

**RESOLUTION NO. 2018-07**

**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 REAL AND PERSONAL PROPERTY TAX ABATEMENT**

**WHEREAS**, a petition for real and 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

6411 Northwind Parkway

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**, ITR America, LLC

has a vested property interest in the real estate commonly known as

6411 Northwind Parkway, and

**WHEREAS**, ITR America, LLC

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

**PROJECT:**

(Describe Real Property Improvements):

90,000 SF Pre-Cast concrete industrial building, 28 ft. clear, paved parking, loading & drives.  
Estimated cost is \$5,500,000

(Describe Personal Property Improvements):

New manufacturing equipment to be used in assembly of track frames estimated to cost \$539,820

**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 real and personal property tax abatement and the Statement of Benefits Forms, one for Real Property abatement, and the second for Personal Property abatement (see Exhibit "B" attached hereto) completed by the petitioner meet the requirements of Indiana Code 6-1.1-12.1-1 et seq. and qualify 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 value of the development is reasonable for projects of this nature.
- b. That the estimate of the cost of the new manufacturing equipment is reasonable for equipment of that type.
- c. 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 redevelopment or rehabilitation and installation of the proposed equipment.
- d. 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 redevelopment or rehabilitation and installation of the proposed equipment.
- e. That the other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed described redevelopment or rehabilitation and installation of the proposed equipment.
- f. 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 reasonably be expected to result from the rehabilitation or redevelopment and installation of the proposed equipment.

**Section 3:** The Common Council of the City of Hobart hereby determines and finds that the proposed development and installation of equipment can reasonably be 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 16, 2018 of the proposed 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 real and personal property tax abatement.

**Section 5:** The Common Council of the City of Hobart determines that such designation is for real property tax abatement for projects to be initiated within twelve (12) months from the date of the adoption of a resolution confirming this resolution by the Common Council, and completed within twenty-four (24) months from the date of this adoption; and for personal property tax abatement for the proposed equipment to begin to be installed within twenty-one (21) months from the date of the adoption of a resolution confirming this resolution by the Common Council, and completed within twenty-seven (27) 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 real property. Such deduction shall be as follows:

*Year One: 100%, Year Two: 95%, Year Three 80%, Year Four 65%, Year Five 50%, Year Six 40%, Year Seven 30%, Year Eight 20%, Year Nine 10%, and Year Ten 5 %.*

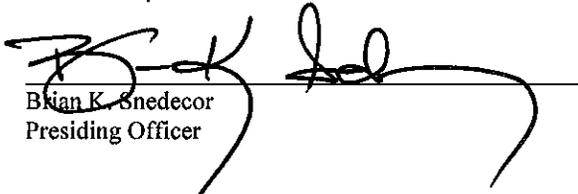
**Section 7:** The Common Council of the City of Hobart hereby determines that the property owner is qualified and is granted property tax deduction for a period of ten (10) years for the proposed equipment. Such deduction shall be as follows:

*Year One: 100%, Year Two: 90%, Year Three 80%, Year Four 70%, Year Five 60%, Year Six 50%, Year Seven 40%, Year Eight 30%, Year Nine 20%, and Year Ten 10 %.*

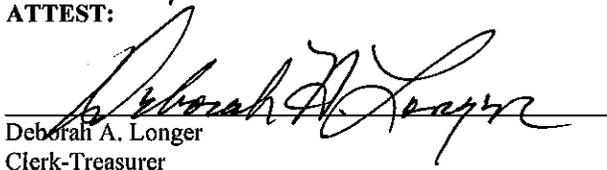
**Section 8:** The Common Council of the City of Hobart directs the Clerk to cause notice of the adoption and substance of this Resolution for real and personal property tax abatement to be published in accordance with IC 5-3-1, as amended, said publication providing notice of the public hearing before 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 9:** This resolution shall be in full force and effect from and after its adoption by the Common Council.

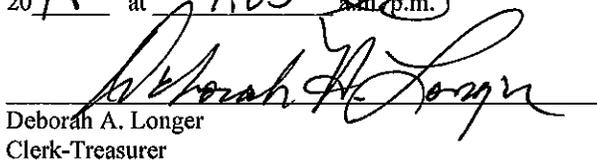
**PASSED AND ADOPTED** by the Common Council of the City of Hobart, Lake County, Indiana on the 4<sup>th</sup> day of APRIL, 2018, by a vote of 7 in favor and 0 opposed.

