

City of Bloomington Common Council

Legislative Packet

Wednesday, 11 March 2015

Committee of the Whole

*For legislation and background material relevant to Ordinance 15-05, please see the
Legislative Packet issued in interest of the [04 March 2015 meeting](#)*

All other legislation and background material contained herein.

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Packet Related Material

Memo

Agenda

Calendar

Notices and Agendas:

None

Legislation for Discussion at the Committee of the Whole on March 11th:

Materials Regarding a Two-Part Economic Development Package for Cook Pharmica, LLC, at 1501 South Strong Drive

- **Introductory Material / Overview**
 - Memo to Council on Project Background and Details from Danise Alano-Martin, Director, Economic and Sustainable Development Department; and
 - Aerial Photo of Site with Parcels and Boundaries of Various Economic Development Districts (*provided by Council Office*)

Contact: Danise Alano-Martin 812-349-3477, alanod@bloomington.in.gov
- **Res 15-06** To Designate an Economic Revitalization Area, Approve the Statements of Benefits, and Authorize Periods of Abatement for Personal Property Improvements - Re: Properties at 1501 South Strong Drive (Cook Pharmica, LLC, Petitioner)
 - Economic Development Commission (EDC) Res 15-03
 - Memo to Council on Tax Abatement from Danise Alano-Martin, Director, Economic and Sustainable Development Department
 - Application for Tax Abatement;
 - Statement of Benefits for Abatement on Personal Property (Manufacturing Equipment);
 - Estimate of Property Tax Calculations; and
 - Tax Abatement Program: General Standards.

- **Res 15-08** To Authorize Expenditures from the Industrial Development Fund to Support an Economic Development Project – Re: Cook Pharmica, LLC, 1501 South Strong Drive
 - Bloomington Industrial Development Advisory Commission (BIDAC) Res 05-03;
 - Memo to Council on Industrial Development Fund Expenditure from Danise Alano-Martin, Director, Economic and Sustainable Development Department;
 - Balance Sheet for Industrial Development Fund (*forthcoming*)

- **Ord 15-05** To Amend Title 4 of the Bloomington Municipal Code Entitled “Business Licenses and Regulations” - Re: Chapter 4.16 (Itinerant Merchants, Solicitors and Peddlers – *deleted and replaced*); Chapter 4.28 (Mobile Vendors - *added*); and Chapter 4.30 (Pushcarts - *added*)
Contact: Adam Wason 349-3406 or wasona@bloomington.in.gov
Danise Alano-Martin 349-3477 or alanod@bloomington.in.gov
Patty Mulvihill 349-3426 or mulvihill@bloomington.in.gov

Please see the Weekly Council Packets issued for the March 4th Regular Session for the modified proposal introduced this year and November 12, 2014 Regular Session for the original proposal discussed last year.

Reminder of Meetings

<u>Day</u>	<u>Meeting</u>	<u>Location and Time</u>
Friday	Staff/Council Internal Work Session	Council Library at noon

Memo

**Three Items Ready for Discussion at the Committee of the Whole
on Wednesday March 11th**

There are two resolutions and one ordinance ready for discussion at the Committee of the Whole next week. The two resolutions will be considered first and are included in this packet and summarized below. The ordinance will be considered last and the information regarding it can be found online as indicated above.

Res 15-06 (Tax Abatement) and Res 15-08 (Expenditure from Industrial Development Fund [IDF]) – Re: Two-Part Economic Development Package for Expansion of Business Line by Cook Pharmica, LLC, at 1501 South Strong Drive

There are two resolutions in this packet offering a two-part economic development package for Cook Pharmica, LLC, at 1501 South Strong Drive:

- Res 15-06 designates an Economic Revitalization Area (ERA), approves a Statement of Benefits, and authorizes a 10-year, 70% tax abatement on \$25 million in new manufacturing equipment; and
- Res 15-08 authorizes an expenditure of \$250,000 from the Bloomington Industrial Development Fund (IDF) upon investment of at least \$1 million in improvements to the site in accordance with a set of benchmarks.

Opening Memo with Background and Project Details

The opening memo from Danise Alano-Martin, Director of Economic and Sustainable Development, reminds the reader of the closing of the Thomson Consumer Electronics (Thomson) facility in 1997 and the resulting loss of 1,200 jobs, \$1 million in property taxes and \$350,000 in County Option Income Taxes (COIT) each year, and the concerted State and local response. That response included:

- Completing a neighborhood development strategy and Planned Unit Development;
- Establishing a Community Revitalization Enhancement District (CRED);
- Leveraging the Bloomington Urban Enterprise Zone (BUEZ);
- Using tax abatements; and
- Making investments in infrastructure.

With the help of these efforts, about 10 years ago, Cook Group agreed to open a “start-up contract pharmaceutical manufacturing company” known as Cook Pharmica, LLC, at what is now 1501 South Strong Drive. The memo notes that, as a global business with many locations, locating here was not a foregone conclusion. Even so, a few years later, in 2008, it decided to expand with a “new and distinct business line” that formulates, fills and finishes (packages) vials and syringes. As of May of 2014, Cook Pharmica had:

- Invested \$38 million in manufacturing equipment and more than \$112 million in improvements to real property; and
- Employed 496 people with an annual payroll of \$34.2 million.

Now, it is considering adding a “drug product filling line ... with the ability to fill vials, syringes, and cartridges with a small-scale lyophilizer (freeze dryer).” This would take years to implement and entail:

- Investment of \$25 million in equipment, which should be in service by April of 2017;
- Investment of \$2.5 million in site improvements to accommodate the new equipment; and
- Addition of 70 new jobs with \$3.2 million in new salaries by 2020, which will include:
 - 31 hourly equipment operators with an average wage of \$15/hour;¹ and
 - 39 salaried employees “hired in positions such as quality, technical and business support personnel.”

Rounding out this opening memo, Alano-Martin notes that, when this project is added to its existing operations, Cook Pharmica will have:

- Created about half the jobs lost with the departure of Thomson; and
- Generated about \$263,000 of the \$350,000 lost in COIT (from a payroll of \$34.3 million²).

In addition, the property taxes paid during the 10-year abatement would, alone, generate \$545,000 of the \$1 million lost each year as of the late 1990s.

Lastly, using “economic impact modeling software” provided by the Bloomington Economic Development Corporation, the memo estimates that the 70 new jobs will yield indirect and induced effects³ that add another 50 jobs to the local economy. All told, when added to the 550 existing jobs, Cook Pharmica will have produced an economic impact of nearly \$328 million.

Res 15-06 - Proposing a Tax Abatement for the Cook Pharmica Investment in New Manufacturing Equipment

This portion of the summary is based upon material provided by Alano-Martin and addresses the proposed tax abatement for the Cook Pharmica investment of \$25 million in new manufacturing equipment. Given the Council’s recent action on

¹ Please see the last page of the memo on the tax abatement and the second page of the Application for information on the wages for jobs associated with these incentives and compliance with the Living Wage Ordinance.

² Note that some of this payroll is for out-of-county employees whose COIT goes to their county of residence.

³ Indirect effects “include changes caused in the supplier chain”; and; Induced effects “include the changes caused among affected consumers (across all affected industries) ... (due) to new income creat(ing) new opportunities for consumer spending.”

another tax abatement,⁴ the memo will dispense with an overview of the tax abatement program and focus on primary findings and consequences related to this proposal.

This proposal would:

- Designate 1501 South Strong Drive and the associated parcel number as an Economic Revitalization Area (ERA) and set a termination date of December 31, 2028;
- Authorize a tax abatement on personal property (new manufacturing equipment) for a term of 10 years and a deduction schedule of 70% each year; and
- If approved, require a confirmatory resolution and public hearing scheduled for the Regular Session on April 8th.

Evaluation of Project Under Local Standards. In 2011, the City adopted General Standards for evaluating proposed tax abatement projects. These standards set forth two basic as well as some additional optional criteria.

The basic requirements focus on the creation of full-time, permanent living-wage jobs and the creation of capital investment as an enhancement to the tax base.

According to the memo, this project meets this standard by the:

- creation of 70 full-time jobs with annual payroll of \$3.2 million;
- investment of \$25 million in new manufacturing equipment; and
- increase in personal property taxes of \$533,793 each year.

The additional criteria for tax abatement projects focus on whether the project makes a “significant contribution to overall economic vitality” of the City and include four illustrative criteria. While not necessary in this case because of the project’s strong match with the basic criteria, the Memo did mention positive impacts within the four additional categories as noted below:

- Quality of Life/Environmental Sustainability –
 - Here, staff notes the previously-stated benefits, the \$3.6 million annual projected economic output, and the life-saving and life-enhancing nature of the pharmaceuticals all contribute to quality of life.
- Community Character –
 - Here, staff describes Cook Pharmica as “a driving force attracting continued national and international recognition of Bloomington’s life

⁴ Please see the summary in the [Council Legislative Packet](#) issued for the January 14, 2015 Regular Session for a fuller explanation of tax abatement program in context of the aforementioned abatement.

sciences sector” which “will increase (the city’s) appeal to a talented workforce,” attract “additional private sector investment (and training) ... and ... increase the awareness of Bloomington’s economic strengths internationally.”

- Community Service –
 - Here, staff notes that “Cook Pharmica and their employees proudly support many community organizations and charitable causes...”
- Affordable Housing – *Not addressed (although higher incomes may make more properties affordable to those household).*

ERA. The resolution designates the property as an ERA until December 31, 2028.⁵ The designation entails a finding that the property is not susceptible to normal growth and development. In that regard, the:

- Memo notes that despite progress, staff recommends the continued designation because “additional investment is still required to fully recover from (the loss of Thomson)” and “lingering factors (which) have prevented normal development or use of the property.”

ERA in TIF District. This site lies within the Thomson TIF and, as such, statute requires the Council to acknowledge and approve this overlap of economic development districts. Here, staff finds that expansion of this contract pharmaceutical manufacturing company is consistent with the plan for the Thomson TIF and an abatement of personal property will not affect TIF revenues because that stream of revenue is not collected by the TIF.

Statement of Benefits. The resolution approves the Statement of Benefits for this project. In so doing, it finds that the stated benefits are a reasonable and probable outcome of the development and, in their totality, justify the tax abatement.

Those stated benefits include:

- investing \$25 million in new manufacturing equipment; and
- adding 70 new jobs with an annual payroll of \$3.2 million.

Additional Reasonable Requirements. Statute authorizes the City to impose additional, reasonable requirements on the project beyond those listed in the Statement of Benefits, as long as those benefits are cited in the resolution. Failure to

⁵ Although the Council established an ERA for Cook Pharmica in 2004, the logic of addressing that designation again are: 1) the address and parcel numbers have changed; and, 2) the previous designation had no expiration date and this one does.

make reasonable efforts to comply with these requirements, like the commitments in the Statement of Benefits, may become a basis for rescinding the abatement.

These additional requirements include:

- the capital investment of at least \$25 million for equipment to be completed within 12 months of the completion date listed on the application (the Statement of Benefits provides for a completion date of 4/30/17);
- the development and use of the improvements in a manner that complies with local code;
- Petitioner compliance with the reporting and other requirements set forth in statute, local code, and the Memorandum of Agreement.
 - Note that the Memo describes the jobs associated with this proposal and compliance with the Living Wage Ordinance (LWO). While most positions more than exceed the requirement of \$12.31 per hour, some starting wages are much closer to that minimum, when calculating the benefits package in accordance with the ordinance. While the LWO allows for no more 15% for a benefits package (i.e. \$1.84/hour), the value of the benefits package offered by this employer averages about \$6.23/hour.

Period of Abatement – Personal Property – Enterprise Zone Investment Deduction (EZID). The next action relates to the period of tax abatement for this project. Please note that the State legislature provides for a 1-10 year period of abatement for real estate and personal property with, typically, a sliding scale of deductions; but also allows for an alternative schedule, with full deductions throughout the period of abatement.⁶ Here, the resolution proposes a 10-year, 70% deduction schedule for personal property. As explained in the memo, this figure matches what the applicant would have received, had they pursued an Enterprise Zone Investment Deduction (EZID). An EZID is a statutory incentive available to Zone businesses which make qualified investments within the Zone. An EZID must be approved by the Council if the investment is made within a TIF district.

Tax Calculations – Personal Property. The memo and a separate sheet provide estimates of the tax consequences resulting from the granting of this abatement. Those calculations indicate that the owner of property would pay a total of approximately \$544,793 and save approximately \$1.27 million over the 10-year abatement on new manufacturing equipment and then pay approximately \$155,655 per year thereafter.

⁶ IC 6-1.1-12.1-4 (for real estate), IC 6-1.1-12.1-4.5 (for personal property), and IC 6-1.1-12.1-17 (for alternative deduction schedule).

