

Minutes
Tax Abatement Committee
Muncie Common Council
300 North High Street
Muncie, Indiana 47305

Monday, July 12, 2021

Committee Meeting: 6:15 P.M., 1st Floor City Hall Auditorium.

Roll Call:	Present	Absent
Aaron Clark	X	
Roza Selvey	X	
Anitra Davis	X	

Approval of the Minutes: A motion is made by Davis and seconded by Selvey to Approve the Minutes from the June 23, 2021 Tax Abatement Committee Meeting. An all-in-favor vote showed 3 yeas and 0 nays. **Minutes Approved.**

Public Forum: Review Application for Tax Abatement

Business Personal Property – Calumet Paralogics, LLC (Res. 17-21)

Traci Lutton, Muncie Delaware County Economic Development Alliance, has been working with Muncie-based Paralogics for a couple of months now along with their tax advisor, Jenny Massey and Phillip Murphy, both of which are here tonight as well as the Delaware County Economic Development Corporation on an expansion project that would affect their Muncie facility. Paralogics was acquired in 2020 by Indianapolis-based Calumet and the purpose was to expand their packaging and specialty-wax blending operation. Because of this acquisition, this presented a new opportunity for Muncie to see some additional investment there. They are planning almost \$2.7 million in new equipment investment resulting in the addition of ten new jobs, which is a conservative number, that will range from \$30.00 to \$34.00 an hour plus benefits. With that, they would retain their existing seven employees. The abatement being sought is a 5-year tax abatement on this investment and even with the approval, of course, they will continue to generate taxes for the City in the amount of about \$56,000 in new tax revenue. The packets she provided include a schedule or what one can call a general estimate of what the abatement would save the company and generate for the City. They have twelve locations in the United States so it is reasonable that this investment could go into one of those other plants but they are choosing to invest here in Muncie. This is the beginning for them, just having acquired the company only a year ago and already looking beyond this initial round. There is a 200,000 square foot building that they did not purchase but are working toward a purchase. The previous company owners have retained the real estate for now but

they hope to acquire it and double it from 200,000 to 400,000 square feet, which is a very sizable manufacturing company.

Phillip Murphy, Vice-President of Tax for Calumet, states they are headquartered in Indianapolis and looking to bring jobs to the area. As earlier mentioned, they acquired the Paralogs facility in March of 2020 and have been looking to increase business. This includes the wax blending capacity at the plant. They are hoping to double it and are looking at it with a "if you build it, they will come" mind state to generate more investment and business. They plan to increase five jobs and further as business expands. All in all, they bought the business, integrated it and are now looking to expand and make it a much more bigger segment for Calumet, overall.

Chairman Clark clarifies they are looking at a \$2.6 million investment and questions if this is new equipment or relocation of existing equipment at another facility. Murphy informs it is primarily new equipment that they are looking to install and there is some existing equipment that has not been installed or utilized (vital equipment). Primarily no, they are looking to bring in new slabbers, new stainless steel tanks to process and automate a lot of the wax and blending processes that are currently taking place. Also, in looking to expand, there are limited options for getting product out so they are looking to expand there and be able to have different railcar loading and unloading sites as well as extended trucks (or super cabs) so they can hopefully export product through Michigan into Canada. That would create an entire export business that is not possible right now.

Councilwoman Davis thanks him for being here and refers to the SB-1 form. There is a section where it states that 80% of employees are of Muncie and asks if he would be willing to make sure that the other ten employees are residents of Muncie. Murphy states if they can, that is the goal. Davis questions if these are specialty jobs meaning they are engineers or welding and asks what type of jobs these will be. Murphy believes they are looking at one admin position, two loaders and then some potential engineers as well. Davis confirms Murphy said that he would seek local employees. Murphy assures her that yes, that is the intention that these would be locally employed and operating at the facility. At Calumet, he explains the past year has been tough with the stay-at-home policy and their plants have been split shift so people can be on-site working at the business.

Councilwoman Selvey asks for a description of the starting wages, high wages and average wages to the Committee. Murphy believes it is listed on the application and the starting wage is \$17.50 and a high-wage of up to \$80 an hour. He thinks they pay competitive salary and offer excellent benefits and bonuses as well. Again, it is going to depend on the position and qualifications of the candidate. Hopefully, they are going to attract talent.

Councilwoman Davis has one other question and recalls being aware that Murphy said he wants to increase five jobs and clarifies he is talking about five jobs immediately and then incurring the additional five to make ten. Murphy states yes, this project they are hoping to get started in the fourth quarter depending on the partnering with the City. But yes, the five jobs initially and then as business expands

and they get into full production, they will move toward ten and hopefully up to twenty. They are hoping that this is just the start of the investment.

