



# CITY OF FRANKLIN

DEPARTMENT OF COMMUNITY DEVELOPMENT

## Staff Report

**To:** Economic Development Commission Members  
**From:** Krista Linke, Director  
**Date:** February 5, 2013  
**Re:** Case EDC 2013-02 – Mitsubishi Engine North America, Inc. (MENA)  
Case EDC 2013-03 – Mitsubishi Heavy Industries Climate Control, Inc. (MCCA)

---

**Case EDC 2013-02 – Mitsubishi Engine North America, Inc. (MENA):** A request for a 10-year tax abatement on \$7,693,125 in personal property.

**Case EDC 2013-03 – Mitsubishi Heavy Industries Climate Control, Inc.:** A request for a 10-year tax abatement on \$913,793 in real property.

**Location:** 1200 N. Mitsubishi Parkway

### Summary:

1. Characteristics of this location:

The existing Mitsubishi Heavy Industries Climate Control, Inc. (MCCA) Franklin location includes a manufacturing facility and climatic wind tunnel addition to the administration headquarters offices.

2. Characteristics of this petitioner:

MCCA manufactures and supplies automotive heating and air conditioning systems to various automobile manufacturers, including Mitsubishi Motors, General Motors and Ford. There are currently 219 full time MCCA associates employed at this location.

3. Characteristics of this project:

Mitsubishi Engine North America, Inc. (MENA), parent company is Mitsubishi Heavy Industries of America (MHIA), New York City, New York. MENA has offices in Sterling Heights, Michigan and their North America Headquarters are in Addison, Illinois. Their manufacturing facility is in Asia and Europe and they are looking for a manufacturing location in North America to produce turbocharger parts for automobiles.

The proposed joint venture between MCCA and MENA at the MCCA Franklin location will result in MCCA rearranging their current factory to provide approximately 18,500 square feet of existing factory space on the north side of the facility at a cost of approximately \$811,198. In addition, MCCA will also construct a 10,500 square foot new building that will cost approximately \$913,793, on the northwest end of the MCCA plant. This is north of the current office area and adjacent to the 18,500 square feet of existing MCCA factory space that will be renovated for MENA use. Total MENA space

will be approximately 29,000 square feet. The remaining MCCA space will be approximately 181,500 square feet.

4. Economic Revitalization Area (ERA):

This property was designated an ERA by Resolution 2008-02 and confirmed by Resolution 2008-08.

5. ERA & Tax Abatements Findings (Real Property):

Indiana Code Section 6-1.1-12.1-3 states that the following findings must be made when considering an ERA designation and the granting of a tax abatement for real property:

- a. Whether the estimate of the value of the development or rehabilitation is reasonable for projects of that nature;
- b. Whether 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 redevelopment or rehabilitation;
- c. Whether the estimate of annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed redevelopment or rehabilitation; and
- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

6. ERA & Tax Abatements Findings (Personal Property):

Indiana Code Section 6-1.1-12.1-4.5 states that the following findings must be made when considering an ERA designation and the granting of a tax abatement for personal property:

- a. Whether the estimate of the cost of new manufacturing equipment is reasonable for equipment of that type;
- b. Whether 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 installation of new manufacturing equipment;
- c. Whether the estimate of annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the installation of the new manufacturing equipment; and
- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

7. City of Franklin “Tax Abatement Policy” criteria:

The “Tax Abatement Policy” section of the *City of Franklin Community Investment Incentives Summary* states that the Economic Development Commission shall use certain criteria when considering a request for tax abatement. A comparison of those criteria and this request follows:

- a. *Diversification of Local Occupations:* The total number of jobs at the current site is 219. The company proposes 9 additional jobs for MCCA in 2014 and 73 additional jobs for MENA during 2013 and 2014. This is a total of 82 new jobs.

MENA (73 new):

- 5 managerial/professional specialty occupation with an average hourly wage of \$33.65
- 29 technical/sales/administrative support positions with an average hourly wage of \$27.93
- 39 operators/fabricators/laborer positions with an average hourly wage of \$13.30

Wage figures do not include benefits. A summary of benefits provided to employees has been provided and is included at the end of the staff report as Attachment A.

