



# CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

## MINUTES

### ECONOMIC DEVELOPMENT COMMISSION

May 14, 2024

#### **Members Present:**

Josh DeArmitt	President
Shawn Taylor	Vice President
Eric Luegers	Secretary
Lee Hodgen	Member
Lisa Jones	Member

#### **Others Present:**

Dana Monson	Community Development Specialist
Ellen Fredbeck-Ramirez	Legal Counsel

#### **Call to Order:**

Josh DeArmitt called the meeting to order at 8:00 a.m.

#### **Roll Call & Determination of a Quorum**

#### **Approval of Minutes**

**April 9, 2024 Meeting Minutes** – Eric Luegers made a motion for approval of the minutes. Lee Hodgen seconded. Passed unanimously, 5-0.

#### **Old Business**

**C 2024-11: G & H Wire** – This is the building owned by Patch and leased by G & H Wire. G & H Wire's representative Michelle Patishall gave an overview and update on the company. In the last year and a half, they have seen a 10% decline in their market. Orthodontia is a deferrable expense. They have sought to balance permanent and temporary employees during the last 12-18 months. Mr. Luegers asked if the projected 116 new employees was still an accurate projection and what was the timeline. Ms. Patishall reported 132 employees and 38 temps currently. Overall it will take them longer to get there. Lee Hodgen sought confirmation that all new equipment was established, and Ms. Patishall affirmed. They have also continued to invest in additional equipment. Mr. DeArmitt asked if there is a path for their temps to become full-time. Ms. Patishall stated that most of their employees start as temps through three months before becoming permanent. They also frequently promote from within.

Mr. Luegers made a motion for finding G & H Wire in compliance. Shawn Taylor seconded. Passed unanimously, 5-0.

**C 2024-02: Legacy Waiver of Non-Compliance** – This is for the building at 81 Forest Road and it is the return center for Target. Target did not request a personal property abatement. In 2022 there was a transitional mixup and their CF1 was filled late. The board did grant a waiver of non-compliance because it was during the turnover time. Last year forms were not filed on time as well, so they requested a waiver of non-compliance again which the board granted. This year form email distribution

went to regular contact Nate Brooks who was no longer on staff, but that had not been communicated to the EDC office so unknown. Legacy called at the end of April to ask if they needed to file a CF1 which was also the first time Legacy informed that the previous contact was no longer in their employ.

Legacy representative Ashley Tonneson explained the history of the first two waivers along with an explanation of what happened this year. They had researched online and found a submittal date of May 15, so in reaching out to Dana Monson on April 25, they thought they were enough ahead of the deadline to submit in a timely fashion. She expressed apologies on behalf of Legacy and offered the assurance that going forward this would not happen again. Mr. Luegers asked if Legacy reached out to Ms. Monson or anyone with the city when Mr. Brooks was let go due to lack of performance, knowing he was the contact for the abatement process. Ms. Tonneson admitted that they did not. She claimed Ms. Monson had two points of contact for Legacy and so did not personally reach out to notify of Mr. Brooks's termination. She apologized. Attorney Ellen Fredbeck-Ramirez pointed out that city staff is not under any obligation to send reminders. It is the sole responsibility of the property owner to accomplish this. Even without a reminder, the expectation is that the forms will be filed on time. Mr. DeArmitt reviewed the city's recommendations. He highlighted that in 2022 they were significantly above on their investment. They were amenable and have been paying the EDC fees. Mr. Taylor asked if there are any other options apart from the removal of this year such as a fine system. Ms. Monson informed that there is not. Mr. DeArmitt asked if Legacy has any other properties in Indiana and if any of them have abatements. Ms. Tonneson responded that they have several additional Indiana properties, none with active abatements. Mr. DeArmitt expressed a willingness for a waiver of non-compliance as the final response to three years of issues. Mr. Taylor was inclined in the other direction due to this being the third time. He expressed the need for Legacy to be proactive. They terminated an individual for not filing the paperwork, so they know it needs to be filed. Lisa Jones conveyed confusion as to why the submittal deadline date was not correct on the website. Ms. Monson explained that May 15 is the county submittal deadline. For the city to meet that deadline, there has to be time for it to come before this board and to the City Council. In all EDC resolutions, it is stated that the CF1's are due 60 days after the first of the year. Mr. Luegers was inclined to agree with Mr. DeArmitt for a waiver of non-compliance with this year being the last. Ms. Jones concurred as well.

Mr. Hodgen made a motion for acceptance of Legacy's request for non-compliance, voiding this year, to be accepted. Mr. DeArmitt clarified that the motion was to be void this year. Mr. Taylor seconded. Mr. Taylor and Mr. Hodgen voted aye. Ms. Jones, Mr. Luegers and Mr. DeArmitt voted nay. Motion failed.

