

ORIGINAL

RESOLUTION NO. 2013-025

**RESOLUTION APPROVING DEDUCTION FROM ASSESSED VALUE OF NEW
MANUFACTURING EQUIPMENT IN AN ALREADY DECLARED ECONOMIC
REVITALIZATION AREA**

(CS Kern Inc.)

WHEREAS, the Indiana General Assembly has enacted a statute, I.C. 6-1.1-12.1 (the "Act"), authorizing certain deductions from the assessed value of new manufacturing equipment (as defined in the Act) for purposes of taxation of such equipment if installed by December 31, 2013, or such other date as extended by Indiana Code, in an area that is declared an economic revitalization area; and

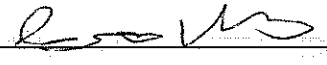
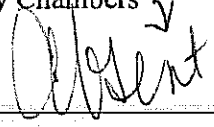
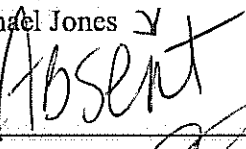

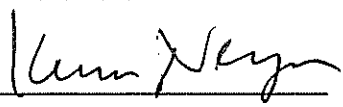
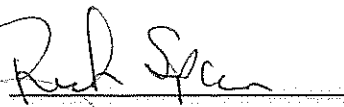
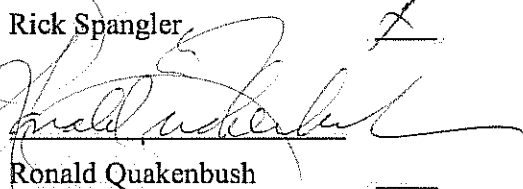
WHEREAS, CS Kern Inc., will install new manufacturing equipment at its facility located at 3401 S. Hamilton Avenue Muncie, Indiana 47302 between the dates of November 1, 2013 to December 15, 2013.

WHEREAS, by previously adopted resolutions, the Delaware County Council declared and affirmed that the area commonly described as 3401 S. Hamilton Avenue Muncie, Indiana 47302, which is identified on the attached map and legal description (the "Area"), is an economic revitalization area, and authorizes deductions from assessed value of new manufacturing equipment installed in the area for purposes of taxation; and

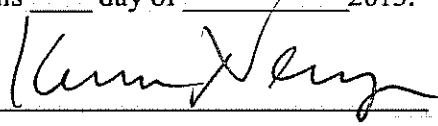
WHEREAS, as a condition of approval of the ensuing abatement, CS Kern Inc., agrees to update the County Council on a semi-annual basis with regard to the status of employment at the facility during the term of the life of the abatement.

NOW, THEREFORE, BE IT RESOLVED by the County Council of the County of Delaware in the State of Indiana:

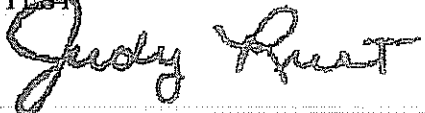
1. The Delaware County Council finds and determines that the new manufacturing equipment to be installed in the above referenced area by CS Kern Inc. shall be allowed a deduction of five (5) years from the assessed value of such equipment, in accordance with the provisions of I.C. 6-1.1-12.1-4.5.
2. The Delaware County Auditor shall take such further actions as may be required to carry out the purposes of this resolution and to insure the eligibility of the new manufacturing equipment for the deduction hereinabove described.
3. This Resolution shall be in full force and effect from and after its passage by the Delaware County Council and such publications as may be required by law.

	Yeas	Nays	Abstained	Absent
<u></u> Scott Alexander	<u>X</u>	<u> </u>	<u> </u>	<u> </u>
<u>Mary Chambers</u> ^v <u></u> Absent	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Michael Jones</u> ^v <u></u> Absent	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Chris Matchett</u> ^v <u></u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u></u> Kevin Nemyer	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u></u> Rick Spangler	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u></u> Ronald Quakenbush	<u> </u>	<u> </u>	<u> </u>	<u> </u>