Chairman Clark asks him to provide his short-term timeline on this from equipment install to first hiring. Murphy explains they were hoping to get started in the third quarter but it might take six months to get fully installed and they are looking to hire as soon as possible for those first five jobs.

Councilwoman Selvey has a question for Traci Lutton but first thanks her for meeting with her on a Friday on such short notice. She explains she has helped her in making some good decisions but feels she may be looking at the wrong paper. Her document says starting wage \$27.44. Lutton checks her paperwork and thinks there might have been a mix-up of papers and confirms the starting wage is \$17.44 plus benefits (so add about \$10 to that number) and then the high wage is \$80.77, which brings the average to \$32.85.

Councilwoman Davis refers to the paperwork and the wage package with the starting wages as only \$0.50 more. Lutton states the abatement was filed with the Clerk's office and then they submitted a correction on the wages but that should only effect the figures for the wage package. Starting wage with benefits should be \$27.44. High wage with benefits would be \$90.77 and then the average would be \$42.85 with benefits. Davis confirms that the new documents are somewhere else. Lutton confirms that it is file-stamped and online but it must have not made it into their packets. Clark advises the Council's latest email from Attorney Dan Gibson has these documents. Lutton admits the revision was submitted after the filing deadline and that it was their fault and had nothing to do with the Clerk's office. When she saw the original form that had been filed, she just thought that there was a discrepancy so she reached back out and asked for some clarification. No further questions.

Business Personal Property – Phillips Patterns and Castings, Inc. (Res. 19-21)

Traci Lutton, Muncie Delaware County Economic Development Alliance, has been working with Phillips Patterns & Castings for a couple months who are in the position of purchasing some equipment to deal with some obsolesces. They have some outdated equipment and this investment totals about \$343,000, which will allow them to retain the thirty-one employees they have and hire one additional. They are also seeking a 5-year abatement and this savings will allow them to do this new investment in their plant. This company was founded in Muncie in 1947 as a wooden pattern manufacturer and they have adapted to the changing times. This investment continues that process. She hopes they will be able to support this tonight. The average wage is \$17 an hour and the packet also includes a schedule that indicates new taxes generated and the taxes saved to the company. Here tonight is the Controller for Phillips Patterns who has been before the Council several times in the past for previous abatements. They have always remained in compliance and adhered to what they have set out to do.

Jason Paul, Controller for Philips Patterns & Castings, explains they started in 1947 and are seeking an abatement on two pieces of equipment. The first is a CMM,

which is a coordinate measuring machine, that allows them in the machine shop to measure their castings that they machine. They make the castings, machine the castings and also powder-coat the castings themselves. Second, a CNC lathe. He explains they have a current customer in Indianapolis that the gentleman that ran their machine shop retired and the company wants Phillips to take on the work. Their current lathe is about 30-years old and in looking to get a new lathe will allow them to become more competitive. The work has been quoted and they feel pretty confident that they will get the new work with the new lathe. Right now, they make the castings but just do not machine them. This will help capture that work but right now, that work is being done by a place in Indianapolis for that company. Paul mentions the addition of one new employee who has actually already been hired.

Councilwoman Selvey noticed that the average wages are below Muncie's average wages by a couple dollars. She would like an explanation on what kind of professional development opportunities or workshops are offered to the employees in order to move up in the hourly wage category. Paul states they offer the opportunity for all of their employees to cross train or potentially move up. There is no employee that works for the company that is only dedicated to one area unless it is the machine shop; if there is a man in the machine shop, they may start with one machine while teaching them how to use another machine. They would go through training on the new machines and all other employees move up. They do have some jobs that just are not super high-paying jobs. For instance, in powder-coating, they have guys that just hang parts on a hook. It is not a real complicated job and that rather brings their average wage down. Typically, most of their employees have been employed for at least four to ten years and they do not have a lot of turnover. They try to maintain all of their employees by cross training and not laying off and made it through the pandemic just laying off three employees for six weeks. After that, brought them back and everybody is now back to work.

