

BARTHOLOMEW COUNTY COUNCIL

November 30, 2023

Name:	Representing:	Title:	Present:
Greg Patterson	District 1		Present
Leah Beyer	District 2		Present
Mark E. Gorbett	District 3	Vice President	Present
Jorge R. Morales	District 4	President	Present
Matt Miller	At Large		Present
Bill Lentz	At Large		Present
Evelyn Strietelmeier-Pence	At Large		Present
Pia O'Connor	Auditor	Secretary	Present
Dalene Pattingill	Auditor	Chief Deputy	Present
Chris Monroe		Attorney	Present

The Bartholomew County Council met on November 30, 2023 at 3:00 p.m. in the Council Chambers of the Governmental Office Building, 440 Third Street, Columbus, Indiana.

President Morales called the meeting to order.

Council Member Greg Patterson gave the invocation, followed by the Pledge of Allegiance led by President Morales.

The topic of New Business was discussed for the entirety of the meeting, beginning with the following opening remarks by Commissioner Larry Kleinhenz:

“Over the past 2-3 years, King’s Hawaiian Co. has looked at hundreds of locations across the Midwest to build their newest, state of the art facility to bake their incredible products that I know all of us enjoy. They have decided that they want to be in Bartholomew County and we want to have them. You all know this already, because they came here a few months ago and requested two tax abatements; one for real property, which is the ground and the building, and one for personal property, which is for all the equipment. As we were going further into the process, we realized there were some hurdles regarding offsite infrastructure that we had to deal with. The biggest hurdle is fire suppression and the need for water. We have water available, but not in the volume required for the size of the facility. Eastern Bartholomew Water Co. is the water provider for this location, and has stated that their organization is set up for residential water supply, not fire suppression. It is a big project. It will take a year to complete, and will cost an estimated \$2.56 million. Normally, if a project was imminent, a water company like Eastern would alert the IURC (Indiana Utility Regulatory Commission) of their plans to borrow the money to do the job. They would then go through a rate study to see how the project would affect their customers, and then if approved by the decision makers, go through the process of borrowing the money. This process can take 18-24 months, which we don’t have. Likewise, normally, a redevelopment commission could bond against future tax receipts, but this tiff is brand new, and there isn’t enough to bond against to get the job done. That is what brings us here today. The Commissioners, along with Jason, are requesting Council appropriate \$2.7M to invest in this Northern Gateway Infrastructure Project. The money will not only service this project, but many others in the future.”

The President of the Greater Columbus Indiana Economic Development Corporation, Jason Hester followed by reviewing the following figures and handouts –

Irresistible Foods Group / King's Hawaiian "Project Whiteboard"
TAX REVENUE CALCULATIONS

ROW
1
2
3
4
5
6

1. COMPANY INVESTMENT

LAND PURCHASE	\$	4,680,000	2023	
RP IMPROVEMENTS:	\$	85,500,000	BUILD 2024-2026	
SIZE		368,000 SF		
TOTAL EST. RP AV:	\$	20,304,000	RP AV 2027 (PAY 2028)	
EQUIPMENT INVESTMENT (PERSONAL PROP):	\$	85,000,000	RP AV 2027 (PAY 2028)	
TOTAL ESTIMATED NET NEW RP + PP AV	\$	105,304,000		

2. JOBS & PAYROLL

JOBS (BY 2026):	147 FULL OPERATIONS 2027
AVERAGE WAGE:	\$ 29.94
TOTAL ANNUAL PAYROLL:	\$ 9,155,016
EST. BARTHOLOMEW RESIDENT:	50.0%
EST. ANNUAL BARTHOLOMEW RESIDENT PAYROLL:	\$ 4,577,508

3. INCOME TAX REVENUE

	NO KING'S	WITH KING'S HAWAIIAN PROJECT		
	TODAY (PAY 2023)	ANNUAL AVG (FULL OPERATIONS)	2024-2037 (OPS 2027-2037)	2024-2048 (25-YR TOTAL)
LOIT 1.25%	\$ -	\$ 57,219	\$ 629,407	\$ 1,258,815
Public Safety 0.05%	\$ -	\$ 2,289	\$ 25,176	\$ 50,353
CEDIT 0.25%	\$ -	\$ 11,444	\$ 125,881	\$ 251,763
Jail 0.20%	\$ -	\$ 9,155	\$ 100,705	\$ 201,410
TOTAL LOCAL INCOME TAX @ 1.75%	\$ -	\$ 80,106	\$ 881,170	\$ 1,762,341

