

A RESOLUTION determining SUBSTANTIAL COMPLIANCE OR NON-COMPLIANCE with a Statement of Benefits (SB-1) for 2016 for JH Specialty, Inc./Hilltrans, LLC at 6030 Huguenard Road under Confirming Resolution R-53-09 with an "Economic Revitalization Area" approved under I.C. 6-1.1-12.1

WHEREAS, Common Council has previously designated and declared by Declaratory Resolution and Confirming Resolution with approved Statement of Benefits (SB-1) forms property for JH Specialty, Inc./Hilltrans, LLC as an "Economic Revitalization Area" under Sections 153.13-153.24 of the Municipal Code of the City of Fort Wayne, Indiana, and I.C. 6-1.1-12.1; and

WHEREAS, property owners whose Statement of Benefits (SB-1) form was approved after July 1, 1991 who file a deduction application under Sections 3 and 4.5 of I.C. 6-1.1-12.1 and Section 153.21 of the Municipal Code of the City of Fort Wayne, Indiana, must file a Compliance with Statement of Benefits Form (CF-1) with the Allen County Auditor, the Allen County Assessor and the City of Fort Wayne showing information on the extent to which there has been compliance with the approved Statement of Benefits for the project; and

WHEREAS, JH Specialty, Inc./Hilltrans, LLC has filed Compliance with Statement of Benefit Forms with the Allen County Assessor's Office, Allen County Auditor's Office and the City of Fort Wayne; and

WHEREAS, JH Specialty, Inc./Hilltrans, LLC's approved Statement of Benefits (SB-1) form stated that **19** full-time and **four** part-time jobs would be retained and **30** full-time and **12** part-time jobs would be created; and

WHEREAS, JH Specialty, Inc./Hilltrans, LLC's approved Statement of Benefits (SB-1) form stated **\$1,838,400** in annual payroll would be generated from the **30** full-time and **12** part-time created jobs; and

WHEREAS, JH Specialty, Inc./Hilltrans, LLC's approved Statement of Benefits (SB-1) form stated **\$1,086,800** in annual payroll would be generated from the **19** full-time and **four** part-time retained jobs; and

WHEREAS, JH Specialty, Inc./Hilltrans, LLC's 2016 Compliance with Statement of Benefits (CF-1) form filing stated that **23** jobs were retained and **nine** jobs were created; and

1 **WHEREAS**, JH Specialty, Inc./Hilltrans, LLC's 2016 Compliance with Statement of
2 Benefits (CF-1) form filing stated **\$1,086,800** in annual payroll for the **23** jobs retained and
3 **\$856,887** in annual payroll for the **nine** jobs created; and

4 **WHEREAS**, Common Council designated the City of Fort Wayne Community
5 Development Division as the entity for the administration, application, processing and
6 monitoring of Economic Revitalization Areas under Section 153.13 of the Municipal Code of
7 the City of Fort Wayne; and

8 **WHEREAS**, Common Council has defined substantial compliance under Section
9 153.21 of the Municipal Code of the City of Fort Wayne as:

- 10 1. Meeting 75% or more of the numbers of full-time and/or part-time jobs stated to
11 be created or retained as delineated in the original Statement of Benefits Form
12 (SB-1) approved by Common Council; and
- 13 2. Meeting 75% or more of the total payroll stated to be created or retained as
14 delineated in the original Statement of Benefits Form (SB-1) approved by
15 Common Council; and

16 **WHEREAS**, meeting 75% of the **42** created jobs means creating **31** jobs; and

17 **WHEREAS**, meeting 75% of the **23** retained jobs means retaining **17** jobs; and

18 **WHEREAS**, meeting 75% of the **\$1,838,400**, in annual payroll to be created means
19 **\$1,378,800** in annual payroll created; and

20 **WHEREAS**, Common Council shall determine not later than forty-five (45) days after
21 receipt of the Compliance of Statement of Benefits Form (CF-1) that JH Specialty,
22 Inc./Hilltrans, LLC has substantially complied with the original Statement of Benefits Form
23 (SB-1) approved by Common Council; and

24 **WHEREAS**, JH Specialty, Inc./Hilltrans, LLC **appeared/failed to appear** before
25 council to provide additional information on its compliance with statement of benefits.

