

MINUTES
TAX ABATEMENT COMMITTEE
MUNCIE COMMON COUNCIL
300 NORTH HIGH STREET
MUNCIE, INDIANA 47305

WEDNESDAY, JUNE 23, 2021

SPECIAL COMMITTEE MEETING: 6:30 P.M., 1ST FLOOR CITY HALL AUDITORIUM.

ROLL CALL:	PRESENT	ABSENT
Aaron Clark	X	
Anitra Davis	X	
Ro Selvey	X	

APPROVAL OF THE AGENDA: A motion is made by Selvey and seconded by Davis to Approve the Agenda. An all-in-favor vote showed 3 yeas and 0 nays. APPROVED.

REVIEW OF GUIDELINES AND PROCEDURES CONSTITUTING ABATEMENT: Chairman Clark has asked Attorney Gibson to provide a brief overview of the guidelines and the procedures constituting this tax abatement.

Attorney Gibson states the tax abatement statute in the state of Indiana is not the easiest to understand and follow. He is going to try to give a very short overview of what the Council will be asked to do and what the next steps will be. Essentially, there are certain projects that qualify for an abatement if they are in what is called an *economic revitalization area* and that designation is made by Council. However, projects that will be retail projects (such as the one that is proposed tonight) are not permitted in an ERA unless it has been determined to be in an *economic development target area*. The findings required for an ERA and an EDTA are the same with the exception that the economic development target area requires a recommendation from the Economic Development Commission under state statute. In addition, there is a limitation of only 15% of the geographical area of the City that can be determined to be an economic development target area at one time. The process would be first establishing the economic development target area, which that ordinance was introduced by City Council at the June meeting and will be up for adoption at the July meeting. For purposes of this particular abatement, you will then likely see a declaratory resolution before Council at the next meeting declaring that it is an economic revitalization area. Then, a subsequent confirmatory resolution would be filed for consideration by Council at the August meeting. At some point in between, directly before the August meeting, there will be a Public Hearing where people may come and air any remonstrance's that they have to the abatement itself. It is a rather long statute but that is where we are.

PUBLIC FORUM:**GILLMAN HOME CENTER**

Dan Ridenour, Mayor of Muncie, believes this is important because it is taking the place of an old dilapidated decrepit eyesore on the south side where the Red Carpet Inn was located. It was empty for many years until someone bought it but it stayed empty. The buyer said they were going to fix it up but the City ended up tearing it down last year. With others help, communication was started with Gillman. Typically, the company is not in cities the size of Muncie but in much rather smaller towns. Muncie does have a couple competitors but they are 15-20 minutes each away from those on the south side. This provides the south side with something it does not have. It is also important because it is not in a TIF district, which means all of these tax revenues are going to go to all the agencies that will include our school system. Mayor Ridenour feels that is important because they are trying to do this without dealing with any type of TIF dollars. They have not gone through the MRC to put it in the TIF district but are doing this rather in a way where they are not even taking any funds. In other words, this is all based on new tax dollars that will be coming once they construct and begin operating the building and it gets accessed. The money will be available for all the taxing districts within the city limits because it is not part of the districts. Secondly, it takes care of an old eyesore and third, people are going to love this store. The Mayor visited two stores in the last few months. Gas City, which is a recent addition to their chain, the Mayor saw that the employees were very positive and expressed that they love the company. They asked him to please make the call and that they would love to see the company come to Muncie. So, the conversations continued and Mayor Ridenour ventured down to their corporate offices to met with them and some other team members. It was suggested the Mayor visit another store so he went to the Batesville location and actually made some purchases. The employees love working there and the way this company operates is something that he thinks the builders and the construction industry is going to love. There are some special things that they do and the south side is going to love having this wonderful new store. Mayor Ridenour is certain that it will spur other activity in the area. He is really excited about this and is open to any questions.