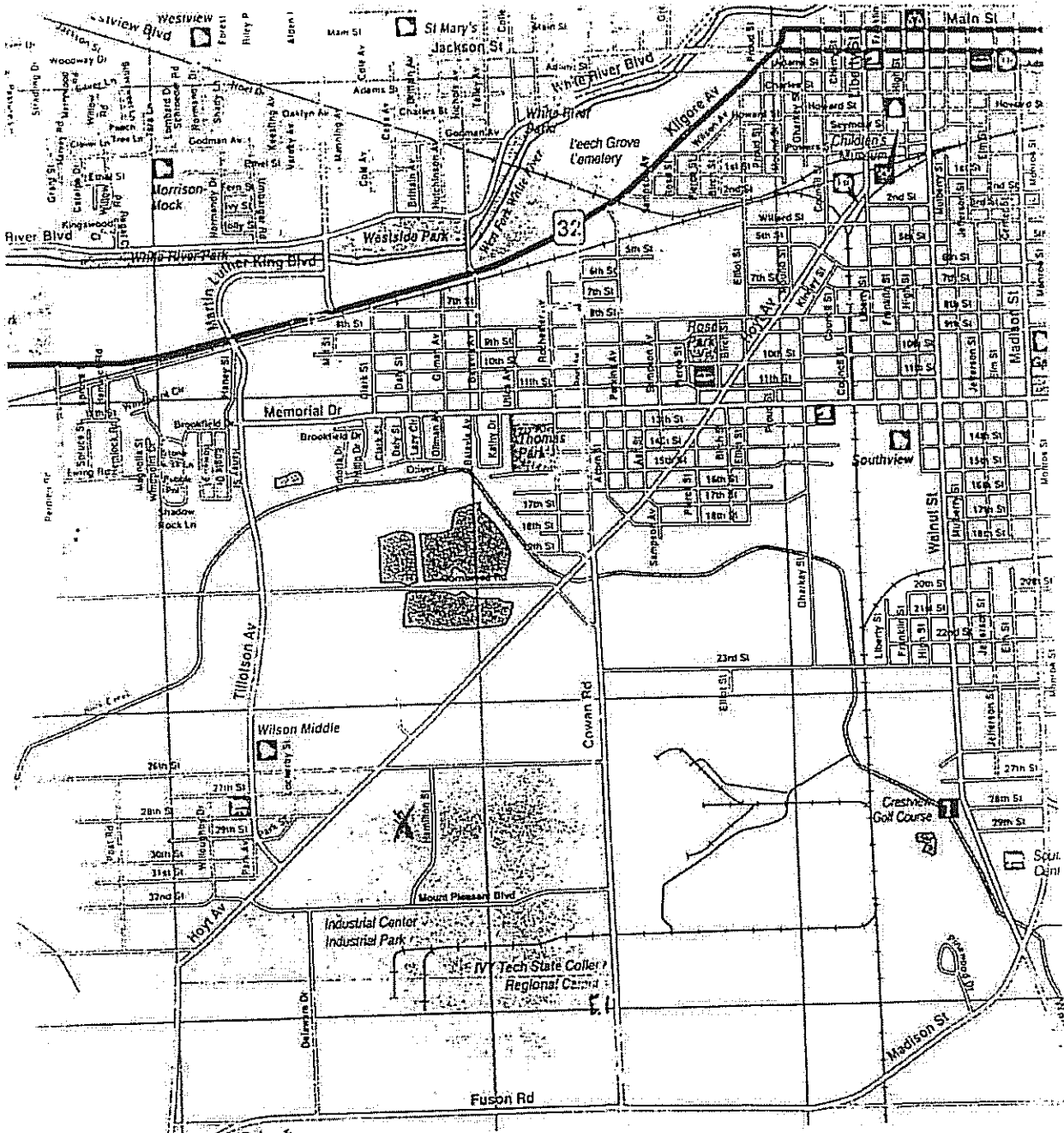
Passed by the County Council of Delaware County, Indiana this _____ day of _____ 2013.


Kevin Nemyer, President

ATTEST


Judy Rust, Auditor
Delaware County, Indiana

Kern Investments, Inc.
d/b/a CS Kern, Inc.
3401 South Hamilton Avenue



LEGAL DESCRIPTION

Lot Number 78 in the Replat of the Industria Centre,
Muncie, Delaware County, Indiana

Parcel Number: 14011083000 Sidwell Number: 11-29-126-007

IDENTIFICATION OF PROPERTY

Street Address

3401 S. Hamilton Av., Muncie, IN 47302

Location

The subject property is located within the interior of an industrial park known as the Muncie Industria Centre. This industrial park is located at the southwest edge of Muncie just outside of the Muncie Corporate limits. It is noted that the Mayor of Muncie has proposed an annexation plan that would include the Muncie Industria Centre.

Legal Description

Lot Number 78 in the Replat of the Industria Centre, Delaware County, Indiana.

Parcel Number: 1401083000

Sidwell Map#: 11-29-126-007

DELAWARE COUNTY, INDIANA
CS Kern, Inc.

ESTIMATED PROPERTY TAX LIABILITY FOR THE PROPOSED INVESTMENT IN PERSONAL PROPERTY

Taxes Payable Year	Estimated Net Assessed Value (1)		Tax Rate (3)	Estimated Property Tax Liability		Estimated Abatement Savings
	With Abatement	Without Abatement		With Abatement (4)	Without Abatement (4)	
2015	\$307,236	\$799,400	2.9259	\$8,990	\$23,390	\$14,400
2016	277,700	809,700	2.9259	8,130	23,690	15,560
2017	398,327	799,400	2.9259	11,650	23,390	11,740
2018	507,536	799,400	2.9259	14,850	23,390	8,540
2019	603,508	799,400	2.9259	17,660	23,390	5,730
Totals				\$61,280	\$117,250	\$55,970

- (1) Based on the information contained in the Form SB-1/PP completed by CS Kern, Inc. dated October 2, 2013. Assumes that the current personal property not assessed value of \$499,400 represents installed Pool #2 equipment that has been fully depreciated and is at the 30% depreciation floor. Assumes the proposed \$1 million equipment investment will be depreciated in Pool #2 (5-8 year useful life) for property tax purposes. The actual depreciation pool for both the existing and proposed personal property investment may be different than the one assumed in this analysis, which may have a material effect on the resulting property tax calculations.
- (2) Assumes a modified 5-year personal property tax abatement for the New Machinery and Equipment with the following abatement percentages: 100% in year one; 95% in year two; 80% in year three; 65% in year four and 50% in year five. Includes calculation of Minimum Value Ratio (MVR), 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 value at the 30% floor divided by the depreciated assessed value of the equipment.
- (3) Represents the certified pay 2013 tax rate for the Center Township - Muncie Sanitary taxing district.
- (4) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of the gross assessed value, is applied.

Note: Any changes to the assumptions outlined above may have a material effect on the property tax abatement savings estimates included in this analysis.

(Subject to the attached letter dated October 7, 2013)
(Preliminary - Subject to Changes)
(For Internal Use Only)