Councilwoman Davis thanks him for being here and refers to the section stating that 50% of the employees are from Muncie. She asks why that may be or if there could be any reasoning behind that. Paul states they do a lot of hiring by word-of-mouth. They have never, in the past, ever had to search for employees and it has always been a reference from an employee. He mentions they just hired someone today that was a reference from employee who heard about them, came in, has a job and is actually going to leave his job to come work there. When you hire from the community or within the area, it is the people that they spend time with who are the people that are coming in and filling out applications. Davis does not know much about casting but it sounds like it something that involves working with your hands. Paul states yes, it is labor intensive. Davis asks if they have ever done any trainings or internships where maybe they could bring high-school students in to learn more about the business. Paul states that they would be more than open to that. He actually just talked to a person at Ivy Tech to see if they can find someone that is going into machining that can come out to Phillips early on and maybe do an internship with them. He recalls having had Delta High School in before visiting the sand foundry for

one of their classes. Last year was probably the first year that they didn't come in due to Covid but he recalls them coming out for at least the past five years. Davis would love to see Muncie Community Schools be a part of that as well. Paul asks if anyone could provide him the information on who he should reach out to, he would be happy to reach out. Davis will do that.

Public Comments: No public comments.

Deliberative Session: Calumet Paralogics, LLC (Res. 17-21)

Councilwoman Davis has read over the information and thinks she would make a recommendation to say yes. Councilwoman Selvey is really excited about Calumet. She is really thrilled about the future expansion possibilities that they can have in this community and appreciates the percentage of Muncie employees. She thinks they are going to have great success and also makes a recommendation to say yes. Chairman Clark, too, shares a favorable recommendation. He agrees the new jobs are great, the investment is good and the return on investment for our City is beneficial. A motion is made by Selvey and seconded by Davis for a favorable recommendation of tax abatement for Calumet Paralogics, LLC. An all-in-favor vote showed 3 yeas and 0 nays. **Motion Carried.**

Phillips Patterns and Castings, Inc. (Res. 19-21)

Councilwoman Davis is first concerned that only 50% of the employees are residents of Muncie but she is glad that they are here and retained many employees as well as lasting through the pandemic. For those reasons, we need them here and need these businesses in Muncie. Davis would love to work with them and keep them here and if it takes a tax abatement to do that then she recommends yes. Councilwoman Selvey echoes Davis's concern regarding the 50% employees that are Muncie residents but they have been here for a while and have been successful. As long as they keep seeing some increase in the wages, somehow, she would like to see that as well as involvement with the schools. Starting early in the high school and middle schools is really important and Selvey thinks it would benefit our community. She, too, makes a favorable recommendation to say yes. Chairman Clark agrees. He thinks that both of these tax abatements are unique, each one just in size and scope. To Phillips Patterns, \$343,000 may be a huge investment to retain and employees is important. Clark also believes in connecting with our local workforce training being a great idea. A motion is made by Davis and seconded by Selvey for a favorable recommendation of tax abatement for Phillips Patterns & Castings, Inc. An all-in-favor vote showed 9 yeas and 0 nays. **Motion Carried.**

Councilwoman Davis mentions that regarding Res. 17-21 for Calumet, the document the attorney provided does not have the correct information. She just wants to make sure it has been sent in and was amended but it wasn't consistent with the documents in their email. Chairman Clark states for the record that this will need to

be amended at the regular meeting. Davis states unless they have some new paperwork that can be presented because Traci Lutton said it was presented to the Clerk's Office but Davis does not have that.

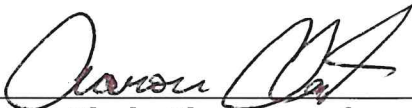
Council Attorney, Dan Gibson, advises he did send some corrected paperwork that he received from the City Attorney and Ms. Lutton last week. That was sent to the Council and the County Secretary in the Clerk's office. Clark confirms that the councilperson that signed or authorized this would need to recommend a motion to amend tonight. Gibson states that is correct. The resolution, itself, as well as the supporting documentation have changed so a single motion to amend would be appropriate.

Council Secretary confirms she received the original filing of the resolution on June 28th and received a copy of just the two pages application for tax abatement file-stamped July 6th and then the amended copy Attorney Gibson provided today file-stamped July 12th. She confirms she has copies of everything.

Traci Lutton thanks her and confirms the only change on the revised application was just the wages plus benefits. It is actually higher than it was on the original. Clark reiterates that the change was an increase in the wages. Davis explains she just loves for the paperwork to be in front of her and recalls not having that in her email. Lutton, too, has extra copies as well as the Council Secretary. Davis expresses as long as it has been filed, she is okay.

Adjournment:

A motion was made by Selvey and seconded by Davis to Adjourn. A vote by acclamation showed 3 yeas and 0 nays. **Adjourned.**



Aaron Clark, Chairman of
Abatement Committee of
the Muncie Common Council



Belinda Munson, Muncie City Clerk the Tax
of the Muncie Common Council



Jeff Robinson, President of
the Muncie Common Council