Curtis Gillman, Owner and CEO, expresses he is an open book. He didn't prepare any remarks other than saying the Mayor speaking correctly in the matter that it is unusual for the company to come to a town of this size. He recalls attending the last Council meeting and speaking briefly about being a Ball State graduate that is very fond of this City with very fond memories of the four years he spent here. He is very glad to be back and really never thought that there was much of a chance that they would be at the point they are now in looking at putting a store here in Muncie. He is very glad that they are. The reason that they have always had a business model of small towns is for one, it is what they come from and what they started as in Batesville, Indiana. His father is from Brookville, Indiana, which is a very small town, and he was a construction worker that owned a small construction company and started a lumberyard just to serve his own construction company more than anything. Then comes a very modest expansion over the course of the years after that into other small towns that fit

the mold like Connersville, Indiana; Oxford, Ohio and Edinburgh, Indiana. The reason that they have targeted those towns, other than that is just their roots and what they know, is lack of competition and underserved markets. The reason he did not think they would ever be in a town like Muncie is because he would not have considered it to be underserved. He recalls working at the Gas City store when he heard that Mayor Ridenour had stopped by to see him. He did not know if there was a lot here for them being aware that Lowes and Menards are located on the north side. He is always willing to listen and the Mayor came to their office to talk about the demographics and the difference between the south side and the north side. They thought they could really do something here. For Mr. Gillman, part of the reason for the tax abatement is that it is a different risk for the company. It mitigates a little bit of that risk for them for stepping outside of what their normal operating procedure is. He is willing to answer any questions.

Chairman Clark reiterates that the Council has received an application for a 6-year tax abatement representing approximately \$90,000 in abatement to Gillman Home Center.

Councilwoman Davis lives on the south side of Muncie, has lived there all her life and represents that District so she is very happy that the decision was made to build there. She believes it will be a success no matter what because we need it. On the application, there was the 20-30 added employees in one section and then on another portion, there is 17 employees. Mr. Gillman would assume different people filled that out and 17 is not a realistic number, maybe for the starting couple of weeks. It is definitely going to be closer to 30 if you consider part-time and everything. The 17 number may have been the full-time number that somebody put in there, which he should have caught. That number is low and he can point to any one of their other stores and this store would likely employ just as many if not more than any of their other stores. He adds that he can amend that, as it is not correct. Davis states she would appreciate the change being made. Also, she questions the salaries that are attached amounting to \$650,000 so if that is divided up then \$38,000 is what they are looking at annually to pay these employees here. Mr. Gillman states that sounds about right but there is a wide range. He apologizes as he was not the one who filled these out but he noticed on another page that starting wages is \$12.00 an hour and explains they did not start anyone off under \$14.00 an hour at the most recent store they opened. That would be an entry-level wage. Store Managers are likely to make (based on experience) \$65,000/\$80,000+ starting. Somebody doing a Department Head type job where they manage one of the individualized departments of the store, whether it be the Tool Department or Plumbing and Electric, is a minimum of \$14.00. The only way it would be less than that would be a part-time or high school student or something like that. Davis expresses she would be more comfortable if these numbers were changed because if they base information off the numbers that are to be added which would be 17 divided by the \$650,000, that is \$38,000 not even including benefits and if it included benefits, that is going to be around the \$10.00 an hour range. She just wants to make sure they are all on the same page on what these wages could be and how many people they will be trying to hire. Mr. Gillman would be happy to amend that and answer to it later and review data. Davis says that would help and confirms if Mr. Gillman is unsure of the number of

minorities that are in the company. Mr. Gillman knows there are minorities that work at their company and that is not a box that anyone checks on any kind of paper so any guess that he has would be a stab in the dark. Also, they operate in a lot of really rural areas and honestly, a lot of times, there are just less minorities there.

Chairman Clark confirms health insurance is offered to employees. Mr. Gillman answers yes and they pay their own 50% of that to just full-time employees. Clark questions if full-time is considered anything above 32 hours. Mr. Gillman responds yes, 32 hours and above.

Councilwoman Selvey understands that the other stores are in rural areas and diversity is limited. To follow Councilwoman Davis's question about minority employees at the company, she asks how they plan to promote job opportunities since this is a different demographic area and in a bigger city. Also, if there plans to work with the newly formed Black Chamber of Commerce. Mr. Gillman would be thrilled to. Although he does not have any ideas on how to promote minority employees, he would be very willing to listen and anything he can do to help with that, he believes in. If that is something that anyone could offer him some advice on he would gladly take it. Selvey thinks when the company joins the Black Chamber, they will provide a lot of ideas. Mr. Gillman is very open to it. Selvey then asks how they plan to bolster the community on the south side of town. Mr. Gillman states that is a great question and recalls speaking briefly at the last meeting that their number one goal at Gillman Home Center is to take care of the team members that work for them and their number two goal is to improve the communities that they serve. What that looks like can be different for every different community. The company donates thousands of thousands of dollars to local charities, organizations and youth sports teams. They are very active in their communities and have been active in Habitat for Humanity and the arts. The company wants to serve whatever is the need or voice of that community. He is not a member of the Muncie community so all he can do is hire local people and communicate with them of what this community needs and how they can help. Selvey questions if the company has received abatements from other cities and if they did, what were the typical abatements received from other cities in the past. Mr. Gillman confirms that they have received tax abatements before and they are very similar to what is on the table here.

