

ALLEN COUNTY COUNCIL MEETING MINUTES
APRIL 15, 2011
8:30 AM

The Allen County Council met on Friday, April 15, 2011 at 8:30 am in the County Council/Commissioners Courtroom. The purpose of the meeting was for economic development and any other business to come before Council.

Attending: Bob A. Armstrong, Larry L. Brown, Roy A. Buskirk, Tom A. Harris, Kevin M. Howell, Paul G. Moss and Darren E. Vogt

Also Attending: Nick Jordan, Chief Deputy Auditor; Jackie Scheuman, Finance and Budget Director.

The meeting was called to order by President Darren Vogt with the Pledge of Allegiance and a moment of silent prayer.

Darren Vogt: Council, we have one item on the agenda for today and that is the consideration of a resolution approving the statement of benefits for General Mills located at 12300 Bluffton Road. Nikki, can you please introduce yourself?

Nikki Liter: Good morning, Nikki Liter, Allen County Economic Development. I want to thank everyone for coming this morning for this special meeting. We do appreciate it. As you know, we are here for a resolution for General Mills. A little bit of background information, they are headquartered in Minneapolis, Minnesota. They have some brand names like Cheerios, Pillsbury and Green Giant. This year they have generated nearly \$15 billion in annual sales and about 70% of those sales are actually from U.S. retail products. General Mills is operating out of a leased facility which is the former Nestle Building on 469. The building is about 750,000 square feet and they have been using it for about the past ten years for storage and distributing of their dry products. Currently, that building employs 78 people and with the future growth, General Mills feels that this building is just not going to be big enough. They are proposing a 1.5 million square foot new facility and includes just a little over \$36 million investment. The proposed project would take place on approximately 100 acres and is just northeast of their present facility on Bluffton Road. With the \$36 million investment they are planning to hire 65 new employees. In essence, they are not only doubling their workforce they are also doubling the size of the facility. General Mills is here today to request a ten-year abatement on both real and personal property taxes. For all of those abatements, we are looking at a little over \$3 million in savings to the company. You have, for your consideration, a resolution to approve the statement of benefits and a ten-

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year abatement on real and personal property. Stan Sherfinski is here and he is a representative of the local plant out on Bluffton Road. If you have any questions, we would like to answer those for you.

Darren Vogt: Stan, if you could, tell us about your project and then we will open it up for questions.

Stan Sherfinski: Over the last ten years, Fort Wayne has become a very strategic location for General Mills. We have continued to grow in this region and we are currently serving all of our customers in the Great Lakes area. This facility is definitely not large enough for the long-term strategic growth that the corporation has planned. Because Fort Wayne has become a great location for us, we would love the opportunity to be able to stay and grow and help the community as well.

Darren Vogt: Great, thank you. Council, are there any questions?

Roy Buskirk: I have a question as far as the additional employment. What kind of a timeframe are you looking at for that?

Stan Sherfinski: Assuming that the project goes forward, we would begin construction this summer with the completed building being done around August of 2012. That is when the employment would begin.

Roy Buskirk: So you anticipate, at that time, hiring the additional 65? I didn't know if that was going to be over a period of a year or two.

Stan Sherfinski: It would happen pretty quickly around that August timeframe of next year.

Darren Vogt: Councilman Moss?

Paul Moss: It is really not a question but a statement. You look at the tax abatement projections and it just amazes me the taxes that would be due without the deduction and I am almost apologetic when you think about when the government is extracting that type of dollars from a company that is creating jobs. I am delighted that we can do this and that you are making the investment in the community. It certainly sounds like there are some good things happening in Allen County, as far as growth is concerned. I think you are making a good decision and I certainly think that we are making the right decision as well.

Darren Vogt: Councilman Harris, did you have a question?

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Tom Harris: Just a couple of questions and maybe in terms of the cost benefit analysis and that might be Scott. Help us understand a little bit about, and I am new, how this one falls in terms of benefits versus the cost.

Scott Harrold: Scott Harrold, Allen County Economic Development. The cost benefit model is something that we developed about ten years ago and we use it more for the larger projects. This one is actually a fairly good number. The benefits, as Councilman Moss mentioned, comes from the property taxes while it doesn't necessarily generate new money for the community it helps keep everyone else's taxes down. Some of the infrastructure, we are providing, which will help future businesses. Basically, for every dollar that the County is investing, whether it is tax abatement or through infrastructure, we are getting \$1.37 back over ten years. It is paying us more back than we are putting into it. That is a pretty good number.

Tom Harris: I just wanted to reiterate Councilman Moss' comment of thank you for the investment in this community. Congratulations to you and your staff for being able to continue to grow.