Additional Enforcement Provisions. The resolution provides for two enforcement provisions that were introduced with the adoption of the new General Standards in 2011. The first requires the petitioner to enter into the Memorandum of Agreement (MOA) with the City that sets forth the petitioner’s obligations and the consequences for failing to comply with them. The second provides for what is called a “clawback” of payments in the event the petitioner ceases to operate at this site and the Council finds the petitioner intentionally provided false information concerning its plans to continue operation there.⁷

EDC Action. On January 23, 2015, the Economic Development Commission met and recommended these actions with the adoption of Res 15-03 (*Attached*)

Res 15-08 - Authorizing Expenditures from the Industrial Development Fund for Cook Pharmica, LLC at 1501 South Strong Drive

Res 15-08 offers the second part of this incentive package for investments by Cook Pharmica, LLC, at this site. As Danise Alano-Martin, Director of Economic and Sustainable Development, mentions in her memo to the Council, Cook Pharmica, LLC, intends to invest about \$1.5 million “for site improvements in order to support the expansion of Cook Pharmica’s fill and finish business operations.”

The following paragraphs briefly review the establishment of the Community Redevelopment Enhancement District (CRED) and Industrial Development Fund (IDF), and the documents proposing and supporting the second part of this incentive package.

Community Revitalization Enhancement District (CRED). The CRED allows the City to capture State income and sales taxes received within the district over a base amount and set them aside, along with other monies, into the Bloomington IDF.

Monies from the IDF may be used by the City to “enhance the value of real property and make it more suitable for industrial use.”⁸ The Council “may not conduct any business requiring expenditures” or dispose of property acquired under the relevant statute without approval of a majority of the Bloomington Industrial Development Advisory Commission

⁷ These payments go to the County Treasurer for distribution to taxing entities per formula. (I.C. 6-1.1-12.1-12[e]-[f]).

⁸ IC 36-7-13-3(a); IC 36-7-13-12(b) (for a list of eligible expenditures)

(BIDAC).⁹ Please note that the BIDAC met on February 10th to consider this proposal and passed BIDAC Res 15-03, which took measures in support of this project. The City may enter into a financing agreement with a developer who intends to develop or redevelop the facility and has secured use of it by a third person. When entering into such a financing agreement, the City may establish goals or benchmarks for the developer to achieve before receiving a fee.¹⁰ Although the City is not doing so, statute allows it to levy taxes (of no more than 1.067 cents per \$100 assessed valuation) and issue bonds based upon CRED revenues.¹¹

Industrial Development Fund (IDF) Balance –CRED Incentives for Cook

Pharmica. According to the Memo from Alano-Martin, at the end of January (without all revenue from 2014), the IDF had a balance of \$2.66 million. The Memo describes past incentives and outcomes for Cook Pharmica which include:

- A \$370,000 reimbursement for completion of a waterline and then \$2 million reimbursed from a portion of revenue generated from Cook Pharmica for certain benchmark investments starting in 2005; (Res 05-03);
- Another \$2 million to be reimbursed from a portion of revenue generated from Cook Pharmica for a second round of benchmark investments starting in 2008 (Res 08-11);
 - Outcome: A total of 422 jobs created with an annual of \$26.79 million by May 2012; and
- \$500,000 spent on improvements to Patterson Drive (Res 08-12).

Contents of the BIDAC and Council Resolutions. The Council resolution authorizes expenditures from the IDF to reimburse Cook Pharmica for capital improvements which satisfy specified benchmarks established in a financial agreement with the City (as enabled by State law). In brief, the BIDAC and Council resolutions together (and with much overlap):

- Recite the history of this site and the creation of the CRED and IDF;
- Recite the statutory authority for entering into Financial Agreements with a developer for redevelopment of a facility in a CRED;
- Describe the planned investments, benchmarks, and amount of reimbursement;
- Acknowledge the existence of an agreement between the developer and a 3rd party for use of the site (as required by statute);
- Acknowledge the BIDAC Res 15-03 recommending approval of the benchmarks;

⁹ BIDAC was created by Ord 97-22 and codified at BMC 2.30.060. The language regarding approval derives from IC 36-7-13-4

¹⁰ IC 36-7-13-18

¹¹ IC 36-7-13-4

- Acknowledge that the enterprises will enter into a financial agreement with the City; and
- Authorize the benchmarks and reimbursement amount subject to the agreement.

Particulars of Project. The legislation authorizes a reimbursement of \$250,000 to Cook Pharmica after it has spent at least \$1 million toward a list of \$1.5 million in eligible “project benchmark improvements to the building.” These benchmarks appear in the legislation and include: renovating a Vial Unload and Refill Room (cost ~\$1 million); adding doors and controls (cost ~ \$160,000); demolition of corridor areas (cost ~\$120,000); work on Fan Coil Units (for air-conditioning) (cost ~ \$153,000); preparing “Tech Space (cost ~ \$10,000); and, an Environmental Management System (cost ~ \$67,500).

Once those improvements have been completed, the City will reimburse Cook Pharmica from Thomson CRED revenue as partial reimbursement for this investment. The reimbursement will be subject to the aforementioned agreement which “will outline the terms of attaining the (benchmarks), the process for CRED payment to Cook Pharmica, compliance reporting, and potential clawbacks if compliance terms are not met.” The memo notes that the requirement to pay a living wage (which was discussed under the tax abatement) will be included in the agreement.

NOTICE AND AGENDA
BLOOMINGTON COMMON COUNCIL COMMITTEE OF THE WHOLE
7:30 P.M., WEDNESDAY, MARCH 11, 2015
COUNCIL CHAMBERS
SHOWERS BUILDING, 401 N. MORTON ST.

Chair: Andy Ruff

1. Resolution 15-06 -- To Designate an Economic Revitalization Area Approve the Statements of Benefits, and Authorize Period of Abatement for Personal Property Improvements - Re: Properties at 1501 South Strong Drive (Cook Pharmica, LLC, Petitioner)

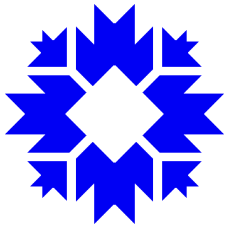
Asked to attend: Danise Alano-Martin, Director of Economic and Sustainable Development
Representative of Petitioner

2. Resolution 15-08 -- To Authorize Expenditures From the Industrial Development Fund to Support an Economic Development Project - Re: Cook Pharmica, LLC, 1501 South Strong Drive

Asked to attend: Danise Alano-Martin, Director of Economic and Sustainable Development
Representative of Petitioner

3. Ordinance 15-05 – To Amend Title 4 of the Bloomington Municipal Code Entitled “Business Licenses and Regulations” - Re: Chapter 4.16 (Itinerant Merchants, Solicitors and Peddlers – *deleted and replaced*); Chapter 4.28 (Mobile Vendors - *added*); and Chapter 4.30 (Pushcarts - *added*)

Asked to attend: Patty Mulvihill, City Attorney
Jason Carnes, Assistant Director for Small Business Relations,
Department of Economic and Sustainable Development



City of Bloomington
Office of the Common Council

To Council Members
From Council Office
Re Weekly Calendar – 09-13 March 2015

Monday, 09 March

12:00 pm Board of Public Works – Work Session, Kelly
5:00 pm Utilities Service Board, 600 E Miller Dr.
5:30 pm Bicycle and Pedestrian Safety Commission, Hooker Room
5:30 pm Plan Commission, Chambers

Tuesday, 10 March

11:00 am Lemonade Day Advisory Committee, McCloskey
4:00 pm Board of Park Commissioners, Chambers
4:30 pm Commission on Aging, Hooker Room
5:30 pm Bloomington Public Transportation Corporation Board of Directors, 130 W Grimes Ln.
5:30 pm Board of Public Works, Chambers
5:30 pm Commission on the Status of Children and Youth – Strategic Planning Session, Dunlap
6:00 pm Bloomington Commission on Sustainability, McCloskey
6:00 pm Sister Cities International – Posoltega, Dunlap
7:30 pm Sister Cities International, Kelly

Wednesday, 11 March

4:00 pm Bloomington Arts Commission - Grant Workshop, McCloskey
5:00 pm Bloomington Arts Commission, McCloskey
5:30 pm Commission on the Status of Black Males, Hooker Room
7:00 pm Arts Alliance of Greater Bloomington, Hooker Room
7:30 pm Common Council – Committee of the Whole, Chambers

Thursday, 12 March

12:00 pm Housing Network, McCloskey
4:00 pm Bloomington Digital Underground Advisory Committee, Kelly
4:00 pm Monroe County Solid Waste Management District, Courthouse
5:00 pm Bloomington Historic Preservation Commission, McCloskey

Friday, 13 March

12:00 pm Common Council – Internal Work Session, Council Library

Posted and Distributed: Friday, 06 March 2015

Materials Regarding a Two-Part Economic Development Package for Cook Pharmica, LLC, at 1501 South Strong Drive

- **Introductory Material / Overview**
 - Memo to Council on Project Background and Details from Danise Alano-Martin, Director, Economic and Sustainable Development Department; and
 - Aerial Photo of Site with Parcels and Boundaries of Various Economic Development Districts (*Provided by Council Office*)

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 - Bloomington Industrial Development Advisory Commission [BIDAC] Res 05-03;
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 - Balance Sheet for Industrial Development Fund (*forthcoming*)
- Contact: Danise Alano-Martin 812-349-3477, alanod@bloomington.in.gov*



CITY OF BLOOMINGTON
economic & sustainable development

MEMORANDUM

To: City of Bloomington Common Council
From: Danise Alano-Martin, Director
Date: February 19, 2015
RE: **Background and Project Details for Proposed Incentive Package for Economic Development Project (Cook Pharmica LLC)**

Cook Pharmica LLC, a startup contract pharmaceutical manufacturer founded in Bloomington in 2004, proposes to create an additional expansion of one of its business lines – the fill and finish line in which they formulate drug products, fill vials and syringes and package them for distribution for clients. This memo provides background and project information related to a recommended package of economic development incentives to support the expansion. Two incentives are proposed and each are detailed in separate memos related to their legislation (Tax Abatement request: Resolutions 15-06 and 15-07; Industrial Development Funds request: Resolution 15-08). This memo provides the background and project information relevant to both memos.

BACKGROUND

In 1997, Thomson Consumer Electronics announced it would close its facility and lay off 1,200 employees. In addition to the income loss associated with the 1,200 jobs (estimated at \$39 million annually at the time), the City experienced a decline of over \$1 million in property tax revenues and \$350,000 in County Option Income Tax (COIT) revenues. A coordinated community effort was initiated to redevelop the site and several economic tools, including a Tax Increment Finance District and the state's first Community Revitalization Enhancement District, were put into place to encourage new investment. Tools from the Bloomington Urban Enterprise Zone were also leveraged. A neighborhood strategies plan and a PUD were completed. Since then, significant public and private investments have been made to revitalize the area and recuperate from the loss. Cook Pharmica LLC has been a key contributor to new job creation and economic revitalization at the former Thomson site. The site continues to be far from fully recuperated, however, and the Administration supports this incentive package to continue to induce private investment at the former Thomson site, and specifically this expansion of the life sciences company.

PROJECT

In 2004, Cook Pharmica LLC, a start-up contract pharmaceutical manufacturing company owned by Cook Group, agreed to open its facility at the former Thomson site at 1300 S. Patterson St. (now addressed as 1501 S. Strong Dr.). In 2008, the company surpassed its goal to create 200 jobs, and further invested in expansion that year. By May 2014, Cook Pharmica employed 496 people, comprising \$34.2 million in salaries. The company has invested nearly \$38 million in new manufacturing and R&D equipment, and more than \$112 million in real property improvements. Today, more than 550 employees work at the location (566 as of February 3, 2015).

The \$84 million expansion in 2008 involved a new and distinct business line – formulate, fill and finish (package) vials and syringes – rather than an expansion of existing operations. As such,

colocation with the existing Cook Pharmica business was not a requirement. Just as it did in 2004, the availability of incentives from the City of Bloomington, in partnership with the State of Indiana, helped to secure this new business line at the Bloomington location.

Today, an additional expansion is being explored to increase flexibility in its vial and syringe filling line to accommodate both clinical and post-FDA approval production runs. An additional drug product filling line would be added that has the ability to fill vials, syringes and cartridges with a small scale lyophilizer (freeze dryer) to also allow for lyophilized vial manufacturing. Through April 2017, Cook Pharmica proposes to make improvements to its building and purchase, install and test new manufacturing equipment. The anticipated investment includes \$25 million in the personal property and at least another \$2.5 million in site improvements.

The equipment investment includes a barrier-isolated Flexi-Filler (See Figure 1.) and all process-related utilities and ancillary equipment. It is only when the equipment is placed "in service" will it become taxable and therefore eligible for the abatement. It will take more than a year for the equipment to be fully installed, tested and ready to be placed in service (estimated completion date of April 2017).

The reconfiguration of the building to accommodate the new equipment (which itself will occupy up to 1,500 sq ft) includes improvements to mechanical and plumbing, wall and interior finishing, and electrical, voice and data systems.

