

TEMPORARY RESOLUTION NO. 87-12

PERMANENT RESOLUTION NO. 89-12

A RESOLUTION TO ACCEPT THE ENTIRE WRITTEN RECOMMENDATIONS OF THE TAX INCENTIVE REVIEW COUNCIL FOR CONTINUANCE OF THE ENTERPRISE ZONE TAX EXEMPTION AGREEMENTS FOR NFOCUS CONSULTING (AGREEMENT 232-03-02), ANCHOR HOCKING CG OPERATING LLC (AGREEMENT 232-05-01), & WINDSOR EQUITY, (AGREEMENT 232-04-02) PURSUANT TO ORC 5709.85(C)(I) AND (E)

WHEREAS, the ORC has been amended to require a yearly review and continuance of Enterprise Zone Agreements pursuant to ORC 5709.85(C)(I) and (E); and

WHEREAS, the Tax Incentive Review Council met on April 4, 2012, and deemed all companies herein were in compliance with their Agreement;

BE IT RESOLVED BY COUNCIL OF THE CITY OF LANCASTER, STATE OF OHIO

SECTION 1. That the recommendation by the Tax Incentive Review Council to continue the Enterprise Zone Agreements be and hereby is accepted for the following companies:

- a. Nfocus Consulting (Agreement 232-03-02)
- b. Anchor Hocking CG Operating, LLC (Agreement 232-05-01)
- c. Windsor Equity (Agreement 232-04-02)

SECTION 2. That this resolution shall take effect and be in force from and after the earliest period allowed by law.

Passed: 5/21/12 after 3<sup>rd</sup> reading. Vote: Yeas 9 Nays 0

Date Approved: 5/21/12

Clerk: Jeresa Lee Sandy

Kenneth O. Ash  
President of Council

Don Hest  
Mayor

Offered by: Jon E. Hest

Second by: Randy [Signature]

Requested by Finance Committee

**FAIRFIELD COUNTY ENTERPRISE ZONE  
TAX INCENTIVE REVIEW COUNCIL**

*Minutes*

Meeting was held at the Fairfield County Courthouse, 3<sup>rd</sup> Floor Commissioners' Hearing Room 210 E. Main St., Lancaster, OH 43130 on April 4, 2012 at 9:30 a.m.

Attendees included the following:

- Ed Laramée, Fairfield County Auditor's Office, Chair
- Marilyn Boyd, Village of Bremen
- David Myers, Rushcreek Township
- Bill Myers, Rushcreek Township
- James R. Herd, Fairfield Union LSD
- Peg Arnett, Greenfield Township
- Larry Joos, Greenfield Township
- Julie Taylor, Lancaster City School District Treasurer
- Holly Mattei, Fairfield County Regional Planning Commission (Fairfield County)
- Judy Shupe, Fairfield County Commissioner
- Jon Hale, City of Lancaster
- Shane Farnsworth, Enterprise Zone Manager, ex officio, non-voting member of the Council
- Linda Kauffman, Recorder

Absent

- Travis Bigam, Bloom Carroll School District
- Barry Walker, Trimmer Insurance (Fairfield County)
- Troy Tripp, Village of Bremen
- Bonnie Hopkins, Eastland-Fairfield Career & Technical School
- Paul Mathews, Liberty Union-Thurston LSD
- Ralph Zollinger, Walnut Township
- Patricia Nettles, City of Lancaster

The meeting was called to order by Chair Ed Laramée at 9:45 a.m. Committee members received a copy of the minutes from the 2011 meeting.

Each member of the council has been provided with a document reviewing the company, the terms of the Enterprise Zone Agreement and the information the company has reported. The company representatives, if attending, will provide a brief presentation about the company and its plans for the immediate future. Company representatives are not required to attend this council meeting. A brief question and answer period will follow for the TIRC members involved with that particular project to allow them to ask questions of the representative. Following the question and answer session, the recommendation of the staff will be considered. Those recommendations will be to continue the existing Enterprise Zone Agreement, to amend the agreement, in which case specific suggestions for amendment will be provided; or to terminate the agreement.

Ohio tax laws were restructured in 2005 to eliminate the personal property tax and replace it with the CAT tax. Enterprise Zone agreements that were based on that real personal tax abatement have terminated at the company's request.

**Roger Wolfe, Agricultural Security Area Tax Exemption (Agreement 09-12.15c)**

The responsibility of the TIRC in an Agricultural Security Area (ASA) tax abatement is to verify that a project is located in an ASA; the project is for agricultural use; and the applicant is current with their property taxes. The Ohio Department of Agriculture has never formally defined a process for approving an ASA or working through a TIRC agreement.

