



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: April 9, 2024
Re: Case C 2024-34: OrthoAmerica 21-34

Summary:

1. On November 15th, 2021, the Franklin Common Council passed Resolution No. 2021-34, approving a 7-year tax abatement with a 2% economic development fee on real property for OrthoAmerica, located at 2165 Earlywood Drive.
2. Actual and estimated benefits, as projected for 2023:

	Estimated on SB-1	Actual in 2023	Difference
Employees Retained	0	0	0
Salaries	0	0	0
New Employees	100	82	-18
Salaries	\$5,200,000	\$3,864,304	-\$1,335,696
Total Employees	100	82	-18
Total Salaries	\$5,200,000	\$3,864,304	-\$1,335,696
Average Hourly Salaries	\$25.00/hr	\$22.66	-\$2.34
Real Property Improvements	\$1,800,000	\$112,394	-\$1,687,606

3. The company has hired 69 so far and continues to actively hire. The wages are below estimate primarily due to experience level. As the company trains the new employees, the wages will rise accordingly. In 2024 they are up to 82 employees and wages are trending up.
4. Real property improvements have just begun in late December. The company is on schedule to complete the additions by 2025. The company has experienced some challenges and is now planning to add to the building as organic growth arises. They will add all the employees and equipment, however, they may not expand the building for two more years.
5. The tax abatement is scheduled to expire in tax year 2029 payable in 2030. The final compliance review will take place in 2029.

Staff Recommendation: Approval

Cover Letter

OrthoAmerica Holdings, LLC
2165 Earlywood Drive,
Franklin, IN 46131

February 2024

Mrs. Dana Monson, Community Development Specialist
Dept. of Community Development
70 E. Monroe Street
Franklin, IN 46131

Re: Tax Abatement Compliance for OrthoAmerica Holdings, LLC

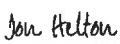
Dear Mrs. Monson:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the real and personal property tax abatements which were granted to OrthoAmerica Holdings, LLC and PRJ Properties under Franklin Common Council Resolution No. 2021-34 and 2021-36.

As can be seen from reviewing the enclosed documents, our company has been highly successful in (1) making personal property capital investments and (2) starting the process of creating the full complement of jobs which had been proposed in the Statement of Benefits (Form SB-1) and was approved on November 15, 2021. The real property investments have been delayed due to supply chain issues. The projections for these investments should be fulfilled over the next couple of years.

Please review all of the enclosed documents, and if you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

DocuSigned by:

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Jon Helton, CFO
OrthoAmerica Holdings, LLC

Enclosures

March 2024

Mrs. Dana Monson,

Due to unforeseen circumstances, OrthoAmerica Holdings LLC has encountered challenges in completing its project at 2165 Earlywood Drive, Franklin, IN 46131, and is seeking an extension to the project timeline. Initially, the company had outlined plans to erect a new building valued at \$1.8 million on their premises, acquire equipment totaling \$4.625 million, and employ 100 full-time personnel at the project site.

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As of now, OrthoAmerica has invested nearly \$2.5 million in new equipment and has hired 80 new full-time employees. However, construction of the new building has not commenced because the company had intended to execute two asset acquisitions that would have stimulated enough growth and therefore justified the need for additional square footage. Although these acquisition(s) remain possible, the company is also contemplating proceeding with through organic growth. If this becomes the chosen path, there would be a modification in the project's scope, with the building costing approximately \$500,000 instead of the initially budgeted \$1.8 million.

OrthoAmerica still intends to carry out the additional hires and invest in the equipment as originally projected. However, the revised expected completion date for the project is now 12/31/2025. OrthoAmerica Holdings expresses gratitude to the council for its understanding and consideration in this matter.

Regards,



**COMPLIANCE WITH STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS**

State Form 51766 (R3 / 2-13)
Prescribed by the Department of Local Government Finance

20 21 PAY 20 22

FORM CF-1 / Real Property

PRIVACY NOTICE

The cost and any specific individual's salary information is confidential; the balance of the filing is public record per IC 6-1.1-12.1-5.1 (c) and (d).

INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area or any deduction for which the Statement of Benefits was approved before July 1, 1991.
2. Property owners must file this form with the county auditor and the designating body for their review regarding the compliance of the project with the Statement of Benefits (Form SB-1/Real Property).
3. This form must accompany the initial deduction application (Form 322/RE) that is filed with the county auditor.
4. This form must also be updated each year in which the deduction is applicable. It is filed with the county auditor and the designating body before May 15, or by the due date of the real property owner's personal property return that is filed in the township where the property is located. (IC 6-1.1-12.1-5.1(b))
5. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance form (Form CF-1/Real Property).

