobart, said petition requesting that the area commonly described as *5441 East Lincoln Highway* which is more particularly described in Exhibit "A" attached, be designated as an Economic Revitalization Area under the provisions of Indiana Code 6-1.1-12.1-1 et seq.; and

WHEREAS, the Act provides that such Economic Revitalization Areas are areas within the City which have:

"become undesirable for, or impossible of, normal development and occupancy because of lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings or other factors which have impaired values or prevent a normal development of property or use of property," I.C. 6-1.1-12.1-1(a), and

WHEREAS, *Hancock Enterprises, LLC*, has a vested property interest in the real estate commonly known as: *5441 East Lincoln Highway*, and

WHEREAS, *Hancock Enterprises, LLC*, has requested that the real estate be designated as an Economic Revitalization Area for the purpose of achieving personal property tax abatement in connection with the following project on the real estate:

PROJECT: *\$20,277,446 in new manufacturing equipment as per list dated March 19, 2014 to be used in gummi candy manufacturing.*

WHEREAS, the Common Council of the City of Hobart has concluded an investigation and has prepared a report with information sufficient for the Common Council to determine that the area qualifies as an Economic Revitalization Area under Indiana Code 6-1.1-12.1-1 et seq. Further, the Common Council has access to maps and plats showing the boundaries and such other information regarding the area in question as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Hobart, as follows:

Section 1: The Common Council of the City of Hobart hereby determines and finds that the petition for personal property tax abatement and the Statement of Benefits Form (see Exhibit "B" attached hereto) completed by the petitioner meets the requirements of Indiana Code 6-1.1-12.1-1 et seq. and qualifies for tax abatement.

Section 2: The Common Council of the City of Hobart hereby determines and finds the following:

- a. That the estimate of the cost of the new manufacturing equipment is reasonable for equipment of that type.
- b. That the estimate of the number of individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed described installation of the new manufacturing equipment.
- c. That the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be expected to result from the proposed described installation of the new manufacturing equipment.
- d. That the other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed described installation of the new manufacturing equipment.
- e. That the totality of benefits is sufficient to justify the deduction, all of which satisfy the requirements of Indiana Code 6-1.1-12.1-3 and 6.1.1-12.1-4.5 and can be reasonably expected to result from the installation of the new manufacturing equipment.

Section 3: The Common Council of the City of Hobart hereby determines and finds that the proposed installation of new manufacturing equipment can be reasonably expected to yield the benefits identified in the Statement of Benefits, "Exhibit B" attached, such form prescribed by the State Board of Tax Commissioners, including the list dated *March 19, 2014* of the new manufacturing equipment to be installed which is attached hereto as "Exhibit C", and is sufficient to justify the deduction granted under IC 6-1.1-12.1-4 and/or IC 6-1.1-12.1-4.5 of the Indiana Code.

Section 4: The Common Council of the City of Hobart hereby designates the area herein described as an Economic Revitalization Area for the purpose of personal property tax abatement.

Section 5: The Common Council of the City of Hobart determines that such designation is for personal property tax abatement for new manufacturing equipment to begin to be installed within *six (6) months* from the date of the adoption of a resolution confirming this resolution by the Common Council and such installation completed within *two (2) years and eight (8) months* from the date of this adoption.

Section 6: The Common Council of the City of Hobart hereby determines that the property owner is qualified for and is granted property tax deduction for a period of *ten (10) years* for the new manufacturing equipment. Such deduction shall be as follows:

*Year One: 100%; Year Two: 95%, Year Three: 90%, Year Four: 85%, Year Five: 80%,
Year Six: 50%, Year Seven: 40%, Year Eight: 30%, Year Nine: 20%, and Year Ten: 10%.*

Section 7: The Common Council of the City of Hobart directs the Clerk to cause notice of the adoption and substance of this Resolution for personal property tax abatement to be published in accordance with IC 5-3-1, as amended, said publication providing notice of the public hearing before the Common Council on the proposed confirmation of said declaration and to file a copy of this resolution with the County Assessor, and to file the information required by Indiana Code 6-1.1-12.1-2.5(c) with the officers of each taxing unit that has authority to levy property taxes in the geographic area where the Economic Revitalization Area is located.

