

COMMON COUNCIL OF THE CITY OF HOBART, INDIANA

Resolution No. 2018-10

A Resolution to Correct and Amend Resolution No. 2013-07 with Respect to the Grant of Personal Property Tax Abatement for Hanson Logistics

WHEREAS, the Common Council (“Council”) of the City of Hobart, Indiana (“City”) previously approved and adopted the following instruments (“2006 instruments”), all related to the designation of a certain logistic business development in the City by applicant Hanson Cold Storage Company of Indiana d/b/a Hanson Logistics (“Hanson” or “applicant”) as an Economic Revitalization Area for real and personal property tax abatement:

A. Resolution Nos. 2006-16, 2006-18, 2006-25 and 2006-26 adopted on May 3, 2006 providing for the declaration of certain parcels of real estate described therein, with common address of 2201 Northwind Parkway, Hobart, Indiana 46342, as an Economic Revitalization Area for the purpose of real and personal property tax abatement;

B. Resolution Nos. 2006-17, 2006-19, 2006-27 and 2006-28 adopted on June 7, 2006 confirming the designation of said parcels as an Economic Revitalization Area for the purpose of real and personal property tax abatement, said Resolutions taking effect on June 9, 2006 upon signature of the City Executive;

C. Resolution No. 2006-36 adopted and taking effect on August 16, 2006 amending the Statements of Benefits and Common Council Applications attached to one or more of Resolution Nos. 2006-16, 2006-18, 2006-25 and 2006-26 to provide for increases in the level of investment by the applicant in both real property and personal property, to change the listing of certain refrigeration equipment to the category of logistical distribution equipment from new manufacturing equipment, and to substitute a new legal description within the North Wind Crossings Planned Unit Development for the area previously designated and confirmed by the above stated resolutions; and

WHEREAS, the Council subsequently adopted Resolution Number 2013-07 on April 3, 2013 pursuant to Hanson’s request in order to accommodate its then updated plans to construct and equip an additional building upon the above-described site. This resolution substituted revised Common Council applications for real and personal property tax abatement and revised Forms SB-1 for those that had previously been submitted and adopted as part of Resolution No. 2006-36, included new graphics depicting the planned new addition, adopted new tax abatement deduction schedules for both real and personal property abatement, and waived the effect of Section 23 of Council Resolution No. 1999-79 to allow these actions to be made as amendments to the 2006 instruments rather than as a new application for abatement for the building to be constructed and the equipment to be located therein; and

WHEREAS, in adopting said Resolution No. 2013-07, the Council, in Section Seven thereof, specifically reaffirmed all findings and actions taken in Resolution 2006-36 which were not specifically amended in Resolution No. 2013-07; and

WHEREAS, an audit of the Hanson abatements performed in December 2017 by the Office of the Ross Township Assessor through Tax Management Associates, Inc. resulted in a finding that Hanson's personal property claimed investment in 2013 of \$3.3 million would be partially disallowed since the estimated value of personal property additions for that project appearing on Hanson's SB-1, which was attached to Resolution No. 2013-07, was only \$1.6 million. A review of these items by the City of Hobart's financial advisor, H.J. Umbaugh & Associates Certified Public Accountants, LLP estimated that the personal property tax liability of Hanson would increase by \$76,780 for the period of the abatement from taxes payable in years 2016 through 2023; and

WHEREAS, by contrast, the values for Hanson's real property investments beginning in 2010 through 2015 when their completed phases were assessed total \$15.0 million, some \$4.7 million less than the estimates appearing in their previously adopted forms SB-1 of \$19.7 million; and

WHEREAS, Hanson has advised that, after the approval of Resolution 2013-07 in 2014, some items which were classified as real property by the company were changed to personal property by the Assessor resulting in a reduction of the real property value of the new Hanson investment and an increase in the personal property value of the new addition which, as noted above, exceeded the limit previously approved by the Council through Resolution No. 2013-07; and

WHEREAS, Hanson has now requested the Council to amend said Resolution to allow an increase in the limit of personal property tax abatement from \$1.6 million to \$3.3 million. This would allow Hanson to forestall the increase in personal property tax liability noted above, and would still be well within the amounts of total real and personal property abatements previously approved by the Council. No change to the real or personal property abatement schedules already approved in Resolution No. 2013-07 is necessary; and