SECTION 1		TAXPAYER INFORMATION	
Name of taxpayer	PRJ Properties, LLC and OrthoAmerica Holdings, LLC	County	Johnson
Address of taxpayer (number and street, city, state, and ZIP code)	6344 Bay Ridge Dr., Petoskey, MI 49770	DLGF taxing district number	009
Name of contact person	Reid Pittard	Telephone number	(765) 404-7652
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body	City of Franklin, Common Council	Resolution number	21-34
Location of property	2165 Earlywood Drive, Franklin, IN 46131	Estimated start date (month, day, year)	January 1, 2022
Description of real property improvements	The company is planning on improving the building purchased at 2165 Earlywood Drive and building an additional building on the land adjacent to it. Improvements include server room build out, cafeteria remodel, restroom upgrades, wire finishing room, and plumbing/HVAC/Electrical. Started in Jan 2022.	Actual start date (month, day, year)	
		Estimated completion date (month, day, year)	December 31, 2025
		Actual completion date (month, day, year)	
SECTION 3		EMPLOYEES AND SALARIES	
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		100	82
Salaries		5200000	3864304.88
Number of employees retained		0	0
Salaries		0	0
Number of additional employees		100	82
Salaries		5200000	3864304.88
SECTION 4		COST AND VALUES	
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1		COST	ASSESSED VALUE
Values before project		-	1,366,200
Plus: Values of proposed project		1,800,000	-
Less: Values of any property being replaced		-	-
Net values upon completion of project		-	3,166,200
ACTUAL		COST	ASSESSED VALUE
Values before project		0	
Plus: Values of proposed project		112,394.32	0
Less: Values of any property being replaced		0	0
Net values upon completion of project		0	1,450,500
SECTION 5		WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER	
WASTE CONVERTED AND OTHER BENEFITS		AS ESTIMATED ON SB-1	ACTUAL
Amount of solid waste converted		0	0
Amount of hazardous waste converted		0	0
Other benefits:			
SECTION 6		TAXPAYER CERTIFICATION	
I hereby certify that the representations in this statement are true.			
Signature of authorized representative	DocuSigned by: <i>Jan Helton</i>	Title	Date signed (month, day, year)
		CFO	3/18/2024

**OPTIONAL: FOR USE BY A DESIGNATING BODY WHO ELECTS TO REVIEW THE COMPLIANCE WITH STATEMENT OF BENEFITS (FORM CF-1)
THAT WAS APPROVED AFTER JUNE 30, 1991**

INSTRUCTIONS: (IC 6-1.1-12.1-5.1 and IC 6-1.1-12.1-5.9)

1. Not later than forty-five (45) days after receipt of this form, the designating body may determine whether or not the property owner has substantially complied with the Statement of Benefits (Form SB-1/Real Property).
2. If the property owner is found **NOT** to be in substantial compliance, the designating body shall send the property owner written notice. The notice must include the reasons for the determination and the date, time and place of a hearing to be conducted by the designating body. The date of this hearing may not be more than thirty (30) days after the date this notice is mailed. A copy of the notice may be sent to the county auditor and the county assessor.
3. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable efforts to substantially comply with the Statement of Benefits (Form SB-1/Real Property) and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
4. If the designating body determines that the property owner has **NOT** made reasonable efforts to comply, then the designating body shall adopt a resolution terminating the property owner's deduction. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the county auditor; and (3) the county assessor.

We have reviewed the CF-1 and find that:

the property owner **IS** in substantial compliance

the property owner **IS NOT** in substantial compliance

other (specify) _____

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

If the property owner is found not to be in substantial compliance, the property owner shall receive the opportunity for a hearing. The following date and time has been set aside for the purpose of considering compliance. (Hearing must be held within thirty (30) days of the date of mailing of this notice.)

Time of hearing

AM
 PM

Date of hearing (month, day, year)

Location of hearing

HEARING RESULTS (to be completed after the hearing)

Approved

Denied (see instruction 5 above)

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]

A property owner whose deduction is denied by the designating body may appeal the designating body's decision by filing a complaint in the office of the Circuit or Superior Court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner.

Construction & Occupancy Status Report

OrthoAmerica Holdings headquarters is now in 2165 Earlywood Drive, Franklin, IN 46131. Real property improvements described in resolution 2021-34 has begun and will continue in 2024.