26 **NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE**
27 **CITY OF FORT WAYNE, INDIANA:**

28 **SECTION 1.** That, Common Council finds that the Compliance with Statement of
29 Benefits Form (CF-1) filed by JH Specialty, Inc./Hilltrans, LLC with an approved economic
30 revitalization area for 2016 is not in substantial compliance pursuant to I.C. 6-1.1-12.1 and
Section 153.21 of the Municipal Code of the City of Fort Wayne for failure to create 75% of
the \$1,838,400 or \$1,378,800 in annual payroll from the 42 jobs or 31 jobs that were stated
that would be created.


VOTE SECTION 2a. JH Specialty, Inc./Hilltrans, LLC appeared before council and
provided additional information on its compliance with statement of benefits and from this
information it was determined that notwithstanding JH Specialty, Inc./Hilltrans, LLC's failure
to substantially comply by its failure to create \$1,378,800 or more in annual payroll from 31

1 jobs or more created, that JH Specialty, Inc./Hilltrans, LLC did make reasonable efforts to
2 substantially comply with the statement of benefits and JH Specialty, Inc./Hilltrans, LLC's
3 failure to substantially comply was caused by factors beyond the control of JH Specialty,
4 Inc./Hilltrans, LLC. Therefore, the continuation of JH Specialty, Inc./Hilltrans, LLC's
deduction/abatement under R-53-09 is hereby approved.

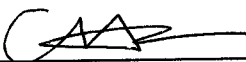
5 ~~SECTION 2b. That JH Specialty, Inc./Hilltrans, LLC appeared and provided~~
6 ~~additional information on its compliance with statement of benefits and from this information~~
7 ~~it was determined that notwithstanding JH Specialty, Inc./Hilltrans, LLC's failure to~~
8 ~~substantially comply by its failure to create \$1,378,000 or more in annual payroll from the 31~~
9 ~~or more jobs created, that JH Specialty, Inc./Hilltrans, LLC did not make reasonable efforts to~~
10 ~~substantially comply with the statement of benefits and JH Specialty, Inc./Hilltrans, LLC's~~
11 ~~failure to substantially comply was not caused by factors beyond the control of JH Specialty,~~
12 ~~Inc./Hilltrans, LLC. Council therefore directs the Community Development Division to mail~~
13 ~~written notice to JH Specialty, Inc./Hilltrans, LLC explaining the reasons for Council's~~
14 ~~determination and a date, time, place of a hearing to be conducted by Council for the~~
15 ~~purpose of further considering JH Specialty, Inc./Hilltrans, LLC's 2010 compliance with~~
16 ~~statement of benefits.~~

17 ~~SECTION 2c. That JH Specialty, Inc./Hilltrans, LLC failed to appear and otherwise~~
18 ~~provide additional information on its compliance with statement of benefits and has caused~~
19 ~~Council to conclude and find that JH Specialty, Inc./Hilltrans, LLC is not in substantial~~
20 ~~compliance pursuant to I.C. 9-1.1-12.4 and Section 153-21 of the Municipal Code of the City~~
21 ~~of Fort Wayne on their 2010 filing. Council therefore directs the Community Development~~
22 ~~Division to mail written notice to JH Specialty, Inc./Hilltrans, LLC explaining the reasons for~~
23 ~~Council's determination and a date, time, place of a hearing to be conducted by Council for~~
24 ~~the purpose of further considering JH Specialty, Inc./Hilltrans, LLC's 2010 compliance with~~
25 ~~statement of benefits.~~

26 SECTION 3. That, this Resolution shall be in full force and effect from and after
27 its passage and any and all necessary approval by the Mayor.

28 
29 _____
30 Member of Council

APPROVED AS TO FORM A LEGALITY

31 
32 _____
33 Carol Helton, City Attorney

Admn. Appr. _____

DIGEST SHEET

TITLE OF ORDINANCE: Resolution determining substantial compliance with a Statement of Benefits (SB-1) for 2016

DEPARTMENT REQUESTING ORDINANCE: Community Development Division

SYNOPSIS OF ORDINANCE: This resolution determines whether Compliance with Statement of Benefits (CF-1) Form filings made by JH Specialty, Inc./Hilltrans, LLC in May 2016 with an approved economic revitalization area are in substantial compliance pursuant to both Council policy and Indiana law.

