RESOLUTION NO. 7-2019

A RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF VALPARAISO, INDIANA GRANTING TASK FORCE TIPS LLC, INC. AN ASSESSED VALUATION DEDUCTION (TAX ABATEMENT) FOR TANGIBLE PERSONAL PROPERTY UNDER INDIANA CODE 6-1.1-12.1

WHEREAS, Pursuant to Resolution No. 5-2010, as confirmed by Resolution No. 7-2010, the Common Council of the City of Valparaiso, Indiana (the "City"), designated a certain area located within the City as an economic revitalization area (an "ERA");

WHEREAS, Resolution No. 5-2010 remains in full force and effect;

WHEREAS, Task Force Tips, LLC (the "Company") has filed with the Common Council a **Statements of Benefits Personal Property Improvements (FORM SB-1/Personal Property)** dated **February 13, 2019** proposing the installation of new personal property manufacturing equipment, anticipated to cost $2,750,000 (the "Project"), estimated to be completed on or prior to December 31, 2019 and to be fully assessed on or prior to January 1, 2020;

WHEREAS, The Company submitted said Statements of Benefits Personal Property ("FORM SB-1/PP") to the Common Council as the designating body prior to the installation of the Project for which the Company desires to request an assessed valuation deduction;

WHEREAS, The new personal property manufacturing as installed as it relates to the Project will be used by the Company consistent with IC 6-1.1-12.1-1(3);

WHEREAS, The new personal property manufacturing as tangible personal property installed as it relates to the Project has never been used for any purpose in Indiana before consistent with IC 6-1.1-12.1-1(1); and

WHEREAS, The Company's real property located at in the City (real property parcel number 64-10-32-200-008.000-029) is within the boundaries of an ERA, and therefore the Common Council may make a determination pursuant to IC 6-1.1-12.1-3(b) based upon the evidence as to whether Company shall be allowed an assessed valuation deduction.

NOW, THEREFORE, BE IT RESOLVED that the actions of the Common Council of the City of Valparaiso, Indiana are based upon the evidence as presented by Task Force Tips, LLC upon review of the FORM SB-1/Personal Property as well as other pertinent information provided by the Valparaiso Economic Development Corporation and upon the following findings and determinations pursuant to IC 6-1.1-12.1-3(b), such that:

(1) The Project is reasonable for a project of its nature;

(2) The estimated number of individuals who will be employed or whose employment will be retained can reasonably be expected to result from the installation of the Project;

(3) The estimated annual salaries of those individuals who will be employed or whose employment will be retained can reasonably be expected to result from the installation of the Project; and

(4) The totality of the benefits is sufficient to justify an assessed valuation deduction on the Project.

BE IT FURTHER RESOLVED that the Common Council hereby grants an assessed valuation deduction (Tax Abatement) from tangible **personal property – manufacturing equipment ("PPME") limited to a cost of $2,750,000 to be installed and placed into service between March 12, 2019 and December 31, 2019 as fully assessed on January 1, 2020** for an abatement period of **five (5) years** to the Company, being Task Force Tips, LLC, in accordance with IC 6-1.1-12.1 as it relates to the Project.

BE IT FURTHER RESOLVED that the Common Council hereby grants an assessed valuation deduction (Tax Abatement) from tangible personal property – manufacturing equipment ("PPME") with an abatement schedule provided below pursuant IC 6-1.1-12.1-17(b) consistent with the above abatement period as it relates to the Project.

Approved Abatement Period Schedule:

Depreciable personal property – machinery and equipment ("PPME"):

a. *To be installed and placed into service on or prior to December 31, 2019 as* ***fully assessed on January 1, 2020;***
b. ***Limited to a cost of $2,750,000.***

Year of Abatement Period	Deduction Percentage
Year One (1)	90%
Year Two (2)	90%
Year Three (3)	85%
Year Four (4)	80%
Year Five (5)	75%

