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SCEDF Recoups County Taxes from Stelrema Bankruptcy

STARKE COUNTY – Through the efforts of the Starke County Economic Development Foundation and their assistance with the sale of equipment and the property of the former Stelrema plant, Starke County has collected more than \$880,000 in delinquent taxes and penalties. When former owner Bill Gettig filed Chapter 11 bankruptcy approximately 10 years ago, very few property taxes had been paid.

SCEDF decided to work with the Bankruptcy Trustee in Pennsylvania with the goal of collecting back taxes for the County and selling the building to a new business. The first step in the process involved the auction of equipment, during which SCEDF served as advisors through the development of professional relationships.

At the conclusion of the equipment auction, which included everything but the building and property, the County collected \$413,153 in personal property taxes and penalties on claims they had filed with the Bankruptcy Court.

The next step was selling the building and property to bring a new business to Starke County. During an 18-month period, three prospects seriously considered the site. The international prospects included metalworking for aerospace, medical devices and conveyor belt fabrication. Although the Starke County site was a strong contender, other sites were chosen for various reasons beyond local control.

“The Trustee allowed us to continue working with potential buyers for 10 months more than normally allowed to prevent the property going back to Mr. Gettig, which would mean the County would lose all remaining unpaid taxes,” said Charles Weaver, executive director of SCEDF. “The Trustee realized the need for business development in Starke County.”

When it appeared that the other prospects were definitely going elsewhere, the SCEDF started working with a buyer interested in purchasing the property to rehab it and renovate the interior then resell it to a new business. The deed for the sale to Quincy Associates II, LLC, of Northville, Mich., was recorded on Aug. 27.

As a result, the County’s claim for real property taxes and penalties totaling \$467,214 was paid, bring the total bankruptcy claims collected by the County to \$880,367.

The new owner already has restored the landscaping around the building, and now is working on the interior, cleaning, repairing and increasing the industrial space by removing unnecessary partitions. SCEDF continues to work with the new owner and industrial real estate broker to obtain Indiana Department of Environmental Manage clearance for some issues and sharing SCEDF information to assist with the sale.

At one time, Stelrema was one of the largest employers in Starke County, with 300 employees in three shifts. The business started in the 1960s as Arrowhead Engineering, a manufacturer of pulleys. In the late 1970s, Richard Smith purchased the business, changed the name to Stelrema and converted to producing close tolerance plastic injection molding providing a number of products.

William Gettig purchased the property in 1991, continuing the plastic injection processes. In the mid-1990s, the building was expanded on the east end, which contained a clean room for the addition of rubber processing for medical products under the name Gettig Technologies. The decline of both Stelrema and Gettig Technologies partially was due to the inability of Gettig to continue his personal involvement in the business.

The updated facility currently is being marketed and under consideration by a number of businesses.

ABOUT SCEDF

The Starke County Development Foundation is a not-for-profit local economic development organization (LEDO) providing economic development opportunities on behalf of Starke County, Indiana, the City of Knox, and the Towns of North Judson and Hamlet through the development of industrial parks, rail spurs, greenfield sites, shovel-ready sites, infrastructure and workforce development. For more information regarding Starke County Development Foundation, visit www.starkecounty.com.

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