  
\_\_\_\_\_  
Brian K. Snedecor  
Presiding Officer

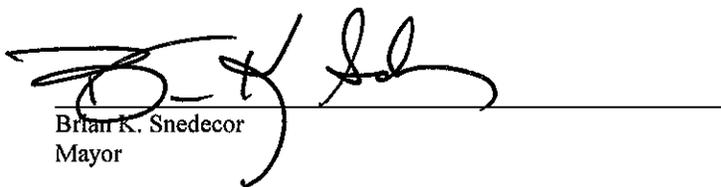
**ATTEST:**

  
\_\_\_\_\_  
Deborah A. Longer  
Clerk-Treasurer

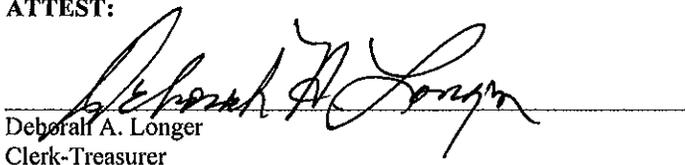
**PRESENTED** by me to Mayor of the City of Hobart, Indiana, on the 4<sup>th</sup> day of April, 2018 at 7:05 am p.m.

  
\_\_\_\_\_  
Deborah A. Longer  
Clerk-Treasurer

**APPROVED, SIGNED AND RETURNED** by me to the Common Council of the City of Hobart, Lake County, Indiana this 4<sup>th</sup> day of April, 2018.

  
\_\_\_\_\_  
Brian K. Snedecor  
Mayor

**ATTEST:**

  
\_\_\_\_\_  
Deborah A. Longer  
Clerk-Treasurer

## Exhibit "A"

### Legal Description

Lot 3B in Replat #1 of North Wind Crossings – Unit Two, an Addition to the City of Hobart, Lake County, Indiana, as per plat thereof, recorded in Plat Book 105, page 73 in the Office of the Recorder of Lake County, Indiana.

(The lot is approximately 8.095 Acres; common address is 6411 NorthWind Parkway.)

# Exhibit "B"



## STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51767 (R6 / 10-14)

Prescribed by the Department of Local Government Finance

20 <u>18</u> PAY 20 <u>19</u>
<b>FORM SB-1 / Real Property</b>
<b>PRIVACY NOTICE</b>
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.

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)  
 Residentially distressed area (IC 6-1.1-12.1-4.1)

**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** the redevelopment or rehabilitation of real property 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 initiation of the redevelopment or rehabilitation for which the person desires to claim a deduction.
3. To obtain a deduction, a Form 322/RE must be filed with the County Auditor before May 10 in the year in which the addition to assessed valuation is made or not later than thirty (30) days after the assessment notice is mailed to the property owner if it was mailed after April 10. A property owner who failed to file a deduction application within the prescribed deadline may file an application between March 1 and May 10 of a subsequent year.
4. A property owner who files for the deduction must provide the County Auditor and designating body with a Form CF-1/Real Property. The Form CF-1/Real Property should be attached to the Form 322/RE when the deduction is first claimed and then updated annually for each year the deduction is applicable. IC 6-1.1-12.1-5.1(b)
5. For a Form SB-1/Real Property 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/Real Property 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

\*Construction Jobs

SECTION 1 TAXPAYER INFORMATION					
Name of taxpayer <b>ITR America, LLC</b>					
Address of taxpayer (number and street, city, state, and ZIP code) <b>6301 NorthWind Parkway, Hobart, IN 46342</b>					
Name of contact person <b>Chris Gilleo, CFO</b>		Telephone number <b>(601) 760-7002</b>		E-mail address <b>gilleochris@itrna.com</b>	
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT					
Name of designating body <b>Hobart Common Council</b>				Resolution number <b>2018-08</b>	
Location of property <b>6411 NorthWind Parkway</b>		County <b>Lake</b>			
90,000 s.f. Industrial building to be owned by ITR North America. Pre-Cast concrete construction, 28' clear, paved parking, loading and drives. ITR is a manufacturer and distributor of components related to the construction equipment industry that are supplied to OEM's and Dealers for use on earthmoving equipment.				Estimated start date (month, day, year) <b>June of 2018</b>	
				Estimated completion date (month, day, year) <b>January of 2019</b>	
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT					
Current number <b>0</b>	Salaries <b>\$0</b>	Number retained <b>*55</b>	Salaries <b>\$2,200,000</b>	Number additional <b>8</b>	Salaries <b>\$409,050</b>
SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT					
			REAL ESTATE IMPROVEMENTS		
			COST	ASSESSED VALUE	
Current values			-	-	
Plus estimated values of proposed project			<b>\$5,500,000</b>	<b>\$4,675,000</b>	
Less values of any property being replaced			-	-	
Net estimated values upon completion of project			<b>\$5,500,000</b>	<b>\$4,675,000</b>	
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER					
Estimated solid waste converted (pounds) _____			Estimated hazardous waste converted (pounds) _____		
Other benefits  Preferential treatment will be given to local sub-contractors with competitive bids. Union labor will continue to be utilized on this project.  See attached pages <u>3</u> and <u>4</u> for additional other benefits.					
SECTION 6 TAXPAYER CERTIFICATION					
I hereby certify that the representations in this statement are true.					
Signature of authorized representative 				Date signed (month, day, year) <b>03-23-2018</b>	
Printed name of authorized representative <b>Christopher J. Gilleo</b>			Title <b>CFO</b>		