The only compliance factors for ASA tax abatement include the property must used for agriculture, be located in an agricultural ASA, and have CAUV application. These abatements should be reviewed before agreements are committed because they are difficult to repeal.

Guidelines for the ASA Tax Exemption are continuing to be met. The staff recommendation is to continue the agreement subject to the applicant utilizing the structure exclusively for agricultural purposes and the project continues to be enrolled in an ASA.

*Shane Farnsworth made a motion to continue the abatement; Judy Shupe seconded this motion; motion passed unanimously.*

**H&W Investments & Company Wrench, Ltd. (Agreement 232-06-03)**

Scott Carpenter, CFO of Company Wrench, and Gary Gleckler, President of Company Wrench, met with the committee. H & W Investments & Company Wrench have met and exceeded all requirements for their agreement, including new jobs created, payroll commitment and retained jobs.

Gleckler indicated that 2010-2011 were strong revenue years. They have identified a new bank for financial dealings and have obtained a line of credit. Growth continues at smaller service satellite operations thought the country as well as the two growth hubs (for sales and service located in Aiken, SC and New Jersey.) Company Wrench maintains a sales staff in direct relation to mechanics available. In all cases, they hire service people before sales people.

The skills gap in the labor force continues to be a challenge. The current need is for skilled welders and diesel technicians. Company employees need dedication PLUS performance. There has been limited success working with Eastland Fairfield Career Technical School in identifying skilled candidates. The company is doing some OJT (On job training).

Larry Joos questioned whether the infrastructure needs are being addressed by the county. Gleckler stated that the extent of their expansion and construction plans need to be more defined but feel the infrastructure needs can be met. The process is currently in Company Wrench's hands but anticipate defined development plans to be completed shortly. The utility upgrades will benefit the entire Scooby Lane area.

*The staff recommendation is to continue the current agreement. Judy Shupe made a motion to accept this recommendation; Holly Mattei seconded; motion passed unanimously.*

**Rienschield Gourmet Sausage (Agreement 232-07-01)**

The business has been closed since late 2010. Citizens Bank of Logan has seized the property and been trying to effect a sale of the property. They have recently engaged a commercial realtor.

Village of Bremen representatives questioned leaving the agreement open with a 0% abatement continuing and questioned the possibility of utilizing "claw back" to recover any abated tax dollars. Because the company no longer exists, there is little opportunity to recover those foregone tax dollars. However, as a result of 2011 TIRC meeting and the Village of Bremen's decision to accept the recommendation of the TIRC agreement at 0% abatement, the county is now assessing the full value of the property tax.

The agreement in place can be used as a negotiating factor in any future sale, dependent upon the investment and job creation from any new business entity.

*David Myers made a motion to accept the staff recommendation to continue the agreement with a 0% tax abatement; Jim Herd seconded; motion passed unanimously.*

**Westerman Companies, Inc. (Agreement 232-06-01)**

John Sulzmann and Melissa Eaton, CFO, were in attendance from the Westerman Company. Eaton shared that while 2010 was a slower year for the company that resulted in some reduction in force, 2011 was a revenue breaking year and their employment numbers have all been met as well as their investment and payroll commitments. They have large contracts with France and Germany. Vessel orders are strong into 2013-2015. They are quoting other projects that have not yet materialized into firm orders.

Their strength currently rests in the oil and gas division. Westerman is taking the opportunity to sell directly to customers versus selling to a distributor. They have orders for 1500-2000 tanks over the next 3 years. Supply needs to the Utica Shale companies are depressed while sales to Marcellus Shale companies is aggressive. The nuclear growth is still slowed due to the tsunami event in Japan.

The need for welders is being met by hiring displaced workers and doing some on the job training. Jim Herd recalled a joint venture discussion with Terry McGhee to do an adult education piece as well as setting up a welding station at Westerman. There will become a need for "code welders" as current workers reach retirement age. Westerman will continue to work with the local education system to define and identify its labor needs. Herd commented that the schools need to channel students into the manufacturing sector as well as down the college prep path.

*The staff recommendation is to continue the agreement; Herd made a motion to continue; Mattei seconded; motion passed unanimously.*

**Westerman Companies, Inc. (Agreement 232-10-01)**

While the new facility for the Nuclear Division has not progressed beyond the site preparation, construction has not begun due to the depressed needs in the industry. The company has three years to fulfill its commitments. It has made some real property investment but has not met any job commitments. Modification of the agreement may be a topic for next year's discussion. They do plan to hire a sales/project manager to pursue nuclear activity and sales

*The staff recommendation is to continue the agreement as written for this year. David Myers made the motion to accept the staff recommendation; Marilyn Boyd seconded; motion passed unanimously*

Laramie adjourned the morning session at 11:15 am and noted that the TIRC would reconvene at 1:00pm today.