EFFECT OF PASSAGE: Will allow property owners with existing economic revitalization area designation to continue to receive their economic revitalization area deduction (property tax abatement/phase-in) benefit if determined to be in substantial compliance or provide notice to company if determined to be in substantial non-compliance and a hearing will be scheduled

EFFECT OF NON-PASSAGE: Potential retention or loss of economic revitalization area deduction (property tax abatement/phase-in)

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS): No expenditures of public funds required.

ASSIGNED TO COMMITTEE (PRESIDENT): Glynn Hines and John Crawford

To: Fort Wayne City Council
Presented by: John Henry III
Re: R-16-06-12 | JH Specialty, Inc./ Hilltrans, LLC
Date: Tuesday, June 21, 2016



OVERVIEW

The following is drafted to provide a high level view of JH Specialty, Inc. / Hilltrans, LLC to Fort Wayne City Council to aid in their assessment and determining substantial compliance or con-compliance with a statement of benefits (SB-1) for 2016 for JH Specialty, Inc./Hilltrans, LLC at 6030 Huguenard Road under Confirming Resolution R-53-09 with an "Economic Revitalization Area" approved under I.C. 6-1.1-12.1

The purpose of this document is to:

1. Educate council about the entities and their relationship;
2. Outline basis for original SB-1 estimates;
3. Explain challenges the company have seen since making the original SB-1 estimates;
4. Provide an overview of company performance since 2009 including an up-to-date report of employment / payroll;
5. Deliver additional considerations / positive impact on community; and
6. Ultimately receive a favorable review and resolution as stated in Section 2a

ABOUT

JH Specialty, Inc:

JH Specialty, founded in 1998, is a solutions provider that has made a name for themselves in the areas of: Marketing, Advertising, Web Development, Consulting, and Promotional Products Brokerage. JH Specialty moved the company into its current corporate offices at 6032 Huguenard Rd in September of 2010.

Hilltrans, LLC:

Hilltrans, LLC is a real estate holding company that owns and leases the grounds and structures located at 6030-6040 Huguenard Rd. Today there are 2 tenants that reside in the building located at the aforementioned address. JH Specialty, Inc and ECi Software Solutions.

ORIGINAL ESTIMATES

John Henry, CEO of JH Specialty, Inc. met with the City of Fort Wayne and made the following growth estimates based on historical growth of the company and future plans of the organization.

- The retention of 19 full-time and 4 part-time jobs (\$1,086,800 in annual payroll)
- The generation of 30 full-time and 12 part-time jobs (+\$1,838,400 in annual payroll)

The intent was and still is for JH Specialty to not only be a successful company but a substantial company in the Fort Wayne community for the right reasons.

CHALLENGES

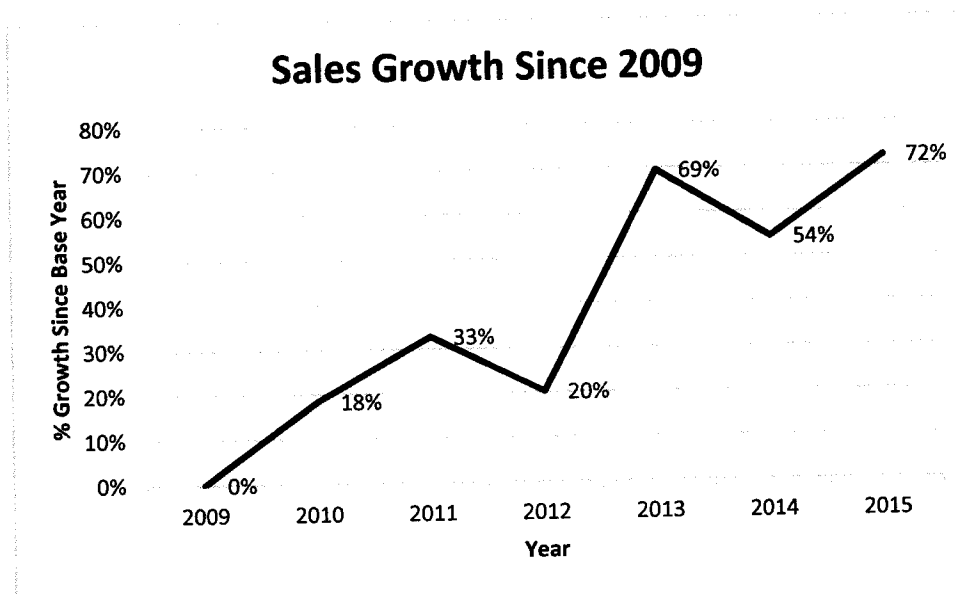
Since creating the original SB-1 estimates JH Specialty has seen the following challenges in meeting those estimates:

