

<b>Date:</b>	<b>Reference No.:</b>	<b>Agenda Item No.:</b>
4/24/2012	Resolution #2012-11	

**Subject:** BKH, LLC R/E Tax Abatement

**Summary of Request:**

On April 19, 2012 the EDC reviewed a tax abatement request presented by BKH, LLC (Midwest Technical Institute Inc.) for Real Estate located at Lot 6 and 7 Lincoln Business Park, more commonly known as 558 & 550 Pit Drive. The proposed investment is 4.0 million dollars (\$4,000,000.00).

The EDC unanimously passed a motion to send a favorable recommendation to the Town Council subject to an approval not to exceed 4.0 million dollars (\$4,000,000.00) for seven (7) years.

The public hearing and final determination is scheduled for May 24, 2012.

**Financial Summary:**

**Budget Funds Available** If Yes, Amount

Yes     No     N/A

	Line Item Name	Line Item Number
<b>Budget Fund Information:</b>		

**Recommend Bid/Contract Amount:** \_\_\_\_\_

<b>Estimated Project Costs: (whole numbers)</b>	<b>Architecture/Engineering</b>	
	<b>Construction/Procurement</b>	
	<b>Contingency</b>	
	<b>Miscellaneous Costs</b>	
	<b>TOTAL ESTIMATE</b>	
	<b>Future Expenses (if any)</b>	
	<b>Revenue Generated (if any)</b>	

**Department Head Approval:** \_\_\_\_\_

**Date:** \_\_\_\_\_

<b>Assistant Town Manager Approval:</b>		
<b>Date:</b>		
<b>ATM Comments:</b>		
<b>Supporting Documentation:</b>		
Resolution #2012-11; Application for R/E tax abatement; and Favorable recommendation from EDC		
<b>Action Requested:</b>		
Approval of Resolution #2012-11		
<b>Town Manager Approval:</b>		<i>Scott A. Cleimberg</i>
<b>Date:</b>	4/24/2012	
<b>TM Comments:</b>		

## Indiana Property Tax Estimator

Hendricks, BROWNSBURG TOWN, Tax District No: 32016

Tax Rate (2011): 0.030413

Project Name: BKH, LLC

### REAL PROPERTY Cost of Real Property: \$4,000,000

	Property Taxes	With Abatement Circuit Breaker Tax Credit	Net Property Taxes	Property Taxes	Without Abatement Circuit Breaker Tax Credit	Net Property Taxes	Estimated Tax Abatement Savings
Year 1	\$0	\$0	\$0	\$121,652	(\$1,652)	\$120,000	\$120,000
Year 2	\$18,248	\$0	\$18,248	\$121,652	(\$1,652)	\$120,000	\$101,752
Year 3	\$35,279	\$0	\$35,279	\$121,652	(\$1,652)	\$120,000	\$84,721
Year 4	\$52,310	\$0	\$52,310	\$121,652	(\$1,652)	\$120,000	\$67,690
Year 5	\$69,342	\$0	\$69,342	\$121,652	(\$1,652)	\$120,000	\$50,658
Year 6	\$86,373	\$0	\$86,373	\$121,652	(\$1,652)	\$120,000	\$33,627
Year 7	\$104,621	\$0	\$104,621	\$121,652	(\$1,652)	\$120,000	\$15,379
<b>TOTALS:</b>	<b>\$366,173</b>	<b>\$0</b>	<b>\$366,173</b>	<b>\$851,564</b>	<b>(\$11,564)</b>	<b>\$840,000</b>	<b>\$485,391</b>

**Note:** The rates used in the tax abatement calculator are 2011 rates. Additional tax districts will be added when DLGF certifies their 2011 rates.