Ms. Jones moved to approve a waiver of non-compliance with a strict warning that Legacy comply going forward. Mr. Luegers seconded. Passed 4-0 with a nay from Mr. Taylor.

**Update for NSK Corp and NSK Precision Wage Numbers** – Ms. Monson summarized that all five NSK abatements are above in investments and significantly above in employment numbers. The explanation was received that their new payroll company submitted employee numbers twice so doubled. They are still well above their estimates across the board. This is a request for commission approval of the amended CF1 reports to reflect the corrected numbers.

Mr. Taylor moved to approve the amended CF1 report for NSK. Mr. Hodgen seconded. Passed unanimously, 5-0.

## **New Business**

**EDC 2024-01: Malarkey Roofing Tax Abatement Request** – Malarkey Roofing located on the West Coast wants to purchase 135 acres on Paul Hand Road and the future Essex Drive. Malarkey will invest a total of approximately \$200,000,000. Real property with land costs will be \$111,000,000 and \$95,000,000 for personal property. They are amenable to both the two and five percent EDC fees. They are working with Franklin on an EDA. Paul Hand Road will require an upgrade towards which Malarkey will give \$2,000,000. They will also build Essex Drive north up to Paul Hand. Malarkey will construct a 350,000-square-foot facility and hire 215 employees with average wages above the average county wage at \$21.00/hour currently.

Malarkey CFO Dave Wachsmuth gave a history and overview of their company. They are the industry leader in high-performing sustainable shingles. Their plants are located in Portland, Oregon, southern California, and Oklahoma City along with another newly opened in Maryland. They have desired to expand into the Midwest. Franklin is a desirable location due to the interstate, the Midwest work ethic, the specifics of the Franklin site, the availability of a rail system, labor development, and business-friendly. There will be three different entrances to the projected development. There will additionally be a 45,000-square-foot storage facility. They will also be set up for bulk raw material unloading with rail and truck. They project to break ground yet this year with product heading out in 2026. They prioritize safety and full-time employees with good benefits including 95% medical and a six percent match for employee's 10% investment contribution. As a company, they are involved in many community efforts and support. Mr. Hodgen commended the very favorable presentation. Mr. Taylor asked about EPA concerns with regard to such a manufacturing facility. Mr. Wachsmuth assured that they will secure all necessary state and local permitting. There is an odor only if one is up close to the plant. Mr. Luegers asked about the sustainability of their current product. Asphalt shingles are 85% of the current industry with efforts being researched industry-wide about recycling the product. Mr. Wachsmuth stated the product to be the easiest to install and cost-effective, so he predicts it will be around for a long time to come. Mr. DeArmitt asked about the type of skilled jobs that would be offered. There would be equipment operators who are often trained on the job along with maintenance needs requiring mechanics and electricians. There are also logistics and QC positions. Ms. Jones asked if there was a timeline to get to the 200 employees. Mr. Wachsmuth explained that it is to be based on two manufacturing lines which they hope to establish in quick succession. Currently the first is to be commissioned in April which would require over half of the 200 to support it. Their hope is the full 200 by early 2027. Ms. Jones followed up with whether they are looking at any other new locations. Mr. Wachsmuth responded with their consideration of the southeast as well.

Mr. DeArmit reviewed that the property is already in an ERA district but findings of fact must be met. Mr. Taylor motioned that findings of fact had been met for both real and personal property. Ms. Jones seconded. Passed unanimously, 5-0. Mr. Taylor moved for a 10-year abatement on both real and personal property with two and five percent EDC fees. Mr. Hodgen seconded. Passed unanimously, 5-0. Ms. Monson identified the final hearing to be Monday at 6pm in Council Chambers.

**EDC Fee Grants Applications** – Ms. Monson reported having received three applications.

**Public Arts Advisory Commission** -- Ken Kosky represented and presented that with receipt of this grant, the monies could be leveraged to receive a total investment of \$180,000 into the community. The project is for the city's third and final alley, the Veterans' Alley. The proposal included patriotic scenes, a metal sculpture of a soldier, and stars and stripes along a brick wall in between each of the windows. Each would be backlit in different colors so visually appealing at night. Ms. Monson explained the opportunity to receive a grant of \$45,000 from READI ONE for an art project. The Indiana Arts Commission has donated an additional \$15,000 towards the match. The second project would be for an intersection art project at the intersection of Jackson and Monroe leading into the amphitheater. It