# Exhibit "B"

## FOR USE OF THE DESIGNATING BODY

We find that the applicant meets the general standards in the resolution adopted or to be adopted by this body. Said resolution, passed or to be 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

C. The amount of the deduction applicable is limited to \$ \_\_\_\_\_.

D. Other limitations or conditions (specify) Traditional ten year deduction schedule

E. Number of years allowed:  Year 1  Year 2  Year 3  Year 4  Year 5 (\* see below)  
 Year 6  Year 7  Year 8  Year 9  Year 10

F. 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 1 section 6 of resolution 2018-07  
 If no, the designating body is required to establish an abatement schedule before the deduction can be determined.

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 (signature and title of authorized member of designating body) 	Telephone number <u>219 942-1940</u>	Date signed (month, day, year) <u>4/4/2018</u>
Printed name of authorized member of designating body <u>PERRY HERZOG, President</u>	Name of designating body <u>Common Council</u>	
Attested by (signature and title of attester) 	Printed name of attester <u>DEBORAH A. LONGGER, Clerk-Treas.</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.

- A. For residentially distressed areas where the Form SB-1/Real Property was approved prior to July 1, 2013, the deductions established in IC 6-1.1-12.1-4.1 remain in effect. The deduction period may not exceed five (5) years. For a Form SB-1/Real Property that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. The deduction period may not exceed ten (10) years. (See IC 6-1.1-12.1-17 below.)
- B. For the redevelopment or rehabilitation of real property where the Form SB-1/Real Property was approved prior to July 1, 2013, the abatement schedule approved by the designating body remains in effect. For a Form SB-1/Real Property that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. (See IC 6-1.1-12.1-17 below.)

**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.

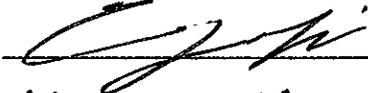
(b) This subsection applies to a statement of benefits approved after June 30, 2013. A designating body shall establish an abatement schedule for each deduction allowed under this chapter. An abatement schedule must specify the percentage amount of the deduction for each year of the deduction. An abatement 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.

## Exhibit "B"

Other Benefits Promised - Section 5 (continued)

Applicant: ITR America, LLC

Signed: 

Real Property

Date: 03-23-2018

For this abatement request, Applicant agrees to pay a sum of no more than \$750 per year, for each year in which the abatement is in effect, at such time the City is required to comply with certain tax abatement transparency reporting requirements required by the State government, Federal government, or other applicable regulatory organization or agency. This payment will be paid for all applicable remaining years of abatement that require such reporting in one lump sum upon invoice by the City of Hobart.

Applicant will provide reasonable advanced notice to the City of Hobart relating to any tax appeal on this property. If an appeal is filed, a copy of such appeal will be provided to the City of Hobart.

Applicant agrees to refrain from filing any property tax appeal for any year during the abatement deduction period, which would have the effect of reducing the net real estate property taxes payable for the subject property for that year as stated in the following table below, provided that, the assessed value of the real property improvements reaches \$4,675,000. In the event that the assessed value of the real property improvements is less than \$4,675,000 the amount indicated in the table below for that year will be reduced by the percentage by which the actual valuation is less than \$4,675,000, so that the net taxes to be paid under this no appeal agreement, is reduced proportionately.

