Prepared by the City Attorney

RESOLUTION NO. 9-04

A RESOLUTION APPROVING THE DESIGNATION OF AN ECONOMIC REVITALIZATION AREA FOR PROPERTY TAX ABATEMENT FOR ENDOCYTE, INC.

WHEREAS, IND. CODE chapter 6-1.1-12.1 allows a partial abatement over a seven year period of property taxes attributable to the installation of new manufacturing equipment in Economic Revitalization Areas; and

WHEREAS, IND. CODE chapter 6-1.1-12.1 empowers the Common Council to designate Economic Revitalization Areas by following a procedure involving the adoption of a preliminary resolution, provision of public notice, conducting of a public hearing and adoption of a final resolution confirming the preliminary resolution or a modified version of the preliminary resolution; and

WHEREAS, the business (called applicant) named above and in the attachment to this resolution, which attachment is incorporated by reference, has an ownership interest in the geographic area (called subject real estate) described in such attachment; and

WHEREAS, the applicant has requested that the subject real estate be designated as an Economic Revitalization Area for the purpose of achieving property tax savings in connection with the installation on the subject real estate new research and development equipment/new manufacturing equipment (called New Equipment) identified in such attachment; and

WHEREAS, evidence and testimony were considered by the Common Council.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF WEST LAFAYETTE that:

Section 1. The Common Council, after consideration of the application and Statement of Benefits contained in the attachment and the evidence presented finds that:

The estimate of the cost of the installation of New Equipment is reasonable for equipment of that type.

The estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described New Equipment.

The estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described installation of New Equipment.

Other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed described installation of New Equipment.

The totality of benefits is sufficient to justify the deduction.

Section 2. The Common Council designates, finds and establishes the subject real estate an Economic Revitalization Area, subject to final confirmation after public hearing. This designation is subject to the condition that designation allows abatement of property taxes only for installation of New Equipment for a period of seven years. However, on the written request of the applicant, the Director of the Department of Development is allowed to authorize, in writing, substitutions, modifications and additions to the tax abatement set forth above and in the attachment which are not substantial in nature to the specified installation of New Equipment before March 1st of the year in which the initial certified deduction application for installation of New Equipment is filed with the Tippecanoe County Auditor and the State Board of Tax Commissioners.

Section 3. The Economic Revitalization Area designation terminates three years after the date of the final resolution. Accordingly, partial abatement of property taxes is allowed, to the extent provided above relative to specified New Equipment installed on the subject real estate during the period from the date of the submission of the Statement of Benefits, February 27, 2004, until three years after adoption of the final resolution. However, termination of this designation does not limit the period of time to a period of less than the applicant or successor owner is entitled to receive a partial abatement of property taxes relative to specified New Equipment installed on the subject real estate before the termination of such designation, as provided by IND. CODE chapter 6-1.1-12.1.

Section 4. The partial abatement of taxes attributed to the installation of the New Equipment is subject to limitations contained in the Statement of Benefits, which is a part of the attachment to this resolution.

This resolution shall be in full force and effect from and after its passage and signing by the Mayor.

INTRODUCED AND FILED ON _____, 2004.

PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF WEST LAFAYETTE, INDIANA ON _____, 2004, HAVING BEEN PASSED BY A VOTE OF ____ IN FAVOR AND ____ OPPOSED.

_____

Presiding Officer

Attested:

_____
Clerk-Treasurer

PRESENTED BY ME TO THE MAYOR OF THE CITY OF WEST LAFAYETTE, INDIANA ON _____, 2004, AT THE HOUR OF _____ ___.M.

_____
Clerk-Treasurer

THIS RESOLUTION APPROVED AND SIGNED BY ME ON _____, 2004 AT THE HOUR OF _____ ___.M.