would beautify this entrance, but studies have also shown that it creates a safer pedestrian experience. With a small investment from EDC, PAAC can again more than double the investment for funding this project as well. PAAC already has some funding for this effort so a smaller amount is needed for accomplishment. It will be a thermoplasty process which is a bit more expensive but lasts for 10 years. Mr. DeArmitt double-checked that the ask was for \$20,000/per project, so \$40,000 total. Mr. Kosky confirmed. Ms. Jones asked what the project timeline was. Mr. Kosky stated the desire to complete them by this fall. Mr. Luegers asked what the shutdown time for the intersection would be. Ms. Monson explained that with the thermoplastic product, two hours after completion, it is drivable. Additionally, they can divide the artwork into two halves, closing down only half the intersection at a time. Ms. Monson confirmed for Mr. Taylor that all other funding for these two projects is secured and in place with only the amount of this grant award needed to complete both.

**Franklin Chamber Foundation** – Rosie Chambers presented their request for \$30-35,000. The first \$30,000 would go to the Capacity Building Grant Program similar to last year. Twelve small businesses would be awarded up to \$2,500/per business for a capacity-building project. The aim is to strengthen the businesses so they can grow and flourish in the community. For any additional funds up to \$5,000, the Chamber Foundation would like to start a crisis fund for any struggling businesses due to catastrophic health or building crises. Funds would be overseen by EDC but housed at Franklin Chamber Foundation. Ms. Jones asked Ms. Chambers to speak to how last year's effort went. She reported awarding 13 businesses a \$2-2,500 grant and how impactful it was. Mr. DeArmitt clarified that awarded businesses must be 10 employees or less and that they need not be a member of the Chamber though they do need to be located in the city of Franklin. There is an application process awarding points in several categories. Twenty-eight applications were received last year with only 13 awarded. Mr. Luegers added that the process due diligence is in place and the day of awards was a highlight. Ms. Monson added that EDC funds are required by the state to go to non-profits only. Mr. DeArmitt asked what the process is to determine a business crisis, and if there are none, would the \$5,000 be required to be returned? Ms. Chambers explained that there would be an application with a review of financial statements and that the EDC would be involved. The Foundation could hold the funds for a future time of need. Attorney Ramirez asked if the EDC is required to expend a certain amount of funding annually. Ms. Monson affirmed that EDC is required to do so. Attorney Ramirez advised that a clawback would not be feasible as that would go against that requirement. Ms. Chambers added the possibility that if crisis funding was not expended by year end it could be used for additional grants. Ms. Jones disclosed that she is a member of the Chamber board. Ms. Chambers identified that Mr. Luegers is as well.

**Franklin Heritage** – George Chimples, director of development and film, presented their application for assistance with their strategic planning process. He gave a quick overview of Franklin Heritage. The wish is to expand Artcraft's operation and complete the renovation of the theater itself. They function with a historic preservation arm, a historic theater, and a salvage operation with Madison Street Salvage. The precise economic impact the Artcraft has on Franklin cannot be quantified at this time. Full restoration of the Artcraft is estimated to be a \$5-10,000,000 project which cannot be accomplished without a five-year strategic plan to jumpstart and guide the process. They will also need a theater architect engaged in the process. Ms. Jones asked if they have the funds in full outside of this grant amount at this time. Mr. Chimples assured FHI would still be raising funds and planned to apply for the JCCF capacity building grant. Without either grant, fundraising would be accomplished but would lengthen the process. Their total is identified at \$55,000 with \$20,000 from EDC. Mr. Luegers asked if they had been able to secure a partner to help with this effort. Mr. Chimples reported that they are meeting with candidates at this time.

Ms. Monson added that this year's total is \$90,257.79, the most ever. They are based on the savings a company has for the year. Mr. Luegers identified this year's ask total to be \$95,000. Mr. DeArmitt's

initial thought was full funding for PAAC, \$30,000 for the Chamber, and the balance to the Artcraft. Mr. Taylor agreed. Mr. Hodgen and Ms. Jones additionally concurred.

Mr. Luegers made a motion to approve the full PAAC grant, the Chamber's \$30,000 without the crisis fund dollars, and the balance awarded to FHI. Mr. Taylor seconded. Passed unanimously, 5-0.

Mayor Steve Barnett enthused over a new company coming to town and the EDC fees being able to be awarded due to just such companies. He also added the news of the two roundabouts coming yet this year. He commended the EDC for their operation. Mr. DeArmitt expressed his appreciation for how the EDC funds and projects have grown since his appointment to the commission in 2014.

**Adjournment**

There being no further business, a motion for adjournment was made by Ms. Jones with a second from Mr. Luegers. It passed unanimously, 5-0.

Respectfully submitted this 11th day of June 2024,

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Joshua DeArmitt, President

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Eric Leugers, Secretary