**NFocus Consulting (Agreement 232-03-02)**

Doug Cronin, owner of NFocus, represented his company. Nfocus has exceeded all its commitment goals again for 2011. The down economy of the past several years has had little impact on company operations and revenue.

A new venture for the company in 2011 was performing analytics on mail campaigns. It began when company personnel began to bring in their own junk mail/"treasure mail" for review. Employing trend analysis, they can quantify the results of mail campaigns. "If you don't measure, how can you gauge success?" is the reasoning behind the company's work. They are gaining traction quickly in their assessment of the value of the printed word and are adding to their client base in this work. Company strength is centered on understanding their niche markets and understanding the value of good data. Merging data with technology is where Nfocus strengths lie.

Employees come from all the surrounding counties. Pay scale is commensurate with the larger Columbus metro region. Educational requirements for the programming staff include a bachelor's degree. Those applicants with degrees in computer science and statistics are also valuable assets. Nfocus's low profile in the county has not impeded their ability to locate the staff they need.

*The staff recommendation is to continue the agreement. Mattie made a motion to accept the staff recommendation; Shupe seconded; motion passed unanimously.*

**Windsor Equity (Agreement 232-04-02)**

Brian Moore attended to speak for Windsor Equities, the owner of the Fairmore Building. The building is located on the Fairfield Medical Center Campus and is the only site on FMC Campus that is not owned by Fairfield Medical Center. Windsor Equities is a joint venture that not only built the 45,000SF medical building but also is in charge on leasing it out. Windsor Equities is in compliance with job creation and has more than met the committed payroll figures.

The Enterprise Zone reporting period ends December 31, 2011 and at the time the building was 95% occupied. By the end of January 2012 the building was 100% occupied. The leasing process took longer than anticipated due to the downturn in the economy. At full occupancy and with long term leases in place, the marketing phase is over. Windsor Equity will work on needed upgrades while the focus will shift to management.

Windsor is current on their PILOT payments to Lancaster City Schools.

*The staff recommendation is to continue the agreement. Judy Shupe made a motion to accept the recommendation; Jon Hale seconded; motion passed unanimously.*

#### **Anchor Acquisition LLC (Agreement 232-05-01)**

Mark Hedstrom, CFO at Anchor Hocking, represented the company.

The real property commitment is slightly under the commitment value but job creation and new payroll commitment have greatly exceeded commitment values.

Anchor is operating all three furnaces locally and is at full employment going into 2012. While revenues were weak in first half of 2011, the second half was record breaking for revenues, following the seasonality of sales. Production lines at the Lancaster plant are mature lines while the Monaca Plant has newer product lines. The plants lines and designs are mutually exclusive. Currently Anchor is working at realigning capacity.

Newest product line is wine bottles and they are meeting with success.

A \$27M investment includes a furnace rebuild and a company acquisition as well as new equipment. They continue to reinvest in facilities. Senator Sherrod Brown toured the plant in late summer 2011. Hedstrom invited committee members for a similar tour to gain knowledge of plant operations and processes.

*The staff recommendation agreement is to continue the agreement. Judy Shupe made a motion to accept the staff recommendation; Holly Mattei seconded; motion passed unanimously.*

#### **Adjournment**

With no other business to come before the TIRC, Chairman Laramée adjourned the meeting at 2:20 pm.

Discussion was renewed on the opportunity to take committee members on a tour of EZ facilities in advance on next year's TIRC meeting. It will make the company presentations more relevant and also give educators a chance to evaluate the best path of training needs the companies might require of future employees.

<b>Company</b>	<b>Agreement</b>	<b>Expiration</b>
<b>Nfocus Consulting</b>	<b>232-03-02</b>	<b>12/31/2015</b>
<b>Windsor Equity</b>	<b>232-04-02</b>	<b>12/31/2015</b>
<b>Rienschield Gourmet Sausage</b>	<b>232-07-01</b>	<b>12/31/2017</b>
<b>Anchor Hocking</b>	<b>232-07-01</b>	<b>12/31/2017</b>
<b>Roger Wolfe (ASA)</b>	<b>09-12.15c</b>	<b>12/31/2018</b>
<b>H&amp;W Investments/Company Wrench</b>	<b>232-06-03</b>	<b>12/31/2018</b>
<b>Westerman Company</b>	<b>232-06-01</b>	<b>12/31/2019</b>
<b>Westerman Company</b>	<b>232-10-01</b>	<b>12/31/2021</b>