Section 8: The Common Council, for good cause shown by the applicant, hereby waives compliance with the below portion of Section 2 of Resolution No. 2008-16.

"Upon submission of an invoice from the Clerk-Treasurer and within thirty (30) days from the date of tax abatement approval by the Common Council, one percent (1%) of the total value of the personal property (based on values as approved on the Statement of Benefits) shall be paid to the City."

Section 9: The Common Council hereby requires payment of the one percent (1%) exaction fee within ten (10) days of the annual Compliance with Statement of Benefits approval by the Common Council for all personal property newly installed to date with the exception of any personal property for which an exaction fee has previously been paid to the City of Hobart pursuant to Section 2 of Resolution No. 2008-16.

Section 10: This resolution shall be in full force and effect from and after its adoption by the Common Council.

PASSED AND ADOPTED by the Common Council of the City of Hobart, Lake County, Indiana on the 2nd day of APRIL, 2014, by a vote of 7 in favor and 0 opposed.


Brian K. Snedecor
Presiding Officer

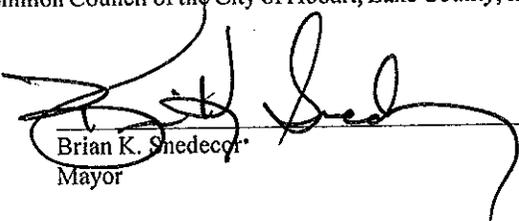
ATTEST:


Deborah A. Longer
Clerk-Treasurer

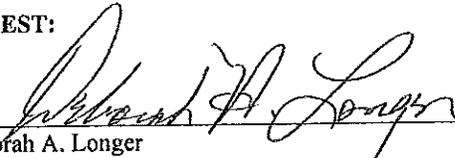
PRESENTED by me to Mayor of the City of Hobart, Indiana, on the 2nd day of April
20 14 at 7:35 a.m./p.m.


Deborah A. Longer
Clerk-Treasurer

APPROVED, SIGNED AND RETURNED by me to the Common Council of the City of Hobart, Lake County, Indiana this 2nd day
of April, 20 14.


Brian K. Snedecor
Mayor

ATTEST:


Deborah A. Longer
Clerk-Treasurer

EX 'A'

DESCRIPTION OF PROPERTY

LOTS 2, 3, 4 AND THE EAST 100 FEET OF LOT 5 IN US 30 ENTERPRISE PARK SUBDIVISION RECORDED IN THE LAKE COUNTY RECORDER'S OFFICE IN PLAT BOOK 81 PAGE 99, LYING IN THE SOUTH HALF OF SECTION 19, TOWNSHIP 35 NORTH, RANGE 7 WEST IN HOBART, INDIANA, HAVING AN AREA OF 21.015 ACRES MORE OR LESS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT NORTHWEST CORNER OF THE EAST HALF OF THE SOUTH WEST CORNER OF SAID SECTION 19; THENCE SOUTH 00° 06' 34" EAST ALONG THE WEST LINE OF EAST HALF OF THE SAID SOUTHWEST CORNER, 154.243' FEET TO THE SOUTH RIGHT OF WAY LINE OF THE SOUTH US 30 FRONTAGE ROAD AS DEDICATED IN SAID US 30 ENTERPRISE PARK SUBDIVISION; THENCE SOUTH 89° 32' 13" EAST ALONG SAID RIGHT OF WAY LINE, SAID LINE ALSO BEING THE NORTH LINE OF LOT 5 IN SAID ADDITION, 600.110 FEET TO A POINT 100.00 FEET WEST OF THE EAST LOT LINE OF SAID LOT 5 AND TO THE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89° 32' 13" EAST ALONG SAID SOUTH FRONTAGE ROAD RIGHT OF WAY LINE, 804.713 FEET TO THE EAST LINE OF LOT 2 IN SAID SUBDIVISION; THENCE SOUTH 00° 05' 31" EAST ALONG SAID LOT 2 EAST LINE, 889.803 FEET TO THE SOUTHEAST CORNER OF SAID LOT 2; THENCE NORTH 89° 28' 34" WEST ALONG THE SOUTH LINE OF LOT 2 OF SAID SUBDIVISION AND PARALLEL TO THE SOUTH LINE OF THE NORTH HALF OF THE SOUTH HALF OF SAID SECTION 19, 188.76 FEET, TO THE NORTHEAST CORNER OF LOT 4 IN SAID SUBDIVISION; THENCE SOUTH 00° 07' 34" EAST ALONG SAID LOT 4 EAST LINE, 322.12 FEET TO THE NORTH RIGHT OF WAY LINE OF 83RD AVENUE; THENCE NORTH 89° 52' 33" WEST ALONG SAID RIGHT OF WAY LINE, 616.07 FEET TO A LINE PARALLEL TO AND 100 FEET FROM THE EAST LINE OF LOT 5 IN SAID SUBDIVISION; THENCE NORTH 00° 05' 41" WEST ALONG SAID PARALLEL, 1215.366 FEET TO THE POINT OF BEGINNING; CONTAINING 21.015 ACRES MORE OR LESS.