Personal Property Listing

Category	Install Date	Amount Paid
Purchases of New Equipment	03/31/21	\$31,304
Purchases of New Equipment	01/22/21	\$27,000
Purchases of New Equipment	01/26/21	\$10,800
Purchases of New Equipment	01/22/21	\$27,000
Purchases of New Equipment	01/22/21	\$27,000
Purchases of New Equipment	01/20/21	\$28,044
Purchases of New Equipment	01/31/21	\$5,616
Purchases of New Equipment	02/01/21	\$17,252
Purchases of New Equipment	03/08/21	\$7,877
Purchases of New Equipment	01/22/21	\$20,887
Purchases of New Equipment	01/22/21	\$10,071
Purchases of New Equipment	01/22/21	\$22,015
Purchases of New Equipment	02/25/21	\$17,874
Purchases of New Equipment	01/29/21	\$4,708
Purchases of New Equipment	02/24/21	\$1,552
Purchases of New Equipment	05/07/21	\$15,792
Purchases of New Equipment	04/26/21	\$35,991
Purchases of New Equipment	02/03/21	\$2,625
Purchases of New Equipment	04/16/21	\$17,809
Purchases of New Equipment	06/17/21	\$5,660
Purchases of New Equipment	07/07/21	\$2,876
Purchases of New Equipment	08/25/21	\$1,157
Purchases of New Equipment	10/04/21	\$11,398
Purchases of New Equipment	11/02/21	\$11,398
New Telecommunications	10/14/21	\$944
Purchases of New Equipment	11/12/21	\$7,154
New Telecommunications	11/18/21	\$347
New Telecommunications	10/28/21	\$3,900
New Telecommunications	12/10/21	\$1,180
Purchases of New Equipment	02/28/21	\$56,525

Moved from Colorado		
Category	Install Date	Net Book Value
Computer	10/15/2021	\$1,629
Computer	10/15/2021	\$1,629
Computer	10/15/2021	\$4,857
Computer	10/15/2021	\$1,804
Computer	10/15/2021	\$1,804
Computer	10/15/2021	\$1,804
Computer	10/15/2021	\$29,515
Computer	10/15/2021	\$29,515
Computer	10/15/2021	\$4,526
Computer	10/15/2021	\$7,956
Computer	10/15/2021	\$7,956
Computer	10/15/2021	\$2,296
Computer	10/15/2021	\$55,776
Computer	10/15/2021	\$2,549
Computer	11/15/2021	\$24,955
Shop Equip	12/15/2020	\$8,612
Shop Equip	8/15/2021	\$4,080
Shop Equip	9/15/2021	\$2,700
Shop Equip	9/15/2021	\$9,704
Shop Equip	9/15/2021	\$4,630
Shop Equip	9/15/2021	\$2,130
Shop Equip	9/15/2021	\$2,130
Shop Equip	9/15/2021	\$2,771
Shop Equip	9/15/2021	\$1,292
Shop Equip	11/15/2021	\$16,393
Shop Equip	11/15/2021	\$827,473
Shop Equip	11/15/2021	\$0
Building	03/15/2022	\$2,465.20
Building	03/15/2022	\$16,169.38
Building	04/15/2022	\$7,841.95
Building	04/15/2022	\$19,980.00
Building	07/15/2022	\$2,717.79
Shop Equip	01/15/2022	\$1,623.00
Shop Equip	01/15/2022	\$956.50
Computers	2/1/2022	\$10,015.20
Shop Equip	02/14/2022	\$3,880.00
Computers	3/1/2022	\$1,831.22
Computers	3/1/2022	\$2,649.68
Computers	3/1/2022	\$3,646.08

Computer	03/15/2022	\$4,124.85
Shop Equip	03/15/2022	\$1,071.79
Shop Equip	03/15/2022	\$7,837.75
Shop Equip	03/15/2022	\$448.33
Shop Equip	03/15/2022	\$448.33
Shop Equip	03/15/2022	\$448.33
Shop Equip	03/15/2022	\$448.33
Computers	4/1/2022	\$1,603.93
Computers	4/1/2022	\$636.65
Shop Equip	04/15/2022	\$4,223.34
Computers	5/1/2022	\$3,790.75
Computers	5/1/2022	\$1,799.00
Computer	05/15/2022	\$4,444.64
Computer	05/15/2022	\$1,108.12
Computers	6/1/2022	\$925.92
Computers	6/1/2022	\$1,568.83
Computer	06/15/2022	\$147,911.88
Shop Equip	06/15/2022	\$3,981.11
Computers	7/1/2022	\$6,753.84
Shop Equip	7/1/2022	\$10,437.50
Shop Equip	7/1/2022	\$9,650.50
Computer	07/15/2022	\$3,482.79
Computer	7/15/2022	\$1,859.93
Shop Equip	07/15/2022	\$544.63
Shop Equip	07/15/2022	\$856.50
Shop Equip	07/15/2022	\$668.75
Shop Equip	07/15/2022	\$1,380.49
Shop Equip	08/15/2022	\$716.89
Computers	10/1/2022	\$3,100.00
Computers	11/1/2022	\$4,600.00
Computer	11/15/2022	\$2,721.81
Shop Equip	12/15/2022	\$24,063.00
Fixed Asset Software	1/1/2023	7,025.00
Fixed Asset Software	2/1/2023	5,850.00
Fixed Asset Software	3/1/2023	8,400.00
Fixed Asset Computers	3/31/2023	3,955.33
Fixed Asset Computers	5/1/2023	1,291.49
Fixed Asset Computers	5/1/2023	3,602.95
Fixed Asset Software	5/1/2023	1,816.86
Fixed Asset Software	5/1/2023	5,250.00
Fixed Asset - Machinery & Equipment	6/1/2023	7,795.00
Fixed Asset Software	6/1/2023	6,550.00