WHEREAS, a new form SB-1 has been provided by Hanson and is attached hereto and made a part hereof which changes the figures in section "E" on page two of Exhibit 4 to Resolution No. 2013-07 to read as follows: "E. The amount of deduction applicable to new logistical distribution equipment is limited to \$5,000,000.00 cost with an estimated assessed value of \$2,800,000.00." When the previously claimed personal property investment from the 2010 building phase of \$1.7 million is subtracted, \$3.3 million remains, sufficient to cover the investment in personal property in that amount made in 2013; and

WHEREAS, the Council, having examined the facts in this matter, noting that the requested change would allow Hanson to receive the total abatements within the scope of abatements for which it was approved previously, and further noting that the Council is entitled to waive timely compliance with the filing deadline requirements of the tax abatement and deduction system for qualified projects and applicants pursuant to I.C. §6-1.1.-12.1-9.5 (b),

desires to amend Resolution No. 2013-07 to allow the increased limit for personal property tax abatement from Hanson's 2013 addition.

THEREFORE, IT IS RESOLVED by the Common Council of the City of Hobart that:

SECTION ONE: Resolution No. 2013-07 is hereby amended by substituting the attached form SB-1, dated April 20, 2018 for the SB-1 attached to said resolution as Exhibit "4."

SECTION TWO: It is the intent of the Council that through said amendment, the new attached Form SB-1 shall be treated as if it had been timely filed originally with Resolution No. 2013-07, and the applicable limit of claimed cost for the total of personal property to be subject to tax abatement in connection with Hanson's 2013 addition be \$3.3 million.

SECTION THREE: The Council now waives the filing deadline and any incompleteness of said form showing compliance with Statement of Benefits. By this action, the Council intends that the property owner shall be treated as if the property owner had timely and fully complied with the procedural requirements of I.C. §6-1.1-12.1-1, *et seq.*

SECTION FOUR: The Council specifically finds that the property owner, Hanson, is in substantial compliance with the Statement of Benefits previously filed, and further finds that any and all failures to otherwise comply with the Statement of Benefits were caused by factors either excusable or beyond the control of said property owner.

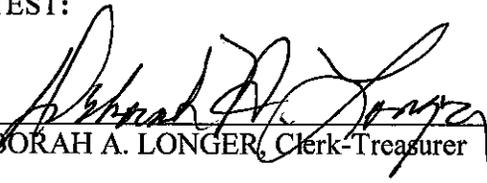
SECTION FIVE: The Council calls attention to §32.02 (B) of the Hobart Municipal Code which requires entities receiving personal property abatements to pay an annual compliance review fee of \$1,500.00 prior to the Council's action finding compliance with statements of benefits each year. This fee will not apply to the compliance review made in connection with this Resolution, but will apply in all future years during the application of the personal property abatement schedule.

SECTION SIX: The Clerk-Treasurer is directed to provide a certified copy of this Resolution each to the property owner and the Department of Local Government Finance of the State of Indiana, as required by I.C. §6-1.1-12.1-9.5 (c).

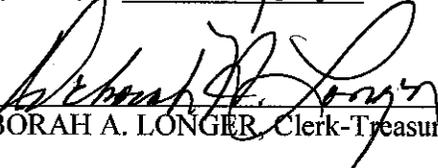
ALL OF WHICH is adopted as the Resolution of the Common Council of the City of Hobart on this 2nd day of May, 2018.


~~BRIAN K. SNEDECOR~~ Presiding Officer
JERRY HERZOG

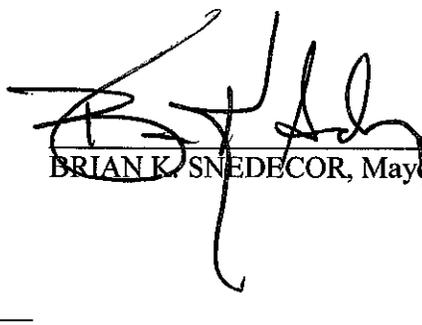
ATTEST:


DEBORAH A. LONGER, Clerk-Treasurer

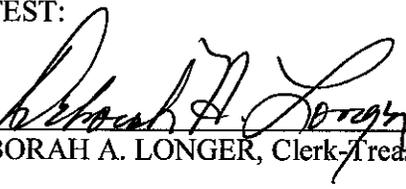
PRESENTED by me to the Mayor of the City of Hobart, Indiana this 9th day of
May, 2018, at 2:00 pm o'clock.


