

METROPOLITAN DEVELOPMENT COMMISSION OF

MARION COUNTY, INDIANA

PRELIMINARY ECONOMIC REVITALIZATION AREA RESOLUTION

Resolution No. 2024-A-017

REAL PROPERTY TAX ABATEMENT

**Novartis Manufacturing LLC and Advanced Accelerator Applications USA, Inc.
Amendment to Phase One and Approval of Phase Two
8520 Challenger Drive**

WHEREAS, I.C. 6-1.1-12.1 allows a partial abatement of property taxes attributable to "redevelopment or rehabilitation" activities (hereinafter "Project") in "Economic Revitalization Areas"; and

WHEREAS, I.C. 6-1.1-12.1 empowers the Metropolitan Development Commission (hereinafter "Commission") to designate Economic Revitalization Areas and determine the length of the abatement period and annual abatement schedule during the term of the abatement for such property by following a procedure involving adoption of a preliminary resolution, provision of public notice, conducting of a public hearing, and adoption of a resolution confirming the preliminary resolution or a modified version of the preliminary resolution; and

WHEREAS, the Commission has established in Resolution No. 01-A-041, 2001, certain standards and procedures for the designation of Economic Revitalization Areas for the partial abatement of property taxes attributable to redevelopment or rehabilitation activities; and

WHEREAS, I.C. 6-1.1-12.1 requires an applicant for Economic Revitalization Area designation to provide a statement of benefits and requires the Commission, before it makes a decision to designate such an area as an Economic Revitalization Area, to determine that the Project can be reasonably expected to yield the benefits identified in the statement of benefits and determine that the totality of benefits arising from the Project is sufficient to justify Economic Revitalization Area designation; and

WHEREAS, a business (hereinafter "Applicant") named in the attachment to this Resolution, which is incorporated herein by reference, has an ownership interest in the geographical area (hereinafter "Subject Real Estate") described in such attachment; and

WHEREAS, in 2020, Applicant had submitted Phase One of the Project for the Commission's consideration; and

WHEREAS, during a hearing at 1:00 p.m. on Wednesday, November 18, 2020, the Commission received information regarding Phase One of the Project, and evidence about whether the Subject Real Estate should be designated as an Economic Revitalization Area, and sufficient evidence was

provided which established Assertion 1 and some evidence was provided which tended to establish Assertions 2, 3, 4, 5, and 6 stated on the attachment to Resolution 2020-A-031; and

WHEREAS, in March 2024, Applicant submitted Phase Two of the Project for Commission's consideration; and

WHEREAS, during a hearing at 1:00 p.m. on Wednesday, May 1, 2024, the Commission received information regarding Phases One and Two of the Project and additional evidence about whether the Subject Real Estate's designation as an Economic Revitalization Area warrants an extension, in regard to Phase One, and sufficient evidence was provided which established Assertion 1 and some evidence was provided which tended to establish Assertions 2, 3, 4, 5, and 6 stated on the attachment to this Resolution, in regard to Phase Two.

NOW, THEREFORE, BE IT RESOLVED:

1. The Subject Real Estate's previously designated status as an Economic Revitalization Area is preliminary extended for an abatement period of ten (10) years for Phase One of this Project with a proposed abatement schedule as shown on the attachment to Commission Resolution 2020-A-044, and in regard to Phase Two of this Project, for an abatement period of six (6) years with a proposed abatement schedule as shown on the attachment to this Preliminary Resolution. Final designation as an Economic Revitalization Area does not occur unless a resolution confirming this Preliminary Resolution is adopted in accordance with the governing statute.
2. Designation as an Economic Revitalization Area allows abatement of property taxes, for the period indicated, only relative to the Project and **the effectiveness of the designation can be terminated by action of the Commission if:**
 - A. Construction on the Subject Real Estate is not in substantial conformance with the Project description contained in a final resolution as supplemented by information in the application, site plans, and elevations; or
 - B. Construction of the Project is not initiated within one (1) year of the date a final resolution designating the Subject Real Estate as an Economic Revitalization Area is adopted.
3. The Economic Revitalization Area designation terminates three (3) years after the date a final resolution is adopted; however, relative to redevelopment or rehabilitation completed before the end of the three (3) year period, this termination does not limit the period of time the Applicant or successor owner is entitled to receive an abatement of property taxes to a period of less than ten (10) years for Phase One of the Project and six (6) years for Phase Two of the Project.
4. This Economic Revitalization Area (ERA) designation is limited to allowing the abatement of property taxes attributable to redevelopment or rehabilitation activities: **This designation does not allow abatement of property taxes for new manufacturing equipment pursuant to I.C. 6-1.1-12.1-4.5.** Pursuant to IC 6-1.1-12.1-2 (i), the Commission hereby limits the dollar amount of the deduction that will be allowed, with respect to redevelopment and rehabilitation activities

occurring in the ERA, to those respective tax savings attributable to the construction of buildings not greater than 139,000 square feet of leasable area, inclusive of Phases One and Two.