Fixed Asset Software	6/1/2023	1,514.55
Fixed Asset Software	6/1/2023	3,937.50
Fixed Asset Computers	7/1/2023	1,376.02
Fixed Asset Software	7/1/2023	5,187.50
Fixed Asset Software	8/1/2023	5,812.50
Fixed Asset Computers	9/1/2023	1,907.85
Fixed Asset Software	9/1/2023	3,625.00
Fixed Asset - Machinery & Equipment	10/1/2023	12,500.00
Fixed Asset - Machinery & Equipment	10/1/2023	20,181.00
Fixed Asset Computers	11/1/2023	820.45
Fixed Asset Computers	11/1/2023	4,588.15
Fixed Asset Software	11/1/2023	4,000.00
Fixed Asset Computers	12/1/2023	878.71
Fixed Asset Computers	12/1/2023	1347.01
Fixed Asset Software	12/1/2023	17,750.00
Computer	02/14/2023	\$610.45
Computer	02/14/2023	\$610.44
Computer	02/14/2023	\$2,381.75
Furniture	02/14/2023	\$924.20
Shop Equip	03/15/2023	\$953.76
Computer	04/15/2023	\$570.55
Shop Equip	06/15/2023	\$176,890.00
Computer	07/15/2023	\$1,859.93
Computer	07/15/2023	\$1,955.96
Computer	07/15/2023	\$9,640.70
Shop Equip	07/15/2023	\$3,360.00
Furniture	08/15/2023	\$1,213.99
Furniture	08/15/2023	\$8,046.50
Shop Equip	08/15/2023	\$12,175.00
Computer	09/15/2023	\$3,557.75
Shop Equip	09/15/2023	\$13,440.00
Computer	10/15/2023	\$1,232.75
Computer	10/15/2023	\$1,224.20
Shop Equip	11/15/2023	\$10,080.00
Shop Equip	11/15/2023	\$712.40
Shop Equip	11/15/2023	\$712.40
Building Upgrades, roof insulation, structure, electrical	11/1/2023	\$63,220

Expansion Investment Schedule

OrthoAmerica Holdings, LLC
 2165 Earlywood Drive
 Franklin, IN 46131

*Attachment to Form CF-1 (Compliance with Statement of Benefits):
 Expansion Investment Schedule by Quarter*

	Actual Amount of Investment as of 12/31/21	Proposed Amount of Total Investment by 12/31/21 (From SB-1)	Actual Amount of Investment Added During Year (by Quarter)	Actual Amount of Investment as of 12/31/23	Difference Between Actual and Proposed Amount of Investment		
			3/31/23	6/30/23	9/30/23	12/31/23	
Buildings and Improvements:	\$112,394.32	\$1,800,000	\$-	\$112,394.32	\$-	\$-	\$1,687,605.68
Machinery and Equipment:	\$2,381,147.86	\$3,725,000	\$30,710.93	\$209,218.90	\$73,158.70	\$76,027.07	\$1,343,852.14

Totals:

Sample Job Creation or Retention Schedule

OrthoAmerica Holdings, LLC
 2165 Earlywood Drive
 Franklin, IN 46131

*Attachment to Form CF-1 (Compliance with Statement of Benefits):
 Job Creation Schedule by Quarter*

Actual Number of Employees as of 12/31/21	Proposed Total Number of Employees by 12/31/22 (From SB-1)	Actual Number of Employees Added During Year (by Quarter)	Actual Total Number of Employees as of 12/31/23	Difference Between Actual and Proposed Number of Employees			
		3/31/23	6/30/23	9/30/23	12/31/23		
27	53	5	8	18	12	82	+29