Through 2017, as Cook Pharmica is testing the new equipment they will also be training and adding employees. Overall, the expansion will create 70 new jobs and \$3.2 million in new salaries through the year 2020.

The new jobs are a mix of both hourly and salaried positions. An estimated 31 hourly equipment operators will be hired, earning an average wage of \$15 per hour. An estimated 39 salaried employees will be hired in positions such as quality, technical and business support personnel (i.e. quality control, quality assurance, technical services, engineering, and project management). The average hourly wage (excluding benefits, bonuses, overtime) for all 70 new positions combined is anticipated to be \$24.36 per hour.

ECONOMIC IMPACT

Local Tax Base Enhancement: When this expansion is fully operational, Cook Pharmica will have created jobs equal to more than half those lost when Thomson closed its doors. With its total new payroll of \$34,375,000, the amount of Monroe County Option Income Tax generated each year once the project is fully operational and all new employment is added is estimated to be approximately \$263,000 (approximately 60% of employees are Monroe County residents).

If the abatement part of this incentive package is approved, \$544,793 in new property taxes is estimated to be derived from the new manufacturing equipment during the term of the abatement.

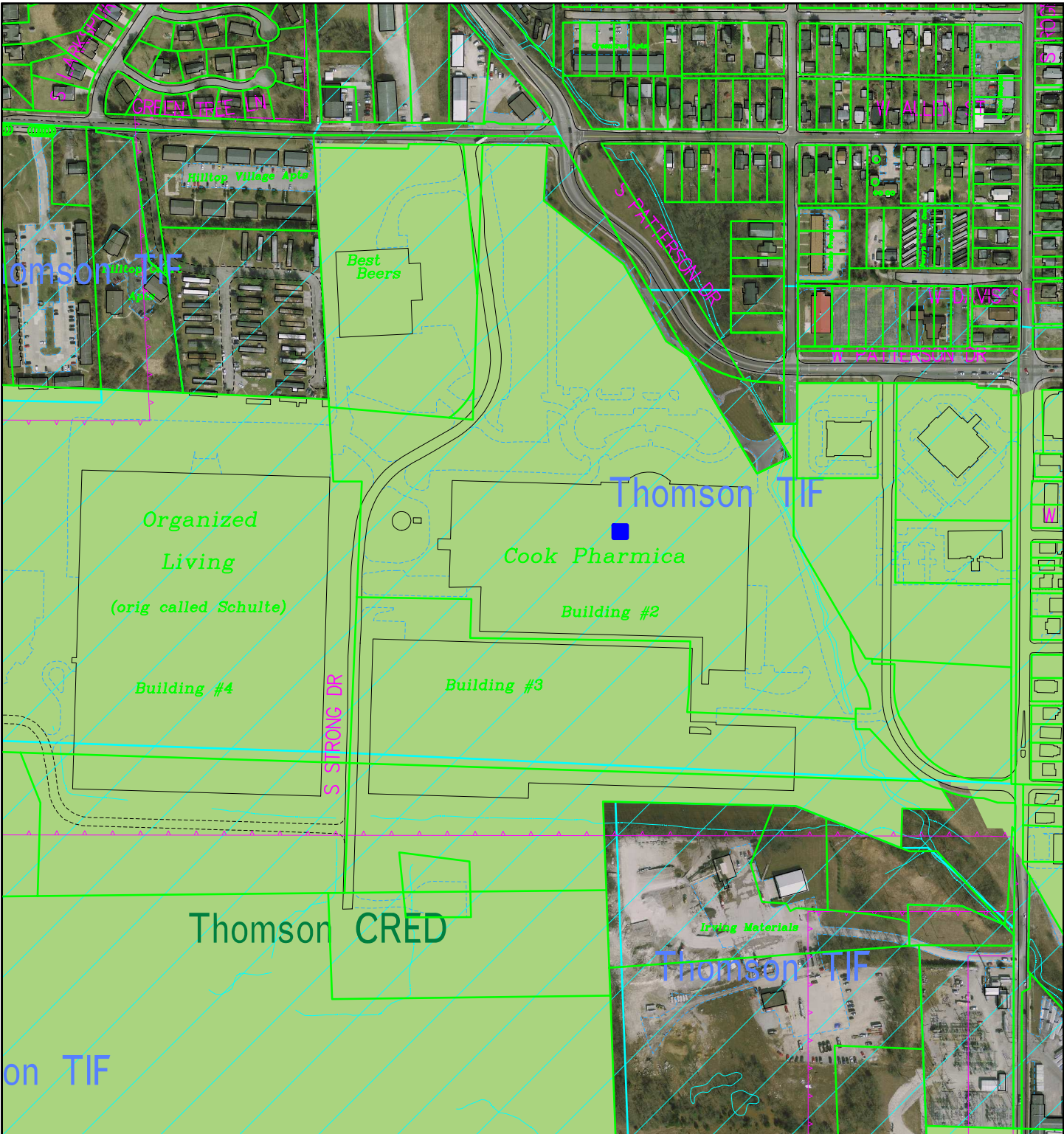
Increased Economic Activity - Indirect and Induced Impact: The introduction of new business activity creates changes across the economy, including in other sectors beyond the sector where the new activity is created. Indirect impact includes changes caused in the supplier chain – creating additional new activity among suppliers to the business. Induced impact includes the changes it causes among affected consumers (across all affected industries) – in other words, new

income creates new opportunities for consumer spending. The Bloomington Economic Development Corporation uses economic impact modeling software, localized with regional data, to help understand the full economic impact of projects like this potential expansion. According to this analysis, this Cook Pharmica project supports an additional 33 jobs through indirect effects (suppliers), and an additional 17 jobs through induced effects (consumers). When combined with the direct impact of Cook Pharmica's 70 jobs, the project supports a total of \$5.18 million in new payroll and generates a total economic output (the total economic value of the project in the local economy) of more than \$3.6 million annually. When added to the existing 550 jobs (at the time of application), the annual economic impact generated by Cook Pharmica (when this project is complete) is nearly \$328 million in 2015 dollars.

Fig. 1. Flexi-Filler



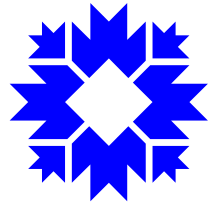
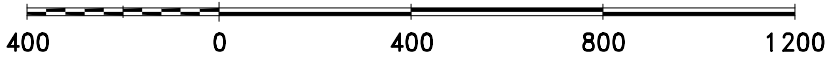
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Res 15-06 & Res 15-07 (Tax Abatement) & Res 15-08 (Expenditure from BIDAC)
 Cook Pharmica, LLC at 1501 South Strong Drive

City of Bloomington
 Clerk & Council

By: shermand
 3 Mar 15



Scale: 1" = 400'

For reference only; map information NOT warranted.

RESOLUTION 15-06

TO DESIGNATE AN ECONOMIC REVITALIZATION AREA, APPROVE THE STATEMENTS OF BENEFITS, AND AUTHORIZE PERIOD OF ABATEMENT FOR PERSONAL PROPERTY IMPROVEMENTS

**- Re: Properties at 1501 South Strong Drive
(Cook Pharmica, LLC, Petitioner)**

- WHEREAS, Cook Pharmica, LLC, (“Petitioner”) has filed an application for designation of property at 1501 South Strong Drive, Bloomington, Indiana, comprised of a parcel identified by the Parcel Number listed herein, as an “Economic Revitalization Area” (“ERA”) pursuant to Indiana Code 6-1.1-12.1 *et seq.*; and
- WHEREAS, the subject site is identified by the following Monroe County Parcel Number:
- 53-08-05-400-032.000-009; Alt Parcel Num: 015-43770-00; and
- WHEREAS, the Petitioner has also submitted a Statement of Benefits form to the Common Council for its personal property improvements to the subject site;
- WHEREAS, according to this material, the Petitioner wishes to invest \$25 million to install equipment to expand Petitioner’s vial and syringe filling capacity at its existing plant on the subject site, which will enable the creation of 70 full-time permanent positions with an annual payroll of \$3,200,000, excluding benefits and overtime, (the “Project”); and
- WHEREAS, as required by Indiana Code, Bloomington Municipal Code, and a Memorandum of Understanding to be executed pursuant to the City of Bloomington Tax Abatement General Standards, the Petitioner shall agree to provide information in a timely fashion each year to the County Auditor and the Common Council showing the extent to which the Petitioner has complied with the Statement of Benefits, complied with the City of Bloomington’s Living Wage Ordinance (B.M.C. 2.28), and complied with commitments specified in the Memorandum of Understanding; and
- WHEREAS, the Project is located in the Thomson-Walnut-Winslow Tax Increment Finance (TIF) district and Indiana Code 6-1.1-12.1-2(k) provides that when a property is located in an ERA for tax abatement purposes is also located in a TIF allocation area, the Common Council must approve the statement of benefits by resolution; and
- WHEREAS, the Economic Development Commission has reviewed the Petitioner’s application and Statement of Benefits and passed Resolution 15-03 recommending that the Common Council designate the area as an ERA, approve the Statement of Benefits, and authorize a ten-year period of abatement for the personal property improvements; and
- WHEREAS, Indiana Code 6-1.1-12.1-17 authorizes the Common Council to set an abatement schedule for property tax abatements; and
- WHEREAS, the EDC has recommended that the personal property abatement be 70% for the duration of the ten-year period of abatement; and
- WHEREAS, the Common Council has investigated the area and reviewed the Application and Statement of Benefits, which are attached and made a part hereof, and found the following:
- A. the estimate of the cost of the new manufacturing equipment that will be installed as part of the Project is reasonable;

- B. the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the new manufacturing equipment that will be installed as part of the Project as proposed;
- C. the estimate of the annual salaries of these individuals who will be employed or whose employment will be retained can be reasonably expected to result from the new manufacturing equipment that will be installed as part of the Project as proposed;
- D. the totality of benefits is sufficient to justify the deduction; and

WHEREAS, the subject site is affected by factors that prevent a normal development or use of the property;

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

SECTION 1. The Common Council finds and determines that the property at 1501 South Strong Drive, comprised of the one parcel identified above, which is within the Thomson-Walnut-Winslow Tax Increment Financing Area, should be designated as an “Economic Revitalization Area” as set forth in Indiana Code 6-1.1-12.1-1 *et seq.*, and Petitioner’s Statements of Benefits is hereby approved.

SECTION 2. The Common Council further finds and determines that the Petitioner, or its successors as allowed by the Memorandum of Understanding, shall be entitled to an abatement of personal property taxes for the Project as provided in Indiana Code 6-1.1-12.1-1 *et seq.*, as follows:

- a. For the equipment installed and placed in service to expand Petitioner’s vial and syringe filling capacity, a period of ten (10) years with the following deduction schedule, pursuant to Indiana Code 6-1.1-12.1-17:

Year 1	70%
Year 2	70%
Year 3	70%
Year 4	70%
Year 5	70%
Year 6	70%
Year 7	70%
Year 8	70%
Year 9	70%
Year 10	70%

SECTION 3. In granting this designation and these deductions the Common Council expressly exercises the power set forth in Indiana Code 6-1.1-12.1-2(i)(6) to impose additional, reasonable conditions on the rehabilitation or redevelopment beyond those listed in the Statement of Benefits, and authorizes the City of Bloomington to negotiate a Memorandum of Understanding with the Petitioner specifying substantial compliance terms and consequences and remedies for noncompliance. In particular, failure of the property owner to make reasonable efforts to comply with the following conditions is an additional reason for the Council to rescind this designation and deduction:

- a. the capital investment of at least \$25 million for equipment; and
- b. the land and improvements shall be developed and used in a manner that complies with local code; and
- c. the Project shall be completed before or within twelve months of the completion date as listed on the application; and
- d. Petitioner will comply with all compliance reporting requirements in the manner described by Indiana Code, Bloomington Municipal Code, and by the Memorandum of Understanding.

SECTION 4. The Common Council also expressly incorporates the provisions of Indiana Code 6-1.1-12.1-12 into this resolution, so that if the Petitioner ceases operations at the facility for which the deduction was granted and the Common Council finds that the Petitioner obtained the deduction by intentionally providing false information concerning its plans to continue operations at the facility, the Petitioner shall pay the amount determined under Indiana Code 6-1.1-12.1-12(e) to the county treasurer.

SECTION 5. This designation shall expire no later than December 31, 2028, unless extended by action of the Common Council and upon recommendation of the Bloomington Economic Development Commission.

SECTION 6. The Common Council directs the Clerk of the City to publish a notice announcing the passage of this resolution and requesting that persons having objections or remonstrances to the ERA designation appear before the Common Council at a public hearing on April 8, 2015.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2015.

DAVE ROLLO, 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 _____ day of _____, 2015.

REGINA MOORE, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2015.