_____
Jan H. Mills, Mayor

Attested:

_____
Clerk-Treasurer

STATEMENT OF BENEFITS

State Form 27167 (R6 / 4-00)
Form SB - 1 is prescribed by the State Board of Tax Commissioners, 1989

RECEIVED
MAR 01 2004

FORM SB - 1

INSTRUCTIONS:

1. *This statement must be submitted to the body designating the economic revitilization area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body* ***BEFORE*** *a person installs the new manufacturing equipment and / or research and development equipment, or* ***BEFORE*** *the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987 and areas designated after July 1, 1987 require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)*
2. *Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation, or prior to installation of the new manufacturing equipment and / or research and development equipment,* ***BEFORE*** *a deduction may be approved.*
3. *To obtain a deduction, Form 322 ERA, Real Estate Improvements and / or Form 322 ERA / PPME and / or 322 ERA / PPR & DE, must be filed with the county auditor. With respect to real property, Form 322 ERA must be filed by the later of: (1) May 10; or (2) thirty (30) days after a notice of increase in real property assessment is received from the township assessor. Form 322 ERA / PPME and / or 322 ERA PPR & DE must be filed between March 1 and May 15 of the assessment year in which new manufacturing equipment and / or research and development equipment becomes assessable, unless a filing extension has been obtained. A person who obtains a filing extension must file the form between March 1 and June 14 of that year.*
4. *Property owners whose Statement of Benefits was approved after June 30, 1991 must submit Form CF - 1 annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)*
5. *The schedules established under IC 6-1.1-12.1-4(d) and IC 6-1.1-12.1-4.5 (e) effective July 1, 2000 apply to any statement of benefits filed on or after July 1, 2000.*
   The schedules effective prior to July 1, 2000 shall continue to apply to those statement of benefits filed before July 1, 2000.

SECTION 1 — TAXPAYER INFORMATION

Name of taxpayer
Endocyte, Inc.

Address of taxpayer *(street and number, city, state and ZIP code)*
1205 Kent Avenue
West Lafayette, IN 47906

Name of contact person	Telephone number
Carol Coble	(765) 463-7175

SECTION 2 — LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body	Resolution number
West Lafayette City Council	

Location of property	County	Taxing district
1205 Kent Avenue	Tippecanoe	164

Description of real property improvements and / or new manufacturing equipment and / or research and development equipment *(use additional sheets if necessary)*

The company needs to purchase laboratory equipment needed to conduct research and development.

	ESTIMATED Start Date	ESTIMATED Completion Date
Real Estate		
New Mfg Equipment		
R & DE	2004	2006

SECTION 3 — ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT

Current number	Salaries	Number retained	Salaries	Number additional	Salaries
31	$2 million	31	$2 million	12	1,120,200

SECTION 4 — ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT

NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the **COST** of the property is confidential.

	Real Estate Improvements		Machinery		Research and Development Equipment	
	Cost	Assessed Value	Cost	Assessed Value	Cost	Assessed Value
Current values					684,108	273,997
Plus estimated values of proposed project					1,000,000	
Less values of any property being replaced						
Net estimated values upon completion of project					1,684,108	

SECTION 5 — WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

Estimated solid waste converted (*pounds*) _____ Estimated hazardous waste converted (*pounds*) _____

Other benefits:

SECTION 6 — TAXPAYER CERTIFICATION

I hereby certify that the representations in this statement are true.

Signature of authorized representative	Title	Date signed *(month, day, year)*
	President/CEO	2/27/04

FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this economic revitalization area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1-2.5, provides for the following limitations as authorized under IC 6-1.1-12.1-2.

A. The designated area has been limited to a period of time not to exceed _____ calendar years * *(see below)*. The date this designation expires is _____ .

B. The type of deduction that is allowed in the designated area is limited to:

1. Redevelopment or rehabilitation of real estate improvements; ☐ Yes ☐ No
2. Installation of new manufacturing equipment; ☐ Yes ☐ No
3. Installation of new research and development equipment; ☐ Yes ☐ No
4. Residentially distressed areas ☐ Yes ☐ No

C. The amount of deduction applicable for redevelopment or rehabilitation is limited to $ _____ cost with an assessed value of $ _____.

D. The amount of deduction applicable to new manufacturing equipment is limited to $ _____ cost with an assessed value of $ _____.

E. The amount of deduction applicable to new research and development equipment is limited to $ _____ cost with an assessed value of $ _____.

F. Other limitations or conditions *(specify)*_____

Also we have reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved: *(signature and title of authorized member)*	Telephone number ( )	Date signed *(month, day, year)*
Attested by:	Designated body	

* If the designating body limits the time period during which an area is an economic revitilization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.1-12.1-4 or 4.5

CITY OF WEST LAFAYETTE
TAX ABATEMENT APPLICATION FORM
WEST LAFAYETTE ECONOMIC DEVELOPMENT COMMISSION

Please complete the following questions prior to applying for tax abatement. Should questions arise please contact the Department of Development, 609 W. Navajo, West Lafayette, Indiana 47906, 765-775-5160. The abatement process is explained in the "West Lafayette Tax Abatement Handbook" attached to this document. Please be sure that you also fill out the additional "supplementary" information sheets also attached.