5. Under the authority of I.C. 6-1.1-12.1, the Commission directs the Department of Metropolitan Development to survey projects receiving Economic Revitalization Area designation for compliance with job creation/retention figures, salaries associated with these figures and investment figures contained in the Applicant's approved statement of benefits form. The annual date of survey shall be contained in a final resolution designating the property as an Economic Revitalization Area.
6. The Commission fixes 1:00 p.m. on Wednesday, June 5, 2024, in the Public Assembly Room of the City-County Building for the public hearing of remonstrances and objections from persons interested in the Project and directs the publication of notice of public hearing in accordance with the governing statute. At this hearing, the Commission will take action relative to this Preliminary Resolution and determine whether the Subject Real Estate should be designated as an Economic Revitalization Area, fix the length of the abatement period for the Phase Two Project at six (6) years and establish an abatement schedule.
7. A copy of this Resolution shall be filed with the Marion County Assessor.

METROPOLITAN DEVELOPMENT COMMISSION

John J. Dillon III, President

Date

Approved as to Legal Form
and Adequacy this day
of April, 2024

Sheila Kinney *Sheila Kinney*
Sheila Kinney, Asst. Corp. Counsel
Office of Corporation Counsel

ATTACHMENT TO
METROPOLITAN DEVELOPMENT COMMISSION RESOLUTION
REAL PROPERTY TAX ABATEMENT

FACTUAL INFORMATION

Applicant: Novartis Manufacturing LLC and
Advanced Accelerator Applications USA, Inc.

Subject Real Estate: 8520 Challenger Drive

Decatur Township Parcel Number: 2014725

PROJECT DESCRIPTION

Novartis Manufacturing LLC is an international pharmaceutical company, headquartered in Basel, Switzerland, with focused on medications, advanced therapy platforms and data science. Advanced Accelerator Applications USA, Inc. is a subsidiary of Novartis, focused on nuclear medicine theragnostics, which is a disease management strategy involving the integration of nuclear medicine diagnostic imaging and therapy.

In 2020, Novartis was approved for incentives for construction of a new, 59,450-square foot advanced manufacturing and laboratory facility on 16.64 acres of undeveloped land in the Purdue Research Park at Ameriplex. This \$61MM real property investment in the Phase One project is now the largest Radioligand (targeted molecule) therapy manufacturing site in the Novartis network of companies.

With Phase One complete, Novartis is now proposing to expand their complex with the construction of a new 79,000-square foot manufacturing facility. This Phase Two project will require additional investment of \$53,400,000.00 to construct the new building. In addition to construction costs, Novartis would invest an additional \$56,600,000.00 in eligible personal property as part of the Phase Two expansion. As a result of the project, Novartis would commit to retain 170 recently created jobs and create an additional 55 new jobs by the end of 2026.

FACTUAL ASSERTIONS

1. The Subject Real Estate:
 - A. ___ Is in a planned area which has a tax abatement policy as a part of its plan, or
 - B. ___ is in a planned area which has a tax abatement policy as part of its plan, but such plan does not contain a recommendation for Economic Revitalization Area designation and the recommended length of abatement, or

- C. is not located in a planned area with a tax abatement policy.
2. The Subject Real Estate and the surrounding area are undesirable for normal development.
3. The project is allowed by zoning restrictions applicable to the subject real estate, or the necessary variance, rezoning or approval petitions are on file at the time of this application, and have final approval prior to a final hearing on this resolution.
- A. Current zoning allows project.
- B. Appropriate petition is on file.
- C. Final approval for variance, rezoning or approval petition has been granted.
4. A. The application for Economic Revitalization Area designation was filed before a building permit was obtained or construction work was initiated on the property, or
- B. substantial evidence has been provided supporting that work was started under the following appropriate exception:
5. A. The subject real estate is governed by Metropolitan Development Commission Resolution No. 01-A-041, 2001 Real Property Tax Abatement Policy for Commercial Projects, which allows up to ten years of abatement for qualifying development, or
- B. The project is eligible to receive ten (10) years tax abatement due to the following recognized exceptional circumstances which justify the longer deduction period:
6. The Subject Real Estate is:
- A. Located outside of a previously established allocation area as defined in I.C. 36-7-15.1-26, or
- B. Located in an allocation area, but has been determined by the Commission to be acceptable for real property tax abatement.

