

RESOLUTION NO. 17, 2001

A RESOLUTION GRANTING REAL PROPERTY
TAX DEDUCTION

WHEREAS, the Common Council of the City of Valparaiso, Indiana has designated certain real estate within the City of Valparaiso, Indiana as an Economic Revitalization Area by the adoption of Resolution No. 9, 1992 on June 22, 1992; and

WHEREAS, said Resolution No. 9, 1992, was confirmed by Resolution No. 10, 1992 on July 13, 1992 pursuant to Indiana Code 6-1.1-12.1 et. seq.; and


WHEREAS, Resolution No. 10, 1992 remains in full force and effect; and

WHEREAS, the above described new facility will be located within the Economic Revitalization Area confirmed by Resolution No. 10, 1992.

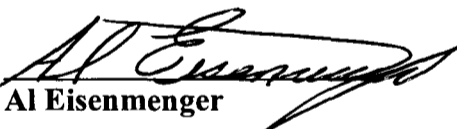
NOW, THEREFORE BE IT RESOLVED, The Common Council of the City of Valparaiso hereby grants a real property tax deduction for construction of a new facility pursuant to law for a period of ten (10) years Pailton, Inc. This action by the Common Council is taken after recommendation by the Redevelopment Commission and the Council now specifically finds as follows:

- (1) That the application of Pailton, Inc. meets the requirements of the Economic Revitalization area.
- (2) That Pailton, Inc. is hereby granted deduction for an amount not to exceed \$605,183.00.
- (3) That the final determination of the amount of deduction shall be made by the appropriate County and State agencies.
- (4) That said deductions for construction of such facility shall be for a period of ten ⁶/₁₀ years.

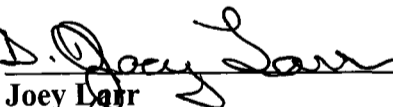
ADOPTED this 12th day of November, 2001 by a 6-0 vote of all members present and voting.




Aaron Carlberg




Al Eisenmenger



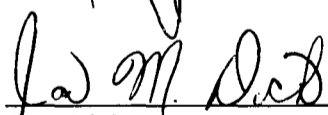
Joey Darr



Fred Kruger



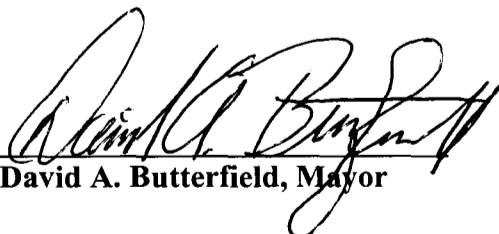
Donald Ragsdale



Jan Dick

Absent

Judy Dorris



David A. Butterfield, Mayor

ATTEST:



Sharon Swihart, Clerk-Treasurer



STATEMENT OF BENEFITS

State Form 27167 (R5 / 11-95)

Form SB - 1 is prescribed by the State Board of Tax Commissioners, 1989

**FORM
SB - 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, or **BEFORE** the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987 and areas designated after July 1, 1987 require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
2. Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation, or prior to installation of the new manufacturing equipment, **BEFORE** a deduction may be approved.
3. To obtain a deduction, Form 322 ERA, Real Estate Improvements and / or Form 322 ERA / PP, New Machinery, must be filed with the county auditor. With respect to real property, Form 322 ERA must be filed by the later of: (1) May 10; or (2) thirty (30) days after a notice of increase in real property assessment is received from the township assessor. Form 322 ERA / PP must be filed between March 1 and May 15 of the assessment year in which new manufacturing equipment becomes assessable, unless a filing extension has been obtained. A person who obtains a filing extension must file the form between March 1 and June 14 of that year.
4. Property owners whose Statement of Benefits was approved after June 30, 1991 must submit Form CF - 1 annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)

SECTION 1 TAXPAYER INFORMATION	
Name of taxpayer Pailton, Inc.	
Address of taxpayer (street and number, city, state and ZIP code) 2351 Industrial Drive, Valparaiso Indiana 46383	
Name of contact person Brian J. Hurley PO Box 209 Valparaiso, Indiana 46384	Telephone number (219) 462-2126

SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT			
Name of designating body Valparaiso City		Resolution number	
Location of property Lot 2 Expo North	County Porter	Taxing district Valno/Washington	
Description of real property improvements and / or new manufacturing equipment (use additional sheets if necessary) construction of 10,000 sq. ft. steel frame industrial grade building with offices.	ESTIMATED		
		Start Date	Completion Date
	Real Estate	2nd quarter 2002	4th quarter 2002
	New Mfg Equipment		

SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT					
Current number	Salaries	Number retained	Salaries	Number additional	Salaries
1	\$75,000	1	same	3/3yrs.	\$100,000

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.	Real Estate Improvements		Machinery	
	Cost	Assessed Value	Cost	Assessed Value
Current values	\$105,183	\$34,000		
Plus estimated values of proposed project	\$500,000	\$166,000		
Less values of any property being replaced				
Net estimated values upon completion of project	\$605,183	\$200,000		

SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER	
Estimated solid waste converted (pounds) <u>minimum</u>	Estimated hazardous waste converted (pounds) <u>none</u>
Other benefits: discarded packaging	

SECTION 6 TAXPAYER CERTIFICATION		
I hereby certify that the representations in this statement are true.		
Signature of authorized representative 	Title US Director of sales	Date signed (month, day, year) 10/29/01

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 6-1.1-12.1-2.5, 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 _____ 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. Installation of new manufacturing equipment; Yes No
- 3. Residentially distressed areas Yes No

C. The amount of deduction applicable for new manufacturing equipment is limited to \$ _____ cost with an assessed value of \$ _____.

D. The amount of deduction applicable to redevelopment or rehabilitation is limited to \$ _____ cost with an assessed value of \$ _____.

E. Other limitations or conditions (specify) _____

F. The deduction for new manufacturing equipment installed and first claimed eligible for deduction after July 1, 1991 is allowed for:
 5 years 10 years The deduction period will be five (5) years unless the designating body has by resolution specified the ten (10) year period.

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: (signature and title of authorized member)	Telephone number ()	Date signed (month, day, year)
Attested by:	Designated body	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC-6-1.1-12.1-4 or 4.5 Namely: (see tables below)

NEW MANUFACTURING EQUIPMENT		
For Deductions Allowed Over A Period Of:		
Year of Deduction	Five (5) Year Percentage	Ten (10) Year Percentage
1st	100%	100%
2nd	95%	95%
3rd	80%	90%
4th	65%	85%
5th	50%	80%
6th		70%
7th		55%
8th		40%
9th		30%
10th		25%

REDEVELOPMENT OR REHABILITATION OF REAL PROPERTY IMPROVEMENT			
For Deductions Allowed Over A Period Of:			
Year of Deduction	Three (3) Year Deduction	Six (6) Year Deduction	Ten (10) Year Deduction
1st	100%	100%	100%
2nd	66%	85%	95%
3rd	33%	66%	80%
4th		50%	65%
5th		34%	50%
6th		17%	40%
7th			30%
8th			20%
9th			10%
10th			5%

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 6-1.1-12.1-2.5, 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 _____ 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. Installation of new manufacturing equipment; Yes No
 - 3. Residentially distressed areas Yes No
- C. The amount of deduction applicable for new manufacturing equipment is limited to \$ _____ cost with an assessed value of \$ _____.
- D. The amount of deduction applicable to redevelopment or rehabilitation is limited to \$ _____ cost with an assessed value of \$ _____.
- E. Other limitations or conditions (specify) _____
- F. The deduction for new manufacturing equipment installed and first claimed eligible for deduction after July 1, 1991 is allowed for:
 5 years 10 years The deduction period will be five (5) years unless the designating body has by resolution specified the ten (10) year period.

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: (signature and title of authorized member)	Telephone number ()	Date signed (month, day, year)
Attested by:	Designated body	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC-6-1.1-12.1-4 or 4.5 Namely: (see tables below)

NEW MANUFACTURING EQUIPMENT		
For Deductions Allowed Over A Period Of:		
Year of Deduction	Five (5) Year Percentage	Ten (10) Year Percentage
1st	100%	100%
2nd	95%	95%
3rd	80%	90%
4th	65%	85%
5th	50%	80%
6th		70%
7th		55%
8th		40%
9th		30%
10th		25%

REDEVELOPMENT OR REHABILITATION OF REAL PROPERTY IMPROVEMENT			
For Deductions Allowed Over A Period Of:			
Year of Deduction	Three (3) Year Deduction	Six (6) Year Deduction	Ten (10) Year Deduction
1st	100%	100%	100%
2nd	66%	85%	95%
3rd	33%	66%	80%
4th		50%	65%
5th		34%	50%
6th		17%	40%
7th			30%
8th			20%
9th			10%
10th			5%