4. REAL PROPERTY TAX REVENUE (NO ABATEMENT / WAIVED)

	NO KING'S	WITH KING'S HAWAIIAN PROJECT		
	TODAY (PAY 2023)	ANNUAL AVG (FULL OPERATIONS)	2024-2037 (OPS 2027-2037)	2024-2048 (25-YR TOTAL)
REAL PROPERTY TAX (GENERAL)	\$ 1,792	\$ 1,792	\$ 25,088	\$ 44,796
TIF INCREMENT	\$ -	\$ 260,236	\$ 2,602,360	\$ 5,464,964
BCSC REFERENDUM (REAL PROP SHARE)	\$ 368	\$ 53,869	\$ 540,168	\$ 1,132,731
TOTAL RP (NOT INCL. REFERENDUM)	\$ 1,792	\$ 262,028	\$ 2,627,448	\$ 5,509,760

5. PERSONAL PROPERTY TAX REVENUE (WITH ABATEMENT)

	NO KING'S	WITH KING'S HAWAIIAN PROJECT		
	TODAY (PAY 2023)	ANNUAL AVG (AFTER ABATEMENT)	2024-2037 (OPS 2027-2037)	2024-2048 (25-YR TOTAL)
PERSONAL PROPERTY TAX (GENERAL)	\$ -	\$ 326,834	\$ 1,804,121	\$ 5,399,289
TIF INCREMENT	\$ -	N/A	N/A	N/A
BCSC REFERENDUM (PP SHARE)	\$ -	\$ 67,193	\$ 370,903	\$ 1,110,020
TOTAL PERSONAL PROPERTY	\$ -	\$ 326,834	\$ 1,804,121	\$ 5,399,289

6. TOTAL LOCAL TAX REVENUE ESTIMATES

	NO KING'S	WITH KING'S HAWAIIAN PROJECT		
	TODAY (PAY 2023)	ANNUAL AVG (FULL OPERATIONS)	2024-2037 (OPS 2027-2037)	2024-2048 (25-YR TOTAL)
EST. INCOME TAX		\$ 80,106	\$ 881,170	\$ 1,762,341
GENERAL FUND REAL+PERSONAL PROP TAX	\$ 1,792	\$ 328,626	\$ 1,829,209	\$ 5,444,085
COUNTY TIF FUND		\$ 260,236	\$ 2,602,360	\$ 5,464,964
BCSC REFERENDUM RP & PP (IF RENEWED)	\$ 368	\$ 121,062	\$ 911,071	\$ 2,242,751
TOTAL COMBINED	\$ 2,160	\$ 790,030	\$ 6,223,810	\$ 14,914,141

[^]Not including other economic benefits, including construction jobs, housing, consumer spending, etc.[^]

^{**}IMPORTANT NOTICE AND DISCLAIMER: The above estimates are for illustrative purposes and have been prepared by Greater Columbus EDC based on the best information available at the time, utilizing 2023 tax rates. Final assessed valuation of Project investments, future tax rates, total payroll, and other factors can and will materially affect realized revenue. Any/all incentives are subject to all required applications, public meetings, hearings, approvals, etc. For more information, contact info@columbusin.org.

Project Whiteboard Off-Site Infrastructure Cost & Funding Source Estimates

No.	Category	Description	Selected Infrastructure	Note
1	Water Upgrades	Installation of offsite water main infrastructure for domestic and fire protection along 700N to loop the water system	\$2,546,000	EBWC water & fire protection system upgrades.
2	Sanitary Sewer Upgrades	Replacement of Hubler Lift station and/or other offsite upgrades to serve project and surrounding properties.	\$550,000	Driftwood 9/11/23 estimate is \$550,000 to support project. Earlier estimate of \$2 million assumed much higher sewer volumes.
3	County Road 700	Improvement from Hubler to CR 200 W including utility relocations and sidewalk installation along east side of Hubler.	\$ -	700N and RR crossing combined is estimated at \$1.1 Million. Not included at this time.
4	Railroad Crossing	700 N with Crossing Arms	\$ -	
5	US 31 Traffic Signal	Install traffic signalization at the intersection of US-31 at Bear Lane, minor intersection improvements & signal interconnect.	\$400,000	9/29 INDOT Seymour Office \$400,000 estimate, not including additional decel lanes, etc.
6	Intersection Improvement	Reconfiguration of radius at Hubler Drive at Bear Lane to facilitate truck turns.	\$250,000	Rough estimate
Total			\$3,746,000	