BE IT FURTHER RESOLVED that having received the consent of the Company and in accordance with Indiana Code 6-1.1-12.1-14(b), as agreed upon in the Tax Abatement Agreement (**EXHIBIT A**), and pursuant to Indiana Code 6-1.1-12.1-14 for each year the Company's personal property tax liability is reduced by an assessed valuation deduction related specifically to the Project, the Company shall pay to the Porter County Treasurer a fee in the amount computed and determined by the Porter County Auditor pursuant to the provisions of subsection (c) of Indiana Code 6-1.1-12.1-14 (the "Imposed Fee") such that:

(1) The Common Council hereby determines that **fifteen percent (15%)** shall be the percentage to be applied by the Porter County Auditor for purposes of STEP TWO of subsection (c) of Indiana Code 6-1.1-12.1-14;

(2) Accordingly, for each year the Imposed Fee is payable by the Company, the Imposed Fee shall be equal to the lesser of One Hundred Thousand Dollars ($100,000) or fifteen percent (15%) of the additional amount of personal property taxes that would have been paid by the Company during that year if the deductions approved in this Resolution had not been in effect (i.e., 15% of the Company's personal property tax savings attributable to a deduction from the assessed valuation from the Project; and

(3) The Imposed Fee as collected shall be distributed to the **City of Valparaiso Redevelopment Commission** as a public entity established to promote economic development within the corporate limits of the City as determined by the Common Council as the designating body.

BE IT FURTHER RESOLVED that the final determination of the amount of assessed valuation deduction as applied to the Project for PPME shall be made by the appropriate Porter County or State of Indiana agency.

BE IT FURTHER RESOLVED that the Clerk-Treasurer of the City is hereby directed to file with the Office of the Porter County Assessor the following information as it applies to this Resolution and the approval of the Company's assessed valuation deduction:

1. The FORM SB-1/PP, as approved, properly completed and executed consistent with this Resolution and as signed and attested by the appropriate City officials;
2. A certified copy of this Resolution; and
3. A copy of the meeting minutes which approved this Resolution and the FORM SB-1/PP.

BE IT FURTHER RESOLVED that the Clerk-Treasurer of the City is hereby directed to file with the Office of the Porter County Auditor the following information as it applies to this Resolution and the approval of the Company's assessed valuation deduction in order to insure the application of an assessed valuation deduction as calculated by the Office of the Porter County Assessor, assuming an annual FORM CF-1 is approved by the City Council and all required documents are filed in a timely manner:

1. The FORM SB-1/PP, as approved, properly completed and executed consistent with this Resolution and as signed and attested by the appropriate City officials;
2. A certified copy of this Resolution; and
3. A copy of the meeting minutes which approved this Resolution and the FORM SB-1/PP.

BE IT FURTHER RESOLVED that if any part, clause, or portion of this Resolution shall be adjudged invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of this Resolution as a whole or any other part, clause, or portion of this Resolution.

BE IT FURTHER RESOLVED that this Resolution shall be in full force and effect from and after its passage and adoption by the City Common Council and upon the signature of the Mayor of the City as the executive of the City.

PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF VALPARAISO, INDIANA,

by a vote of 6 "Ayes" and 1 "Nays" of those Council members present on this day,

March 11, 2019.

Jon Costas
Mayor

ATTEST:

Sharon Swihart

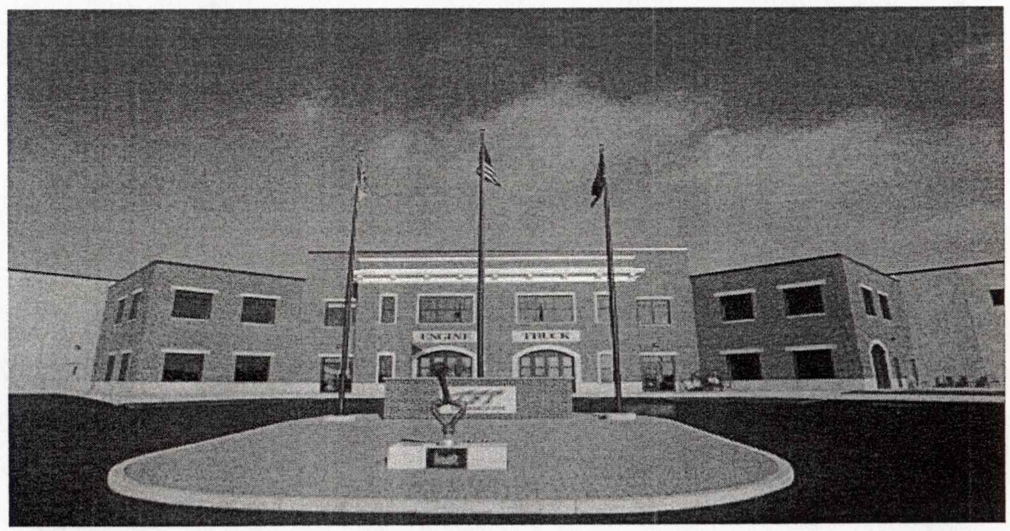
Sharon Swihart, Clerk-Treasurer

City of Valparaiso – City Council

5-year scaled personal property tax abatement for **Task Force Tips, LLC**

March 11, 2019

TASK FORCE TIPS®
FIRE FIGHTING EQUIPMENT

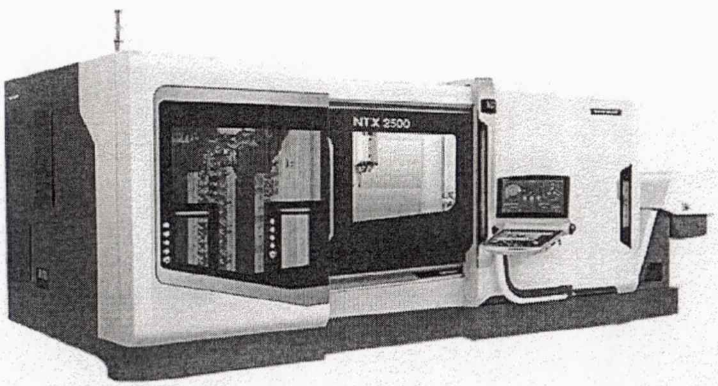


Mori Seki NTX 2500

NTX 2500

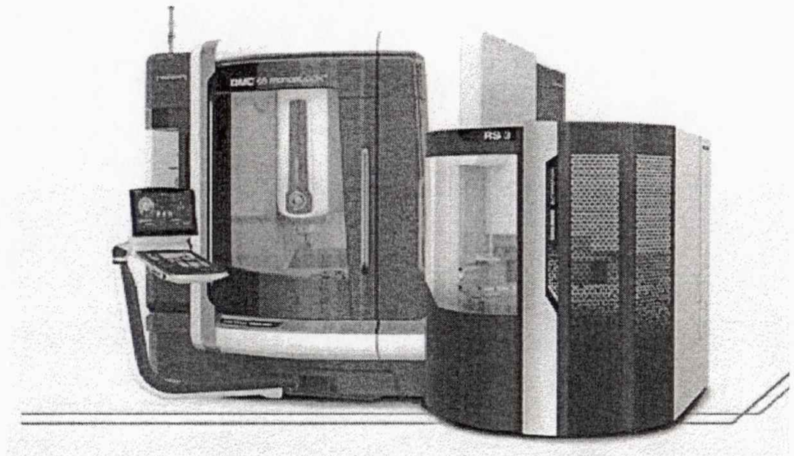
6-sided machining with Turn & Mill Spindle compactMASTER

Max. turning diameter	**670 mm**
Max. turning length	**1,540 mm**
Integrated spindle motor with C-Axis (0.0001°)	**5,000 rpm**
Max. bar work capacity	**80 mm**
Max. spindle speed turn-mill spindle	**12,000 rpm**
Max. number of tool stations	**10 Pockets**



The NTX 2500 will provide additional capacity for our multi-tasking operations. We are at capacity and need these machines to accommodate our growth.