SUBJECT TO ALL EASEMENTS AND SETBACKS ALREADY DEDICATED.

Ex 'B' pg 1 of 3



**STATEMENT OF BENEFITS
PERSONAL PROPERTY**

State Form 51764 (R3 / 12-13)

Prescribed by the Department of Local Government Finance

FORM SB-1 / PP

PRIVACY NOTICE

Any information concerning the cost of the property and specific salaries paid to individual employees by the property owner is confidential per IC 6-1.1-12.1-5.1.

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.
2. The statement of benefits form must be submitted to the designating body and the area designated an economic revitalization area before the installation of qualifying abatable equipment for which the person desires to claim a deduction.
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 or with the county assessor if there is no township assessor for the township. 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, must submit Form CF-1/PP annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
5. For a Form SB-1/PP that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. For a Form SB-1/PP that is approved prior to July 1, 2013, the abatement schedule approved by the designating body remains in effect. (IC 6-1.1-12.1-17)

SECTION 1 TAXPAYER INFORMATION

Name of taxpayer Hancock Enterprises LLC.	Name of contact person James Dragon
Address of taxpayer (number and street, city, state, and ZIP code) 5441 East Lincoln HWY Merrillville, IN 46410	Telephone number (219) 942-1877

SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body Hobart City Council	Resolution number (s)	
Location of property 5441 East Lincoln HWY. in Hobart	County Lake	
	DLGF taxing district number 46	
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.) Gummy and Chocolate manufacturing equipment, Racking for finished goods and raw materials. See Attached Detailed List	ESTIMATED	
		START DATE
		COMPLETION DATE
	Manufacturing Equipment	06/01/2014
	R & D Equipment	12/31/2016
Logist Dist Equipment		
IT Equipment		

SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT

Current number	Salaries	Number retained	Salaries	Number additional	Salaries
208 (as of 12/31/13)	\$8,443,495	208	\$8,443,495	60 (as of 12/31/16)	\$11,030,000

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	0.00	0.00						
Plus estimated values of proposed project	20,277,446.0	8,110,976.0						
Less values of any property being replaced								
Net estimated values upon completion of project	20,277,446.0	8,110,976.0						

SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

Estimated solid waste converted (pounds) N/A	Estimated hazardous waste converted (pounds) N/A
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Other benefits:
See attached Detailed List

SECTION 6 TAXPAYER CERTIFICATION

I hereby certify that the representations in this statement are true.

Signature of authorized representative 	Date signed (month, day, year) 03/19/2014
Printed name of authorized representative Scott Albanese	Title CEO

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 6-1.1-12.1-2.5, provides for the following limitations as authorized under IC 6-1.1-12.1-2.

