

ORDINANCE NO. 2019-005

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF FRANKLIN, KENTUCKY, AUTHORIZING THE GRANT OF AN INDUCEMENT FOR THE ACQUISITION AND CONSTRUCTION OF A PROJECT PURSUANT TO THE KENTUCKY BUSINESS INVESTMENT PROGRAM (KRS 154.32-010 TO 154.32-100) WHEREBY THE CITY AGREES TO FOREGO THE COLLECTION OF THE ONE PERCENT (1%) CITY OCCUPATIONAL LICENSE FEE ON WAGES FROM SUMITOMO ELECTRIC WIRING SYSTEMS, INC. THAT WOULD OTHERWISE BE DUE WITH RESPECT TO PROJECT EMPLOYEES, WHICH AMOUNTS SHALL BE COLLECTED AND REMITTED TO THE CITY TO BE REFUNDED UPON EMPLOYER'S REQUEST OVER A TERM OF NOT LONGER THAN TEN (10) YEARS FROM THE ACTIVATION DATE ESTABLISHED BY SAID PROGRAM; AND TAKING OTHER RELATED ACTION

WHEREAS, it is the public policy of the Board of City Commissioners of the City of Franklin, Kentucky ("City Commission" and "City") to encourage, promote, and support economic development, new job formation, and the development and growth of industry and commerce, and to preserve existing jobs in Kentucky for the public purposes of providing employment opportunities for its citizens and residents, alleviating conditions of unemployment, stabilizing and promoting the economy of Kentucky, and creating new tax bases and sources of revenue for the Commonwealth;

WHEREAS, the Kentucky Business Investment Program, Sections 154.32-010 through 154.32-100 of the Kentucky Revised Statutes ("KRS"), the ("Program"), authorizes and empowers the Commonwealth and certain local jurisdictions to promote economic development in Kentucky by inducing the creation of economic development projects by eligible companies, as more particularly described therein;

WHEREAS, KRS 154.32-090 authorizes an eligible company to deduct certain wage assessments from payments of wages to economic development project employees and each employee paying the assessment, in turn, to credit the assessment against their Kentucky individual income tax and, subject to the approval of the local levying authority or authorities, local occupational license fee or fees otherwise due;

WHEREAS, Sumitomo Electric Wiring Systems, Inc., a Delaware corporation (the "Company"), c/o C.T. Corp. System, 1209 Orange Street, Wilmington, Delaware 19801, has proposed to acquire and install within the City a project consisting of buildings and other improvements on the land, equipment, and new employment as described in Exhibit A attached hereto (collectively, the "Project");

WHEREAS, the Company has represented to the City that the acquisition, construction and installation of the Project, if constructed, will result in a substantial number of new job opportunities in the community, and the Company agrees to comply with the provisions of City of Franklin Ordinance No. 221.10-06-2014;

WHEREAS, the Company has filed an application with the Kentucky Economic Development Finance Authority (the "Authority") for approval of the Project for the Program as authorized in KRS 154.32-030;

WHEREAS, it is appropriate and in the public interest that the City Commission make a formal, binding commitment of financial resources in order to encourage and support economic development endeavors generally and the Project specifically if and when approved by the Authority pursuant to KRS 154.32-030; and

WHEREAS, the City Commission has approved the granting of an inducement to the Company for the Project, pursuant to the Program, whereby it would forego the collection of the one percent (1%) occupational license fee on wages that otherwise would be due the City, which fee shall be refunded to the Company, with respect to Project employees whose jobs meet the criteria and requirements established by the Program ("Qualifying Employees") for a term of not

longer than ten (10) years from the date the Company properly activates the Program's incentives pursuant to KRS 154.32-030 and any agreement relating to the Project that the Company has with the Authority (the "Activation Date").

NOW, THEREFORE, IT IS ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF FRANKLIN, AS FOLLOWS:

Section 1. It is hereby found, determined and declared that the recitals set forth in the preambles to this Ordinance, which are incorporated in this Section by reference, are true and correct.

Section 2. Inducement. The City agrees to forego retention of, and Company shall be entitled to reimbursement of the one percent (1%) City occupational license fee due on wages paid to Qualifying Employees for a term of not longer than ten (10) years from the Activation Date (the "Inducement Term"), as specified herein.

Section 3. Company to Deduct and Withhold Occupational License Fee on Wages. The Company, when making payment of wages to Qualifying Employees earned with respect to the Inducement Term, shall deduct and withhold upon the wages the one percent (1%) City occupational license fee. The Company shall remit to the City and report such withheld amounts on the forms and reconciliations required by KRS 67.783(4) and (5) and Chapter 114 of the City Code of Ordinances. The Company shall file, no less than quarterly in accordance with the City of Franklin's Code of Ordinances, with the City of Franklin, the City of Franklin Employers Quarterly Return provided by the City, specifically addressing the issues related to the KBI Program. In addition, the company shall file a quarterly reconciliation of the City of Franklin's Occupational License Fees in a format as required by the City. If the company fails to comply with the provisions of this Section, the company (or its representatives as the case may be) shall be subject to the penalty provisions set forth in Chapter 114 of the City's occupational licensing and gross receipts ordinance(s), as amended from time to time, or forfeiture of future participation in this program.

Section 4. Company Entitled to Reimbursement for Withheld and Remitted Amounts. The Company shall remit said withheld amounts to the City pursuant to Section 3 of this Ordinance. The Company shall receive reimbursement from the City, once per annum, after making the request, in writing, on the forms provided by the City, with said reimbursement being due and payable not later than sixty (60) days after the Company files the written request for reimbursement. Provided, however, that said reimbursement request shall not be filed later than two (2) years from the date that the Company's annual license fee returns are initially due, without regard to any extensions received or allowed.