Mori Seki DMC 65



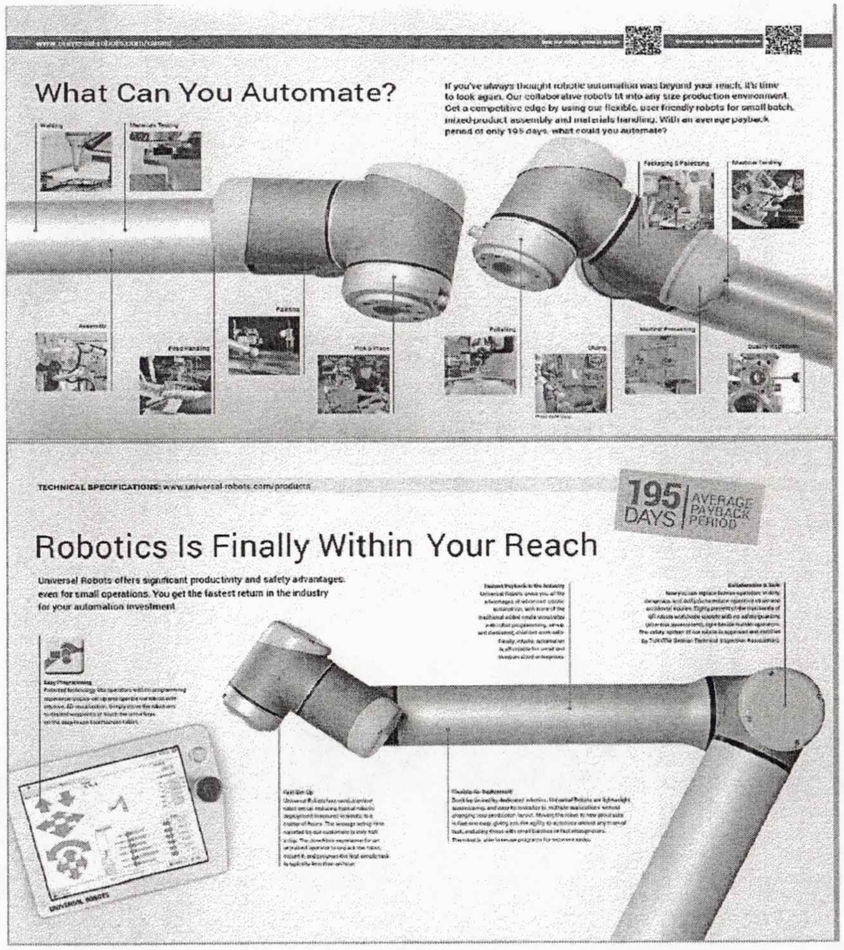
DMC 65 monoBLOCK

The monoBLOCK series has a machine concept for every sector

Max. X-axis travel	**28.9 in.**
Max. Y-axis travel	**25.6 in.**
Max. Z-axis travel	**22 in.**
Max. table load	**2,205 lbs.**
Table length	**19.7 in.**
Table width	**19.7 in.**

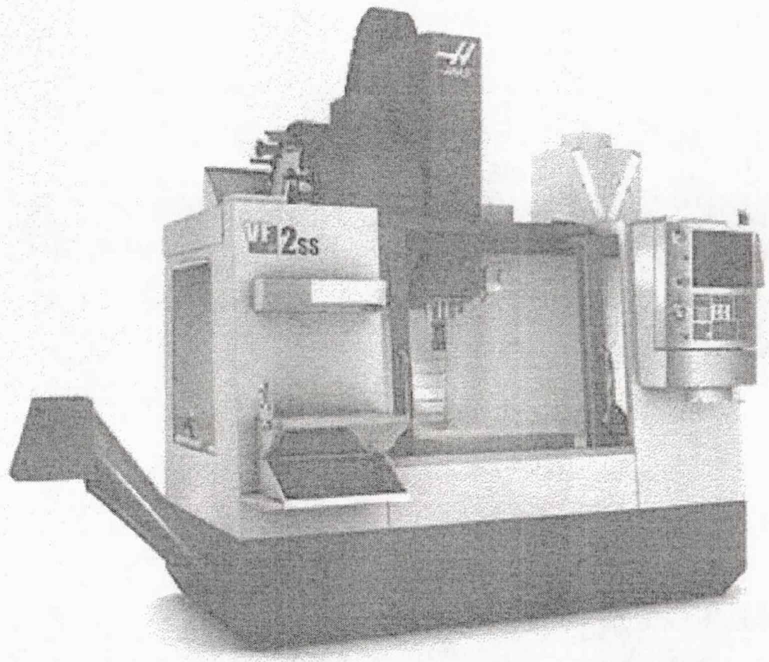
This machine will add new capability to help reduce operations on existing parts, again to increase our productivity to accommodate growth in the company. It will also be used to help with prototyping of new products being developed.