**Exhibit "B"**

Taxes Payable Year                      Property Taxes to be paid on the Proposed Real Property Investment  
(as per the 3 -27 -2018 Umbaugh Analysis)

<u>2021</u>	<u>\$0</u>
<u>2022</u>	<u>\$6,060</u>
<u>2023</u>	<u>\$24,230</u>
<u>2024</u>	<u>\$42,410</u>
<u>2025</u>	<u>\$60,580</u>
<u>2026</u>	<u>\$72,700</u>
<u>2027</u>	<u>\$84,820</u>
<u>2028</u>	<u>\$96,930</u>
<u>2029</u>	<u>\$109,050</u>
<u>2030</u>	<u>\$115,110</u>

If needed, Applicant agrees to execute on an annual basis a Reimbursement Agreement, which shall require payment for services engaged by the City in order to review compliance with the minimum tax payments promised as noted above.



**STATEMENT OF BENEFITS  
PERSONAL PROPERTY**

State Form 51764 (R4 / 11-15)

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 January 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 January 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 <b>ITR America, LLC</b>	Name of contact person <b>Chris Gilleo, CFO</b> <b>gilleochris@itrna.com</b>
Address of taxpayer (number and street, city, state, and ZIP code) <b>6301 NorthWind Parkway, Hobart, IN 46342</b>	
Telephone number <b>( 601 ) 760-7002</b>	

SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT				
Name of designating body <b>Hobart Common Council</b>		Resolution number (s) <b>2018-08</b>		
Location of property <b>6411 Northwind Parkway</b>		County <b>Lake</b>	DLGF taxing district number <b>43</b>	
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.) <b>See attached list of new manufacturing equipment totaling: \$539,820.</b>  <b>(Ex "C" to Resolution 2018- 07 )</b>		ESTIMATED		
		START DATE	COMPLETION DATE	
		Manufacturing Equipment	March 2019	Dec 2019
		R & D Equipment		
		Logist Dist Equipment		
		IT Equipment		

SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT					
Current number <b>0</b>	Salaries <b>\$0</b>	Number retained <b>*55</b>	Salaries <b>\$2,200,000</b>	Number additional <b>8</b>	Salaries <b>\$409,050</b>

SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT									
<b>NOTE:</b> 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	\$181,145	\$83,696							
Plus estimated values of proposed project	\$539,820	\$215,928							
Less values of any property being replaced									
Net estimated values upon completion of project	\$720,965	\$299,624							

SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER	
Estimated solid waste converted (pounds) _____	Estimated hazardous waste converted (pounds) _____
Other benefits:  <b>See pages 7 and 8 for other benefits.</b>	

SECTION 6 TAXPAYER CERTIFICATION	
I hereby certify that the representations in this statement are true.	
Signature of authorized representative 	Date signed (month, day, year) <b>03-23-2018</b>
Printed name of authorized representative <b>Christopher J. Gilleo</b>	Title <b>CFO</b>

\*Construction Jobs

## Exhibit "B"

### 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 6-1.1-12.1-2.6, 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 N/A calendar years \* (see below). The date this designation expires is N/A. *NOTE: This question addresses whether the resolution contains an expiration date for the designated area.*

B. The type of deduction that is allowed in the designated area is limited to:

1. Installation of new manufacturing equipment;	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Enhanced Abatement per IC 6-1.1-12.1-18
2. Installation of new research and development equipment;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<i>Check box if an enhanced abatement was approved for one or more of these types.</i>
3. Installation of new logistical distribution equipment.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
4. Installation of new information technology equipment;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

C. The amount of deduction applicable to new manufacturing equipment is limited to \$ \$539,820 cost with an assessed value of \$ \_\_\_\_\_ (One or both lines may be filled out to establish a limit, if desired.)

D. The amount of deduction applicable to new research and development equipment is limited to \$ \_\_\_\_\_ cost with an assessed value of \$ \_\_\_\_\_ (One or both lines may be filled out to establish a limit, if desired.)

E. The amount of deduction applicable to new logistical distribution equipment is limited to \$ \_\_\_\_\_ cost with an assessed value of \$ \_\_\_\_\_ (One or both lines may be filled out to establish a limit, if desired.)

F. The amount of deduction applicable to new information technology equipment is limited to \$ \_\_\_\_\_ cost with an assessed value of \$ \_\_\_\_\_ (One or both lines may be filled out to establish a limit, if desired.)