SECTION I-- APPLICANT

1. Name of Applicant: **Endocyte, Inc.**

2. Address: **1205 Kent Ave**
   West Lafayette, IN 47906

3. Date Organized or Incorporated: **December 1995**

4. Chief Executive Officer: **P. Ron Ellis**

5. Principal Contact or Agent: **Carol Coble**

6. Principal Office Address: **1205 Kent Ave**
   West Lafayette, IN 47906

7. Name of Parent Company (if any):

8. Address of Parent Company (if any):
   Phone:

9. Applicant is applying for Economic Revitalization Area designation for the purpose of:

   _____ Real Property Tax Abatement
   __x__ Personal Property Tax Abatement (R&D/Laboratory Equipment)
   _____ Number of full-time personnel currently employed locally

10. Please Provide:
    a. a brief history of the company and eight (8) copies of the last Annual Report
    b. Relevant financial information, e.g. annual report, etc.

Private company and information is confidential.

SECTION II-- LOCATION OF IMPROVEMENT

11. Location of Site: **1205 Kent Ave**

12. Assessor's Parcel (key) #: **164-05510-00010**

13. Owner of Property: **Purdue Research Foundation**

14. Does the company currently conduct business at the location?

__x__ Yes _____ No

If yes, describe:

SECTION III-- NATURE OF THE IMPROVEMENT

15. Nature of the product or service to be performed at the site:

    Research and development activities

16. Description of the proposed physical improvements. What physical changes will be made on the project property?

    Real Property or Manufacturing Improvements:

    Personal Property (New Manufacturing Equipment):

    Company requires new laboratory equipment to conduct research and development.

17. Cost of the real property or manufacturing improvements (excluding land costs): **N/A**

18. Size of the facilities to be constructed (in square feet), if any: **N/A**

.19. Cost of the new manufacturing equipment to be installed: **Research and Development equipment $1,000,000**

20. What is the timetable for the start and completion of project? **2nd Qtr 2004 – end of 2006**

21. When is completion expected? **3 Years**

22. How many permanent employees employed as a result of this project? **5, could be as many as 12**

23. In what type of employment will they be engaged? **Research and Development of anticancer agents**

24. Estimate of the additional annual payroll to be produced at the end of:
    1 year $ **569,000** 3 years $ **1,120,200**

25. Will the project result in any pollution? **No**

    air _____ water _____ noise _____ other
    Explain:

26. Will the project require a rezoning, variance, or zoning approval before construction is initiated? _____ yes ___x___ no

    If yes, explain:

27. Describe additional public utilities and municipal services or facilities necessitated by the project (e.g., enlargement of sewer, street improvements, water supply, upgrading of traffic signals, etc.):

    None

28. With what businesses will you directly compete in the Greater Lafayette Area? **N/A**

1.	6.
2.	7.
3.	8.
4.	9.
5.	10.

What are your products or services sold outside the eight (8) county area?

Developing products for future sale

29. The following is a definition of an "economic revitalization area". Please read the definition and answer the following question as it pertains to your project. According to IC 6-1.1.1-12.1-1: "Economic revitalization area" means an area which is within the corporate limits of a city, town or county which has become undesirable for, or impossible of; normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues.

What evidence can be provided that the project property should be designated as an "Economic Revitalization Area" based on this definition?

The corporation's ability to thrive is in part dictated by the ability to attract and retain qualified employees. The requirements to maintain a leading edge laboratory will be a crucial factor in keeping this caliber of scientist in West Lafayette. Endocyte will be relocating to the PTC expansion area that has been designated an Economic Revitalization Area. This recognizes the importance of technology and research in the development and diversification of the West Lafayette economy.

SECTION IV-- ADDITIONAL APPLICANT INFOIIMATION

30. Has the applicant or any predecessor of the applicant defaulted in any material respect the performance of financial obligations by the applicant?

    yes _____x_____ no If yes, explain:

31. Has the applicant ever applied for or benefited from any tax abatement in any other project in the State of Indiana or elsewhere? _____x_____ Yes _____ No

    If yes, explain:

    Endocyte received a tax abatement in 2001 for research and development equipment.

