

MINUTES
SPECIAL MEETING
300 NORTH HIGH STREET
MUNCIE INDIANA

NOVEMBER 2, 2015

SPECIAL MEETING: 7:15 P.M., 1ST FLOOR CITY HALL AUDITORIUM.

TAX ABATEMENT COMPLIANCE:

City Council Attorney Joseph Hunter states back in June there was a special meeting held to consider the review the abatements and the council made a decision to call in Allied Enterprises and Reliance Machine. Hunter states normally they don't do these this late but there were significant things on the agenda such as public hearing he put it off a little bit for consideration. One thing he would like to say both companies have been in before the council. They both deal with foreign markets and it isn't in our control. Both are locally operated and owned and have been in business for quite some time. Hunter states they are or are not in substantially compliance. Hunter states to be in substantially under the statute is they have not been able to meet their employment goals and failure to do that is beyond their control.

ALLIED ENTERPRISES, INC.

RES. 18-11 A RESOLUTION APPROVING DEDUCTION FROM ASSESSED VALUE OF NEW MANUFACTURING EQUIPMENT IN AN ALREADY DECLARED ECONOMIC REVITALIZATION AREA. (ALLIED ENTERPRISES INC.)

Hunter states the Statement of Benefits at that time they had 38 employees and were going to add 2 additional jobs. They were called in last year. Their current employees at the time they filed the CF-1 they had 31 employees and that is exactly the same as last year.

President of Allied Enterprises John Miller states at the end of the year they were at the same employment position. Miller states the market isn't there. Miller states 85% of their sales go outside the country. Miller states he can't fix those problems. Gregory asks if he forecasts any additional sales that would allow him to add the additional employees anytime within the next five years. Miller states he doesn't know whether their headed for another 2008 again and the markets they serve his largest customer took the whole 4th quarter out. They haven't seen it here yet but suspects in this country there are some political agendas that are possibly keeping the dialogue up. Miller states the world is a very weak place right now. Miller states Caterpillar are closing plants and these are the people they sell to. One of the Caterpillar plants they sell to in England closed in May. Those are the kinds of things they are dealing with. Quirk states she would like to make the motion since he hasn't been able to maintain the levels they have visited with this last year and maintained the same level. Marshall states he sees that Miller has stated the company revenues have not recovered since

2008. Marshall asks how much of a difference is he talking about. Miller states 25%. Marshall asks Hunter if the levels aren't what they were but doesn't understand why he couldn't add one or two extra jobs. Marshall states he wants to keep jobs here but wants to make sure Miller is where he needs to be to help his business succeed. They want to make sure the jobs are created that was promised. Marshall states if they are close to the levels but if he is talking about a big margin that is his concern. Miller states they are talking about a big margin at this time. The products they make are engineer products that typically take 5-7 years to find a customer who is interested until it actually ends up being a sale. They have been working with other companies in India and Italy on new business. They started this in 2008. The world markets for construction, agricultural equipment, which are the markets he serves' are very weak. Miller states you can get a little misled when you read things in the newspaper about construction up 2% last year but still down 30% from 2008. They are still depressed in those markets. Anything you read in the newspaper about problems with John Deere, Caterpillar and everyone he serves is down. He still deserves a right to run his business and not going to add a position he doesn't need. If this means he isn't in compliance than he isn't in compliance. Quirk asks Miller if he has ever worked with Terry Murphy or the local Economic Development Team. Miller states he worked with Bruce Baldwin. Quirk suggests he reach out to Terry Murphy because he works with local businesses and he has connections even all over the world. Miller states he has been in the transmission business for 50 years and he can guarantee he knows more people than Terry Murphy. He's not a resource because they have such a specific niche. They are not going to be making cars for Progress Rail or some start up. Quirk states she was just trying to offer another option. Miller states he doesn't think it is a fruitful activity. Miller states he knows Terry Murphy and has worked with Bruce Baldwin. They have a specific market of what they make and not anything else. He worked at Warner Gear for 23 years and Allied for 30 years and really doesn't think Terry Murphy is a resource. Marshall states they are here to help him keep his business going. Barton added that Bruce Baldwin is retired. Miller states he knows that. Barton asks if he has spoken with Todd Donati. Miller states no. A motion was made by Gregory and seconded by Polk that Allied is in substantial compliance. A roll call vote showed 5 yeas and 3 nays. (Marshall, Dishman and Anderson). Motion carried. Barton asks Miller to at least add one more job and she knows it is tough times but they have a job to do also. Their job is to make sure they are in compliance and they haven't been. It is something to consider because they do need jobs in this city.

RELIANCE MACHINE, INC.

RES. 10-11 A RESOLUTION APPROVING DEDUCTION FROM ASSESSED VALUE OF NEW MANUFACTURING EQUIPMENT IN AN ALREADY DECLARED ECONOMIC REVITALIZATION AREA. (RELIANCE MACHINE COMPANY, INC.) Council Attorney Joseph Hunter states on the Statement of Benefits at that time they had 67 employees and were going to add 15 jobs. Hunter states at the time of the CF-1 filing they had 53 employees. President of Reliance Machine Chris Cardemon states they are feeling the impact of the economy and they are below what they predicted where they would be at. They

currently employ 37 and they are dealing with economic conditions that are beyond their control with volume reductions, program cancellations and bankruptcy's within the supply chain. It has been a difficult journey for them in the past year and a half. It hadn't been lack of effort. They have been in contact with Terry Murphy on some additional buildings to compliment what they have to gain additional business from their customers. They do have in the beginning of March 2016 an investment of \$1.3 million dollars that will bring back 11 jobs. They are still under their predicted employment but it's not from lack of effort. Barton asks what are the current number of employees does he have. Cardemon states 37. Quirk states he did say he is in the process of bring 11 employees back. Cardemon states the beginning of the first quarter of 2016 they have 11 coming back for three new launches with a \$1.3 million dollar investment. Quirk asks Cardemon if he has any other projections for the upcoming year. Cardemon states unfortunately a lot of their business is AGG and they are taking a beating right now with layoffs and volume reduction and potential plant shutdowns. Cardemon states with automotive they are entering a different sector for them. It is lower volume but higher complexity. They believe it will lend some opportunity for them because they big boys are busy right now and they are not paying attention to the smaller volume because it's a hassle for them. They see that being a niche for them and they have been exploring that and gaining ground with new jobs but it's just a slow process. Quirk states she appreciates that he has done some things to reach out. Polk asks he had diversified his business quite a bit and if he can explain that. Cardemon states they were established in 1986 and the majority of their business was automotive and they had good times and bad times. They went into the AGG business and alternative energy when the automotive business was slow. Unfortunately all three of them are on the down tip. It's been difficult. Over the past year and a half they hired a group of salespeople that represent them in the states. They don't do a lot overseas. They have the relations with the kind of potential customers they want and they don't pay unless they bring jobs to them. Barton states it sounds like they are trying hard. Powell states they appreciate that and recognize their struggle. A motion was made by Polk and seconded by Powell that Reliance Machine is in substantial compliance. A roll call vote showed 6 yeas and 2 nays. (Marshall and Dishman). MOTION CARRIED.

Phyllis Reagon (MCS)
Phyllis Reagon, Muncie City Clerk
Of the Muncie Common Council

Mary Jo Barton
Mary Jo Barton, President of the
Muncie Common Council