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. Installation of new manufacturing equipment; Yes No
- 2. Installation of new research and development equipment; Yes No
- 3. Installation of new logistical distribution equipment. Yes No
- 4. Installation of new information technology equipment; Yes No

C. The amount of deduction applicable to new manufacturing equipment is limited to \$ 20,277,446.00 cost with an assessed value of \$ _____.

D. The amount of deduction applicable to new research and development equipment is limited to \$ _____ cost with an assessed value of \$ _____.

E. The amount of deduction applicable to new logistical distribution equipment is limited to \$ _____ cost with an assessed value of \$ _____.

F. The amount of deduction applicable to new information technology equipment is limited to \$ _____ cost with an assessed value of \$ _____.

G. Other limitations or conditions (specify) enhanced deduction schedule, as per Sect 6 of Res 2014 -

H. The deduction for new manufacturing equipment and/or new research and development equipment and/or new logistical distribution equipment and/or new information technology equipment installed and first claimed eligible for deduction is allowed for:

- Year 1 Year 2 Year 3 Year 4 Year 5 (see below *)
- Year 6 Year 7 Year 8 Year 9 Year 10

I. For a Statement of Benefits approved after June 30, 2013, did this designating body adopt an abatement schedule per IC 6-1.1-12.1-17? Yes No
 If yes, attach a copy of the abatement schedule to this form. see Sect 6 of Res 2014 -
 If no, the designating body is required to establish an abatement schedule before the deduction can be determined.

Also we have 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 by: (signature and title of authorized member of designating body)	Telephone number <u>(219) 942-1940</u>	Date signed (month, day, year) <u>5-7-14</u>
Printed name of authorized member of designating body <u>NERRY HERZOG</u>	Name of designating body <u>Common Council</u>	
Attested by: (signature and title of attester)	Printed name of attester <u>DEBORAH A. LOWLER</u>	

* If the designating body limits the time period during which an area is an economic revitalization area, that limitation does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years that is less than the number of years designated under IC 6-1.1-12.1-17.

IC 6-1.1-12.1-17

Abatement schedules

Sec. 17. (a) A designating body may provide to a business that is established in or relocated to a revitalization area and that receives a deduction under section 4 or 4.5 of this chapter an abatement schedule based on the following factors:

- (1) The total amount of the taxpayer's investment in real and personal property.
- (2) The number of new full-time equivalent jobs created.
- (3) The average wage of the new employees compared to the state minimum wage.
- (4) The infrastructure requirements for the taxpayer's investment.

(b) This subsection applies to a statement of benefits approved after June 30, 2013. A designating body shall establish an abatement schedule for each deduction allowed under this chapter. An abatement schedule must specify the percentage amount of the deduction for each year of the deduction. An abatement schedule may not exceed ten (10) years.

(c) An abatement schedule approved for a particular taxpayer before July 1, 2013, remains in effect until the abatement schedule expires under the terms of the resolution approving the taxpayer's statement of benefits.

(219) 942-1877

Fax (219) 942-1899

5441 E. Lincoln Highway, Merrillville, Indiana 46410

Setting higher standards in confectionery.

Statement of Benefits Personal Property

Section 5

Waste Converted and Other Benefits Promised by the Taxpayer

The Proposed Project will having the following Benefits to the City and Community:

- Attraction of Similar Businesses on Adjacent property and Development of these Sites.
- Increased Tourism brought to the area to Visit our Candy Factory and Retail Store.
- Increased revenue brought to the surrounding areas from our Building and Plant Manufacturing Expansion.
- Numerous Tradesmen's and Technical Jobs retained to help build the New Building Addition and install the New Manufacturing Equipment
 - Approx. 6-10 Electricians with an estimated earned wage totaling - \$272,000
 - Approx. 4-6 Plumbers with an estimated earned wage totaling - \$228,000
 - Approx. 10-15 Iron Workers with an estimated earned wage totaling - \$432,000
 - Approx. 6-8 Operating Engineers with an estimated earned wage totaling - \$192,000
 - Approx. 12-15 Concrete Workers with an estimated earned wage totaling - \$195,000
 - Approx. 3-4 Site Surveyors with an estimated earned wage totaling - \$12,000
 - Approx. 4-6 Pipe Fitters with an estimated earned wage totaling - \$72,000
 - Approx. 4-6 Sheet Metal Workers with an estimated earned wage totaling - \$72,000
 - Approx. 3-4 Electrical Engineer Tech. with an est. earned wage totaling - \$120,000
 - Approx. 3-4 Carpenters with an estimated earned wage totaling - \$27,200
 - Approx. 3-4 Draftsmen with an estimated earned wage totaling - \$332,800