#### DISCLOSURES

- The abatement calculations were prepared by Umbaugh, a financial consulting firm, in conjunction with Hoosier Energy, based on current State statute. This calculation is intended to provide an ILLUSTRATIVE and PRELIMINARY indication of the level of property taxes and potential tax savings for a proposed investment based on certain assumptions. Please read the Disclosures carefully. Companies must consult their own tax advisors to determine their actual tax liability and to prepare their annual Indiana tax filings.
- To be eligible to receive property tax abatements in Indiana, a Company must follow a specific application process. Please contact your Hoosier Energy representative for further guidance.
- Assumes pay 2011 property tax rates, as provided by the Department of Local Government Finance.
- Actual assessed value of a structure will be determined by the local Assessor. This value may be materially different from value provided for this estimate.
- Real property in Indiana is subject to annual adjustments of assessed value to the market value of the structure based on annual sales data ("Trending").
- All personal property (equipment) is assumed to be new, and is assumed to be depreciated in Pool #2 (5-7 year depreciable life). A mixture of new and existing equipment (as well as a mixture of depreciation pools) will produce different tax savings results.
- Assumes a one-time investment in real and personal property. Staggering the investments may have a material effect on the actual value of tax abatements.
- Includes calculation of Minimum Value Ratio (MVR) for tax abatement of personal property, enacted as part of SEA 260-2006, which effectively increases the assessed value used in the abatement calculation when the taxpayer is subject to the 30% floor. The MVR equals the adjusted assessed value at the 30% floor divided by the depreciated assessed value of the equipment.
- The potential impact of the circuit breaker tax credit (effective for commercial properties beginning in 2010) was not included in these tax abatement calculations. If the circuit breaker tax credit becomes applicable it would further reduce a taxpayer's property tax liability.
- The tax abatement savings value is an ESTIMATE based on preliminary information entered into this calculator. Actual abatement savings may differ materially from the results of this calculator, based on the timing of the investment, actual assessment of structures, differences in the depreciation pools for personal property, annual changes in tax rates, adoption of a local option income tax for property tax relief purposes, changes to Indiana property tax law or regulations, or changes in assessment methodology.

## HOOSIERENERGY

7398 N. State Road 37  
Bloomington, Indiana 47404  
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8365 Keystone Crossing, Suite 300  
Indianapolis, IN 46240  
Phone: 317.465.1500  
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umbaugh@umbaugh.com

TO: Town Council

FROM: Economic Development Commission

DATE: April 20, 2012

RE: Tax Abatement Request – Real Estate  
BKH, LLC  
Lot 6 & 7 Lincoln Business Park  
558 & 550 Pit Road  
Brownsburg, IN 46112

On April 19, 2012 the EDC reviewed a tax abatement request presented by BKH, LLC for real estate property located at Lot 6 & 7 Lincoln Business Park more commonly known as 558 & 550 Pit Road. The proposed investment is 4.0 million dollars (\$4,000,000.00).

Discussion was held. The EDC unanimously passed a motion to send a **favorable recommendation** to the Town Council for a seven (7) year, real estate tax abatement, subject to annual reviews for compliance.

**Resolution #2012-11**  
Brownsburg, Indiana  
May 10, 2012

**RESOLUTION NO. 2012-11**  
**TOWN OF BROWNSBURG, INDIANA**

**A RESOLUTION DESIGNATING ECONOMIC REVITALIZATION AREA AND  
QUALIFYING CERTAIN REAL ESTATE FOR TAX ABATEMENT**

**WHEREAS**, the Town Council for the Town of Brownsburg, Indiana adopted a Tax Abatement Procedure Resolution on April 8, 1993; and

**WHEREAS**, pursuant to said Tax Abatement Procedure BKH, LLC has filed with the Town Council of the Town of Brownsburg, Indiana an “Application for Deduction from Assessed Valuation, Real Property and Improvements in Economic Revitalization Area”, pursuant to I.C. 6-1.1-12.1-1-1 et.seq. on April 5, 2012; and

**WHEREAS**, said Application has been reviewed by the Town Council and the Economic Development Commission of the Town of Brownsburg, Indiana and by its legal counsel, at a duly held public meeting of said Bodies and has received from the applicant the requisite filing fee; and

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE  
TOWN OF BROWNSBURG, INDIANA AS FOLLOWS:**

1. Declaration of Economic Revitalization Area. It is hereby declared by the Town Council of the Town of Brownsburg, Indiana that the real estate described as Lot 6 and 7 Lincoln Business Park, Brownsburg Indiana, attached hereto and made a part thereof, is, and shall hereafter be, deemed an “economic revitalization area” as that phrase is used and intended under the provisions of Indiana Code Sections 6-1.1-12-1.1 et.seq.

2. Real Property and Improvements. The Town Council of the Town of Brownsburg, Indiana hereby further declares that any and all improvements placed upon the real estate described, after the date of the adoption of this Resolution by the Town Council shall, along with the said real estate, be eligible for property tax abatement pursuant to the provision of I.C. 6-1.1-12 1-1 et.seq.