DEBORAH A. LONGER, Clerk-Treasurer

APPROVED, SIGNED, and RETURNED by me as Mayor of the City of Hobart, Lake
County, Indiana, to the Common Council of the City of Hobart, Lake County, Indiana, this
16th day of May, 2018.


BRIAN K. SNEDECOR, Mayor

ATTEST:


DEBORAH A. LONGER, Clerk-Treasurer



**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 Hanson Cold Storage Co. of Indiana d/b/a Hanson Logistics		Name of contact person Jack White	
Address of taxpayer (number and street, city, state, and ZIP code) 2900 South State Street - Suite 4E, St. Joseph, MI 49085			Telephone number (269) 982-1390

SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body Common Council of the City of Hobart		Resolution number (s) 2018-07 2018-10		
Location of property 2201 Northwind Parkway, Hobart, IN 46342		County Lake	DLGF taxing district number 45-046	
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.) See attached Supplement for description		ESTIMATED		
		START DATE COMPLETION DATE		
		Manufacturing Equipment		
		R & D Equipment		
		Logist Dist Equipment	04/01/2013	10/01/2013
IT Equipment				

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

Current number 22	Salaries 750,000	Number retained 22	Salaries 750,000	Number additional 25 to 30	Salaries \$800,000 to \$1,000,000
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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					4,686,990	1,124,878		
Plus estimated values of proposed project					5,000,000	2,800,000		
Less values of any property being replaced					0	0		
Net estimated values upon completion of project					9,686,990	3,924,878		

SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

Estimated solid waste converted (pounds) _____	Estimated hazardous waste converted (pounds) _____
Other benefits: See Attached Supplement for Other Benefits	

SECTION 6 TAXPAYER CERTIFICATION

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

Signature of authorized representative <i>Jack White</i>	Date signed (month, day, year) 4/20/18
Printed name of authorized representative Jack White	Title VP & CFO

EXHIBIT I**HANSON COLD STORAGE CO. OF INDIANA**

EIN: 38-3254580

FORM: Application for Tax Abatement (Form CCAP) – Personal Property

1st and 2nd Addition Abatement**SUPPLEMENTAL INFORMATION:****Description of Project:**

Hanson Logistics is a leading third-party logistics service provider with state-of-the-art transportation services and the 13th largest refrigerated warehouse network in the country, with 9 facilities in Michigan and Indiana and a total capacity of 37,000,000 cu. Feet of deep frozen, refrigerated and dry warehousing space. Hanson Logistics offers its customers the security of company-owned trucks, facilities and technology with the flexibility of non-asset services when structuring supply chain solutions for a growing number of food processors, distributors and retailers.

To continue the expansion of its successful multi-vendor freight consolidation program, Hanson Logistics needs to increase warehouse capacity and will do that by expanding its Benton Harbor, Michigan; Lafayette, Indiana; or Hobart, Indiana facility.

Logistical Distribution Equipment would include:

- Freezer Doors
- Rotary Screw Compressors
- Low Temperature Evaporators
- High Temperature Evaporators
- Condensers
- Piping & Valves
- Under Floor Heating Systems
- Ammonia Sensors
- Storage Racking

Total cost of the equipment not to exceed \$5,000,000 (\$1,700,000 2010 addition; \$3,300,000 2013 addition).

Hanson Logistics will attempt to make sure that the chosen construction company for the additions will make an effort to hire local subs.