G. Other limitations or conditions (specify) \_\_\_\_\_

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:

<input checked="" type="checkbox"/> Year 1	<input checked="" type="checkbox"/> Year 2	<input checked="" type="checkbox"/> Year 3	<input checked="" type="checkbox"/> Year 4	<input checked="" type="checkbox"/> Year 5	<input type="checkbox"/> Enhanced Abatement per IC 6-1.1-12.1-18
<input checked="" type="checkbox"/> Year 6	<input checked="" type="checkbox"/> Year 7	<input checked="" type="checkbox"/> Year 8	<input checked="" type="checkbox"/> Year 9	<input checked="" type="checkbox"/> Year 10	Number of years approved: _____
					<i>(Enter one to twenty (1-20) years; may not exceed twenty (20) years.)</i>

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 section 7 of Resolution 2018- 67  
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 ( )	Date signed (month, day, year)
Printed name of authorized member of designating body	Name of designating body	
Attested by: (signature and title of attester)	Printed name of attester	

\* 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.

# Exhibit "B"

## Exhibit B

### Other Benefits Promised - Section 5 (continued)

Applicant: ITR America, LLC

Signed: 

Personal Property

Date: 03-23-2018

For this abatement request, Applicant agrees to pay a sum of no more than \$750 per year, for each year in which the abatement is in effect, at such time the City is required to comply with certain tax abatement transparency reporting requirements required by the State government, Federal government, or other applicable regulatory organization or agency. This payment will be paid for all applicable remaining years of abatement that require such reporting in one lump sum upon invoice by the City of Hobart.

Applicant will provide reasonable advanced notice to the City of Hobart relating to any material changes in the reporting of the acquisitions cost, acquisition year, depreciation classification or other characteristic of the existing and proposed personal property investment that may affect the net assessed value of personal property, including a filing of an amended personal property tax return. If any of the described changes are made, a copy of the personal property assessment forms and description of such changes will be provided to the City of Hobart.

Applicant agrees to refrain from materially reducing the reported acquisition cost, acquisition year or depreciation pool (currently assumed to be Pool # 203 as per 3 - 27 - 2018 Umbaugh analysis attached to this Exhibit as pages 9 - 15) for the new equipment for any year during the abatement deduction period which would have the effect of reducing the net personal property taxes payable for the new manufacturing equipment for that year as stated in the following table below, provided that the acquisition cost of the personal property is greater than or equal to \$539,820. In the event that the acquisition cost of the proposed personal property investment is less than \$539,820, the amount indicated in the table below for that year will be reduced by the percentage by which the actual acquisition cost is less than \$539,820, so that the net taxes to be paid under this agreement is reduced proportionately.

## Exhibit "B"

Taxes Payable Year                      Property Taxes to be paid on the Proposed Personal Property Investment  
(as per 3 -27-2018 Umbaugh analysis)

<u>2021</u>	<u>\$0</u>
<u>2022</u>	<u>\$0</u>
<u>2023</u>	<u>\$0</u>
<u>2024</u>	<u>\$0</u>
<u>2025</u>	<u>\$0</u>
<u>2026</u>	<u>\$850</u>
<u>2027</u>	<u>\$1,760</u>
<u>2028</u>	<u>\$2,560</u>
<u>2029</u>	<u>\$3,230</u>
<u>2030</u>	<u>\$3,790</u>

If needed, Applicant agrees to execute on an annual basis a Reimbursement Agreement, which shall require payment for services engaged by the City in order to review compliance with the minimum tax payments promised as noted above. This Reimbursement Agreement and its estimated payment is only required if the \$1,500 fee (or other fee amount established for this same purpose) collected as required by Ordinance 2017-32 is insufficient to have the compliance review performed by the City's financial consultant.

**Hobart - ITR Abatement Calculation**

Matt Eckerle [eckerle@umbaugh.com]

**Sent:** Tuesday, March 27, 2018 9:01 AM

**To:** Denarie Kane

**Cc:** Beth Jacobson; Isaac D. Bales [bales@umbaugh.com]

**Attachments:** ITR Abate Calc 032718.pdf (42 KB) ; ITR Ltr 032718.pdf (33 KB)

Good Morning, Denarie,

Attached please find the abatement estimate you requested for the first phase of the proposed ITR America project.

I do want to note that the personal property calculation on page 5 includes only the assessed value for the proposed project, though it does account for the effect of the existing personal property investment on the True Tax Value of the proposed project. The acquisition cost and depreciation status of the existing investment is what causes the calculated abatement value for the proposed investment that results in no added assessed value from the proposed investment during the first five years of the proposed abatement.

Please let me know if you have any questions.