- Since 2009, specifically in 2012, the company lost its two largest clients that accounted for 52% of revenues for reasons outside of their control.
 - Since 1998, the origination of the company, JH Specialty has never laid off an employee due to economic conditions or sales generation.
- A core competency of the company, website and application development, requires a skillset and aptitude that is hard to find and is in high demand nationally.

COMPANY OVERVIEW | UPDATE OF EMPLOYMENT

Sales Overview:

Even though the company has seen challenges in the economy and those outlined above over the past 6 they have been able to grow sales overall 4 of the 6 years.



Today the company is in a positive growth pattern and is much more diversified than we have ever been. Our top 2 clients account for only 16% of the overall sales.

Employment:

Activities that have occurred since the most recent SB-1 include the following numbers and growth based on original employment:

	2009	2016	Growth	Growth
Full Time Employees	19	30	11	58%
Part Time Employees	4	3	-1	-25%
Total Employees	23	33	10	43%
Annual Payroll	\$ 1,086,800.00	\$ 2,100,000.00	\$ 1,013,200.00	93%

Specifically how these numbers compare to the estimate is outlined below:

	SB-1	2016	Against Estimate
Employee Retention	23	23	100%
Employee Growth	42	10	24%
New Payroll	\$ 1,838,400.00	\$ 1,013,200.00	55%

Additional comments as it relates to employment:

- JH Specialty has received a national 'Best Places to Work' accolade for the past 8 years by Counselor Magazine
- We have relocated 4 employees and their families to the Fort Wayne community to fill high demand positions since 2009
- We have hired 2 employees who are recent graduates of IPFW (fighting brain drain)
- Like many companies who faced the negative effects of the economy we have made substantial investments and improvements in staff to create additional efficiencies as opposed to overhead

ADDITIONAL CONSIDERATIONS

While the basis of the SB-1 was primarily based on the growth of JH Specialty, Inc., the primary tenant of Hilltrans, LLC, we would like to share information about the 2nd tenant of the facility.

Hilltrans, LLC and ECi Solutions, Inc entered into a lease agreement where Hilltrans provided a custom build-out for the lessor who took occupancy of the property in August, 2011. ECi Solutions, Inc headquarters is in Texas and at the time of the lease discussions were also considering a consolidation of offices and closing the Fort Wayne location.

Hilltrans, LLC along with the benefits of the Fort Wayne community and abatement support was able to create a lease environment that kept 30 jobs in Fort Wayne community in 2011.

Recently, ECi Solutions has entered and agreed to an additional 4-year lease extension.

CONCLUDING STATEMENT

As previously mentioned, JH Specialty is committed to Fort Wayne and Fort Wayne Community. We are proud of what we have accomplished and we believe there is still much more that we will do as an organization.

JH Specialty, Inc and Hilltrans, LLC appreciate the support the City of Fort Wayne has provided through the tax abatement environment.

Our hope is that we provided enough information to allow you to make a favorable review of final resolution as listed in Section 2a.

Sincerely,

John Henry III
Consultant & CEO

REPORT OF COMMITTEE ON FINANCE

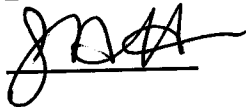
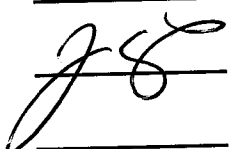
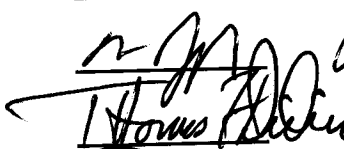

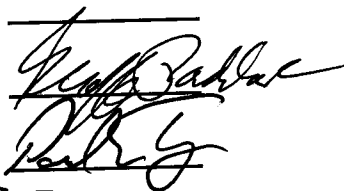
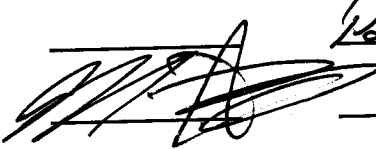
MOTION FOR 2a
- COMPLIANCE -

