(passed 8-0)
Banach absent.

RESOLUTION 03-12

TO AUTHORIZE EXPENDITURES FROM THE INDUSTRIAL DEVELOPMENT FUND FOR ATTAINMENT OF EMPLOYMENT GOALS BY PTS CORPORATION AT THE INDIANA ENTERPRISE CENTER

WHEREAS, in 1998 Thomson Consumer Electronics closed its television assembly plant in Bloomington, Indiana, eliminating 1200 jobs and leaving vacant a 200 acre, 1.8 million square foot industrial facility; and

WHEREAS, in anticipation of this closure and in accordance with Indiana Code 36-7-13-4, the Common Council adopted Ordinance 97-22, which established the Industrial Development Fund, which is a special fund used for the purposes of industrial development and expansion in or serving the City of Bloomington; and

WHEREAS, with the adoption of that ordinance, the Common Council also amended the Bloomington Municipal Code in order to establish the Bloomington Industrial Development Advisory Commission (BMC 2.30.060), which has to responsibility to make recommendations to the Common Council for expenditures from the Industrial Development Fund; and

WHEREAS, in accordance with amendments to I.C. 36-7-13 and I.C. 6-3.1-19 passed by the General Assembly in 1998, the Common Council adopted Resolution 99-15, which proposed the creation of a Community Revitalization Enhancement District (CREED) to assist the community in redeveloping the Thomson site and in attracting new, high-quality employment; and

WHEREAS, the CREED provides opportunities for the use of certain special economic development tools, including tax credits for qualified investors in the CREED, deposit of certain tax revenues in a fund for the CREED, and bonding ability; and

WHEREAS, one of those economic development tools allows the City to enter into agreements with developers of property within the CREED, entitling them to payment of a specified sum from the Industrial Development Fund upon attainment of goals or benchmarks on the site, as approved by the Bloomington Industrial Development Advisory Commission and Common Council; and

WHEREAS, the Industrial Development Fund has a current balance of $577,479.00, which includes a combination of funds from the exit package from Thomson and accumulated interest; and

WHEREAS, PTS Corporation and its related business entities (collectively "PTS"), a manufacturer of electronic equipment, propose expanding its manufacturing facility in Building Two of the Indiana Enterprise Center (IEC) (the "Property"), which requires conversion of warehouse space to production space by installing new interior walls, ceilings, lighting, heating and air conditioning, and electrical service, to standards suitable for manufacturing and repair of electronic devices, at a cost of approximately $800,000 in site improvements and $2,400,000 in equipment purchases; and

WHEREAS, PTS expects to add at least 296 employees at the Project after expanding its facility in the IEC, in addition to the 845 employees that currently work for PTS; and

WHEREAS, PTS expects to employ at least 296 persons in the Project by the end of 2004, without reducing employment levels at its other Bloomington sites, so that PTS will employ at least 1141 persons in Monroe County by December 31, 2004; and

WHEREAS, PTS has received a tax abatement on equipment at its Curry Pike site that requires it to maintain employment at 483 at that site, and it is seeking tax abatement on equipment at the Project that will require it to maintain employment levels at its other Monroe County sites at 845 and hire 296 new employees at the Project in order to retain the abatement; and

WHEREAS, PTS shall file verified quarterly reports with the City listing the number of full-time employees at the Project during the preceding quarter, and if the number fluctuates during the quarter the report shall list the highest and lowest number employed (the "Reports"), and payments hereunder shall be determined based upon the average number of full-time employees employed during the quarter; and

WHEREAS, IC 36-7-13-18(b) authorizes a governmental unit containing a CREED to establish goals and benchmarks concerning the development of a property and provide that a developer that meets or exceeds the goals or benchmarks may be paid a specified fee from the IDF; and

WHEREAS, it is desirable to establish benchmarks related to PTS's expanded employment at the Project during the years 2004 through 2008 for purposes of reimbursing PTS for part of the costs of its expansion pursuant to IC 36-7-13-18(b); and

WHEREAS, the benchmarks (collectively, the "Benchmarks") shall be as follows:

(a) If PTS reaches the employment goal of at least 296 new full-time employees at the Project on or before June 30, 2004, and the State of Indiana deposits CREED revenues of at least $25,000 based upon PTS's employment of the new employees at the Project into the IDF prior to September 30, 2004 (the "Initial Quarterly Benchmark"), then PTS shall begin receiving quarterly payments of $25,000 for each calendar quarter during which it maintains the employment goal of at least 296 full-time employees at the Project and the State of Indiana deposits CREED revenues of at least $25,000 based upon PTS's employment of those persons into the IDF;

(b) As an alternative to the Initial Quarterly Benchmark, if PTS reaches the employment goal of at least 296 full-time employees at the Project on or before June 30, 2004, but the State of Indiana does not deposit CREED revenues based upon PTS's employment of those persons into the IDF prior to September 30, 2004, or if PTS reaches the employment goal of at least 296 full-time employees at the Project between June 30, 2004 and December 31, 2004, (the "Initial Annual Payment Benchmark"), then PTS shall be paid the sum of $100,000 from the IDF during January, 2005;