Ex 'C'

Est. In Service Date	Manufacturing Equipment	Est. Cost
	Chocolate Production Equipment	
12/31/2014	Belt Coater to make Panned Chocolate products	\$225,000
12/31/2014	Bank of 3 Polishing Pans	\$55,000
7/15/2014	3 New Metal Detectors for the Chocoalte Area	\$58,000
	Gummy Candy Depositing Line (Used to Deposit Candy Mass into Starch Trays)	
6/1/2015	Mogul System (Including: Steaming Conveyor/Vibrator/Twin Barrel Sifter)	\$1,200,587
6/1/2015	Starch conditioning System (Including: Dryer/Coller/All Augurs)	\$630,000
6/1/2015	Starch Sifter	\$85,000
6/1/2015	Candy Conditioning Systems (Including: Sanding Drum/Oil Drum/Sand Dispensing System)	\$125,000
6/1/2015	Dust Collector (Including: Ductwork/Safety Controls)	\$125,789
	Gummy Candy Production Kitchen (Used to Manufacture the Candy Mass)	
6/1/2015	Weighing Skid with Big Bag System	\$987,412
6/1/2015	ABS System	\$496,800
6/1/2015	Color Dosing Skid	\$110,400
6/1/2015	Flavor Dosing Skid	\$117,300
6/1/2015	Acid/TIO2 Skid	\$251,160
6/1/2015	Cooking Skid	\$498,180
6/1/2015	CIP Skid	\$187,500
6/1/2015	Hot Water Jacket System	\$33,120
6/1/2015	Hoist System for Big Bags	\$48,250
6/1/2015	A/C Units for Electrical Enclosures	\$35,000
6/1/2015	Vitamin Skid	\$1,758,100
	Gummy Candy Support Equipment	
6/1/2015	Conveyors to move Gummies from Mogul to Coniditoning Area	\$68,200
6/1/2015	Conveyors to Move Gummies from Conditioning to Packaging Area	\$125,000
	Candy Curing Rooms for Gummy Candy Process (Used to Dry Candy to Finish Manufacturing Process)	
6/1/2015	Drying Room Structures (Including Walls and Doors)	\$215,000
6/1/2015	Air Handlers (Including Piping and Ductwork)	\$987,159
6/1/2015	Starch Trays (Including Metal Pallets)	\$597,000
6/1/2015	Track System for Moving Candy pallets into and out of Rooms	\$2,334,023
	Packaging Equipment for Gummy Candy	
6/1/2015	Bagger/Scale System Large Bags	\$787,900
12/31/2015	Bagger/Scale System Small Bags	\$767,400
12/31/2016	Bagger/Scale System Single Serve Bags Bags	\$805,478
12/31/2016	Conveyors for Candy Bags and Boxes	\$254,789
12/31/2016	Case Packing Systems for the 3 bagging lines	\$1,120,511
12/31/2016	Palletizing System	\$365,800
	Gummy Candy Production Related Equipment	
9/1/2014	Chiller Plant to produce Chilled Water to Cure Gummy Candy	\$3,158,941
2/1/2015	Air Compressors and related equipment to provide Compressed Air for producing Gummy Candy	\$325,000
5/31/2016	Corn Syrup Storage Tanks	\$412,500
4/1/2015	Bulk Sugar Silos	\$925,147
Grand Total		\$20,277,446

3/19/14