Chairman Clark requests to speak on the facility itself and asks what it is going to look like and recalls a hotel that used to be on that corner but it is now a lot of open space. He thinks that people feel like we beat ourselves up over architecture so he asks if the plan is to build a pole barn or a nice structure. Mr. Gillman thinks their buildings are very nice. If you look on their website, gillmanhomecenter.com, you can see pictures of all of their buildings. For the most part, they are all built the same but some are different due to purchasing buildings already built and being built up to their needs. Roughly, they are 25,000 total square feet underroof. It is a metal building with a split face block facade with a parapet wall and columns in the front. In his opinion, they are very nice. There is no mystery in that as you can get that information very easily from their Facebook page or website.

Councilwoman Davis has more of a suggestion and hopes that the company keeps local vendors in mind for some of the needs as far as construction, rental of construction equipment

or even as far as many small businesses. For example, Davis knows of a young man that just started a vending business. If there is consideration of putting some vending machines in the store, he could be a local possibility. Mr. Gillman states that was a great suggestion. He can tell whenever they go to do a store, they use almost exclusive local contractors. For one thing, it is the right thing to do and for another, it is just a smart business decision. One thing that needs to be realized is their business is selling to contractors and they would really be harming themselves if they brought outside contractors in to construct their building. Vending machines are not something that they have had in the past but he is open to that and anything local. At one of their stores, they deal with a local manufacturer of beef jerky. There's local manufacturers of all different types of things that they will bring in and be open to a lot of different things. As far as the construction of the business, equipment, generally, contractors provide their own. Rental business is also something the company is involved in so sometimes they have their own equipment. Nevertheless, they do hire local contractors. Again, it is the business thing to do and it is the right thing to do. Hiring local is the right thing to, it makes sense business-wise and no one knows the City of Muncie like the citizens of Muncie. Davis is glad to hear that.

Councilwoman Selvey wishes to talk about how they will work to reduce their carbon footprint here in Muncie. Mr. Gillman expresses that is another one he is open to suggestions on but he wouldn't consider them a wasteful company. They intend to follow any local rules, regulations and can recycle. Again, he is not the one here that knows this community and this sounds like something the Council is passionate about. He, too, is passionate about it and wants to reduce their carbon footprint. Obviously, they will be operating trucks and there are some things that are going to omit some amount of pollution but the best he can say is they will do the best they can and are open to suggestions.

Mark Kinman, 26th Street, Muncie, recalls speaking to Mr. Gillman earlier informing him that he will be about two blocks away from the store. He is glad they are building but does have a few questions. He asks if they are going to be carrying in-store items only or will be carrying lumber as well. Mr. Gillman states they are classified as a "home center" and there are a couple different types of retailers for home improvement. Lumberyards that are generally places like Carter and hardware stores are generally tagged as Ace. Gillmans is a home center, which is a combination of both. A slight majority of their revenue comes from lumber and building materials. Of their 25,000 square feet under roof, about 18,000 of that is what would be your typical hardware store with plumbing, electrical, a very large paint department and generally tool rental. On the outside of the building, there is a drive-thru lumberyard with all of your dimensional lumber, sheet goods, OSB, plywood's, bagged concrete, you name it. They really have everything that big boxes have although he can't say anything they have because they are quite bigger but at least all of the same categories with a smaller footprint. Mr. Kinman states that is great for him to hear because after just purchasing a house they have been doing a lot of remodeling with some gentlemen coming out to do some more work in the next month. He wishes he would have known about this ahead of time otherwise he would not have put \$4,000 out to another store. He is grateful they are coming here and it is something

the south end has needed for a long time. Mr. Kinman is involved in the Southside Neighborhood Association and indicates they will be in touch with Mr. Gillman to discuss how he can get involved. In due time, of course, the goal right now is to get the place built. From what he knows about the people on the south end of town, this store will do well in business because people are sick of driving to the north end of town for stuff.