MARK KRUZAN, Mayor
City of Bloomington

SYNOPSIS

This resolution designates a parcel owned by Cook Pharmica, LLC and known as 1501 South Strong Drive as an Economic Revitalization Area (ERA). This designation was recommended by the Economic Development Commission and will enable the expansion of Cook Pharmica's vial and syringe filling capacity, creating additional jobs within the City. The resolution also authorizes a ten-year period of abatement for certain personal property improvements at 1501 South Strong Drive and sets its abatement schedule. The resolution also declares the intent of the Council to hold a public hearing on April 8, 2015 to hear public comment on the ERA designation.

**RESOLUTION 15-03
OF THE
ECONOMIC DEVELOPMENT COMMISSION
OF THE
CITY OF BLOOMINGTON, INDIANA**

WHEREAS, the Economic Development Commission of the City of Bloomington, Indiana, recognizes the need to stimulate growth and to maintain a sound economy within the corporate limits of the City of Bloomington, Indiana; and

WHEREAS, Indiana Code § 6-1.1-12.1 *et seq.* provides for the designation of “Economic Revitalization Areas” (“ERA”) within which property taxes may be abated on improvements to real estate and within which property taxes may be abated on personal property; and

WHEREAS, in addition to ERA designation, an applicant for tax abatement must receive the Common Council’s approval of the Statement of Benefits regarding the proposed project; and

WHEREAS, the Common Council of the City of Bloomington—in Ordinance 97-06—gave the Economic Development Commission the responsibility for making recommendations to the Council regarding requests for tax abatement; and

WHEREAS, the Common Council of the City of Bloomington—in Resolution 11-01—adopted Tax Abatement General Standards that established the standards to be used in finding an area to be an ERA; and

WHEREAS, Cook Pharmica LLC, (“Petitioner”) proposes to invest \$25 million in new manufacturing equipment, associated utilities and ancillary equipment within its property on one parcel addressed as 1501 S. Strong Drive. located within the Thomson Tax Increment Financing District (“Project”); and

WHEREAS, Petitioner has applied for a tax abatement on these personal property improvements; and

WHEREAS, Petitioner’s application includes a Statement of Benefits; and

WHEREAS, the Economic Development Commission of the City of Bloomington, Indiana, has met and considered Petitioner’s application and Statement of Benefits, and recommends a 10-year tax abatement on the proposed personal property improvements;

NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT COMMISSION OF THE CITY OF BLOOMINGTON THAT:

The following recommendations are made to the Common Council of the City of Bloomington, Indiana:

1. One parcel—identified by Monroe County as the following Parcel Number—be designated an Economic Revitalization Area with an expiration of not earlier than December 31, 2028:

53-08-05-400-032.000-009 (Alt Parcel Num: 015-43770-00)

2. Petitioner’s Statement of Benefits regarding the Project at 1501 S. Strong Drive be approved, including a 10-year tax abatement with the following deduction schedule:

Each Year 70%

APPROVED this 23rd day of January, 2015.



CITY OF BLOOMINGTON
economic & sustainable development

MEMORANDUM

To: City of Bloomington Common Council
From: Danise Alano-Martin, Director
Date: February 19, 2015
RE: **Declaratory Resolution 15-06 and Confirmatory Resolution 15-07:** to Designate an Economic Revitalization Area and a Term of Abatement for Personal Property (Cook Pharmica LLC)

This memo recommends one part of a two-part package of economic development incentives to support the expansion of a business line of Cook Pharmica LLC, as outlined in the previous memo attached. Recommended is a 10-year personal property tax abatement (70% deduction each year) for the acquisition and installation of new pharmaceutical manufacturing equipment to expand the company's fill and finish business operations. The Bloomington Economic Development Commission unanimously approved its Resolution 15-03 to recommend designation of an Economic Revitalization Area and approval of the tax abatement. The economic development project is described in detail in a tandem memo entitled "Background and Project Details for Proposed Incentive Package for Economic Development Project (Cook Pharmica LLC)."

RECOMMENDATION

With support of the Economic Development Commission through its Resolution 15-03, we recommend the following:

- **Designate 1501 S. Strong Dr., Bloomington, as an Economic Revitalization Area, with an expiration date of December 31, 2028**
- **Authorize personal property tax abatement for the described new manufacturing equipment, with a term of 10 years and a deduction schedule of 70% annually**

Resolution 15-06 declares the Council's intent to set the ERA and abatement term and schedule. If approved, the matter would be further considered for final confirmation by Resolution 15-07 at the Council's March 25 meeting, which will be a public hearing as required by statute.

URBAN ENTERPRISE ZONE CONSIDERATION

Within the Zone, another type of property tax abatement – the Enterprise Zone Investment Deduction (EZID) – is alternately available. The EZID offers an automatic 100% abatement for 10 years. When also in a TIF, the EZID must be approved by the Common Council. Participation fees totaling 30% of the realized tax savings are paid by the taxpayer annually to the Bloomington Urban Enterprise Association (20%), the City's Redevelopment Commission (9%) and the Indiana Economic Development Corporation (1%), which results essentially in 70% net savings to the company. In lieu of the EZID, the Administration proposed 70% annual abatement through its City Tax Abatement program.

TIF IMPACT

Another part of the Council's tax abatement approval process is that when projects are located in a Tax Increment Financing District, staff provides an analysis of impact to the TIF, both in terms of compatibility with the TIF Plan's goals and fiscal impact to TIF revenue. Certainly, the expansion of a pharmaceutical manufacturing company and creation of these quality jobs is aligned well with the development objectives of the Thomson TIF plan. The examination of fiscal impact is irrelevant, however, as personal property assessed values are not captured in the City's annual Tax Increment Finance revenue calculations; only commercial real property assessed value growth contributes to the TIF increment. Therefore, this tax abatement will not impact the City's TIF increment.

ERA DESIGNATION

2004 ERA Designation and Tax Abatement Approval: In 2004, through Council Resolution 04-08, the property has already been designated an Economic Revitalization Area and both real and personal property abatements were authorized for those 2004 investments. Coming up in the Council's 2015 Annual Tax Abatement Report (which will report on 2014 tax abatement activity), you'll see that the real property abatement is in its 9th of 10 years, and the personal property abatement is in its 8th of 10 years. The approved Statement of Benefits in 2004 included the benefits of 200 new jobs, \$9,455,000 in new salaries, \$19 million in real property investment and \$17 million in personal property investment.

Outcomes: By 2008 (which was Year 2 of the RE and Year 1 of the PP), the company had created 221 jobs and \$10,308,878 in salaries, and had invested \$20,938,705 in real property improvements. By 2009 (Year 2 of the PP), they exceed that proposed benefit as well with more than \$37 million invested in manufacturing and research and development equipment.

Related to this newly proposed project and the ERA designation, while Cook Pharmica and others have made strides toward redevelopment of the abandoned Thomson/RCA site, even after more than 15 years, additional investment is still required to fully recover from those losses. Because of the lingering factors which we believe have prevented a normal development or use of property, the EDC and Staff recommend continued designation of the Economic Revitalization Area.

IC 6-1.1-12.1-4.5(b) provides guidance on determining whether an area should be designated an ERA and whether the tax abatement should be allowed, based on the following findings:

- (1) Whether the estimate of the cost of the new manufacturing equipment or research and development equipment is reasonable for equipment of that type
- (2) Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment
- (3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed installation of new manufacturing equipment
- (4) *[summary of this citation, IC 6-1.1-12.1-45(b)(4), is omitted here because it is related specifically only to manufacturing equipment used to dispose of solid waste or hazardous waste, and so is not relevant to this project]*
- (5) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed installation of new manufacturing equipment

- (6) Whether the totality of benefits is sufficient to justify the deduction.

The designating body may not designate an area an economic revitalization area or approve the deduction unless it makes the findings required by this subsection in the affirmative.

With the support of the Economic Development Commission, we recommend that the Council join us in finding these estimates and benefits proposed in the Statement of Benefits and Application to be reasonable and the totality of benefits sufficient to justify the deduction.

CITY OF BLOOMINGTON TAX ABATEMENT GENERAL STANDARDS

Capital Investment as an enhancement to the tax base

The new equipment will generate an estimated \$544,793 in new property taxes over the term of the abatement. The value of the abatement (savings to Cook Pharmica) is an estimated \$1.27 million over the term of the abatement. (See attached deduction schedule – note that personal property abatement projected deduction schedules utilize “true tax value” calculations which account for depreciation annually.)

Job Creation

Seventy (70) new full-time jobs with an annual payroll of \$3.2 million will be created by the project.

Additional Evaluative Criteria

The City’s Tax Abatement General Standards describe additional criteria to evaluate whether a project will make “a significant positive contribution to overall economic vitality” of the city. Four categories are outlined, and the petitioner may provide supportive evidence for how the project addresses any or all of the criteria, and may also offer a description of the project’s contributions outside of these four categories as the petitioner deems appropriate. The General Standards specifically state that the four criteria are “neither exhaustive nor definitive,” which allows for discretion on the part of the EDC and Council in their determinations.

While the project supports additional public benefits that relate to the optional Additional Evaluative Criteria (which are described below), Staff and the EDC support this tax abatement request based upon its merits of new job creation and capital investment alone.

- **Quality of Life/Environmental Sustainability:** This basic sector employer will enhance the tax base as described above and in tandem memos submitted by Staff associated with this project. Further, the projected economic output of \$3.6 million annually, from direct, indirect and induced impacts of the project, increases economic opportunities across many sectors locally. Further, Cook Pharmica’s very business is to produce life-saving and life-enhancing pharmaceuticals.
- **Community Character:** While the applicant did not offer specific public benefits in this one of the four specific optional categories of Additional Evaluative criteria, staff find at least one benefit. Cook Pharmica is a driving force attracting continued national and international recognition of Bloomington’s life sciences sector. For example, in 2007, Cook Pharmica was named the Facility of the Year Award Winner in Facility Integration, by the International Society for Pharmaceutical Engineering (ISPE), INTERPHEX, and *Pharmaceutical Processing* magazine. INTERPHEX (International Pharmaceutical Expo), is a global expo/conference for biopharmaceutical development and manufacturing solutions. The growth of Cook Pharmica will increase Bloomington’s appeal to a talented workforce, supports the attraction of

additional private sector investment as well as investments in workforce training such as that available in the Indiana Center for the Life Sciences at Ivy Tech, and helps to increase the awareness of Bloomington's economic strengths internationally.

- **Community Service:** Cook Pharmica and their employees proudly support many local community organizations and charitable causes through volunteerism and financial support.
- **Affordable Housing:** This project is a manufacturing project with no housing component.

MEMORANDUM OF AGREEMENT (MOA)

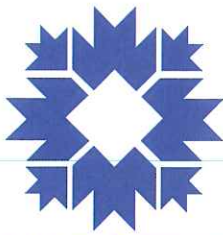
Pursuant to the City's Tax Abatement General Standards, an MOA will be executed between the City and Cook Pharmica. It will detail the terms of substantial compliance, and the remedies and consequences (including clawbacks) of noncompliance.

As with all tax abatements, compliance with the City's Living Wage Ordinance will apply, and the MOA will include this requirement in its terms. Bloomington's hourly Living Wage is \$12.31 (in 2015), of which up to 15% (or \$1.84) may be comprised of available benefits compensation. The new positions will be high wage jobs, with an average hourly wage anticipated at the time of application to be higher than \$21 and more recent calculations put that average wage at more than \$24. The project's lowest hourly wage will be \$10.50, and with the company's benefit compensation is valued at a \$6.23/hour, this puts benefits-eligible positions already well above the Living Wage. All full-time and part-time positions associated with the project must comply with the Living Wage, which means any positions associated with the project that are not benefits-eligible will be required to be paid at least the City's published Living Wage rate.

ATTACHMENTS

- Statement of Benefits, Personal Property (Indiana Form SB-1/PP)
- Application for Designation of Economic Revitalization Area
- Estimated Deduction Schedule
- EDC Resolution 15-03
- Memo: "Background and Project Details for Proposed Incentive Package for Economic Development Project (Cook Pharmica LLC)"

-##-



CITY OF BLOOMINGTON
economic & sustainable development

Application for Designation as an Economic Revitalization Area (ERA): Real and/or Personal Property Tax Abatement

City of Bloomington, Indiana
Department of Economic and Sustainable Development
401 N. Morton St., PO Box 100, Bloomington, Indiana 47402-0100
812.349.3418

INSTRUCTIONS

1. State law and City of Bloomington policy require that the designation application and statement of benefits form (SB-1) be submitted **prior to the initiation of the project** (i.e., prior to filing for building permits required to initiate construction). If the project requires a rezoning, variance, or approval petition of any kind the petitioner must file prior to submission of the tax abatement application, and must be approved prior to a final hearing on the tax abatement request.
2. All questions must be answered as completely as possible and must be verified with a signature on the completed Statement of Benefits Form (SB-1) and last page of this application. Incomplete or unsigned applications will not be accepted as official filings. If attaching additional pages, please label responses with corresponding Section numbers.
3. Return completed Application and **\$100.00 non-refundable Application Fee** (payable to the **City of Bloomington**) to City of Bloomington Department of Economic & Sustainable Development, PO Box 100, 401 N Morton Street, Suite 130, Bloomington, IN 47402-0100 (economicvitality@bloomington.in.gov).