PROPOSED ABATEMENT SCHEDULE
NOVARTIS MANUFACTURING LLC AND
ADVANCED ACCELERATOR APPLICATIONS USA, INC.
PHASE II PROJECT
REAL PROPERTY TAX ABATEMENT

YEAR OF DEDUCTION	PERCENTAGE
1 st	100%
2 nd	85%
3 rd	66%
4 th	50%
5 th	34%
6 th	17%

STAFF ANALYSIS
REAL PROPERTY TAX ABATEMENT

Area Surrounding Subject Real Estate: The site is located in the Purdue Research Park at Ameriplex, an industrial park just south of I-70 and the Indianapolis International Airport.

Current Zoning: C-S

New Jobs Created:..... 55

Jobs Retained:..... 170

Estimated Cost of proposed project: \$53,400,000.00

STAFF ANALYSIS

Novartis Manufacturing LLC is an international pharmaceutical company, and Advanced Accelerator Applications USA, Inc. is a subsidiary of Novartis, focused on nuclear medicine theragnostics, which is a disease management strategy involving the integration of nuclear medicine diagnostic imaging and therapy.

In 2020, the Novartis companies began investment of \$61MM to construct and over \$108MM in personal property to equip a 59,450-square foot advanced manufacturing and laboratory facility on 16.64 acres of undeveloped land in the Purdue Research Park at Ameriplex Certified Technology Park (CTP). This “Phase One” development has resulted in the creation 170 new jobs. In each respect, Novartis greatly outperformed the initial commitments made to the City in 2020.

Phase Two is a proposed investment of \$53,400,000.00 to construct a new 73,000-square foot building for radiopharmaceutical manufacturing and distribution, and \$56,600,000.00 in new eligible equipment. Phase Two will also result in the creation of 55 new jobs by 2026.

In the Phase One, the petitioner’s Inclusivity Plan committed five percent of its estimated abatement savings to an internship program. For Phase Two, Novartis will make a donation to the Commission for a project to improve pedestrian connectivity within the Ameriplex industrial park.

The applicant is requesting tax abatement to assist in off-setting the high costs of investment associated with this proposed project. The granting of property tax abatement will assist the petitioner in making this project more economically feasible by phasing in the increased tax liability resulting from the investments. In staff’s opinion, a project such as this would not be economically feasible without the tax abatement incentive. Staff believes that the use of tax abatement is an appropriate tool to assist with this project and support continued development within Marion County. For these reasons, staff believes tax abatement to be an appropriate tool for development.

Staff believes this project does comply with the requirements of Metropolitan Development Commission Resolution No. 01-A-041, 2001 concerning the granting of property tax abatement.

RECOMMENDATION: Staff recommends approval of six (6) years real property tax abatement for the Phase Two project.

TOTALITY OF BENEFITS

PETITIONER:

**Novartis Manufacturing LLC and
Advanced Accelerator Applications USA, Inc.**

**PHASE II
INVESTMENT:**

Staff estimates that the proposed investment of \$53,400,000.00 should result in an increase to the tax base of approximately \$37,380,000.00 of assessed value. Staff estimates that over the six (6) year real property tax abatement period the petitioner will realize savings of approximately \$4,544,649.28 (a 63% savings). During the abatement period, the petitioner is expected to pay an estimated \$2,670,546.51 in real property taxes relative to the new investment. This is in addition to the current taxes being paid on the properties in the amount of \$348,644.90 annually (pay 2024 taxes). After the tax abatement expires, the petitioner can be expected to pay an estimated \$1,577,818.07 in real property taxes annually on the new improvements, in addition to the annual taxes attributable to the value of existing improvements.

EMPLOYMENT:

The petitioner estimates that this project will retain one-hundred and seventy (170) positions at an average wage of \$48.00/hr. and will create fifty-five (55) new positions at an average wage of \$46.00/hr. Staff finds these figures to be reasonable for a project of this nature.