MCCA (219 retained and 9 additional):

- 5 managerial/professional specialty occupation with an average hourly wage of \$49.52
- 42 technical/sales/administrative support positions with an average hourly wage of \$29.80
- 2 service occupation with an average hourly wage of \$14.86
- 31 precision production/craft/repair occupation with an average hourly wage of \$18.71
- 148 operators/fabricators/laborer positions with an average hourly wage of \$14.39

- b. *Diversification of Local Manufacturing Employment:* According to the 2007 U.S. Census Bureau Economic Census, motor vehicle parts manufacturing makes up 20% of the manufacturing sector in Johnson County. According to [www.stats.indiana.edu](http://www.stats.indiana.edu), there were 133 manufacturing establishments in Johnson County in the first quarter of 2012.
- c. *Increase in Local Salaries:* The average wage for all industries in Johnson County for the first quarter of 2011 was \$14.98. The average hourly wage in Johnson County for manufacturing in the first quarter of 2011 was \$24.00 per hour. The average hourly wage (without benefits) for the 9 new jobs with MCCA is \$18.88. The average hourly wage for the 219 jobs being retained is \$18.51. The average hourly wage (without benefits) for the 73 new jobs with MENA is \$20.51.
- d. *Sustainable Land Use:* The petitioner proposes to make this investment at their current location.
- e. *Future Community Investment:* The petitioner stated in the letter of inducement that they, and now MENA, anticipate continuing a long and mutually beneficial association with the City of Franklin and is appreciative and grateful for all the help, past incentives and consideration that the City has given them. As stated in the letter of inducement, “With this investment MCC and MENA will continue to secure the future of our Franklin facility and we look forward to

continuing as an active responsible part of the community. Thank you for your continued support.” The company has indicated on their applications that they are agreeable to a 5% Economic Development Fee on Personal Property and a 2% Economic Development Fee on Real Property.

- f. *Conformance with the Comprehensive Plan:* The Comprehensive Plan - Future Land Use Plan identifies this property as Manufacturing. Manufacturing areas are intended to accommodate large scale businesses that produce finished products from raw materials. Uses in these areas may include product manufacturers as well as any related warehousing and offices. Manufacturing areas may include facilities that involve emissions or the outdoor storage of materials and finished products. These two factors are the primary distinction between manufacturing areas and light industrial areas.

The property is zoned IG, Industrial: General. The “IG,” Industrial: General zoning district is intended to provide locations for general industrial manufacturing, production, assembly, warehousing, research and development facilities, and similar land uses. This district is intended to accommodate a variety of industrial uses in locations and under conditions that minimize land use conflicts. This district should be used to support industrial retention and expansion in Franklin.

8. Tax Abatement Duration:

The *City of Franklin Community Investment Incentives Summary* provides that longer periods of abatement on real and personal property may be considered for requests of an exceptional nature. The Summary states that development examples of an exceptional nature include projects which:

- a. Create a new plant or product line for an existing manufacturer;
- b. Creates substantial employment opportunities with higher than average wages;
- c. Increase substantially property values and the city tax base with minimal impact to city services (police & fire protection, schools, utilities, infrastructure, etc.); and
- d. Utilize existing public infrastructure (sanitary & storm sewer, roads & streets, drainage facilities, and other utilities).

9. Tax Abatement Worksheet:

A copy of the Tax Abatement Worksheet from the *City of Franklin Community Investment Incentives Summary* is enclosed with the staff report. This document is recommended as an outline for considering and documenting these tax abatement requests for this meeting.

10. Requested Effective Year:

The petitioner has requested that, if approved, the tax abatement be effective for the tax year 2013, payable 2014.

**Staff Comments:**

This tax abatement petition proposes an economic development project that meets all of the above outlined criteria to be considered in granting a tax abatement. Making use of an existing facility and strengthening the viability of an existing company within the City of Franklin is critical to Franklin's economy.