Section 1 – Applicant Information

Name of Company for which ERA Designation is being requested Cook Pharmica LLC	
Primary Contact Information (for questions concerning this application and the Project)	
Name Jason Rager	Job Title Tax Director
Phone (812) 331-3352 ext.	Email jason.rager@cookgroup.com
Address (street and/or PO, city, ZIP)	P.O. Box 1608 Bloomington IN 47402
Compliance Contact Information (person responsible for completion and timely submittal of mandatory annual compliance forms if designation is granted)	
Name Jason Rager	Job Title Tax Director
Phone (812) 331-3352 ext.	Email jason.rager@cookgroup.com
Address (street and/or PO, city, ZIP)	P.O. Box 1608 Bloomington IN 47402

Section 2 – Real Property Location and Description

Monroe County Tax Parcel ID Number(s) 53-08-05-400-032.000-009	Township Perry City
Street Address 1501 S Strong Dr, Bloomington, IN	ZIP 47403-
Current Zoning PUD	Current Use(s) of Property Manufacturing and Office
Estimated Market Value of Property \$44 million per real estate assessment	
Property or Building(s) Listed as Historic on the City of Bloomington Historical Survey ? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, check one:	<input type="checkbox"/> Outstanding <input type="checkbox"/> Notable <input type="checkbox"/> Contributing
	Age of Building(s), if applicable 58
Describe any other national or local historical significance or designation, if applicable	
Please list all owners of the property. Cook Pharmica LLC	
Attach additional sheets as necessary to include all relevant property records. The City of Bloomington may require a copy of the property deed.	

Section 3 – Criteria for Economic Revitalization Area (“ERA”) or Economic Development Target Area (“EDTA”) Designation

Describe how the project property and surrounding area have become undesirable for normal development and occupancy.

The project property and surrounding properties have been designated as a TIF District, Enterprise Zone, and a Community Revitalization Enhancement District due to barriers to redevelopment such as lack of economic activity and low income levels. Additionally, the property is located in a qualified census tract for federal New Market Tax Credit purposes.

Section 4 – Company Profile

Does your company currently operate at this location? Yes No

If yes, how long has your company been at this location? **10 years**

Will this property be your company’s headquarters location? Yes No

If no, where is/will be your company’s HQ?

Company is a: LLC LLP LP Corporation S. Corporation Nonprofit Corporation
 Mutual Benefit Corporation Other-Please describe:

Provide a brief description of your company history, products and services.

Cook Pharmica is a privately held contract development and manufacturing organization (CDMO) that provides biopharmaceutical companies with a unique one-source, one-location model for development, clinical or commercial cell culture manufacturing, formulation, parenteral product manufacturing and secondary packaging.

Please list all persons and/or entities with ownership interests in the company. **Cook Group Incorporated owns Cook Pharmica LLC. Cook Group is controlled by the Cook family.**

Current/Retained Jobs and Wages (include only current permanent jobs, and exclude benefits and overtime from wage values)

Number of part-time employees	<u>20</u>	Median part-time hourly wage	<u>\$15.00</u>
Number of full-time employees	<u>550</u>	Average part-time hourly wage	<u>\$15.52</u>
TOTAL current employees (permanent jobs)	<u>570</u>	Median full-time hourly wage	<u>\$23.00</u>
		Average full-time hourly wage	<u>\$27.14</u>

What is the lowest hourly wage in the company? (inc. PT, FT, other) \$9.70

What is the median hourly wage in the company (inc. PT, FT, other) \$22.22 TOTAL Annual Payroll (current/retained) \$31,174,966.00

New Jobs and Wages As Result of the Proposed Project (include only new permanent jobs, and exclude benefits and overtime from wage values)

Number of part-time employees	<u>0</u>	Lowest starting part-time wage	<u>\$0.00</u>
Number of full-time employees	<u>70</u>	Lowest starting full-time wage	<u>\$10.50</u>
TOTAL NEW employees (new permanent jobs)	<u>70</u>	TOTAL NEW Annual Payroll (new jobs only)	<u>\$3,200,000.00</u>

Describe your company’s benefit programs and include the approximate value of benefits for existing and new employees on a per hour basis (e.g., benefits are valued at an additional \$3.00 per hour, etc.)

Benefits are valued at an additional \$6.23 per hour. Benefits include: Health insurance, dental insurance, vision insurance, life insurance, disability insurance, profit sharing plan, 401(k) plan with employer match, and an educational assistance program. Hiring of the new employees will occur from 2015 through 2020.

Market for Goods and Services; Local Sourcing

To the extent possible, please estimate the relative percentages of your company’s reach (via your products or services) into following markets:

- 3.3**Inside Monroe County, Indiana
- 9.4**Outside Monroe County, but inside Indiana
- 80.5**Outside of Indiana
- 6.8**Outside of the United States

100%

If applicable, list the name and location (City, State) of your five largest vendors or suppliers.

1. **VWR International, Inc. - Pittsburgh, PA**
2. **West Pharmaceutical - Pittsburgh, PA**
3. **Optima Machinery Corp. - Green Bay, WI**
4. **GE Healthcare BioSciences Corp - Pittsburgh, PA**
5. **Optima Group Pharma GMBH - Germany**

Section 5A – Proposed Improvements (the "Project")

Describe all real estate improvements for which tax abatement on the property is being sought.

An abatement is only being sought on machinery and equipment. It is not anticipated that real property improvements will be material as the currently proposed expansion space already exists.

Estimated Total Project Cost (Capital Improvements only)	Has Bloomington Planning approval been obtained for the Project?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Estimated Construction Start Date (month-year) March 2015	If yes, Case Number:	
Estimated Completion Date (month-year) April 2017		

Will the Project require any City expenditures (for public infrastructure, etc.)?
If yes, please describe

Yes
 No

Proposed Use(s) of the property after Project completion. Describe uses for entire Project space, including any uses not of the applicant company (e.g., if portions of space are intended to be leased to other entities, provide details).

Cook Pharmica will increase its drug product vial and syringe filling capacity.

Describe the impact on your business if the proposed Project is **not** undertaken (e.g. loss of jobs, contract cancellations, loss of production, change in location, etc.).

This project will allow Cook Pharmica to retain and grow its global biopharmaceutical customer base, supporting life-saving and life-enhancing biopharmaceutical drug development and manufacturing in Bloomington, IN.

Attach renderings, site plans, drawings, etc., of the Project.

Section 5B – Personal Property Description

Personal Property Abatement is a property tax deduction from the assessed valuation granted by a designating body for the installation of qualifying abatable equipment in an ERA.

Are you also applying for Personal Property Tax Abatement?

Yes No

If No, proceed to Section 6.

What type of new equipment will be installed?

- Manufacturing
 Research and Development
 Logistical Distribution
 Information Technology

Describe the new equipment to be installed **Equipment to expand Cook Pharmica's vial and syringe filling capacity. This would include a barrier isolated Flexi-Filler and all the process related utilities and ancillary equipment.**

Estimated capital investment for new equipment only **\$25 million**

Size of the facility in which equipment will be installed (square feet) **1,000 to 1,500 square feet for the Flexi-Filler itself. The process related utilities would consume additional space.**

Size of the site in which equipment will be installed (acres) **37 acres**

Estimated installation start date (month-year) **October, 2015**

Estimated installation completion date (month-year) **April, 2017**

Please list all potential owners of the equipment to be installed. **Cook Pharmica LLC**

Attach additional sheets as necessary.

Section 6 – City of Bloomington Evaluative Criteria

Describe how the Project will make a significant positive contribution to the community's overall economic vitality in at least one of the following areas which apply. Feel free to add details to any and all other categories which apply. See "General Standards" for explanations and examples.

<input checked="" type="checkbox"/> Quality of Life, Environmental Stewardship, and/or Sustainability	The jobs created by this project will increase the tax base (property taxes and county option income taxes). Additionally, the employees will spend money in the community creating a multiplier effect.
<input type="checkbox"/> Affordable Housing	N/A
<input checked="" type="checkbox"/> Community Service	Cook Pharmica and its employees are proud supporters of the community through donating both time and money to charitable causes.
<input type="checkbox"/> Community Character	

If applicable, describe any further (not yet described above) beneficial *and detrimental* impact to the community's economic, social or environmental wellbeing, resulting from the Project.

Attach any additional information or documentation you feel to be pertinent to the City's decision to authorize this tax abatement.

[The remainder of this page left intentionally blank. Application continues next page.]

Section 7 – Certification:

The undersigned hereby certify the following:

[Initials]

JK

■ The statements in the foregoing application for tax abatement are true and complete.

JK

■ The person(s) executing this application for tax abatement have been duly authorized by the business entity for which this application is being filed to execute and file this application, and all required approvals by the appropriate board or governing body of the business entity have been received.

JK

■ The individual(s) or business entity that is applying for Economic Revitalization Area (ERA) or Economic Development Target Area (EDTA) designation or approval of a Statement of Benefits is not in arrears on any payments, fees, charges, fines or penalties owed to the City of Bloomington, Indiana, including but not limited to, City of Bloomington Utilities, Bloomington Transit, and any other City departments, boards, commissions or agencies.

JK

■ I/we understand that if the above improvements are not commenced (defined as obtaining a building permit and actual start of construction) within 12 months of the date of the designation of the above area as an ERA, EDTA or of approval of a Statement of Benefits for the above area, whichever occurs later, the Bloomington Common Council shall have the right to void such designation.

JK

■ I/we understand that all companies requesting ERA and/or EDTA designation will be required to execute a Memorandum of Agreement (MOA) with the City. The MOA shall contain the capital investment levels, job creation and/or retention levels and hourly wage rates and other benefits that the applicant has committed to the City in order to receive consideration for the designation. The MOA shall also contain information relative to what the City and applicant have agreed upon as "substantial compliance" levels for capital investment, job creation and/or retention and wage rates and/or salaries associated with the project.

Additionally, the MOA shall indicate that the City, by and through the Economic Development Commission and the City of Bloomington Common Council, reserves the right to terminate a designation and the associated tax abatement deductions if it determines that the applicant has not made reasonable efforts to substantially comply with all of the commitments, and the applicant's failure to substantially comply with the commitments was not due to factors beyond its control.

If the City terminates the designation and associated tax abatement deductions, it may require the applicant to repay the City all or a portion of the tax abatement savings received through the date of such termination. Additional details relative to the repayment of tax abatement savings shall be contained in the Memorandum of Agreement.

JK

■ I/we understand that if this request for property tax abatement is granted that I/we will be required to submit mandatory annual compliance forms as prescribed by State law and local policy. I/we also acknowledge that failure to do so or failure to achieve investment, job creation, retention and salary levels contained in the final resolution and MOA may result in a loss of tax abatement deductions and the repayment of tax abatement savings received.

JK

■ I/we understand that beneficiaries of a city tax abatement are subject to the City of Bloomington's Living Wage Ordinance ([BMC 2.28](#)), and therefore I/we must certify the entity's Living Wage compliance annually during the tax abatement term, if this abatement request is approved.

OWNER(S) OR AUTHORIZED REPRESENTATIVE(S)

SIGNATURE (Print Name Below)

TITLE

DATE

X



EVP & CFO

1/19/2015

Printed Name

Tom R. Kanstaa

X

Printed Name





STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51764 (R3 / 12-13)

Prescribed by the Department of Local Government Finance

FORM SB-1 / PP

PRIVACY NOTICE

Any information concerning the cost of the property and specific salaries paid to individual employees by the property owner is confidential per IC 6-1.1-12.1-5.1.