3. Maps and Location of Economic Revitalization Area. Attached hereto and made a part hereof as Exhibit A is a map showing the real estate herein declared to be an “economic revitalization area”.

4. Compliance with Applicable Resolution and Statutes. It is hereby declared by the Town Council of the Town of Brownsburg, Indiana that the Application of BKH, LLC, heretofore filed complies in all respects with the Tax Abatement Procedure Resolution of April 8, 1993 and all governing Indiana statues, and that said Application, in all respects, is hereby granted and approved.

5. Limitations or Restrictions. It is hereby declared by the Town Council of Brownsburg, Indiana that based on the Town of Brownsburg’s Tax Abatement Incentive Policy # 92-01 adopted in 1992 stipulating the requirements for a tax abatement, an allowance for a seven (7) year Abatement for Lot 6 & 7 Lincoln Business Park, Brownsburg, Indiana meet the requirements as stipulated in said policy and as requested by BKH, LLC. In order to receive the benefit of multiyear tax abatements, the applicant must file an annual report with the Town Manager’s office which shows the stated goals and how the applicant is progressing toward meeting those goals. Failure to file the report or meet the stated goals may result in the suspension of the tax abatement granted herein.

6. Effective Date. This Resolution shall be effective immediately upon its passage, subject to the notice and hearing provisions of I.C. 6-1.1-2.1-2.5. The public hearing contemplated by said statute shall be held at the time and place of the regular meeting of the Town Council of the Town of Brownsburg, Indiana on Thursday, June 14, 2012 to-wit: Town Hall, 61 N. Green St., Brownsburg, Indiana 7:00 P.M. At such meeting, the Town Council shall take final action determining whether the qualifications for an economic revitalization area (as to the real estate) have been met, and shall confirm, modify and confirm or rescind, the Resolution. Such determination and final action by the Council shall be binding upon all affected parties; subject to the appeal procedures contemplated by I.C. 6-1.1-12.1-1 et. seq.

7. Filing with Hendricks County Authorities. Upon adoption of this Resolution, the Clerk-Treasurer of the Town of Brownsburg, Indiana shall cause a certified copy of this Resolution, including the legal descriptions of the aforescribed real estate and attached map, to be filed with the Hendricks County Assessor and/or such other Hendricks County Government officials as shall be necessary to make BKH, LLC. eligible to file for property tax abatement as to the real estate contemplated by the Application heretofore reviewed and approved.

Adopted by the Town Council of the Town of Brownsburg, Indiana this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

TOWN COUNCIL FOR THE  
TOWN OF BROWNSBURG, INDIANA

BY: \_\_\_\_\_  
Dwayne Sawyer, President

ATTEST:

\_\_\_\_\_  
Jeanette M. Brickler, Clerk-Treasurer



**STATEMENT OF BENEFITS  
REAL ESTATE IMPROVEMENTS**

State Form 51767 (R3 / 12-11)  
Prescribed by the Department of Local Government Finance

20__ PAY 20__
FORM SB-1 / Real Property

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
- Eligible vacant building (IC 6-1.1-12.1-4.8)

**INSTRUCTIONS:**

1. This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body **BEFORE** the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
2. Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation, **BEFORE** a deduction may be approved.
3. To obtain a deduction, application Form 322 ERA/RE or Form 322 ERA/VBD, whichever is applicable, must be filed with the County Auditor by the later of: (1) May 10; or (2) thirty (30) days after the notice of addition to assessed valuation or new assessment is mailed to the property owner at the address shown on the records of the township assessor, if any, or the county assessor.
4. Property owners whose Statement of Benefits was approved after June 30, 1991, must attach a Form CF-1/Real Property annually to the application to show compliance with the Statement of Benefits. [IC 6-1.1-12.1-5.1(b) and IC 6-1.1-12.1-5.3(j)]
5. The schedules established under IC 6-1.1-12.1-4(d) for rehabilitated property and under IC 6-1.1-12.1-4.8(1) for vacant buildings apply to any statement of benefits approved on or after July 1, 2000, unless an alternative deduction schedule is adopted by the designating body (IC 6-1.1-12.1-17). The schedules effective prior to July 1, 2000, shall continue to apply to a statement of benefits filed before July 1, 2000.