SECTION V -- ANNUAL REPORT & HISTORY OF COMPANY

32. Is there any pending litigation materially affecting the applicant?
    _____ Yes ____x____ No If yes, please describe (or have counsel for the applicant describe) giving procedural posture of the case(s):

33. Are there any restrictions contained in the applicant's Articles or Certificate of Incorporation, Charter, Bylaws, Code of Regulations or any agreements to which the applicant is a party that could affect the applicant's ability to engage in this project? __ Yes _x_ No
If yes, explain:

34. Certified Public Accountant: **Ernst & Young**

35. Commercial Bankers: **Lafayette Bank & Trust**

36. Company Counsel: **Barnes and Thornburg**

I hereby certify that the above information and representations arc to the best of my knowledge true and complete.

Signature of Applicant

Position: **President/CEO**

Date Submitted: 2/27/04

Company Contact Person: **Carol Coble**

Address: **1205 Kent Ave**
West Lafayette, IN 47906

Phone: **765.463.7175**

Fax: **765.463.9271**

SUPPLEMENTARY INFORMATION SHEET
TAX ABATEMENT APPLICATION
CITY OF WEST LAFAYETTE
ECONOMIC DEVELOPMENT COMMISSION

To be completed by applicant

MANUFACTURING OR COMMERCIAL

Is this request for:

____improvements to real estate ____x_____ new manufacturing equipment that has not been taxed in Indiana before

Length of abatement requested for equipment and property:

Real Property	_____ 3 years bldg	_____ 6 years bldg	_____10 years bldg
Mfg. Equipment	_____ 5 years equip	_____ 10 years equip	
R&D/Lab Equipment	_____ 3 year	___x___ 7 year	_____ 10 year

Number of jobs for residents of the Greater Lafayette area*:

Current	Retained	Additional end of 2006 Construction
Engineering_____	Engineering _____	Engineering _____
Sales _____	Sales _____	Sales _____
Administration _17__	Administration __17___	Administration __7____
Manufacturing____	Manufacturing_____	Manufacturing _____
Maintenance _____	Maintenance _____	Maintenance _____
Other (Specify)	Other (Specify)	Other (Specify)
Researchers _14_	Researchers _14_	Researcher _5
		Regulatory __

*Researchers include chemists, biologists, an immunologist, and pharmacologist/toxicologist.

Salaries of jobs for residents of the Greater Lafayette area*:

Current	Retained	Additional end of 2006 Construction
Engineering	Engineering _____	Engineering _____
Sales _____	Sales _____	Sales _____
Administration	Administration _____	Administration _____
Manufacturing	Manufacturing _____	Manufacturing _____
Maintenance _____	Maintenance _____	Maintenance _____
Other (Specify)	Other(Specify)	Other (Specify)
Total $2 million	**Total $2 million**	**Total: $1,120,200**

We are a privately held small company, due to sensitivity and confidentiality of salary information, we have not broken salary out by type of job.

Payroll Categories:

Retained	**Additional**
_____up to $20,000	_____up to $20,000
_____$20,000 to $28,000	_____$20,000 to $28,000
_____$28,001 to $35,000	_____$28,001 to $35,000
___x___greater than $35,000	___x___greater than $35,000

Explanation of how the number of jobs were calculated and the time frame for reaching full employment level:

This is an early stage drug company with a business plan. At present, we are within that plan.

Type(s) of equipment[1], installation schedule(s)[2], and depreciation pool(s)[3]:

1. **Requiring laboratory equipment**
2. **Over the next three years**
3. **Pool 2**

Narrative description of need (attach separate sheet if needed):

Endocyte is an early stage biotechnology company located in the Purdue Research Park. In collaboration with Purdue University, we are developing a drug targeting and delivery technology. Endocyte was founded in 1996. Our first product, a new imaging agent designed to detect ovarian cancer is in clinical trials. In 2003, we began clinical testing of our first cancer treatment product.

Since 1996, Endocyte has raised approximately $32 million in capital to support our research. We plan on raising an additional $15 million in mezzanine financing before an Initial Public Offering in 2006. Endocyte has 31 employees with an average salary of $78,000 per employee. Our business plan is to hire an additional 15 researchers in 2004/6.

Our research involves the attachment of cancer agents to our proprietary drug targeting technology and testing these new agents in cancer cell lines and models. We need to purchase additional laboratory equipment to continue this research. We are purchasing laboratory equipment essential for the further development of this technology.