Possible Funding Sources (Incentives) for Off-site Infrastructure**

No.	Program	What	Funding Plan	Note
7	County Council	County Council Rainy Day Fund	\$2,700,000	Requires County Council Approval
8	CEDIT	County Economic Development Income Tax	\$646,000	Requires County Commissioners Approval
9	Section 130 grants	INDOT 90/10 Rail Road Crossing Grant may be available.	\$0	Will revisit if/when 700N is to be constructed
10	IDGF (Infrastructure Development Grant Fund)	Grant from IEDC to offset Local Gov't expense for Off-site infrastructure	\$400,000	IEDC reimbursement grant. May need CEDIT to pay this amount first, with reimbursement after.
11	TIF	25-Year TIF Bond	\$0	Project could potentially generate \$1.3 MM Bond if external source purchased at 4.0% Tax Exempt Rate. P&I payments would cost TIF \$2.2 MM over 25 years. A 4%, 25-year, "single-payer" bond is not marketable at this time.
Sub-Total Estimate			\$3,746,000	Plan is to cover all necessary off-site water, sewer, & limited road improvements with County Rainy Day, CEDIT, & IDGF funds, saving TIF & 700N construction for another day. Cash flow required is \$4,146,000 with \$400K to be reimbursed by IDGF.
(GAP/SHORT) AMOUNT			\$0	\$4,146,000

Plus Abatement Value**

No.	Program	What	Value	Note
15	Tax Abatement Real Property	Standard RP Tax Savings over 10 years	\$0	Company agrees to waive Real Property Abatement
16	Tax Abatement Personal Property	Standard PP Tax Savings over 10 years	\$3,433,280	County Approved 9/12/23.
17	TOTAL COMBINED VALUE		\$7,179,280	County Rainy Day Fund, CEDIT, & \$3.4 MM Abatement Savings.
18	AMOUNT DEDICATED TO OFFSITE INFRASTRUCTURE (INDIRECT BENEFIT)		\$3,746,000	
19	ESTIMATED NET BENEFIT TO COMPANY FOR ONSITE INVESTMENT		\$3,433,280	Personal Prop Tax Savings (\$1.351 MM less than approved 9/12)

****IMPORTANT NOTICE AND DISCLAIMER:** The above estimates are for illustrative purposes and have been prepared by Greater Columbus EDC based on the best information available at the time. While produced in good faith, the above does NOT constitute an offer of incentives and no amount or program is guaranteed or promised. Any/all incentives, if eventually offered and approved, are subject to all required applications, public meetings, hearings, approvals, etc.

Jason stated that the Investment and Job Creation Agreement specifies that the company will waive the real property abatement if the Council votes in favor of the abatement. He also stated that in the event the company does not complete the project, the County can claw back for a pro-rated amount. He followed by stating without a claw back, the area is well-served for future projects. The off-site infrastructure indirectly benefits Kings Hawaiian. It also benefits the entire area that would be served by the infrastructure, including new industrial land that would serve the area. He closed by thanking Council for their consideration.

President Morales thanked Jason and stated that, though the numbers Jason presented may be difficult to follow, the building of this facility will generate jobs not only for King's

Hawaiian, but for construction companies and Eastern Bartholomew Water Co. President Morales instructed Council to direct any questions to Commissioner Kleinhenz and Jason Hester and then he would open questions to the public audience and zoom attendees.

Evelyn Strietelmeier-Pence opened with asking how much water King's Hawaiian is expecting to use. Jason Hester answered saying King's Hawaiian is not a large water user, the big need for water is for fire protection. They would need additional pressure and volume for the size of the facility. Commissioner Kleinhenz joined in stating that Eastern Bartholomew Water Co. has the water capacity, but we don't have the infrastructure to carry that volume. Evelyn Strietelmeier-Pence asked if Eastern Bartholomew Water Co. is selling water to Honda, to which multiple people answered no and clarified that they are selling water to Hubler. She continued by stating that the county aquifer is 4 to 6 feet below normal level due to the drought and wasn't sure if that was a concern for the fire department or the company. Commissioner Kleinhenz answered by stating that he had no concerns about that because King's Hawaiian isn't a huge day-to-day water user, only in the event of a fire is this amount of water required. She continued by stating it's a concern to her and that the city of Greenwood is also looking to buy water.

