

METROPOLITAN DEVELOPMENT COMMISSION OF

MARION COUNTY, INDIANA

FINAL ECONOMIC REVITALIZATION AREA RESOLUTION

RESOLUTION NO. 2024-A-023

REAL PROPERTY TAX ABATEMENT

Novartis Manufacturing LLC and Advanced Accelerator Applications USA, Inc.
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 empowers the Commission, at the time an Economic Revitalization Area is designated, to limit the dollar amount of the deduction that will be allowed with respect to a project; 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, the Applicant has requested the Subject Real Estate be designated as an Economic Revitalization Area for the purpose of achieving property tax savings in connection with the Project set forth in the attachment to this Resolution and occurring on the Subject Real Estate; and

WHEREAS, during a preliminary hearing at 1:00 p.m. on Wednesday, May 1, 2024, the Commission received evidence about whether the Subject Real Estate should be designated as an Economic Revitalization Area and recommended the appropriate length of the abatement period for such Area, and the Commission adopted **Preliminary Resolution No. 2024-A-017, ("Preliminary Resolution")** preliminarily designating the Subject Real Estate as an Economic Revitalization Area for an abatement period of six (6) years ("Preliminary Resolution"); and

WHEREAS, a copy of such Preliminary Resolution was properly filed with the Marion County Assessor and proper legal notices were published indicating the adoption and substance of such Preliminary Resolution and stating when and where such final hearing would be held; and

WHEREAS, pursuant to IC 6-1.1-12.1-2(k), a statement of benefits for property located within an allocation area, as defined by IC 36-7-15.1-26, may not be approved unless the City-County Council of Indianapolis and Marion County, Indiana (hereinafter referred to as "City-County Council") adopts a resolution approving the statement of benefits; and

WHEREAS, the City-County Council, on June 3, 2024, adopted a resolution approving the Applicant's Statement of Benefits; and

WHEREAS, pursuant to Commission Resolution No. 01-A-041, 2001, the Applicant and the City have entered into a Memorandum of Agreement which shall be utilized to measure compliance with the proposed Project described in the attachment to this Resolution; and

WHEREAS, proper legal notices were published indicating the adoption of such Preliminary Resolution and stating when and where such final public hearing would be held.

NOW, THEREFORE, IT IS RESOLVED:

1. The Commission now confirms, adopts and approves such Preliminary Resolution and thereby finds and establishes the area as an Economic Revitalization Area subject to the conditions that designation as an Economic Revitalization Area allows the abatement of property taxes only relative to the Project and the effectiveness of the designation can be terminated by action of the Commission if:
 - A. The Applicant is unable to secure approval of the necessary variance or rezoning petition to provide for the proposed development.
 - B. Construction on the Subject Real Estate is not in substantial conformance with the Project description contained in the final resolutions as supplemented by information in the application, site plan and elevations; or
 - C. 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.
2. The Economic Revitalization Area designation terminates two (2) years after the date a final resolution is adopted; however, relative to redevelopment or rehabilitation completed before the end of the two (2) year period, this termination does not limit the period of time the Applicant or successor owner is entitled to receive a partial abatement of property taxes to a period of less than **ten (10) years**.
3. This Economic Revitalization Area designation is limited to allowing the partial abatement of property taxes attributable to redevelopment or rehabilitation activities: **This designation does not allow abatement of property taxes for installation of new manufacturing equipment under 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 two buildings not greater than 155,000 square feet of leasable area.

4. The Commission has determined that the Project can be reasonably expected to yield the benefits identified in the attached "statement of benefits" and the "statement of benefits" is sufficient to justify the partial abatement of property taxes requested, based on the following findings:
 - A. The estimate of the value of the proposed Project is reasonable for projects of that nature.
 - B. The estimate of the number of individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed Project.
 - C. The estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed Project.
 - D. Other benefits about which information was requested are benefits which can reasonably be expected to result from the proposed Project.
 - E. The "Totality of Benefits" is sufficient to justify the deduction.
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 Final Economic Revitalization Area Resolution, the Memorandum of Agreement executed by and between the applicant and the City, and/or the statement of benefits form. The Commission may reduce the dollar amount, or rescind the deduction in its entirety, and/or require repayment of all or a portion of the deductions received by the applicant for failure to achieve the benefits identified in the Memorandum of Agreement and/or "statement of benefits", or for failure to respond to the mandatory survey.
6. The Commission directs the Department of Metropolitan Development to survey the Project described in the attachment to this Resolution annually for at least fourteen (14) years. The dates of the fourteen (14) surveys shall be on or about the following dates: 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033 and 2034.
7. The Subject Real Estate and Project area are approved for an abatement period of **six (6) years**.
8. The six (6) year real property tax abatement shall utilize the following abatement schedule:

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

9. A copy of this Resolution shall be filed with the Marion County Auditor.

METROPOLITAN DEVELOPMENT COMMISSION

John J. Dillon III, President

Date

Approved as to Legal Form
and Adequacy this th day
of May, 2024.