EXHIBIT II**Legal Description**

North Wind Crossings (Resub) of Pt of Lot "E" & Pt of Lot "G" Lot 1

HANSON COLD STORAGE CO. OF INDIANA

EIN: 38-3254580

FORM: Application for Tax Abatement (Form SB-1/PP)

1st and 2nd Addition Abatement**SUPPLEMENTAL INFORMATION:****Section 2 – Location and Description of Proposed Project****Description of Logistical Distribution Equipment:**

Hanson Logistics is a leading third-party logistics service provider with state-of-the-art transportation services and the 13th largest refrigerated warehouse network in the country, with 9 facilities in Michigan and Indiana and a total capacity of 37,000,000 cu. Feet of deep frozen, refrigerated and dry warehousing space. Hanson Logistics offers its customers the security of company-owned trucks, facilities and technology with the flexibility of non-asset services when structuring supply chain solutions for a growing number of food processors, distributors and retailers.

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- Ammonia Sensors
- Storage Racking

Section 3 – Estimate of Employees and Salaries as Result of Proposed Project

It is estimated that the first and second additions will employ approximately 25 – 30 teammates with an estimated annual payroll of \$800,000 to \$1,000,000 when the second addition is running at full capacity. Although not listed under Section 3, there will be construction jobs retained during the construction of both additions during the time period each addition is being built. The second addition will probably retain an estimated 75 construction jobs at an estimated payroll of \$2,500,000. Also not included in Section 3 will be the possible employment of truck drivers for the Hanson fleet of trucks and possibly other local carriers in the area to service Hanson Logistics growth of its multi-vendor freight consolidation program run out of the Hobart facility.

Section 4 – Estimated Total Cost and Value of Proposed Project

Costs are estimated logistical distribution equipment costs for both the first and second additions.

Section 5 – Other Benefits

With the potential Utilization of local subs and suppliers, Indiana sales tax revenue will increase through the purchase of goods and services (food, gas, etc.). All of the new hires would be hired locally (Northwest Indiana), not relocating from other Hanson facilities. This too, on an ongoing basis, will increase Indiana sales tax through the purchase of goods and services, as well as potential increases in property taxes. Our expansion could also potentially lead to a food manufacturer or processor locating in the area to be close to our refrigerated distribution center and transportation network. This addition could possibly lead to the hiring of truck drivers for the Hanson fleet of trucks and possibly local carriers hiring truck drivers to support the growth of our multi-vendor freight consolidation program out of Hobart.



2900 South State Street, Suite 4 East
St. Joseph, MI 49085
269.982.1390
888.772.1197
fax 269.982.1506
hansonlogistics.com

April 19, 2018

Members of Hobart Common Council
City of Hobart
414 Main Street
Hobart, IN 46342

Dear Members of Hobart Common Council:

Enclosed please find an amended Statement of Benefits for Personal Property (SB-1/PP) for Hanson Cold Storage Co. of Indiana d/b/a Hanson Logistics (Hanson). Hanson is filing the amended form for the following reasons:

- The original SB-1/PP and SB-1/RE that were filed on March 11, 2013 detailing estimated real property investment costs of \$13,800,000 and estimated personal property investment costs of \$3,300,000. The total estimated investment between the two was \$17,100,000.
- The \$3,300,000 of estimated personal property investment was broken into two parts. One was \$1,700,000 for a 2010 addition and the other \$1,600,000 for a 2013 addition.
- Hanson's total investment in the project was in line with the \$17,100,000 figure. However, when the project was complete and capitalized Hanson discovered that several items such as refrigeration equipment, freezer doors, and certain electrical and mechanical items that were included in the \$13,800,000 for the real property improvements estimate are classified as personal property per Indiana property tax regulations.
- As a result, Hanson's personal property investment for the project was approximately \$1,700,000 more than the amount detailed on the filed SB-1/PP.
- Hanson is requesting council amend the total personal property investment be amended to a total of \$5,000,000. The 2010 investment would remain at \$1,700,000 consistent with the original SB-1/PP and the 2013 amount is being revised to \$3,300,000.

Hanson has discussed this issue with representatives from the City of Hobart, the Hobart City Attorney and the city's outside adviser on abatement matter, Umbaugh and Associates, prior to drafting the amended SB-1/PP. The parties are in agreement that this is the proper manner to correct the abatements.

We appreciate your consideration of the SB-1/PP and look forward to the opportunity to address any questions the council may have regarding this matter.

Sincerely,

VP and CFO
Hanson Logistics