Thanks,  
Matt



**Matt Eckerle**

Principal

H.J. Umbaugh & Associates  
Certified Public Accountants, LLP  
8365 Keystone Crossing, Suite 300  
Indianapolis, IN 46240-2687

317-465-1520  
eckerle@umbaugh.com  
www.umbaugh.com

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March 27, 2018

Ms. Denarie Kane, Director of Development  
City of Hobart  
414 Main Street  
Hobart, Indiana 46324

Re: Proposed Property Tax Abatement Estimated Savings Calculation – ITR America, LLC

Dear Ms. Kane:

The attached schedules (listed below) present unaudited and limited information for the purpose of discussion and consideration in the preliminary planning stage of the proposed property tax abatement by the appropriate officers, officials and advisors of the City of Hobart. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

<u>Page</u>	
2	Assumptions
3	Estimated Annual Combined Property Tax Abatement Savings
4	Estimated Property Tax Liability for the Proposed Investment in Real Property
5	Estimated Property Tax Liability for the Proposed Investment in Personal Property

We would appreciate your questions or comments on this information and would provide additional information upon request.

Very truly yours,

UMBAUGH



Matthew R. Eckerle

*ITR America*

**ASSUMPTIONS**

*The following investment assumptions are based on information provided by company representatives.*

	<u>Estimated Cost</u>
<b>Real Property:</b>	
New Building Construction (2)	
- First assessed January 1, 2020 for taxes payable in 2021	\$5,500,000
<b>Depreciable Personal Property:</b>	
Existing Facility (3)	
- January 1, 2017 assessment taxes payable 2018	1,545,032
Proposed Investment (1)	
Pool #2 (4)	
- First assessed January 1, 2020 for taxes payable in 2021	116,000
Pool #3 (4)	
- First assessed January 1, 2020 for taxes payable in 2021	<u>423,820</u>
Subtotal	<u>539,820</u>
<b>Total Investment</b>	<b><u><u>\$7,584,852</u></u></b>

- (1) Per the Lake County Auditor's office.
- (2) Per investment information provided by ITR America LLC.
- (3) Per the Indiana Business Tangible Personal Property Assessment Return completed by ITR America, LLC for January 1, 2017 taxes payable 2018.
- (4) Based on information provided by the Company, it has been assumed that the equipment will be purchased as new and be depreciated in Pool # 2 (5-8 year useful life) or Pool # 3 (9-12 year useful life) respectively, for property tax purposes. Once installed, the Company may report the depreciation in a different pool, which may have a material effect on the resulting tax increment calculations. No assumption has been made for future equipment retirement/replacement.

<b>Property Tax Rates</b>	
Certified Pay 2018 Tax Rate	
- Hobart Corp.-Ross Twp. Taxing district	\$2.9791

Note: Indiana Code 6-1.1-20.6 provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property (the "Circuit Breaker Tax Credit"). For commercial and industrial property, the Circuit Breaker Tax Credit reduces a taxpayer's tax liability to 3% of their property's gross assessed value. The Indiana property tax caps, in combination with other potential future changes, such as increases in budgets and tax rates of overlapping taxing units, a loss of a major taxpayer, the adoption of local option income tax for property tax relief purposes, or future changes in Indiana property tax law and regulations, could affect the actual assessed value of the proposed development and the applicable property tax rates, and cause the actual property tax liability to differ significantly from the estimates shown in these schedules.

(Subject to the attached letter dated March 27, 2018)  
(Preliminary - Subject to Change)  
(For Internal Use Only)

**EXHIBIT "B" page 12 of 15**

**CITY OF HOBART, INDIANA**

*ITR America*

**ESTIMATED ANNUAL COMBINED PROPERTY TAX ABATEMENT SAVINGS**

*Assumes 10-year property tax abatements*

Taxes Payable Year	Estimated Net Assessed Value of the Proposed Investment (1)		Net Tax Rate (2)	Estimated Property Tax Liability						Estimated Abatement Savings
	With Proposed Abatement	Without Proposed Abatement		With Proposed Abatement			Without Proposed Abatement			
				Gross Taxes	Circuit Breaker Tax Credit (3)	Net Taxes	Gross Taxes	Circuit Breaker Tax Credit (3)	Net Taxes	
2021	\$0	\$4,836,946	2.5918	\$0	\$0	\$0	\$125,370	\$0	\$125,370	\$125,370
2022	233,750	4,836,946	2.5918	6,060	0	6,060	125,370	0	125,370	119,310
2023	935,000	4,836,946	2.5918	24,230	0	24,230	125,370	0	125,370	101,140
2024	1,636,250	4,836,946	2.5918	42,410	0	42,410	125,370	0	125,370	82,960
2025	2,337,500	4,836,946	2.5918	60,580	0	60,580	125,370	0	125,370	64,790
2026	2,837,974	4,836,946	2.5918	73,550	0	73,550	125,370	0	125,370	51,820
2027	3,340,394	4,836,946	2.5918	86,580	0	86,580	125,370	0	125,370	38,790
2028	3,838,859	4,836,946	2.5918	99,490	0	99,490	125,370	0	125,370	25,880
2029	4,332,295	4,836,946	2.5918	112,280	0	112,280	125,370	0	125,370	13,090
2030	4,587,382	4,836,946	2.5918	118,900	0	118,900	125,370	0	125,370	6,470
<b>Totals</b>				<b>\$624,080</b>	<b>\$0</b>	<b>\$624,080</b>	<b>\$1,253,700</b>	<b>\$0</b>	<b>\$1,253,700</b>	<b>\$629,620</b>