(c) If PTS maintains the number of full-time employees at the Project at or above 296 continuously during a calendar year, without significantly reducing the number of employees at its other Bloomington sites, and the State of Indiana does not begin depositing CREED revenues based on the employment of those persons into the IDF on a quarterly basis during the quarter immediately after the quarter during which the revenues are generated (the "Subsequent Annual Payment Benchmarks"), then PTS shall be paid the sum of $100,000 from the IDF, subject to availability of funds in the IDF and subject to the $500,000 cap on CREED revenues payable for meeting the employment benchmarks, in each January during the years 2006 through 2009 following a year in which the Subsequent Annual Employment Benchmark for that year is met;

(d) If PTS begins receiving quarterly payments hereunder, but the number of full-time employees at the Project drops below 296, then for each quarter in which employment is below 296, PTS shall be eligible to receive a pro-rata share of the CREED revenues paid into the IDF for that quarter determined by multiplying $25,000 times the percentage which is the product of the actual

number of full-time employees at the Project during that quarter or, if the number varied, the average number of employees, divided by 296;

(e) If PTS does not begin receiving quarterly payments, and during all or part of a calendar year between 2004 and 2008 it employs fewer than 296 full-time employees at the Project (the "Partial Annual Benchmark"), then after at least $236,049 in CREED revenues resulting from the employment of persons at the Project has been deposited in the IDF for said calendar year, in the following year PTS shall be eligible to receive a pro-rata share of the CREED revenues paid into the IDF determined by multiplying $100,000 times the percentage which is the product of the actual number of full-time employees employed at the Project during the preceding year, or, if the number varied, the average number of employees, divided by 296; and

(f) If PTS begins receiving quarterly payments hereunder as a result of attaining one or more Quarterly Payment Benchmarks, and PTS employs at least 325 full-time employees continuously at the Project during a calendar quarter (the "Incentive Benchmark"), then PTS shall be eligible to receive, for each quarter the Incentive Benchmark is met, an additional $5000 in CREED revenues generated by PTS and deposited in the IDF for the first increment of 29 over 296, then for each additional increment of 25 employees, subject to the availability of revenues in the IDF generated by PTS and subject to the $500,000 cap on CREED revenues payable for meeting the employment benchmarks; and

(g) If PTS transfers employees from any of its other Monroe County, Indiana sites to the Project and those employees are counted towards the Initial Quarterly Benchmark or the Initial Annual Payment Benchmark, the PTS shall replace all those employees at the other sites with newly-hired employees not later than December 31, 2004, and PTS shall not receive CREED payments until every transferred employee has been replaced (the "Backfill Benchmark"); and

WHEREAS, payment of any amounts due to PTS for attaining one or more of the Benchmarks is subject to the availability of CREED revenues or other funds in the IDF, as provided in the individual Benchmark definitions, and is also subject to the provision that in no circumstances will the total amount payable to PTS on account of reaching any or all of the benchmarks defined herein be greater than $500,000; and

WHEREAS, to be eligible for payment from the IDF for attainment of the Benchmarks, PTS shall be required to enter into a financing agreement with the City of Bloomington, and shall also have entered into a separate agreement with some other person or entity for use or operation of the facility, pursuant to IC 36-7-13-18(a); and

WHEREAS, the redevelopment of the IEC serves an important public purpose, in that the project offers a significant investment in the area and will create 300 new jobs; and

WHEREAS, the Bloomington Industrial Development Advisory Commission met on June 27, 2003 to recommend payment to PTS from the IDF of up to $500,000 for attainment of the Benchmarks;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. The Common Council hereby establishes the Benchmarks as benchmarks pursuant to Indiana Code 36-7-13-18(b), and hereby authorizes the City Controller, after verification of completion of one or more of the Benchmarks and compliance with the provisions of IC 36-7-13-18, to pay to PTS Corporation or a related business entity the amount(s) attributable to the Benchmark or Benchmarks attained, as provided herein and subject to the

availability of CREED revenues or other funds in the IDF, as provided in the definition of the Benchmark or Benchmarks attained, and further subject to the provision that the total amount payable to PTS for attainment of the Benchmarks shall not exceed $500,000.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 9th day of July, 2003.

CHRIS GAAL, President
Bloomington Common Council

ATTEST:

REGINA MOORE, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this 10th day of July, 2003.

REGINA MOORE, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this 10 day of July, 2003.

JOHN FERNANDEZ, Mayor
City of Bloomington

SYNOPSIS

This resolution authorizes expenditure from the Industrial Development Fund of up to $500,000 to PTS Corporation or a related business entity as a result of meeting employment goals at its facility at the former Thomson site.

Copies to:
Petitioner
Planning
Controller

Legal (5)
Bl. Dev Ad Commission

File CA/CA