INSTRUCTIONS

- 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 and/or research and development equipment, and/or logistical distribution equipment and/or information technology equipment for which the person wishes to claim a deduction.
- The statement of benefits form must be submitted to the designating body and the area designated an economic revitalization area before the installation of qualifying abatable equipment for which the person desires to claim a deduction.
- To obtain a deduction, a person must file a certified deduction schedule with the person's personal property return on a certified deduction schedule (Form 103-ERA) with the township assessor of the township where the property is situated or with the county assessor if there is no township assessor for the township. The 103-ERA must be filed between March 1 and May 15 of the assessment year in which new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment is installed and fully functional, unless a filing extension has been obtained. A person who obtains a filing extension must file the form between March 1 and the extended due date of that year.
- Property owners whose Statement of Benefits was approved, must submit Form CF-1/PP annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
- For a Form SB-1/PP that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. For a Form SB-1/PP that is approved prior to July 1, 2013, the abatement schedule approved by the designating body remains in effect. (IC 6-1.1-12.1-17)

SECTION 1		TAXPAYER INFORMATION						
Name of taxpayer Cook Pharmica LLC		Name of contact person Jason Rager						
Address of taxpayer (number and street, city, state, and ZIP code) P.O. Box 1608, Bloomington, IN 47402		Telephone number (812) 331-3352						
SECTION 2		LOCATION AND DESCRIPTION OF PROPOSED PROJECT						
Name of designating body Bloomington Common Council		Resolution number (s)						
Location of property 1501 S. Strong Drive, Bloomington, IN 47403		County Monroe	DLGF taxing district number 009-Perry City					
Description of manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment. (Use additional sheets if necessary.) Equipment necessary to expand Cook Pharmica's vial and syringe filling capacity. This includes a barrier isolated Flexi-Filler and all the process related utilities and ancillary equipment.		ESTIMATED						
			START DATE	COMPLETION DATE				
		Manufacturing Equipment	10/01/2015	04/30/2017				
		R & D Equipment						
		Logist Dist Equipment						
		IT Equipment						
SECTION 3		ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT						
Current number 550	Salaries 31,000,000	Number retained 550	Salaries 31,000,000	Number additional 70	Salaries 3,200,000			
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.	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
	Current values	135,162,857	40,683,010					
	Plus estimated values of proposed project	25,000,000	10,000,000					
	Less values of any property being replaced							
Net estimated values upon completion of project	160,162,857	50,683,010						
SECTION 5		WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER						
Estimated solid waste converted (pounds) _____			Estimated hazardous waste converted (pounds) _____			Other benefits:		
Employees also receive the following benefits: Health insurance, dental insurance, vision insurance, life insurance, disability insurance, profit sharing plan, 401(k) plan with employer match, and an educational assistance program.								
SECTION 6		TAXPAYER CERTIFICATION						
I hereby certify that the representations in this statement are true.								
Signature of authorized representative 						Date signed (month, day, year) 1/14/2015		
Printed name of authorized representative John R. Kanstra						Title LVP & CFO		

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. Installation of new manufacturing equipment; Yes No
 - 2. Installation of new research and development equipment; Yes No
 - 3. Installation of new logistical distribution equipment. Yes No
 - 4. Installation of new information technology equipment; Yes No

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

D. The amount of deduction applicable to new research and development equipment is limited to \$ _____ cost with an assessed value of \$ _____.

E. The amount of deduction applicable to new logistical distribution equipment is limited to \$ _____ cost with an assessed value of \$ _____.

F. The amount of deduction applicable to new information technology equipment is limited to \$ _____ cost with an assessed value of \$ _____.

G. Other limitations or conditions (specify) _____

H. The deduction for new manufacturing equipment and/or new research and development equipment and/or new logistical distribution equipment and/or new information technology equipment installed and first claimed eligible for deduction is allowed for:

- Year 1
- Year 2
- Year 3
- Year 4
- Year 5 (see below *)
- Year 6
- Year 7
- Year 8
- Year 9
- Year 10

I. For a Statement of Benefits approved after June 30, 2013, did this designating body adopt an abatement schedule per IC 6-1.1-12.1-17? Yes No
 If yes, attach a copy of the abatement schedule to this form.
 If no, the designating body is required to establish an abatement schedule before the deduction can be determined.

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 by: (signature and title of authorized member of designating body)	Telephone number ()	Date signed (month, day, year)
Printed name of authorized member of designating body	Name of designating body	
Attested by: (signature and title of attester)	Printed name of attester	

* If the designating body limits the time period during which an area is an economic revitalization area, that limitation does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years that is less than the number of years designated under IC 6-1.1-12.1-17.

**IC 6-1.1-12.1-17
Abatement schedules**

Sec. 17. (a) A designating body may provide to a business that is established in or relocated to a revitalization area and that receives a deduction under section 4 or 4.5 of this chapter an abatement schedule based on the following factors:

- (1) The total amount of the taxpayer's investment in real and personal property.
 - (2) The number of new full-time equivalent jobs created.
 - (3) The average wage of the new employees compared to the state minimum wage.
 - (4) The infrastructure requirements for the taxpayer's investment.
- (b) This subsection applies to a statement of benefits approved after June 30, 2013. A designating body shall establish an abatement schedule for each deduction allowed under this chapter. An abatement schedule must specify the percentage amount of the deduction for each year of the deduction. An abatement schedule may not exceed ten (10) years.
- (c) An abatement schedule approved for a particular taxpayer before July 1, 2013, remains in effect until the abatement schedule expires under the terms of the resolution approving the taxpayer's statement of benefits.

Estimated Tax Abatement Calculations

Cook Pharmica LLC, 1501 S. Strong Dr.

Township: Bloomington City-Perry Township
 Tax Rate (2014): **\$2.0754 per \$100**

PERSONAL PROPERTY ABATEMENT ESTIMATE					
Cost of Personal Property:		\$25,000,000			
	True Tax Value*	Taxes Payable Without Abatement	Recommended Abatement Schedule (%)	Amount Abated	Net Taxes Payable With Abatement
Year 1	40%	\$ 207,540	70%	\$ 145,278	\$ 62,262
Year 2	56%	290,556	70%	203,389	87,167
Year 3	42%	217,917	70%	152,542	65,375
Year 4	32%	166,032	70%	116,222	49,810
Year 5	30%	155,655	70%	108,959	46,697
Year 6	30%	155,655	70%	108,959	46,697
Year 7	30%	155,655	70%	108,959	46,697
Year 8	30%	155,655	70%	108,959	46,697
Year 9	30%	155,655	70%	108,959	46,697
Year 10	30%	155,655	70%	108,959	46,697
PP Totals		\$ 1,815,975		\$ 1,271,183	\$ 544,793

*Per Indiana Code

City of Bloomington Tax Abatement Program: General Standards

This document sets forth the General Standards under which the City of Bloomington may authorize deductions on the rehabilitation of real and personal property (also known as tax abatement), as allowed under Indiana law.

Program Description:

The City of Bloomington recognizes tax abatement as a useful economic development tool which can be implemented to improve the overall economic lives of citizens and to aid in achieving the Administration's vision of a strong and diverse economy, with an eye toward sustainability and balance. City of Bloomington tax abatements allow taxes on real estate improvements or eligible equipment installation to be phased in over a period of time, thus promoting new business and agencies and initiatives that improve the overall quality of life in our community. New construction, rehabilitation of existing buildings or installation of eligible equipment within designated ERAs receives tax abatement through a reduced assessed valuation on those improvements over a specified period of time.

Indiana Law (I.C. 6-1.1-12.1) allows up to ten year abatement on the increased assessed valuation due to construction or rehabilitation improvements in the areas of the city where development needs to be encouraged. I.C. 6-1.1-12.1 also allows a one- to ten-year abatement on "new manufacturing equipment." The equipment must be used in "the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining or finishing or other tangible personal property; and never before used by its owner for any purpose in Indiana." Further, "enterprise information technology equipment" purchased after June 30, 2009 may also be eligible for abatement if the project is approved prior to January 1, 2013. See IC 6-1.1-10-44 for the statutory definitions of "enterprise information technology equipment" and eligibility requirements.

The rate at which the new assessed valuation will be phased in for approved abatements is set forth by Indiana law (I.C. 6-1.1-12.1-3 for real property; I.C. 6-1.1-12.1-4.5 for eligible equipment or personal property). The City of Bloomington Economic Development Commission shall recommend a term of abatement for each project, which shall be authorized by the City Council in the process outlined below and allowed for by Indiana law. With respect to new construction and personal property, the City Council may choose to limit the dollar amount of the deduction that will be allowed.

Project Eligibility:

In order for a project to be eligible for tax abatement, the area in which it is located must be designated as an Economic Revitalization Area (ERA) by the City of Bloomington. Decisions to designate areas as ERAs are determined on a project-by-project basis for any project located within the corporate limits of the City of Bloomington.

An Economic Revitalization Area (ERA) must have "...become undesirable for or impossible of, normal development and occupancy," because of such factors as "a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property," and "includes any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues." (IC 6-1.1-12.1-1)

Review Criteria:

Each project is reviewed on its own merits, and the effect of each project on the revitalization of the surrounding areas and employment is considered. Basic eligibility is achieved through demonstrating the following:

- Creation of full-time, permanent living-wage jobs¹
- Creation of capital investment as an enhancement to the tax base

In addition, other qualifying and evaluative criteria will be considered. The following page provides a general list of such criteria and their definitions. It is intended to be neither exhaustive nor definitive, and applicants are encouraged to submit proposals of projects that may not be found on this list but make a significant positive contribution to overall economic vitality and quality of life in the City of Bloomington.

Projects must be in accordance with the current City of Bloomington Unified Development Ordinance (UDO) and should be located within current areas of economic development focus.

¹ In accordance with Chapter 2.28 (Bloomington Living Wage Ordinance) of the City of Bloomington Municipal Code.

Additional Evaluative Criteria:

In addition to the creation of full-time, living wage employment and capital investment enhancements to the tax base, other evaluative criteria will be considered in the review of tax abatement applications, outlined below. This list is neither exhaustive nor definitive, and applicants are encouraged to submit proposals of projects that may not be found on this list but make a significant positive contribution to overall economic vitality and quality of life in the City of Bloomington.

Criteria	Definition
Quality of Life and Environmental/Sustainability	A project which is consistent with or advances principles found in the Redefining Prosperity report (2009); and/or a project which results in responsible sustainable development; and/or a project that results in environmental remediation or protection which makes a positive contribution to the overall quality of life within the City of Bloomington.
Affordable Housing	Residential developments with a recorded restriction that requires the housing for a certain number of years to be rented or owned by qualified very low and low-income households are considered affordable housing. Projects of this nature may be directed toward specified individuals, for example, first-time homebuyers and persons with disabilities.
Community Service	Volunteerism and civic engagement, such as serving on and working with boards, commissions and foundations, in the Bloomington community.
Community Character	A project that preserves and/or enhances the unique character of the city of Bloomington.

A list of examples for all criteria is provided in Appendix 1.

Ineligible Projects:

Facilities as listed in Indiana Code 6-1.1-12.1-3 are ineligible. Some facilities which are generally prohibited under this law (such as retail or residential) may be eligible to apply under these General Standards for abatement if the area of the project is designated by the City Council as an Economic Development Target Area (EDTA), as allowed by I.C. 6-1.1-12.1-7.

Other factors which may render a project ineligible for designation by the City of Bloomington include the following:

- A building permit has been obtained or construction has been initiated prior to final approval.
- The petitioner holds outstanding obligation or debt to the City which is in default or arrears, or is currently in litigation with the City.
- The project involves the demolition or removal of structures that are listed on the local Historic Register, that are eligible for individual listing on the National Historic Register or that are contributing structures within a nationally or locally designated historic district.
- The project requires major public infrastructure improvements at additional cost to the City of Bloomington.
- The project is not consistent with the City's long-range plans for the area in question.

The City Council may void the tax abatement designation awarded to a project if the project has not been initiated within twelve (12) months of the date of the confirmatory resolution (final approval) of the tax abatement, or if the actual use is different than that approved.

Application Procedure and Review:

IC 6-1.1-12.1 (et seq.) requires an applicant to file a Statement of Benefits. The Economic Development Commission shall develop and implement, with the City of Bloomington Economic & Sustainable Development Department, application and Commission review procedures to ensure consistency with Indiana statutory requirements as set forth in IC 6-1.1-12.1-1 and to fulfill the purpose of these General Standards.

Each application shall be reviewed by the Economic Development Commission and any other City commission as may be required by law. The Economic Development Commission shall make the final recommendation regarding designation to the City Council, based upon criteria in these General Standards and according to Indiana Code.

A non-refundable \$100.00 application fee shall be required for each application.

The Economic Development Commission's recommendation shall be submitted to the City Council, along with all application and supplementary documents as necessary for the designating body's review.

The City Council's determination of whether the area shall be designated as an Economic Revitalization Area shall be based on procedures and the following findings as set forth in Indiana Code (IC 6-1.1-12.1 *et seq.*):

- Whether the estimate of the value of the redevelopment or rehabilitation is reasonable for the projects of that nature.
- Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described redevelopment or rehabilitation.
- Whether the estimate of the annual salaries of these individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described redevelopment or rehabilitation.
- Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed described redevelopment or rehabilitation.
- Whether the totality of the benefits is sufficient to justify the deduction.

If the City Council makes the above findings in the affirmative, it shall pass a declaratory resolution to designate an area an Economic Revitalization Area, approve a Statement of Benefits and authorize the term of abatement.

If the Council recommends designation of an ERA and approval thereof, the City Clerk shall:

- A. Certify a copy of the resolution and the application to the Monroe County Assessor and Auditor's Office;
- B. Publish a legal notice to inform interested parties that the tax abatement application is available for inspection at the Assessor's Office;
- C. Set a meeting date, at which time the Common Council shall hear all remonstrance and objections to the area being designated an "Economic Revitalization Area".

The Common Council shall subsequently hold a regular meeting and vote on a resolution confirming, modifying, or rescinding the earlier resolution recommending designation and approval.