Sheila Kinney 5/24/2024

Sheila Kinney,
Assistant Corporation Counsel

STAFF ANALYSIS
REAL PROPERTY TAX ABATEMENT

Area Surrounding Subject Real Estate: This 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 73,000-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 79,000-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 Phase Two, the petitioner’s Inclusivity Plan commits five percent of its estimated abatement savings to a workforce training and development program in partnership with EmployIndy. For Phase One, 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.

TOTALITY OF BENEFITS

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

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.

PROJECT SUMMARY

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, 73,000-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.

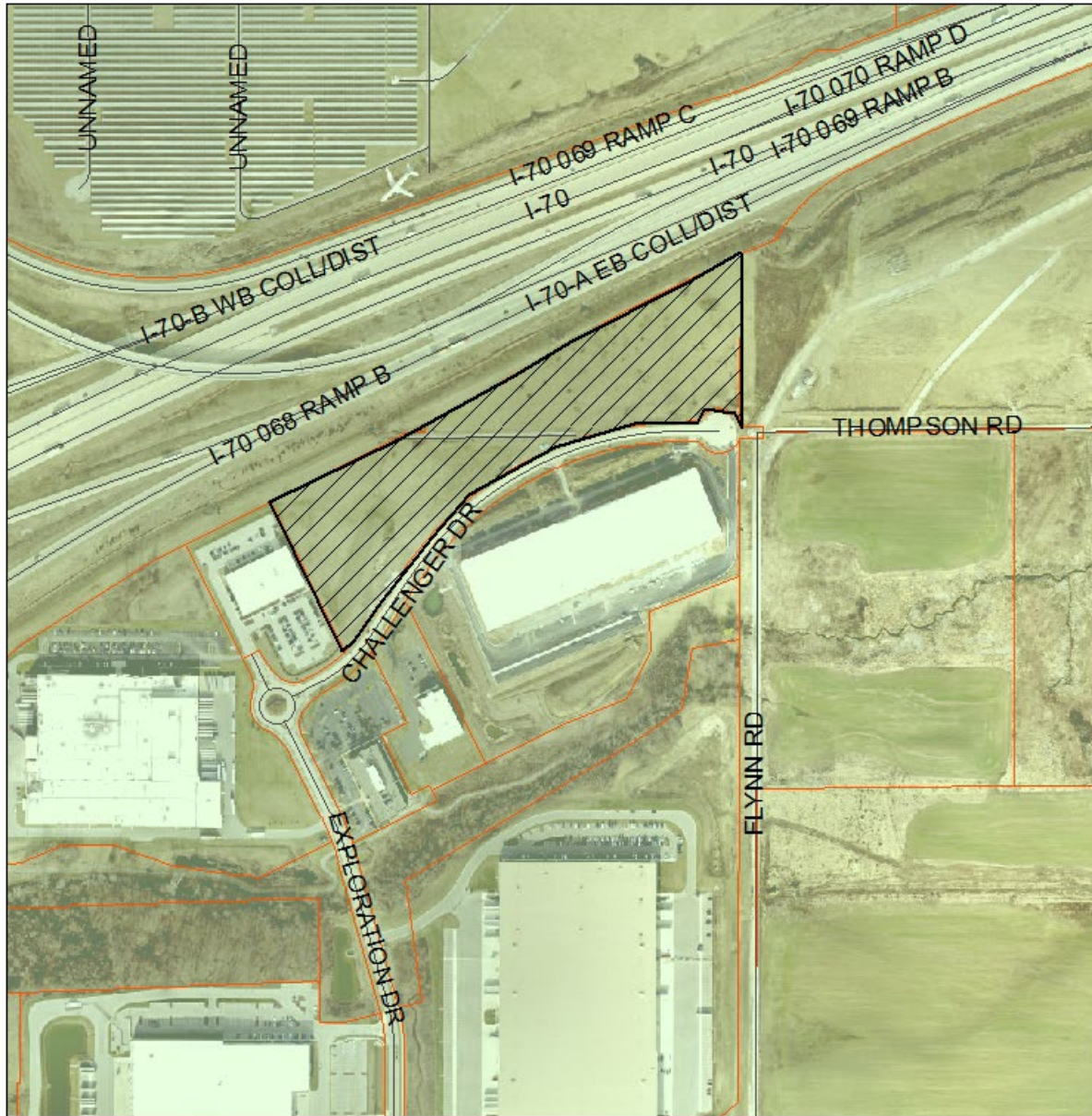
New Jobs Created: 55 at \$46.00/hr.

Jobs Retained: 170 at \$48.00/hr

Estimated Cost of Project: \$53,400,000.00

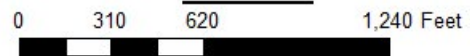
RECOMMENDATION: Staff recommends approval of six (6) years real property tax abatement.

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



Legend

-  TIF Districts
-  Project Site



Produced by: DMD REED October 13, 2020