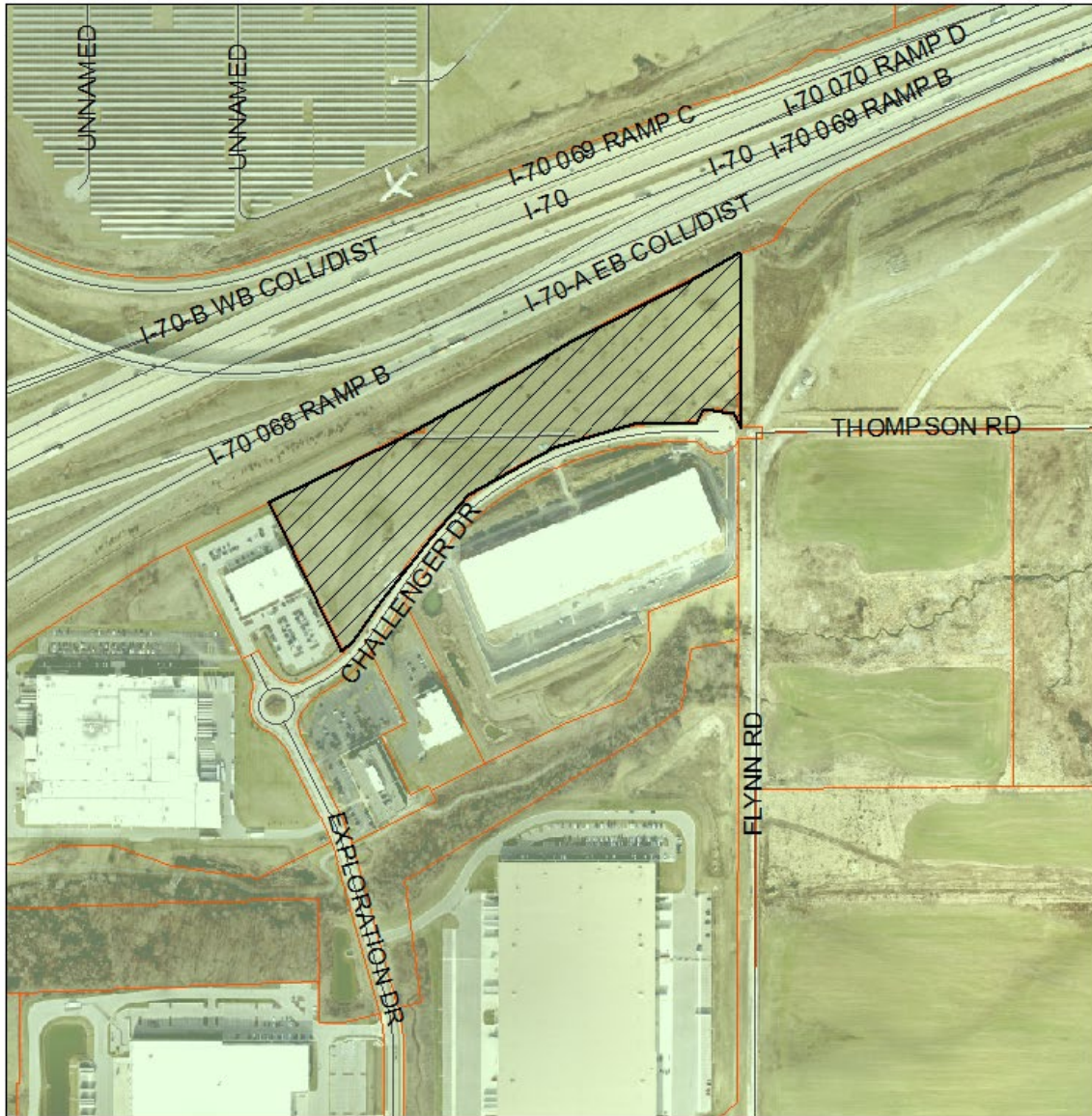
OTHER BENEFITS:

Staff believes this project is significant for Decatur Township in terms of new taxes and potential job creation and retention. Furthermore, staff believes the petitioner's project will lead to continued future investment and development in Marion County.

STAFF COMMENT:

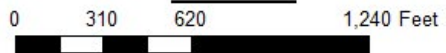
Staff believes the "Totality of Benefits" arising from the project are sufficient to justify the granting of the tax abatement.

Novartis Manufacturing LLC and
Advanced Accelerator Applications USA, Inc.
8520 Challenger Drive



Legend

-  TIF Districts
-  Project Site



Produced by: DMD REED October 13, 2020