(1) See pages 4 and 5.

(2) Represents the certified pay 2018 tax rate for the Hobart Corp.-Ross Twp. taxing district. Accounts for the application of the pay 2018 LIT PTRC of 13.001%.

(3) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for an industrial parcel, is applied.

(Subject to the attached letter dated March 27, 2018)  
(Preliminary - Subject to Change)  
(For Internal Use Only)

**EXHIBIT "B" page 13 of 15**

**CITY OF HOBART, INDIANA**

*ITR America*

**ESTIMATED PROPERTY TAX LIABILITY FOR THE PROPOSED INVESTMENT IN REAL PROPERTY**  
*Assumes a 10-year real property tax abatement*

Taxes Payable Year	Estimated Net Assessed Value of the Proposed Investment (1)			Estimated Property Tax Liability						Estimated Abatement Savings
	With Proposed Abatement (2)	Without Proposed Abatement	Net Tax Rate (3)	With Proposed Abatement			Without Proposed Abatement			
				Gross Taxes	Circuit Breaker Tax Credit (4)	Net Taxes	Gross Taxes	Circuit Breaker Tax Credit (4)	Net Taxes	
2021	\$0	\$4,675,000	2.5918	\$0	\$0	\$0	\$121,170	\$0	\$121,170	\$121,170
2022	233,750	4,675,000	2.5918	6,060	0	6,060	121,170	0	121,170	115,110
2023	935,000	4,675,000	2.5918	24,230	0	24,230	121,170	0	121,170	96,940
2024	1,636,250	4,675,000	2.5918	42,410	0	42,410	121,170	0	121,170	78,760
2025	2,337,500	4,675,000	2.5918	60,580	0	60,580	121,170	0	121,170	60,590
2026	2,805,000	4,675,000	2.5918	72,700	0	72,700	121,170	0	121,170	48,470
2027	3,272,500	4,675,000	2.5918	84,820	0	84,820	121,170	0	121,170	36,350
2028	3,740,000	4,675,000	2.5918	96,930	0	96,930	121,170	0	121,170	24,240
2029	4,207,500	4,675,000	2.5918	109,050	0	109,050	121,170	0	121,170	12,120
2030	4,441,250	4,675,000	2.5918	115,110	0	115,110	121,170	0	121,170	6,060
<b>Totals</b>				<b>\$611,890</b>	<b>\$0</b>	<b>\$611,890</b>	<b>\$1,211,700</b>	<b>\$0</b>	<b>\$1,211,700</b>	<b>\$599,810</b>

- (1) Per the assessment estimate provided by the Company in its Statement of Benefits Real Estate Improvements. The actual assessed value will be determined by the Lake County Assessor upon completion, and the actual value may vary materially from the value assumed in this illustration.
- (2) Assumes a 10-year real property tax abatement with the following deduction percentages: 100%, 95%, 80%, 65%, 50%, 40%, 30%, 20%, 10%, and 5%.
- (3) Represents the certified pay 2018 tax rate for the Hobart Corp.-Ross Twp. taxing district. Accounts for the application of the pay 2018 LIT PTRC of 13.001%.
- (4) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for an industrial parcel, is applied.