Darren Vogt: Councilman Buskirk?

Roy Buskirk: I have a couple of more questions on the cost benefit. In the first column you have cost. That is the cost for the tax abatement and for improvements to that area?

Scott Harrold: That is correct.

Roy Buskirk: That is for drainage and buy-down and everything like that.

Scott Harrold: Yes.

Roy Buskirk: So then the benefit number, where are you obtaining that from? Is that from the property taxes that are being paid?

Scott Harrold: That is property taxes being paid as well as local income taxes from the payroll.

Roy Buskirk: Okay. Then I noticed in the information that was provided as far as a ten-year tax abatement, when they really only qualify for a seven on the real estate. On the personal property, it is a five-year and what you have proposed is a ten-year.

Scott Harrold: The County adopted a guideline for what we call super-abatement which is for competitive projects. Going into it, we don't

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necessarily know all of the information. This project, from my view, would be qualified for a competitive super-abatement which is an automatic ten years. When you think of a project this size, if this isn't one that it was intended for, then I am not sure other example is.

Roy Buskirk: When you are referring to a project of this size, it is basically the improvements that are being made?

Scott Harrold: We look at the investment and number of dollars involved. When you think about it a \$36 million investment is pretty significant.

Roy Buskirk: One reason for the Shovel Ready Program, which the Council has supported, is the fact that in the past we had certain property owners that have reaped the rewards of the improvements that the County has put in such as City Utilities or road improvements. I guess that is the explanation for the next question. The remaining 80 acres on this parcel, does the County have that tied up with an option? It is going to enhance those 80 acres.

Scott Harrold: The Redevelopment Commission is working on it. We have a verbal agreement but we don't have anything signed yet. That should be going out today.

Roy Buskirk: So, you do have a verbal agreement?

Scott Harrold: Yes.

Darren Vogt: Councilman Moss?

Paul Moss: I am going to try to remember to ask this question when we have situations like this but is there anything you can think of during the process that we, as a County, could have done better to make this even easier for you?

Stan Sherfinski: I think it has gone wonderfully. Your support has been amazing. I know that the news has generated a lot of interest over the last week or so. I just can't thank you enough.

Darren Vogt: Councilman Howell?

Kevin Howell: I want to get to the specifics in terms of employment. You have roughly seventy jobs that are going to be created. How and where, for the folks that are interested now, apply for those jobs? Or do you have a timetable when people can apply for those jobs?

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Stan Sherfinski: The timetable would likely be next spring into early summer. The applications would likely flow through our existing facility on Pleasant Center Road.

Kevin Howell: So they would apply there.

Stan Sherfinski: Yes.

Darren Vogt: Council, are there any other questions? Councilman Buskirk?

Roy Buskirk: I realize you are leasing the facility but do you know of any other possible tenant that would utilize that space once you have left?

Stan Sherfinski: No, I am not aware of any other tenants.

Roy Buskirk: The one concern is that the assessed value of that facility will possibly lower because of it sitting vacant.

Nikki Liter: That facility will be very marketable through the Alliance. We don't foresee a problem with getting new tenants in there.

Roy Buskirk: Okay, thank you.

Darren Vogt: I know this was a competitive process, can you briefly give us an idea of what may be the insight that made Allen County the preferable choice over the other locations?

Stan Sherfinski: The primary reason is because of our comfort level here. We have been here for approximately ten years and it has become very strategic because of our proximity to the customers that we service. So, therefore, from the cost standpoint Fort Wayne has become a very strong area for us.

Darren Vogt: Council, I just wanted to make sure that we heard that because it is one thing that we are. We are close to the majority of population in the entire United States and can be a very good transportation hub.

Tom Harris: If this is approved, is it completed on your end or where does the next process fall?

Stan Sherfinski: Our real estate and property development group will still be going through some due diligence. We would hope to make a decision as soon as possible and then we would flow all of that communication through Scott and his team.

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Darren Vogt: Council, are there any further questions?

Tom Harris: Just one more question. Timeframe, approximately?

Stan Sherfinski: I would hope within the next month to two months.

Darren Vogt: Councilman Moss?

Paul Moss: I move for approval of resolution number 2011-04-15-01, Allen County Council approving a statement of benefits for General Mills Operations, LLC.

Roy Buskirk: Second.

Darren Vogt: **We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0.** Council, with that, we have nothing further on our agenda for today. We will meet again on Thursday the 21st and if you are here and have a packet, they are ready downstairs. With that, do I hear a motion to adjourn?

Paul Moss: So moved.

Roy Buskirk: Second.

Darren Vogt: **We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0.**