UR10 Robotics



We are continuing to grow our robotic capabilities to enhance productivity, again to allow for the ongoing growth of our business. These robots will be added to the new NTX 2500 machines. Further, it allows our highly trained CNC machinists to focus on other functions while only having to monitor the machines instead of constantly loading parts.

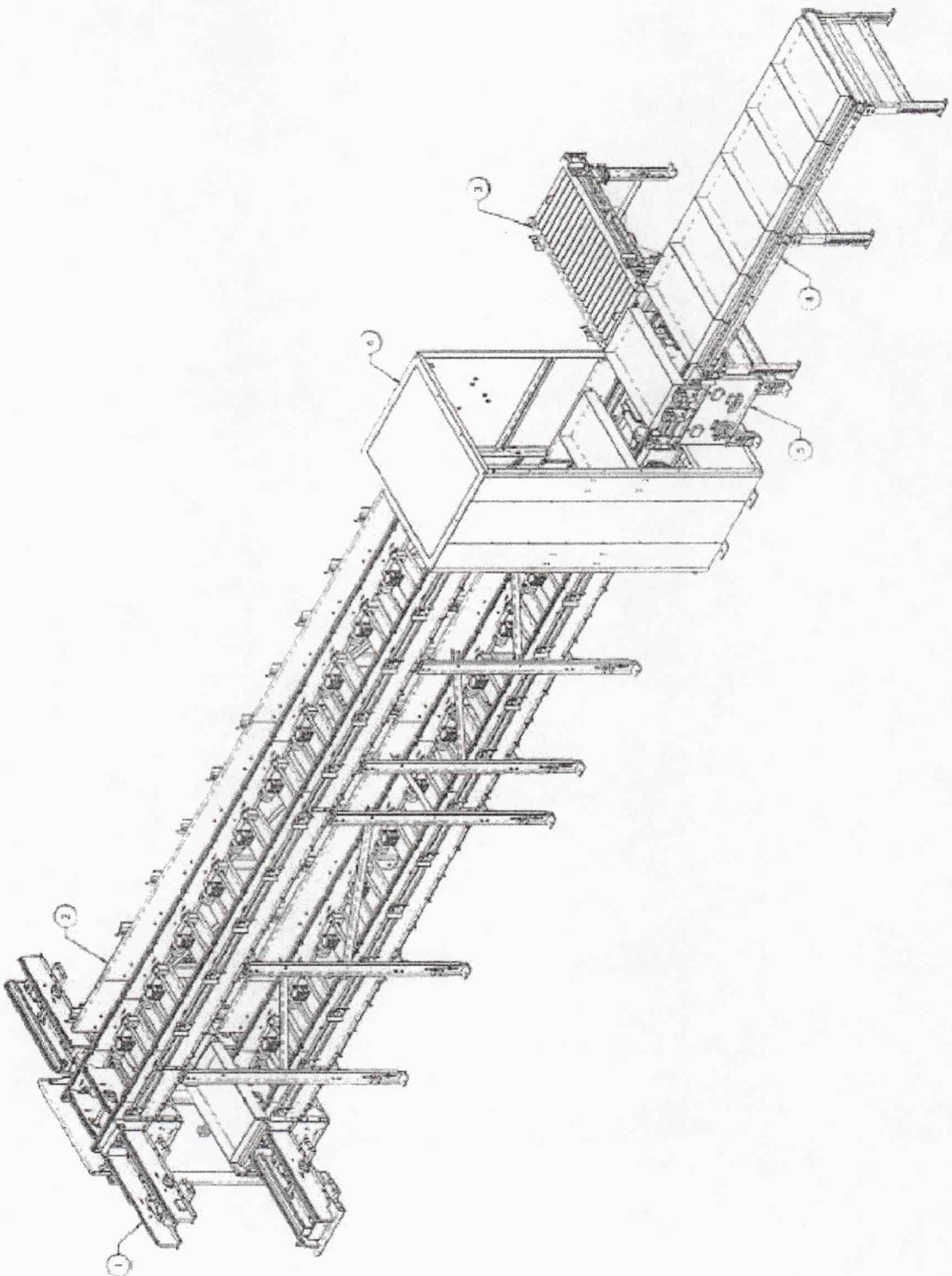
Haas VF2SS Milling Center



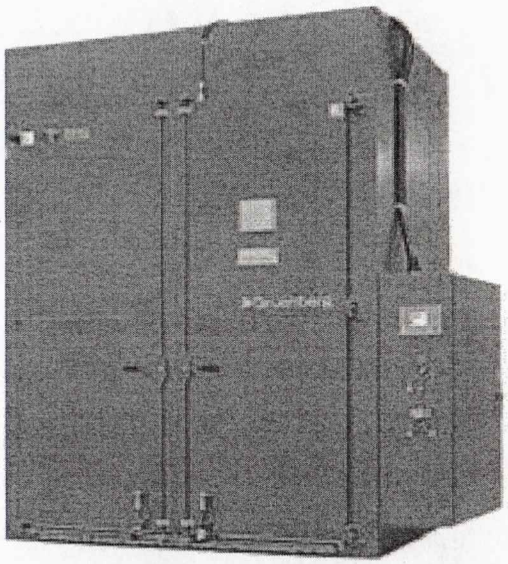
Our tool room plays a critical role in our new product development. The employees in the tool room are highly skilled CNC machinists that build prototype parts and most of the fixturing done for our CNC operations. This machine is needed to upgrade the tool room for fixturing required for the AMKUS parts as we continue to grow that product line.

Conveyor System for Anodizing

See drawing below. As with all manufacturers, we are in a constant battle to stay competitive in our cost structure. This conveyor system is another example of how we are trying to reduce employee handling time to make us more efficient with our production, reduce costs and help alleviate employee injuries by having to handle less material. The conveyor system will allow for us to automate the process of moving materials from our anodizing line to our inventory storage system.



Powder Coating Oven



Powder Coating is a type of dry coating that is a free-flowing, dry powder and does not require a solvent. Applied electrostatically or by fluidized bed, it is cured under heat to allow it to flow and form a "skin." It is much tougher than conventional paint and is necessary for our products due to the extremely harsh environment in which they are used.

Downdraft tables

Downdraft tables are necessary for the safety of our employees and the environment. Our parts often require deburring after they have been machined. A downdraft table has a suction system that gathers the chips safely during the deburring process. With the new machines being placed in service, we also need additional downdraft tables to accommodate the additional machining capacity being generated.

Investment by TFT = **$2.75 Million**

With no tax abatement

$22,280/per year -- City's share is **$10,253**

22,280 * 46.02% = 10,253

With tax abatement

Taxes Paid over 5 years = **$17,824** – City's share is **$8,202**.

Amount not collected (**$93,576** over 5 years) * **46.02 %** = **$43,063.68**

Minus the Tax Abatement Fee of **$14,037**

Net reduction to the City over 5 years = **$29,026**

Starting in Year 6 and for as long as the equipment is in service TFT will pay **$22,280** of which the City will realize **$10,253**.

Within 3 years, the City recoups the reduced amount.

Why am I recommending approval?

5-years is very reasonable and consistent with past granted tax abatements.

TFT is one of our larger, local employers (255). My expectation is that TFT will exceed the 5 employees they have committed to hiring.

I would hope to send a strong message to TFT/Amkus and Madison Industries that Valparaiso is a place you want to do business.