Memorandum of Agreement:

Upon approval by the Common Council of a confirmatory resolution:

- A. The applicant will sign a Memorandum of Agreement with the City of Bloomington, thereby agreeing to all terms set forth by the Common Council approval and as required by the City of Bloomington.
- B. The City Clerk shall certify a copy of the confirming resolution and the application to the Applicant, the Monroe County Assessor and Auditor's Office.

Compliance Procedures and Annual Review:

The Department of Economic & Sustainable Development will compile a yearly compliance report related to all active tax abatement projects to present to the Economic Development Commission. The Commission will forward the report to the City Council. The report will be based upon Compliance with Statement of Benefits Forms (CF-1s) as submitted by property owners receiving tax abatement. The annual compliance process for the property owner is set forth in IC 6-1.1-12.1-5.1 and additional terms may be set forth in the Memorandum of Agreement.

If the CF-1 is not filed, the benefits promised are not materialized, or other terms of the Memorandum of Agreement are not fulfilled, the Council may find the property owner not in Substantial Compliance as described below, and may act to rescind the remaining term of abatement, or enforce similar penalties as set forth in the Memorandum of Agreement.

Substantial Compliance Requirements:

In addition to terms set forth in IC 6-1.1-12.1-5.9, the Memorandum of Agreement may set forth additional terms related to what may constitute substantial compliance or noncompliance.

Noncompliance occurs when the designating bodies (Economic Development Commission and City Council) determine that the property owner has not made reasonable efforts to comply with the Statement of Benefits. Noncompliance may not result from factors beyond the control of the property owner, such as declining demand for the owner's products or services. If factors beyond the property owner's control do not cause noncompliance, the termination of deduction procedure will be implemented as prescribed by IC 6-1.1-42-30.

Factors within the control of the property owner that may contribute to noncompliance may include, but are not limited to, the following:

- Failure to comply with any terms set forth in the Memorandum of Agreement;
- An incomplete, inaccurate, or missing CF-1;
- Petitioner vacates the city of Bloomington during the term of abatement;
- Fraud on the part of petitioner;
- Initiation of litigation with the City of Bloomington.

The City Council may void the tax abatement designation awarded to a project if the project has not been initiated within twelve (12) months of the date of the confirmatory resolution (final approval) of the tax abatement, or if the actual use is different than that approved.

Appendix 1: **Project Eligibility Criteria Examples**

The following is a list of general examples. It is not intended to be exhaustive nor definitive. The Department of Economic and Sustainable Development will assist potential applicants with understanding project eligibility on a case-by-case basis.

-- **Job creation**

- Full-time, living-wage jobs are created for Bloomington residents – from new business or expansion of existing employee base
- Compensation may include wages and benefits such as childcare.

-- **Creation of capital investment as enhancement to the tax base**

- Projects that provide a major private infrastructure improvement paid by the developer
- Includes real property investment – new and existing buildings
- Includes eligible manufacturing and other eligible equipment

-- **Quality of Life and Environmental/Sustainability**

- Urban infill redevelopment and/or brownfield remediation¹
- Green building according to “Leadership in Energy and Environmental Design” (LEED)² or other commonly accepted green building standards
- A business engaged in research and development of alternative energy production or other methods to build community resilience in a volatile energy market
- A social enterprise or business helping formerly incarcerated persons re-enter the workforce
- A business specializing in fine arts/crafts (bolstering the arts sector and assisting with diversifying the local economy).

-- **Affordable Housing**

- A housing development sets aside 50% of the units to be affordable (at, e.g., HUD Fair Market rent) for low income to moderate income individuals
- Housing units for workforce housing
- Housing stipulated for sale to first-time homebuyers
- Affordable housing with handicap-accessible units, and/or the units are designed for occupancy by senior citizens.

-- **Community Service**

- Volunteering labor, materials, money, or a combination of the three to charitable organizations and non-profit agencies that make a significant impact in Bloomington.
- Serving on boards, commissions, and/or foundations whose mission involves community service and the betterment of Bloomington.

-- **Community Character**

- Art space and art studio expansion and development
- Petitioner is a local home-grown business, headquartered in and/or unique to Bloomington
- Rehabilitation, preservation, and renovation of historic properties according to Secretary of the Interior Standards in consultation with the City Historic Preservation Officer.

¹ By definition, a brownfield site is real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant (Public Law 107-118 (H.R. 2869) – “Small Business Liability Relief and Brownfields Revitalization act” – signed into law Jan. 11, 2002).

² www.usgbc.org

Appendix 2:

Excerpt from IC 6-1.1-12.1-5.9: Determination of substantial compliance with statement of benefits; notice of noncompliance; hearing; resolution; appeal

- (a) This section does not apply to:
- (1) a deduction under section 3 of this chapter for property located in a residentially distressed area; or
 - (2) any other deduction under section 3 or 4.5 of this chapter for which a statement of benefits was approved before July 1, 1991.
- (b) Not later than forty-five (45) days after receipt of the information described in section 5.1, 5.3(j), or 5.6 of this chapter, the designating body may determine whether the property owner has substantially complied with the statement of benefits approved under section 3, 4.5, or 4.8 of this chapter. If the designating body determines that the property owner has not substantially complied with the statement of benefits and that the failure to substantially comply was not caused by factors beyond the control of the property owner (such as declines in demand for the property owner's products or services), the designating body shall mail a written notice to the property owner. The written notice must include the following provisions:
- (1) An explanation of the reasons for the designating body's determination.
 - (2) The date, time, and place of a hearing to be conducted by the designating body for the purpose of further considering the property owner's compliance with the statement of benefits. The date of the hearing may not be more than thirty (30) days after the date on which the notice is mailed.
- (c) On the date specified in the notice described in subsection (b)(2), the designating body shall conduct a hearing for the purpose of further considering the property owner's compliance with the statement of benefits. Based on the information presented at the hearing by the property owner and other interested parties, the designating body shall again determine whether the property owner has made reasonable efforts to substantially comply with the statement of benefits and whether any failure to substantially comply was caused by factors beyond the control of the property owner. If the designating body determines that the property owner has not made reasonable efforts to comply with the statement of benefits, the designating body shall adopt a resolution terminating the property owner's deduction under section 3, 4.5, or 4.8 of this chapter. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes.
- (d) If the designating body adopts a resolution terminating a deduction under subsection (c), the designating body shall immediately mail a certified copy of the resolution to:
- (1) the property owner;
 - (2) the county auditor; and
 - (3) the county assessor.
- The county auditor shall remove the deduction from the tax duplicate and shall notify the county treasurer of the termination of the deduction. If the designating body's resolution is adopted after the county treasurer has mailed the statement required by IC 6-1.1-22-8.1, the county treasurer shall immediately mail the property owner a revised statement that reflects the termination of the deduction.
- (e) A property owner whose deduction is terminated by the designating body under this section may appeal the designating body's decision by filing a complaint in the office of the clerk of the circuit or superior court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner. An appeal under this subsection shall be promptly heard by the court without a jury and determined within thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the appeal and may confirm the action of the designating body or sustain the appeal. The judgment of the court is final and conclusive unless an appeal is taken as in other civil actions.
- (f) If an appeal under subsection (e) is pending, the taxes resulting from the termination of the deduction are not due until after the appeal is finally adjudicated and the termination of the deduction is finally determined.

As added by P.L.14-1991, SEC.6. Amended by P.L.90-2002, SEC.124; P.L.256-2003, SEC.7; P.L.193-2005, SEC.5; P.L.154-2006, SEC.30; P.L.3-2008, SEC.37; P.L.146-2008, SEC.128..

RESOLUTION 15-08

TO AUTHORIZE EXPENDITURES FROM THE INDUSTRIAL DEVELOPMENT FUND TO SUPPORT AN ECONOMIC DEVELOPMENT PROJECT - Re: Cook Pharmica, LLC, 1501 South Strong Drive

WHEREAS, in 1999, a Community Revitalization Enhancement District (“CRED”) was established pursuant to Indiana Code 36-7-13 on the former Thomson Consumer Electronics site, in which the portion of the County Option Income Tax (“COIT”) and Indiana retail and use (“sales tax”) and income tax generated within the CRED that exceeds a base amount is deposited by the State of Indiana (“State”) into the City’s Industrial Development Fund (“IDF”) for use by the City as provided in Indiana Code 36-7-13; and,

WHEREAS, pursuant to Indiana Code 36-7-13-18, within the CRED the City may establish goals or benchmarks concerning the development or redevelopment of property by a developer, and if that developer meets or exceeds the goals or benchmarks, the City may pay to the developer a specified fee from the IDF; and,

WHEREAS, also pursuant to Indiana Code 36-7-13-18, a developer means a person who: (1) proposes to enter into, or has entered into, a financing agreement with the City for the development or redevelopment of a facility located in the CRED; and (2) has entered into a separate agreement with some other person for the use or operation of the financed facility; and,

WHEREAS, Cook Pharmica, LLC, (“Developer”) intends to expand its operations at 1501 South Strong Drive by 2020 by investing \$27,500,000 in building improvements, machinery, and equipment, which will add 70 new full-time jobs and additional new payroll of \$3,200,000 (“Project”); and,

WHEREAS, the Project requires building area buildouts, which will cause the following estimated costs to be incurred as a result of the expansion by the Developer:

- Renovation of 1,444 sq ft including Vial Unload and Fill Room, Gowning and Material Airlocks, AES Walls and Ceilings, FRP Doors, Clean Room Windows, Epoxy Floorings and Cove Base, Terminal HEPAs and Low Wall Returns (cost estimate \$1,010,800)
- Additional Doors, Door Interlocking and Controls, and additional mechanical devices (cost estimate \$160,000)
- Demolition and rework of 800 sq ft of corridor areas for Overhead MEP Work (cost estimate \$120,000)
- Outfitting of \$1,302 sq ft of upper story including Fan Coil Unit, Power, Drainage (cost estimate \$117,180)
- Drain Pans, including Piping, for Coil Units Below Air Handlers (cost estimate: \$36,000)
- Rework / Finishing of Tech Space, including Epoxy Flooring at Pads / Affected Slabs (cost estimate: \$10,000)
- Environmental Management System (cost estimate: \$67,500)

The improvements listed above (“Improvements”) have a total estimated cost of at least \$1,521,480; and

WHEREAS, on February 10, 2015, the Bloomington Industrial Development Advisory Commission (“BIDAC”) adopted its Resolution 15-03, which recommended that the Common Council set the expenditure of at least \$1,000,000 (one million dollars) toward the Improvements listed above as the Project Benchmark; and,

WHEREAS, BIDAC Resolution 15-03 also recommending that the Common Council authorize the use of up to \$250,000 from the IDF to pay to the Developer upon meeting the Project Benchmark; and,

WHEREAS, an economic development financing agreement between the City and Developer will include terms for potential clawback of this payment based upon performance and compliance measures through 2028, and will require Developer to document its satisfaction of the Project Benchmark, and the City to verify Developer's satisfaction of the Project Benchmark; and

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 authorizes the payment of up to \$250,000 (Two Hundred Fifty Thousand Dollars) from the IDF to Developer upon completion of the Project Benchmark.

SECTION 2. The Common Council hereby authorizes the City of Bloomington to enter into an economic development financing agreement with the Developer to include the terms and conditions of the payment and compliance.

SECTION 3. This resolution shall be effective from and after passage and execution by the Mayor.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2015.

DAVE ROLLO, 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 _____ day of _____, 2015.

REGINA MOORE, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2015.

MARK KRUZAN, Mayor
City of Bloomington

SYNOPSIS

In accordance with state law, this resolution authorizes payment of up to \$250,000 from the Industrial Development Fund ("IDF") to Cook Pharmica, LLC ("Developer") to assist with the company's expansion of its fill and finish business operations. The resolution also authorizes the City to enter into an economic development financing agreement with the Developer to include the terms and conditions of the compliance and potential clawback of the one-time payment in the event of noncompliance.