SECTION 1 TAXPAYER INFORMATION					
Name of taxpayer <b>BKH, LLC</b>					
Address of taxpayer (number and street, city, state, and ZIP code) <b>2731 Farmers Market Rd., Springfield, IL 62707</b>					
Name of contact person <b>Mike Casper</b>		Telephone number <b>(217) 737-0563</b>		E-mail address <b>MCasper@midwesttech.edu</b>	
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT					
Name of designating body <b>Brownsburg Town Council</b>				Resolution number	
Location of property <b>558 &amp; 550 Pit Road, Brownsburg, IN</b>		County <b>Hendricks</b>		DLGF taxing district number <b>Brownsburg</b>	
Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary) <b>A technical training college. See additional information provided herewith.</b>					
Estimated start date (month, day, year) <b>06/01/2012</b>					
Estimated completion date (month, day, year) <b>07/01/2013</b>					
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT					
Current number <b>0.00</b>	Salaries <b>\$0.00</b>	Number retained	Salaries	Number additional <b>21.00</b>	Salaries <b>\$678,000.00</b>
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.		<b>REAL ESTATE IMPROVEMENTS</b>			
		<b>COST</b>		<b>ASSESSED VALUE</b>	
Current values		<b>533,930.00</b>		<b>6,000.00</b>	
Plus estimated values of proposed project		<b>3,466,070.00</b>		<b>3,466,070.00</b>	
Less values of any property being replaced		<b>0.00</b>		<b>0.00</b>	
Net estimated values upon completion of project		<b>4,000,000.00</b>		<b>4,000,000.00</b>	
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER					
Estimated solid waste converted (pounds) <b>0.00</b>			Estimated hazardous waste converted (pounds) <b>0.00</b>		
Other benefits					
SECTION 6 TAXPAYER CERTIFICATION					
I hereby certify that the representations in this statement are true.					
Signature of authorized representative <i>Michael Casper</i>			Title <b>V.P.</b>		Date signed (month, day, year) <b>7/5/12</b>

**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, provides for the following limitations:

- A. The designated area has been limited to a period of time not to exceed \_\_\_\_\_ calendar years \* (see below). The date this designation expires is \_\_\_\_\_.
- B. The type of deduction that is allowed in the designated area is limited to:
- 1. Redevelopment or rehabilitation of real estate improvements       Yes       No
  - 2. Residentially distressed areas       Yes       No
  - 3. Occupancy of a vacant building       Yes       No
- C. The amount of the deduction applicable is limited to \$ \_\_\_\_\_.
- D. Other limitations or conditions (specify) \_\_\_\_\_
- E. The deduction is allowed for \_\_\_\_\_ years\* (see below).

We have also reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

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

\* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.12-12.1-4.

- A. For residentially distressed areas, the deduction period may not exceed five (5) years.
- B. For redevelopment and rehabilitation or real estate improvements:
  - 1. If the Economic Revitalization Area was designated prior to July 1, 2000, the deduction period is limited to three (3), six (6), or ten (10) years.
  - 2. If the Economic Revitalization Area was designated after June 20, 2000, the deduction period may not exceed ten (10) years.
- C. For vacant buildings, the deduction period may not exceed two (2) years.

## Letter of Intent

BKH, LLCI, Petitioner, owns and operates technical training institutes in Illinois and Mississippi and has a new facility under construction in Missouri. Petitioner wishes to construct its seventh location on Lots 6 and 7 of Lincoln Park Business Park. Petitioner operates the training institutions under the names of Midwest Technical Institute and Delta Technical College.