Attorney Gibson advises the next step is to take a formal vote of a recommendation to bring to the Council at the July meeting. However, if they are not ready for that then they can report that back to the Council during the Committee Reports section of the Agenda. Chairman Clark indicates he would like to do a deliberative report after Gibson's report and then they can vote if they are ready.

CF-1 FILINGS FOR PAST TAX ABATEMENTS:

Attorney Gibson explains part of the responsibility of this Committee, in addition to reviewing new abatement applications, is to monitor property owner compliance with past abatements. The way that's done is for each year a property owner that receives an abatement is required to file what is called a CF-1. That CF-1 is compared to their original Statement of Benefits (that was just seen/discussed for Gillman Home Center) to make sure they are living up to their promises when they were given the abatement. He advises he received six of those this year and the good news is all six are satisfying their obligations. Several are well exceeding their obligations and Gibson is happy to run through to discuss those if needed. A couple may have an issue with respect to compliance with filing. One, for a personal property abatement for new equipment was filed timely here with the City, yet, Gibson has not confirmed with the Auditor that they have also received it. However, that will be an Auditor's Office issue if they didn't get it and will let us know so we can act accordingly. The other one, and Gibson passed out a packet to the Committee before the meeting, was from Fourteen91 Lofts, LLC. They have submitted their CF-1 and admitted that it was not timely filed. City Council, as a whole, has the ability waive their non-compliance filing deadline by adoption of a resolution. Obviously, he wanted to bring it to the attention of the Tax Abatement Committee tonight and ask if they would want to give their thoughts or recommendations. The formal request is there and he thinks in fairness to them, the idea would be that Gibson would prepare a resolution stating that the Council waive it and it is up to the Council whether they want to adopt the resolution or not. Due to timing, if that is done it would be on the July Agenda. Chairman Clark confirms that these CF-1 reports are required by those that have received tax abatements annually so questions if one is filed late, would they lose their entire remaining abatement or just for that year. Gibson answers it will be just for that year.

Councilwoman Davis refers to Fourteen91 Lofts and asks if this is the first year they have not complied. Attorney Gibson indicates they contacted the City early last year and their initial application for what would have been 2019 taxes paid 2020 was not filed. They reached out to the City Attorney who reached out to Gibson personally and they worked through it. What they realized was that there are a couple portions to that project. On the largest portion of the project, the assessment had not yet kicked in that the abatement would be applied to, so, there

was a slight increase in their property taxes by not filing that one timely. They just let that go, so to speak, and turned around and did file last year for 2020 taxes paid 2021. Obviously, he had a conversation with them about this being a future requirement and they unfortunately missed it this year for 2021 taxes pay in 2022. The reasons for non-compliance are indicated in the letter, which would be a part of any filing of the Council, as to why they are claiming the deadline was overlooked.

Chairman Clark thinks it would be best for the Council to discuss it and Councilwoman Selvey states she agrees. For the others, Attorney Gibson indicates what occurred in the past was if they met their obligations, he simply reports that and it is signed off by the Council President and submitted to the Auditor, basically stating it is okay to put the abatement on for that year. Clark asks what the Committee wants to do. Selvey states she is fine. Davis advises she trusts Gibson. Gibson advises it is just reading through some numbers but like he said, all of them have satisfied it and many have well exceed what their estimates were. Selvey questions how much the tax abatement was for the year that was missed. Gibson states it will depend on the smaller parcel and it would have been year 3 so the sliding scale may be at 65% or 66%, whatever that was. For the larger ones, he thinks it is 85% of abatement that they will be missing out on. Unless Council waives their non-compliance, they would be paying the full tax instead of 15% of the tax. Selvey then asks what was done in the past on working with the company. Gibson explains he thinks what occurred was last spring they got their tax bill and noticed there were no abatements complied and reached out. Again, the smaller parcel where the project was completed first, the increased assessment had kicked in and so they would have been eligible for the abatement that year but it was a smaller about and they just sort of let that go. The larger parcel with an assessed value of a couple million, the assessment had not kicked in so they wouldn't have paid taxes on that until this year. They timely filed that and were made aware of the future filing deadlines going forward. Selvey confirms that Gibson has worked with them before. Gibson states yes, he has. He believes there has been communication with the City Clerk who provided this information as well. The company has hired an accountant that will handle it going forward that will be the representative. Gibson says it the new employee has it on his calendar moving forward.