Section 5. Qualifying Employees Entitled to Credit for Withheld Amounts. Each Qualifying Employee shall be entitled to a credit against his or her occupational license fee liability to the City under KRS 67.785(3) and Chapter 114 of the City of Franklin Code of Ordinances equal to the amounts withheld from his or her wages pursuant to Section 3 of this Ordinance.

Section 6. This Ordinance shall be in full force and effect from and after its adoption and publication as required by law.

If any section, subsection, sentence, clause, phrase, or portion of this ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holdings shall not affect the validity of the remaining portions of this Ordinance.

All ordinances or parts of ordinances in conflict herewith, are, to the extent of such conflict, hereby repealed.

February 25, 2019

FIRST READING

March 11, 2019

SECOND READING

At a meeting of the Board of City Commissioners of the City of Franklin, Kentucky, held on March 11th, 2019, and on motion made by Bennett and seconded by Powell, the foregoing ordinance was adopted, after full discussion, by the following vote:

<u>Yes</u>	BROWNIE BENNETT
<u>Yes</u>	JAMIE POWELL
<u>Absent</u>	HERBERT WILLIAMS
<u>Yes</u>	WENDELL STEWART
<u>Yes</u>	LARRY DIXON, MAYOR

APPROVED BY:

Larry Dixon Mayor
LARRY DIXON, MAYOR

ATTEST:

Cathy Dillard
CATHY DILLARD, CITY CLERK
CITY OF FRANKLIN, KENTUCKY

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Franklin, Kentucky, and as such City Clerk I further certify that the foregoing is a true, correct and complete copy of an Ordinance (including Exhibit A) duly adopted by the Board of City Commissioners of said City at a duly convened meeting held on March 11, 2019, on the same occasion signed by the Mayor, duly filed, recorded and indexed in my office and now in force and effect, and that all action taken in connection with such Ordinance was in compliance with the requirements of KRS 61.810 through 61.825, all as appears from the official records of said Board of City Commissioners in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said City this 11th day of March, 2019.

(SEAL)

Cathy Dillard
Cathy Dillard, City Clerk

Exhibit A

Project Description for Sumitomo Electric Wiring Systems, Inc.

See letter and KBI Report attached hereto and incorporated herein collectively by reference.



April 18, 2016

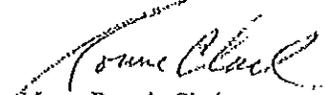
Secretary Erik Dunnigan
Kentucky Economic Development Cabinet
300 West Broadway
Frankfort, Kentucky 40601

Dear Secretary Dunnigan:

I am writing this letter as evidence of our support of the KBI application being submitted by Sumitomo Electric Wiring Systems, Incorporated. The company is planning to lease a 65,000 square foot manufacturing building Spec Building in the Henderson Interstate Industrial Park in Franklin, Kentucky. When occupied, Sumitomo will utilize this facility for the manufacturing of plastic injected parts for motor vehicles. The company will invest several million dollars in equipment and plans to employ over 100 people at this plant.

The City of Franklin will support the KBI application by contributing our one percent occupational tax. I look forward to having this outstanding company as part of our corporate community and I am certainly in support of their KBI application for this project.

Sincerely,


Mayor Ronnie Clark

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KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KBI REPORT - PRELIMINARY APPROVAL

Date: April 28, 2016
Approved Company: Sumitomo Electric Wiring Systems, Inc.
City: Frankln **County:** Simpson
Activity: Manufacturing **Prelim Resolution #:** KBI-I-16-21019
Bus. Dev. Contact: F. Tate **OFS Staff:** M. Elder

Project Description: Sumitomo Electric Wiring Systems, Inc. is an automotive manufacturing facility that develops electric wiring harnesses and wiring for automobiles. The company has been in Kentucky since 1988. Sumitomo has found an operational facility in Simpson County and is considering expanding its operation there.

Facility Details: Locating in a new facility

Anticipated Project Investment - Owned
Land
Building/Improvements
Equipment
Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$0
\$4,990,000	\$4,990,000
\$1,640,000	\$4,000,000
\$1,500,000	\$1,500,000
\$8,130,000	\$10,490,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	82	\$28.00	
1	82	\$28.00	\$136,000
2	82	\$28.00	\$136,000
3	145	\$28.00	\$136,000
4	145	\$28.00	\$136,000
5	145	\$28.00	\$136,000
6	145	\$28.00	\$136,000
7	145	\$28.00	\$136,000
8	145	\$28.00	\$136,000
9	145	\$28.00	\$136,000
10	145	\$28.00	\$136,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$1,360,000

County Type:
Other

Statutory Minimum Wage Requirements:
Base hourly wage: \$10.88
Total hourly compensation: \$12.51

Ownership (20% or more):
Sumitomo Wiring Systems Japan

Active State Participation at the project site: None

Requested Wage Assessment / Local Participation:

State: 3.0%

Local: 1.0% The City of Franklin

Unemployment Rate

County: 5.5%

Kentucky: 6.3%

Existing Presence in Kentucky:

Allen, Fayette, Metcalfe and Warren Counties

Special Conditions:

The company will be required to maintain 90% of the total statewide full-time, Kentucky resident employees at all company locations, excluding the site of the project, as of the date of preliminary approval.

10/24/16 per Statewide Certification
Company reported 720.
90% of 720 is 648

(VME)