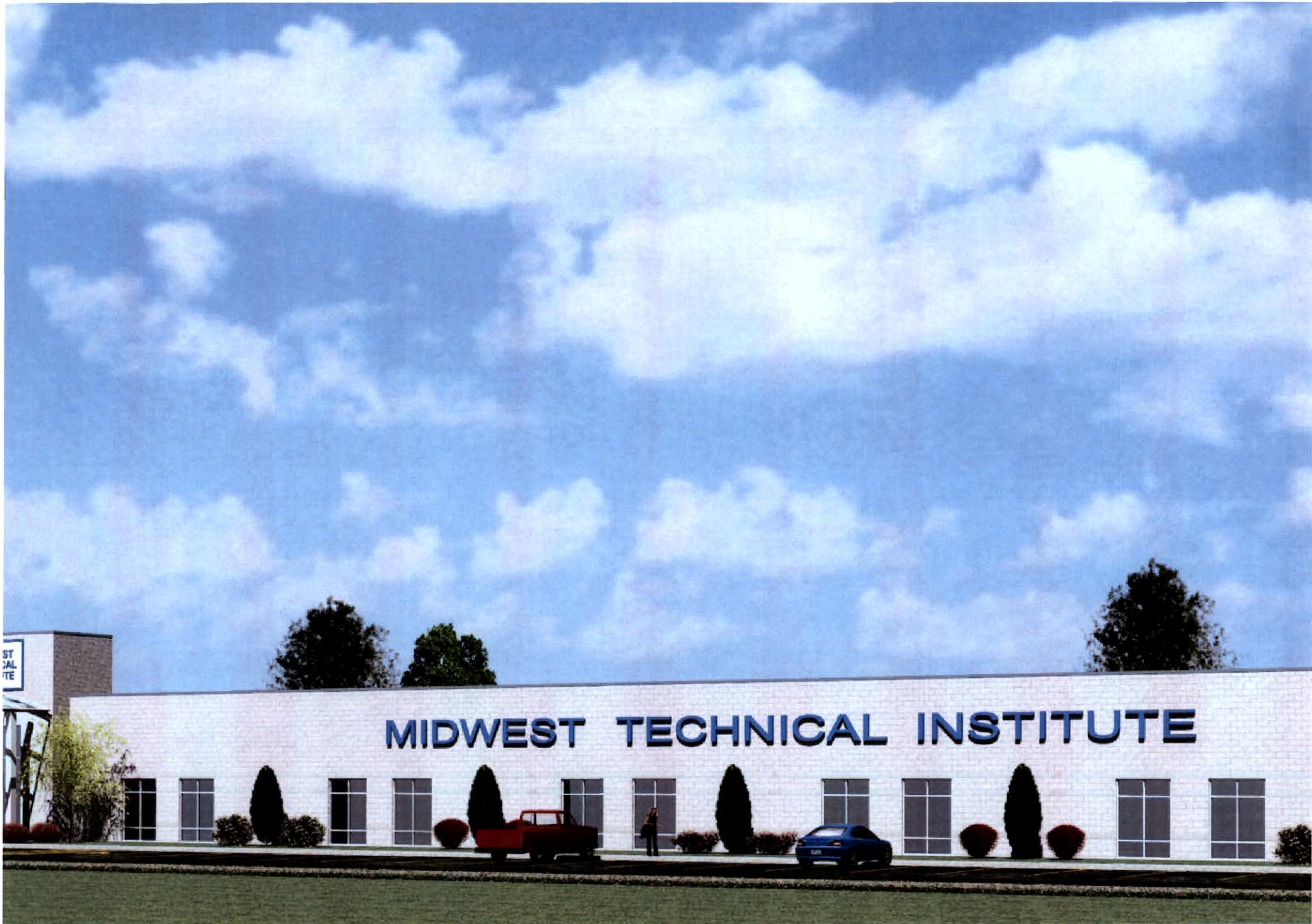
Petitioner focus on training in various technical fields, including, electrical, HVAC, major appliance repair, welding (primarily pipe welding), cosmetology, medical assisting, dental assisting, massage therapy, medical coding and Certified Nurses Assistant (CAN) training, although not all of these options are available at every location.

Combined enrollment for all of the programs typically consists of 350 – 430 students annually. The electrical and cosmetology programs are one year programs. All other programs are typically 36 week programs, with 27 weeks in education and the final weeks spent in externship with local businesses. The institute creates relationships with local business to provide for externships and job placement of their students. In order to retain certain accreditations, the institutes must meet, and do meet, seventy percent (70%) job placement each year.

Each institute employs 25 – 35 employees.

Petitioner has been in business for seventeen (17) years and has been under single ownership during that time.

Petitioner viewed and considered other locations in the greater Indianapolis area, but Petitioner's first choice is this location in Brownsburg, Indiana.



**MIDWEST TECHNICAL INSTITUTE**

**STITUTE**



EXHIBIT – E  
SITE PHOTOS



EXHIBIT – E  
SITE PHOTOS *continued*