15-03
RESOLUTION
OF THE CITY OF BLOOMINGTON INDUSTRIAL DEVELOPMENT ADVISORY
COMMISSION

TO AUTHORIZE EXPENDITURES FROM THE INDUSTRIAL DEVELOPMENT FUND
FOR ATTAINMENT OF BENCHMARKS
BY COOK PHARMICA LLC

- WHEREAS, in 1997, the Bloomington Common Council (“Council”) created, pursuant to Indiana Code § 36-7-13-4, an Industrial Development Fund (“IDF”), which is a special fund used for the purposes of industrial development and expansion in or serving the City of Bloomington; and,
- WHEREAS, in 1997, the Council also established the Bloomington Industrial Development Advisory Commission (“BIDAC”), which has the responsibility to make recommendations to the Council for expenditures from the IDF; and,
- WHEREAS, in 1998, Thomson Consumer Electronics closed its television assembly plant in Bloomington, Indiana, eliminating 1,200 jobs and leaving vacant a 200 acre, 1.8 million square foot industrial facility; and,
- WHEREAS, in 1999, BIDAC—after receiving an application from the Mayor of the City of Bloomington—established a Community Revitalization Enhancement District (“CRED”) pursuant to Indiana Code § 36-7-13-12.1 on the former Thomson site; and,
- WHEREAS, the amount of County Option Income Tax (“COIT”) and Indiana gross retail and use taxes (“sales tax”) and Indiana income tax generated within the CRED that exceeds a base amount of COIT, sales tax, and income tax is deposited by the State of Indiana (“State”) into the City’s IDF for use by the City pursuant to Indiana Code § 36-7-13-1 *et seq.*; and,
- WHEREAS, Indiana Code § 36-7-13-18 provides that a developer who: (1) proposes to enter into, or has entered into, a financing agreement with a local government unit for development or redevelopment of a facility in a CRED, and (2) has entered into a separate agreement with some other person for use or operation of the financed facility, may receive specified payments from the IDF upon attainment of goals or benchmarks on the site, as approved by the BIDAC and Common Council; and,
- WHEREAS, whereas Cook Pharmica, LLC (“Developer”) located its company in the CRED in 2004 and now intends to further expand its operations, investing Twenty Seven Million, Five Hundred Thousand Dollars (\$27,500,000) in building improvements, machinery and equipment over the next two years (the “Project”); and,
- WHEREAS, when complete and fully operational in 2017, the expansion will add new manufacturing and maintenance positions requiring both skilled and unskilled labor: an estimated thirty-one (31) new equipment operators and thirty-nine (39) professional positions in engineering, quality control and assurance, technical services and project management, totaling seventy (70) new, full-time jobs with an annual payroll of Three Million, Two Hundred Thousand Dollars (\$3,200,000); and,

WHEREAS, the City wishes to partially reimburse Developer, pursuant to Indiana Code § 36-7-13-18(b), upon the attainment of specified goals or benchmarks; and,

WHEREAS, elements of the Project for which Developer's expenditures may count toward the benchmarks shall be as follows:

Building Area Interior Build-outs:

- Renovation of 1,444 sq ft including Vial Unload and Fill Room, Gowning and Material Airlocks, AES Walls and Ceilings, FRP Doors, Clean Room Windows, Epoxy Flooring and Cove Base, Terminal HEPAs and Low Wall Returns (cost estimate: \$1,010,800)
- Additional Doors, Door Interlocking and Controls, and additional mechanical devices (cost estimate: \$160,000)
- Demolition and rework of 800 sq ft of corridor areas for Overhead MEP Work (cost estimate: \$120,000)
- Outfitting of 1,302 sq ft of upper story including Fan Coil Unit, Power, Drainage (cost estimate: \$117,180)
- Drain Pans, including Piping, for Coil Units Below Air Handlers (cost estimate: \$36,000)
- Rework/Finishing of Tech Space, including Epoxy Flooring at Pads/Affected Slabs (cost estimate: \$10,000)
- Environmental Management System (cost estimate: \$67,500)

The improvements listed above have a total estimated cost of at least \$1,521,480; and,

WHEREAS, the Developer's expenditure of at least One Million Dollars (\$1,000,000) toward the Building Area Interior Build-outs as described above shall constitute the Project Benchmark ("Project Benchmark"), and documentation of said expenditures and verification of said work to the City's reasonable satisfaction, shall constitute attainment of the Project Benchmark, for purposes of Indiana Code 36-7-13-18(b); and,

WHEREAS, reimbursement by the City to Developer of up to Two Hundred Fifty Thousand Dollars (\$250,000) for attainment of the Project Benchmark shall be made using Thomson CRED Revenues which have been deposited into the IDF from: (1) the Indiana income tax and COIT paid by persons employed in the Thomson CRED, and (2) from sales taxes generated by sales within the Thomson CRED; and,

WHEREAS, Cook Pharmica has entered into a separate agreement with another entity for use of the Project site on the Property for fill and finish services; and,

WHEREAS, Cook Pharmica and the City will enter into an economic development financing agreement containing the terms and conditions of the benchmark payments, terms of compliance, and terms and conditions for consequences and remedies of noncompliance; and,

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BLOOMINGTON INDUSTRIAL DEVELOPMENT ADVISORY COMMISSION THAT:

SECTION 1. The Commission hereby recommends to the Common Council that it:

1. Establish the Project Benchmark as benchmarks pursuant to Indiana Code § 36-7-13-18(b); and,
2. Authorize payment by the City, on account of Cook Pharmica's attainment of the Project Benchmark, of up to \$250,000 to Cook Pharmica from the Industrial Development Fund derived from Thomson CRED Revenue, as partial reimbursement for Cook Pharmica's expenditures on the Project, in compliance with the provisions of IC 36-7-13-18; and
3. That the reimbursement to Cook Pharmica be subject to an economic development agreement to be executed between the City of Bloomington and Cook Pharmica, as provided herein, and all other conditions and provisions stated herein.

Approved this 10 day of February, 2015.

BLOOMINGTON INDUSTRIAL DEVELOPMENT ADVISORY COMMISSION

	Yay	Nay	Abstain/ Absent
Danise Alano-Martin	<u>Danise Alano-Martin</u>	_____	_____
Bruce Calloway ^{absent}	_____	_____	_____
Rhonda Hinds	<u>Rhonda Hinds</u>	_____	_____
Roger Kent	<u>Roger Kent</u>	_____	_____
Don Moore	<u>Don Moore</u>	_____	_____
Joyce Poling	<u>Joyce Poling</u>	_____	_____
Richard Rampley	<u>Richard Rampley</u>	_____	_____
Lt. Governor Appointee ^{vacant}	_____	_____	_____
Governor Appointee ^{vacant}	_____	_____	_____
Total:	<u>6</u>	_____	_____



CITY OF BLOOMINGTON
economic & sustainable development

MEMORANDUM

To: City of Bloomington Economic Development Commission
From: Danise Alano-Martin, Director
Date: February 19, 2015
RE: **Resolution 15-08:** Authorize the use of Industrial Development Funds from the Thomson Community Revitalization Enhancement District to Support an Economic Development Project (Cook Pharmica)

This memo recommends \$250,000 in Industrial Development Funds (IDF) from the Thomson Community Revitalization Enhancement District for site improvements in order to support the expansion of Cook Pharmica's fill and finish business operations. This recommendation is one part of a recommended two-part economic development incentive package. The Bloomington Industrial Development Advisory Commission unanimously approved its Resolution 15-03 to recommend approval of the use IDF to support the project. The economic development project is described in detail in a tandem memo entitled "Background and Project Details for Proposed Incentive Package for Economic Development Project (Cook Pharmica LLC)."

BACKGROUND

Community Revitalization Enhancement Districts (CREDs) provide innovative economic development tools to municipalities. In a CRED, the portion of County Option Income Tax and Indiana retail, use and income taxes generated within the district that exceeds a base amount, is deposited by the State of Indiana into the City's Industrial Development Fund (IDF) for use by the City to support redevelopment in the District. If it were not for the CRED, the vast majority of these funds would not be available to the City of Bloomington, but would instead be State revenue. The existence of the CRED enables the City of Bloomington to receive these funds back from the State for economic development purposes.

The statutory purpose of the Bloomington Industrial Development Advisory Commission is to oversee the use of the IDF and make recommendations to the City Council to expend the funds "for the development of or to enhance the value of real property used for retail purposes and to make it more suitable to industrial or retail use." (IC 36-7-13-5 and IC 36-7-13-3(e))

According to IC 36-7-13-12.1(b), the City may address certain obstacles to redevelopment in CRED areas through IDF expenditures toward:

- (1) the acquisition of land;
- (2) interests in land;
- (3) site improvements;
- (4) infrastructure improvements;
- (5) buildings;
- (6) structures;
- (7) rehabilitation, renovation, and enlargement of buildings and structures;
- (8) machinery;
- (9) equipment;

- (10) furnishings;
- (11) facilities;
- (12) administration expenses associated with such a project;
- (13) operating expenses; or
- (14) substance removal or remedial action to the area.

Further, IC 36-7-13-18 allows the City to establish goals or benchmarks for a developer concerning the development of property, and if that developer meets or exceeds those goals or benchmarks, the City may enter into a financing agreement with the developer to pay the developer (in this case, Cook Pharmica) a specified fee.

The **Thomson CRED** will expire June 30, 2019. As of January 31, 2015, the balance (which does not yet include revenue for FY 2014) of the Thomson IDF is \$2,660,602.30. There is currently one outstanding obligation of the Thomson CRED – which is related to the 2008 Economic Development Financing Agreement with Cook Pharmica as authorized by Council Resolution 08-10, and is solely derived from new revenues generated into the Thomson CRED annually by Cook Pharmica.

PREVIOUS IDF/CRED SUPPORT TO COOK PHARMICA

Both the 2004 decision to launch the new business and the 2008 expansion into a separate new business line were competitive situations for the Bloomington community, as Cook Group operates companies around the globe and could have started either of these business lines in any location. The eligibility for CRED assistance added to Bloomington's competitive advantage. BIDAC and the City Council authorized CRED incentives to Cook Pharmica and the City executed economic development financing agreements with the company in both projects:

- **2005 Approvals:** Council Resolution 05-03 authorized reimbursement for completion of a waterline (\$370,000), and annual reimbursements of up to 75% of CRED increment generated by Cook Pharmica up to \$450,000 annually and \$2 million cumulatively ("Benchmark Agreement"). Cook Pharmica was required to invest at least \$2M in various site and infrastructure improvements, and the amount of the annual reimbursement was directly related to the new increment generated by Cook Pharmica. The waterline project was complete and that portion of the agreement satisfied in 2005, and the annual reimbursements were satisfied in 2013.
Outcomes: Cook Pharmica projected to create 200 new jobs and \$9,455,920 in new salaries by December 31, 2008. By May of 2008, the company had already created 221 new jobs and \$10,308,878 in total payroll.
- **2008 Approvals:** Similarly, this second agreement (authorized by Council Resolution 08-11) called for 75% of new CRED revenues generated annually by Cook Pharmica to be reimbursed to Cook Pharmica up to a cumulative \$2 million, with no more than \$450,000 payable on an annual basis, and until the expiration of the District. As of the 2013 payment to Cook Pharmica, the City has made payments under this agreement cumulatively totaling \$283,153.75 toward the \$2 million cap. The City is awaiting confirmation from the Department of Revenue on the exact amount of increment generated by Cook Pharmica for the 2014 payment.
Outcomes: Cook Pharmica projected to create 206 new jobs by December 31, 2010. As with other businesses shortly after 2008 and during the Great Recession, Cook Pharmica grew slower than anticipated, but did continue to grow. The company reached the additional 206 jobs after May 2011, and by May 2012 actually had 422 total employees and \$26,797,900 in total payroll.

- **Additionally in 2008**, \$500,000 in IDF funds from the Thomson CRED was authorized (Council Resolution 08-12) for street, intersection, sidewalk and stormwater improvements to Patterson Drive (and Rogers Street). Those improvements were completed by the City using these and other City funds in 2009-10.

RECOMMENDATION

With the unanimous support of the Bloomington Industrial Development Advisory Commission through their Resolution 15-03, we recommend the following:

- **Authorize the expenditure of up to \$250,000 in Industrial Development Funds from the Thomson CRED to offset Cook Pharmica's costs of completing specified eligible "Project Benchmark" improvements to the building**

Council Resolution 15-08 itemizes specific building interior build-out costs that will comprise the Project Benchmark. The total estimated cost of these improvements is \$1,521,480 and Cook Pharmica must invest at least \$1 million toward those improvements, subject to verification by the City, before the City will make the \$250,000 payment to Cook Pharmica.

IMPACT TO THE THOMSON CRED

The cumulative contribution of the new payroll taxes to the City's Thomson CRED increment is estimated to be more than \$343,000 through 2019 (based upon the project's anticipated phased addition of new jobs and payroll over that time).

MEMORANDUM OF AGREEMENT (MOA)

If the use of the IDF for this project is approved, the City will enter into an Economic Development Financing Agreement with Cook Pharmica. This agreement will outline the terms of attaining the Project Benchmark as referenced in Resolution 15-08, the processes for CRED payment to Cook Pharmica, compliance reporting, and potential clawbacks if compliance terms are not met. As per Bloomington Municipal Code, one of the requirements of IDF incentives is compliance with the City's Living Wage Ordinance and this will be reinforced in the MOA. As detailed in the Tax Abatement memo accompanying this incentive package proposal, the hourly wages plus benefits are already anticipated to exceed the current Living Wage. Further, any positions not eligible for benefits will be required to make at least the Living Wage. As jobs are anticipated to be added through 2020 for this project, we anticipate the Agreement's compliance reporting will continue through 2021.

ATTACHMENTS

- BIDAC Resolution 15-03
- Memo: "Background and Project Details for Proposed Incentive Package for Economic Development Project (Cook Pharmica LLC)"