(Subject to the attached letter dated March 27, 2018)  
(Preliminary - Subject to Change)  
(For Internal Use Only)

**EXHIBIT "B" page 14 of 15**

**CITY OF HOBART, INDIANA**

*ITR America*

**ESTIMATED PROPERTY TAX LIABILITY FOR THE PROPOSED INVESTMENT IN PERSONAL PROPERTY**

*Assumes a 10-year personal property tax abatement*

Taxes Payable Year	Estimated Net Assessed Value of the Proposed Investment (1)			Estimated Property Tax Liability						Estimated Abatement Savings
	With Proposed Abatement (2)	Without Proposed Abatement	Net Tax Rate (3)	With Proposed Abatement			Without Proposed Abatement			
				Gross Taxes	Circuit Breaker Tax Credit (4)	Net Taxes	Gross Taxes	Circuit Breaker Tax Credit (4)	Net Taxes	
2021	\$0	\$161,946	2.5918	\$0	\$0	\$0	\$4,200	\$0	\$4,200	\$4,200
2022	0	161,946	2.5918	0	0	0	4,200	0	4,200	4,200
2023	0	161,946	2.5918	0	0	0	4,200	0	4,200	4,200
2024	0	161,946	2.5918	0	0	0	4,200	0	4,200	4,200
2025	0	161,946	2.5918	0	0	0	4,200	0	4,200	4,200
2026	32,974	161,946	2.5918	850	0	850	4,200	0	4,200	3,350
2027	67,894	161,946	2.5918	1,760	0	1,760	4,200	0	4,200	2,440
2028	98,859	161,946	2.5918	2,560	0	2,560	4,200	0	4,200	1,640
2029	124,795	161,946	2.5918	3,230	0	3,230	4,200	0	4,200	970
2030	146,132	161,946	2.5918	3,790	0	3,790	4,200	0	4,200	410
<b>Totals</b>				<b>\$12,190</b>	<b>\$0</b>	<b>\$12,190</b>	<b>\$42,000</b>	<b>\$0</b>	<b>\$42,000</b>	<b>\$29,810</b>

- (1) Represents the estimated net assessed value of the proposed personal property investment only. Accounts for the impact of the acquisition cost and depreciation status of the existing personal property on the estimated true tax value of the proposed investment.
- (2) Assumes a 10-year personal property tax abatement with the following deduction percentages: 100%, 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20%, and 10%.
- (3) Represents the certified pay 2018 tax rate for the Hobart Corp.-Ross Twp. taxing district. Accounts for the application of the pay 2018 LIT PTRC of 13.001%.
- (4) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for an Industrial parcel, is applied.

(Subject to the attached letter dated March 27, 2018)  
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H. J. Umbaugh & Associates  
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8365 Keystone Crossing  
Suite 300  
Indianapolis, IN 46240-2687  
Phone: 317-465-1500  
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www.umbaugh.com

March 27, 2018

Ms. Denarie Kane, Director of Development  
City of Hobart  
414 Main Street  
Hobart, IN 46342

Re: Property Tax Abatement – ITR America Project

Dear Denarie

Per your request, the purpose of this letter is to comment on whether the proposed abatements on real and depreciable personal property for the proposed ITR America project will have a negative impact on the TIF revenues available to meet debt service obligations on the outstanding bonds of the Hobart Redevelopment Commission.

When the outstanding bonds of the Commission were issued, there was no expectation or anticipation of receiving TIF revenue from this proposed project. Further, based on current law, captured assessed valuation (TIF) and effective tax rates, we estimate that there is currently an adequate TIF revenue stream to meet debt service obligations on the outstanding bonds of the Hobart Redevelopment Commission.

Therefore, we do not find a negative impact on the TIF revenue stream available to meet current debt service obligations, and assuming the requested abatement meets other relevant criteria of the City of Hobart, determine that the City can make a favorable recommendation for approval.

Please contact us if there are any questions or if further information would be helpful.

Very truly yours,

UMBAUGH



Matthew R. Eckerle

MRE/mre

Estimated In Service Date	Updated In Service Date	Manufacturing Equipment	Actual Cost	Estimated Cost
12/31/2019		Roller Bed (JD + Frames)		17,500
12/31/2019		Track Winder		20,000
12/31/2019		Track Torque Machine		37,000
12/31/2019		Track In-Line Washer		14,500
12/31/2019		Dip Tank (Yellow)		50,000
12/31/2019		Overhead Crane System - 10 Metric Tons		60,000
12/31/2019		Rails and Carts		25,000
12/31/2019		Torque machine for Frames		34,058
12/31/2019		Arm for T.M.		25,506
12/31/2019		Structure for TM		26,256
12/31/2019		Racks		25,000
12/31/2019		Steel Tables / Tools		20,000
12/31/2019		Hoists for Frame Line		58,000
12/31/2019		Air Compressor		11,000
12/31/2019		Electric Stand Up FL		22,000
12/31/2019		Forklift 1 - 6,500 lbs.		27,000
12/31/2019		Forklift - 15,500 lbs.		67,000
				539,820

EXHIBIT 'C'

March 16, 2018