Mark Gorbett said he had a couple of things he wanted to address: Number one being that in his 9 years on the Council, this was one of the best presentations he has ever seen. He continued by asking if the amount needed for this infrastructure enough to go beyond the needs of King's Hawaiian along with future companies or if any additional infrastructure be needed in the future. Jason Hester answered by stating that representatives from Eastern Bartholomew Water Co. were present and may need to answer the question further, but from a volume standpoint, total water volume was not the challenge. Mark asked if there were any other red flags other than the train tracks or traffic lights that have come up in regards to needs for

infrastructure that would need to be addressed a few years down the road. Jason Hester answered by saying that this will meet the needs for the area now and in the future but did not want to speak for Eastern Bartholomew Water Co. on that issue. Ted Darnell, the President of the Board of Eastern Bartholomew Water Co. answered by saying yes, the amount of water held will provide for future growth. He continued by stating that the big issue is fire protection and the hope is that the water will never be needed. With the size of the water main that would be installed, it will serve King's Hawaiian along with multiple other properties for fire protection.

Matt Miller joined in by stating he had a question that was not directed to Jason and Larry but for the Council. He stated he understands what is being asked by the Commissioners and the Greater Columbus Indiana Economic Development Corporation and that the infrastructure is needed and will attract other businesses in the future. His question is, after taking the approximately \$3 million from the Rainy Day Fund, what is Council's plan to replenish that money? He stated he is not against spending it at all. Mark Gorbett answered by stating, as he understood it, it would be replenished over the ten year term. Matt Miller stated a good portion of that money will go to the Tax Increment Financing (TIF), and not back to the Rainy Day Fund. He continued by stating that the Redevelopment Commissioner could spend that money on whatever shiny object comes up at that time. Mark Gorbett asked if the \$1.8 million would be going back to county general. Matt Miller continued by stating that was not the question he asked, that pertains to the General Fund. He said there is a difference between getting money in the General Fund and Council spending it on whatever the shiny object of the day is, and Council saying here is our plan. He said he doesn't believe they need to come up with a written agreement that states "Here is our plan to add \$1.5 million in the next 5 years."

President Morales stated that there is about \$2 million left over from last year's budget that was not spent, but that amount was not enough to cover the amount needed for the tax abatement. So it was suggested to take the \$2.7 million from the Rainy Day Fund since there was enough in that fund to cover the full amount needed. He continued by stating that the \$2 million left over from last year can be transferred to the Rainy Day Fund, and, at the moment, the Rainy Day Fund has \$10 million in it, with a goal of trying to keep \$3-5 million in it at all times. So, there is a lot of money still left in the fund. Matt Miller said that the \$3-5 million goal was based on a budget 5 years ago and the budget has grown enormously in that amount of time. President Morales said he understood that but there are still sufficient funds available to take care of the Rainy Day Fund. Mark Gorbett said he understood where Matt was coming from but he also looked at potential windfall for the county by the infrastructure being built and what King's Hawaiian will do for the county. Matt Miller stated he hasn't said a word about King's Hawaiian and is in favor of the abatement and that's why he hasn't directed questions to them, he is all for it. His question is solely for the Council, how will the money be replaced in the Rainy Day Fund?

President Morales answered by saying his point is well taken and that when Council votes, they will need to take that question into consideration. Mark Gorbett said Council needs to look back and think about what the Rainy Day Fund's purpose is. He stated that with the partnership with King's Hawaiian and all the county can build on, the money will be made back. Matt Miller argued that it would not go back into the Rainy Day Fund and he has seen the way Government grows and this discussion is needed. President Morales said that Matt's point was well taken but Council needed to focus on what they were there for. Matt Miller stated that he wants agreement from the Council that this is an issue that they are or are not concerned about

and they will not just nip away at the Rainy Day Fund and that it will be figured out at a later time. He continued by stating he is not asking to unanimously come up with an agreement on numbers today. Mark Gorbett said that he felt very comfortable with what Council had done in the last 9 years he has been in his chair. Matt Miller said he fully supports this abatement, but next year when something else comes up and inflation rises, will Council dip at the Rainy Day Fund a little bit more? He said they can take from the Rainy Day Fund, that's what it is for, but if there is a surplus for next year's budget, Council should be cognizant of that and put some of it back into the Rainy Day Fund.