June 21, 2016

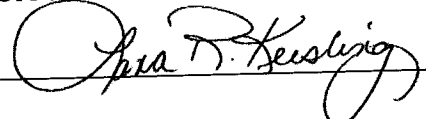
*Glynn Hines, Chair
John Crawford, Co-Chair
All Council Members*

A RESOLUTION determining SUBSTANTIAL COMPLIANCE OR NON-COMPLIANCE with a Statement of Benefits (SB-1) for 2016 for JH Specialty, Inc./Hilltrans, LLC at 6030 Huguenard Road under Confirming Resolution R-53-09 with an "Economic Revitalization Area" approved under I.C. 6-1.1-12.1

COMMITTEE ON FINANCE HAVE HAD SAID Ordinance under consideration and beg leave to report back to the Common Council that said Ordinance

<u>DO PASS</u>	<u>DO NOT PASS</u>	<u>ABSTAIN</u>	<u>NO REC</u>
			
			
			
			
			
			

**LANA R. KEESLING
CITY CLERK**



**FORT WAYNE COMMON COUNCIL
ROLL CALL (VOTE)
REGULAR SESSION**

Date: 6/28/16
Bill # R-16-06-12

THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA, MET IN ROOM 030, COUNCIL DISCUSSION ROOM, GARDEN LEVEL - CITIZENS SQUARE, TUESDAY EVENING, IN COMMITTEE SESSION. PRESIDENT RUSS JEHL IN THE CHAIR, COUNCIL ATTORNEY JOSEPH BONAHOOM AND LANA R. KEESLING, CITY CLERK, AT THE DESK, PRESENTS THE FOLLOWING MEMBERS

ARP	NO	BARRANDA	Yes	CRAWFORD	Yes
DIDIER	Yes	ENSLEY	NO	FREISTROFFER	Yes
HINES		JEHL		PADDOCK	NO

ABSENT: _____

Final Vote Tally		
In Favor	Against	Abstain
4	3	



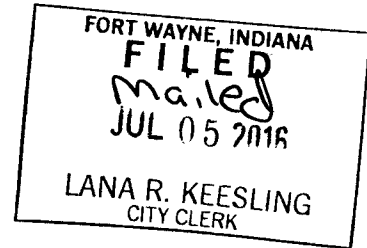
THE CITY OF FORT WAYNE
OFFICE OF CITY CLERK
CITIZENS SQUARE - 200 EAST BERRY STREET - SUITE 110
FORT WAYNE, INDIANA 46802-2733

PHONE: 260-427-1221
FAX: 260-427-1371

Lana R. Keesling, City Clerk

June 30, 2016

Allen County Auditor
1 E. Main St.
Rousseau Centre
Ft. Wayne, IN 46802



RE: Compliance with Statement of Benefits Determinations

Dear Auditor:

Enclosed are 5 Resolutions determining substantial compliance for 2016. Please note that these following 5 Resolutions did not receive 5 votes in favor of compliance or non-compliance:

- R-16-06-03
- R-16-06-06
- R-16-06-10
- R-16-06-12
- R-16-06-18

Ind. Code § 6-1.1-12.1-5.9(b) states, "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, the designating body shall mail written notice to the property owner." This determination must be made within forty-five (45) days, and the abatement can only be terminated after such notice is mailed and a second hearing is held.

Because the Resolutions listed above did not receive 5 votes for compliance or non-compliance, a finding of non-compliance within the meaning of Ind. Code § 6-1.1-12.1-5.9(b) has not been made. Without this finding, the requirement to mail notice to the property owner and conduct a second hearing has not been triggered. Because the abatement cannot be terminated without such notice and hearing, it follows that the abatement must be continued for another year when compliance can be reassessed.

Please feel free to contact me or the attorney for City Council, Joe Bonahoom, if you have any questions about these matters.

Sincerely,

Lana Keesling, City Clerk

Resolution Number R-16-06-12

This Resolution did not receive 5 votes in favor of substantial compliance or non-compliance. Accordingly, a determination that the applicant failed to substantially comply with its approved Statement of Benefits form under Ind. Code § 6-1.1-12.1-5.9(b) was not made. Under these circumstances, the abatement must be continued for another year, at which time the applicant's compliance with the approved Statement of Benefits form can be reassessed.