Attorney Gibson is not sure whether there should be a recommendation for someone from Fourteen91 Lofts appear in July to discuss this. Obviously, that is a right to make a recommendation to have somebody come answer questions. Councilwoman Selvey thinks it is very concerning but the fact that they hired somebody to do their accounting is great. It will be great for them to come because she would like to hear the name of the company or person that they hired. Councilwoman Davis, too, thinks the Council should have somebody in person.

Chairman Clark clarifies a representative.

A motion is made by Davis and seconded by Selvey to recommend having a representative from Fourteen91 Lofts at the July Council Meeting. An all-in-favor vote showed 3 yeas and 0 nays.

MOTION CARRIED.

DELIBERATIVE SESSION: Chairman Clark informs they will take a few minutes as a Committee to share their thoughts on the tax abatement applications for Gillman Home Store.

Councilwoman Davis is trying to be very professional and leave her feelings out of this but she is very excited that they are here on the south side of Muncie. She has the upmost confidence that this company will do exactly what they say they are going to do and hire 20 – 30 people like they said they would and the salary would be corrected. They plan to work with the Black Chamber to see if we can get a number of minorities in this section because we live in a different area. If it were up to her, today, to make a decision, she would say yes.

Councilwoman Selvey is excited about the opportunities for the people on the south side of town and thanks the company for being here. She knows they, as councilmembers, ask some tough questions and she liked Mr. Gillman's honesty through all of that. She believes they are also going to do what they said they are going to do and she likes the fact that they are open to suggestions. She is thrilled for Muncie and thanks the Mayor and other council people who worked to bring Gillmans to Muncie. She also says yes.

Chairman Clark appreciates the Muncie ties and knowing that they are invested in the community that they build in. He lived on the south side of Muncie for 12 years as he and his wife and his little family had a starter home off Walnut St. Clark is a tinker and a remodeler and it absolutely drove him insane to drive 20 minutes there and back to the competitors. It is really exciting to the people on the south side to have an opportunity to grab what they need and prove their own homes and businesses and spend that money in their own neighborhood. He also recommends a favorable recommendation.

Councilwoman Davis asks about amending the resolution. Attorney Gibson informs that can be done and they can attach a copy to the resolution when it is filed before Council. But, looking forward at compliance, that will be the number that controls it so to the extent that it is all correct, he would recommend that.

Curtis Gillman wants to thank the Council and the Mayor for being very instrumental in getting ahold of them and showing them what the south side of Muncie can offer for Gillman Home Center to come here and vice versa. Yes, they absolutely will do everything they say they will do. That is not a worry. They are an ethics company that does what they say they are going to do with no issues and will fill out the proper paperwork every year. Also, he will provide his cell phone number to anyone that wants it. They can call him anytime and he will answer any questions. In closing, he thanks everyone for welcoming them.

Chairman Clark questions if their recommendation should include an amendment to the Statement of Benefits – 1 to reflect the employment projection. Attorney Gibson confirms. Clark makes note.

A motion is made by Selvey and seconded by Davis for the favorable recommendation of tax abatement along with the amended SB-1 to reflect the proper salary projection for Gillman Home Center. An all-in-favor vote showed 3 yeas and 0 nays. MOTION CARRIED.

Mayor Ridenour explains he has been asked by the Gillman's and didn't respond to the email directly/didn't answer his question exactly. They were here for the June meeting and is

currently here for the Abatement Committee. He questions if they are going to need to be here for the July meeting as the plan is to be here for August. The Mayor didn't know whether the company needed to take the time and be here for the July meeting as well. Chairman Clark would see no reason for it. Mr. Gillman appreciates that and confirms the date of the August meeting. He advises won't be able to be here but his father will be on behalf of the company.

ADJOURNMENT:

A motion was made by Davis and seconded by Selvey to Adjourn. A vote by acclamation showed 3 yeas and 0 nays. ADJOURNED.



Aaron Clark, Chairman of the
Tax Abatement Committee of
the Muncie Common Council



Belinda Munson, Muncie City Clerk
the Muncie Common Council



Jeff Robinson, President of
the Muncie Common Council