DOUGLAS, ALEXA, KOEPPEN & HURLEY

ATTORNEYS AT LAW

FIRST NATIONAL BANK BUILDING

14 INDIANA AVENUE, SUITE 200

P.O. Box 209

VALPARAISO, INDIANA 46384-0209

TELEPHONE (219) 462-2126

FACSIMILE (219) 477-4408

HERBERT K. DOUGLAS

WILLIAM E. ALEXA

R. BRADLEY KOEPPEN*

BRIAN J. HURLEY

*ALSO ADMITTED IN FLORIDA

GEORGE W. DOUGLAS

ROGER K. CLAUDON

RETIRED

LEO J. CLIFFORD

(1914-1995)

October 30, 2001

Valparaiso City Council
c/o Mayor David Butterfield
166 Lincolnway
Valparaiso, Indiana 46383

Dear Mayor and City Council:

This law firm represents Pailton, Inc. which is a subsidiary area of a manufacturing business based in the United Kingdom. They are currently located in the Montdale Industrial Park. Currently, Pailton, Inc. is operating its North American sales office out of its current facilities which have now become overcrowded. It is therefore necessary for Pailton, Inc. to pursue a new facility. They have currently looked at lot 2 in Expo North for the construction of a ten thousand square foot facility. The building would be within the State Road 49 overlay ordinance, and would involve assembly and perhaps light manufacturing.

The purpose of this letter is to obtain a position on the agenda for discussion regarding tax abatement for the construction of the referenced facility. The business in this country is currently expanding through the efforts of Rob Kilhefner the head of sales and marketing for the North American division. In addition to his duties of sales and marketing, it is also his charge to expand the operation of the facility. He would like to pursue this through the construction of a building that would house office space as well as manufacturing and warehousing of product.

Pailton, Inc. is currently engaged in the manufacture and assembly of competent parts involved in automotive steering applications for commercial use in buses and trucks. The proposal involves the possibility of obtaining a product shipped here on a monthly basis that would be assembled and then sent out to the end user. In one year Pailton, Inc. has gone from sales of Six Hundred Thousand Dollars (\$600,000.00) to gross sales of Two Million Dollars (\$2,000,000.00) here in North America. Mr. Kilhefner's goals are to substantially increase the market in this county and thereby necessitating the use of the building as an assembly and storage facility for shipment of parts to customers here in the North America. The parent company has gross sales of Twenty Million Dollars (\$20,000,000.00).

The owner of the real estate would be Pailton, Inc., which is an Indiana Corporation incorporated approximately two years ago. Currently, there is only one employee, Mr. Kilhefner. In the short term, he anticipates hiring approximately three more individuals associated

Page 2
October 30th, 2001

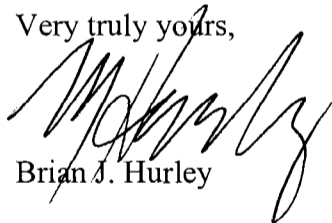
with the assembly and warehousing functions. In addition, the long term goal for the facility is to actually do some light manufacturing or at least production assembly of units for shipment.

This is a new business in Valparaiso, and it is a clean and relatively small manufacturing and distribution concern. Valparaiso is well suited for the business and the business is well suited for Valparaiso. It is a good fit because it involves the hiring of, not a substantial number of people, but still would provide manufacturing and/or distribution type employment. The business has a great potential of growth which is obvious by the parent company's confidence in its commitment to growth here in the United States and all of North America. Obviously, the construction of the ten thousand square foot facility which we estimate to be at a cost of Five Hundred Thousand Dollars (\$500,000.00) will also provide a positive economic boost to our present economy and the construction industry.

We would ask that the council consider the possibility of tax abatement for the ten thousand square foot facility on a ten year basis. As you are no doubt aware, Expo North is not in a TIF district and therefore it is up to the council alone to pass on a resolution to provide tax abatement for the proposed facility. It is necessary for tax abatement to be provided to this particular business because, while it needs additional space to grow, it needs additional time to put in place its foundation in the market here in North America. The tax abatement would not cost the city money, but rather provide increase tax revenue for real estate that would otherwise be undeveloped.

Please accept this letter as our application for tax abatement. Enclosed you will find a Statement of Benefits for the proposed facility. If I can be of any assistance, please do not hesitate to contact me. I look forward to hearing from you concerning a place on the agenda at the next city council meeting.

Very truly yours,



Brian J. Hurley

BJH/alh
Enclosure