Auditor Pia O'Connor stated that Council did not add into the Rainy Day Fund in 2023, but \$4.2 million was put into the fund in 2022. She continued saying that adding money into the Rainy Day Fund in early 2024 is something they can visit, and that there are unappropriated cash reserves in the General Fund and that Council did not budget all of the revenue that is expected for 2024. So, there should be money available to replenish the Rainy Day Fund in 2024 if Council chooses to do so. Mark Gorbett said that Council has done a great job of planning in the last 9 years because if this were being asked of them in 2015, they would not have been able to work with King's Hawaiian. Matt Miller said they need to stay that way for the next 9 years.

Attorney Chris Monroe stated that the TIF can use money for other purposes, and that the City TIF gives money to Bartholomew Consolidated School Corporation all the time and as a surplus is built, the money can be distributed to different entities. He continued by saying that the law is very vague but this is for the benefit of the area and as far as he knows, there is no case law about what that means. There is a lot of flexibility about what the tiff can do with funding to try to improve other things. President Morales mentioned that when a TIF is developed, there are a lot of things the Council can put money into like infrastructure, fire protection, etc.

Leah Beyer stated that in Section 2 of the abatement, it states that if the project goes over budget the company and utilities are responsible for any other funding but she wanted to know what happens to the county funds if the project goes under budget. Jason Hester answered by stating the county will keep that money to decide what they want to do with it.

Bill Lentz asked if he could say a few words and began by stating that he does like tax abatements and he's been advocating for a tax decrease across the county for years. When he sees areas that need money he is concerned for the citizens but he actually voted in favor for this abatement and thinks King's Hawaiian is a good company. He said the reason he votes against most of them is because it takes away from the people but this is not a bad request. But when you approve tax abatements there isn't money left and you have to dip into tax payer money. He stated he is not sure how he will vote on it but he thinks it will pass and that it's a win-win for the county. Mark Gorbett stated he agrees that it is a win-win.

President Morales opened the floor for questions from the public audience. Clayton Force from Force Holdings, Tom Dell from Columbus City Council, and Dan Arnholt, President of Bartholomew County Redevelopment Commission all thanked and commended the Council for considering this tax abatement that will improve and benefit the area in which we all live. Commissioner Kleinhenz stated that for years, the Economic Development Board has been trying to diversify this county. The county has been so heavily invested into automotive manufacturing and moving forward they are trying to get into other fields like medical services and food services. He asked Council to keep in mind that this project will bring more similar investment opportunities that will help the county to be more diversified and be able to withstand downturns.

President Morales opened questions for Zoom attendees. Being none, President Morales called for a motion. **Mark Gorbett stated he would like to make a motion to approve the \$2.7 million dollars from the Rainy Day Fund as presented to Council. Greg Patterson seconded the motion. The motion carried with a 6-1 vote with Bill Lentz voting “nay”.** President Morales said he wanted to thank all who participated and contributed to this project in the past months, and that this will be a win-win for the county and the tax payers of Bartholomew County. Mark Gorbett stated that King’s Hawaiian will be a great neighbor to Bartholomew County. Jason Hester mentioned that he wanted to clarify for the media that the next step is the incentive agreement and the job creation investment agreement will go to the commissioners on Monday. Once the County Council and Commissioners sign, the company then has ten business days to sign the agreement. At that point, an official announcement will be made. He thanked everyone for their support.

President Morales announced that there will be no work session in December but the next meeting will be on December 12, 2023 at 6:00 p.m. He stated he promised Evelyn Strietelmeier-Pence that they would discuss the Jail Bond and that will be put on the agenda. Leah Beyer asked if Council could discuss the matter of the Rainy Day Fund in the December 12th meeting as well and President Morales agreed. She stated Council will need a philosophy on what the correct percentage of budget should be in the Rainy Day Fund.

President Morales called for a motion to adjourn. **Greg Patterson moved to adjourn and was seconded by Mark Gorbett.**

BARTHOLOMEW COUNTY COUNCIL

By: _____
Jorge Morales, President

By: _____
Mark Gorbett, Pro-Tem

By: _____
Greg Patterson, Member

By: _____
Evelyn Strietelmeier Pence, Member

By: _____
Matt Miller, Member

By: _____
Bill Lentz, Member

By: _____
Leah Beyer, Member

ATTEST: _____
Pia O'Connor, Auditor
Bartholomew County