**Attachment A Summary Description of Benefits  
Mitsubishi Climate Control**

1. **Medical Plan:** Anthem BCBS Blue Access PPO Health/Prescription Program. Employee cost per month: **Plan #1 PPO:** Employee \$35, Employee & Child(ren) \$102.33, Employee & Spouse \$134.80, Family \$183.71. **Plan #2 PPO:** Employee \$5, Employee & Child(ren) \$7, Employee & Spouse \$11, Family \$12. (Eligibility is 60 days of service with MCC).
2. **Dental Plan:** Guardian/Dental Guard Preferred Network. Employee cost per month: Employee \$12, Employee & Child(ren) \$13, Employee & Spouse \$13.50, Family \$16. (Eligibility is 60 days of service with MCC).
3. **Vision Plan:** Guardian/VSP Network. Employee cost per month: Employee \$3, Employee & Child(ren) \$5, Employee & Spouse \$5.50, Family \$7. (Eligibility is 60 days of service with MCC).
4. **Flexible Spending Account:** Associates may elect to contribute up to \$3,500 to a Pre-Tax Medical Account and/or \$5,000 to a Pre-Tax Dependent Care Account. This "election" amount is automatically deducted from the employee's check (amount elected is divided by the number of payroll periods). (Eligibility is 60 days of service with MCC).
5. **401(k) Program:** Associates may contribute from 1%-75% of their pay. **Company will match 100% of the first 5% of base pay contributed by employee.** (Eligibility – 4 months of full-time service with MCC)
6. **Tuition Reimbursement:** The Company will reimburse up to \$5250 per year for classes pertaining to the job (eligibility is 3 months of full-time service with MCC).
7. **Holidays:** 12 paid holidays per year - New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day After Thanksgiving, Christmas Eve, Christmas Day, New Year's Eve, 2 Floating Day To Be Used Where The Company Deems Appropriate.
8. **Vacation:** Vacation days will accrue during the first year of service: 2 days after introduction period (90 days/probationary period) and one day per 3 months after introduction period during the year of hire until January 1st.  
  
10 days after first calendar year of service available January 1, if during the first year 1000 hours are worked and the introduction period of 90 days has been completed.  
  
5 days after first calendar year of service available January 1; if during the first year 500 hours are worked and the introduction period of 90 days has been completed.  
  
At five years 15 days granted, seven years 16 days, nine years 17 days, eleven years 18 days, thirteen years 19 days and fifteen years 20 days.
9. **STD/LTD:** Short-term disability 1 to 3 years of Service pays 40% of base pay for up to 4 weeks in any calendar year, and 3 or more years of service pays 50% of base pay for 26 weeks in any calendar year. (**Eligibility 1 year full-time MCC service**); Long-Term disability pays 50% of base pay after 180 days of consecutive absence. (**eligibility 1 year full-time MCC service**)
10. **Life Insurance:** Two times base pay (eligibility is 12 months of full-time MCC service).
11. **AD&D:** Two times base pay (eligibility is 12 months of full-time MCC service).
12. **Optional Life:** Available for self, spouse and children (**associate pays all costs**) eligibility 6 months of service.
13. **Employee Assistance Program:** Available for all members in household at no cost (eligibility 60 days).
14. **Direct Payroll Deposit:** Is required of all associates.

 **MITSUBISHI HEAVY INDUSTRIES CLIMATE CONTROL, INC.**

February 1, 2013

Krista Linke

Director of Planning and Economic Development  
City of Franklin  
70 East Monroe Street  
Franklin, Indiana 46131



Tax Abatement Letter of Inducement for Mitsubishi Heavy Industries Climate Control, Inc. (MCCA) and Mitsubishi Engine North America, Inc. (MENA)

Dear Economic Development Commission members:

This letter is written on behalf of Mitsubishi Heavy Industries Climate Control, Inc. (Mitsubishi Climate Control America –MCCA) whose parent company is Mitsubishi Heavy Industries, Ltd. (MHI), Tokyo, Japan and Mitsubishi Engine North America, Inc. (MENA) whose parent company is Mitsubishi Heavy Industries of America (MHIA), New York City, New York. MCCA, with facilities in Sterling Heights, Michigan, has its Headquarters located at 1200 N. Mitsubishi Parkway, Franklin, Indiana. The Franklin location includes a manufacturing facility and climatic wind tunnel in addition to the administration headquarters offices. MCCA manufactures and supplies automotive heating and air conditioning systems to various automobile manufacturers, including Mitsubishi Motors, General Motors and Ford. There are currently 219 full time MCCA associates employed at the Franklin facility. MENA with offices in Sterling Heights, Michigan and its North America Headquarters in Addison, Illinois has manufacturing facilities in Asia and Europe and is looking for a manufacturing location in North America to produce turbocharger parts for automobiles.

On December 4, 2012 MCCA management and MENA Turbocharger Division management met with the Mayor of Franklin, Johnson County Development Corporation and several Franklin and State of Indiana Economic Development Corporation representatives to discuss incentives for a new project that would be a joint venture between MCCA and MENA at the MCCA Franklin location. MENA was looking for a location to build turbochargers in the United States and investigating the possibility of sharing space with MCCA. The concept of this project is “shared factory” where the two companies can share building space and various administrative type fixed cost.

MCCA will rearrange the current factory to provide approximately 18,500 square feet of existing factory space on the North side of the facility at a cost of approximately \$811,198.00. In addition MCCA will also construct approximately 10,500 square feet of new building (cost \$913,793.00) on the North/West end of the MCCA plant – North of the current office area and adjacent to the 18,500 square feet of MCCA plant that will be renovated for MENA to use. Total MENA space will be approximately 29,000 square feet. The remaining MCCA space will be approximately 181,500 square feet.

MCCA will invest \$913,793.00 in new building construction (real Property) and anticipates adding an additional 9 jobs (during 2013 and 2014) to the current workforce of 219 employees to handle new responsibilities for the MENA business. The average hourly rate for the 9 new MCCA jobs is \$18.88 (not including benefits). See the attached tax abatement paperwork relative to real property. MCCA is requesting a ten year tax abatement on the real property and \$150,000.00 cash to help with the \$811,198.00 in building renovations.

MENA will invest \$7,693,125.00 in new machinery and equipment, special tooling/retooling and logistics equipment during 2013 and 2014 and anticipates adding 73 jobs by the end of the first quarter 2015. The average hourly rate of the 73 MENA new jobs is \$20.51 (not including benefits). MENA is requesting a ten year tax abatement on personal property. See the attached tax abatement paperwork relative to personal property.

MCCA and now MENA, anticipate continuing a long and mutually beneficial association with the City of Franklin and is appreciative and grateful for all the help, past incentives and consideration that the city has given us. With this investment MCCA and MENA will continue to secure the future of our Franklin facility and we look forward to continuing as an active responsible part of the community. Thank you for your continued support.



Bob Francis  
General Manager Administration  
Mitsubishi Heavy Industries Climate Control, Inc.  
317-346-5010  
bobf@mhicc.com

**SUMMARY CHART OF INVESTMENT AND REQUESTS BY  
MCCA AND MENA**

		Investment	Request	Benefits
<b>MCCA</b>	<b>New building construction</b>	\$913,793	Tax Abatement on Real Property	9 New jobs (2013 - 2014) Average rate : \$18.88
	<b>Building Renovation</b>	\$811,198		

		Investment	Request	Benefits
<b>MENA</b>	<b>New machinery / Equipment</b>	\$7,259,375	Tax abatement on Personal Property	73 new jobs (by 2015) Average rate : \$20.51
	<b>Special Tooling / retooling</b>	\$15,000		
	<b>Logistics</b>	\$418,750		

Detailed investment table is also included with the application.





# CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

## Tax Abatement Application

### Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: Mitsubishi Heavy Industries Climate Control, Inc.

Primary Contact Name: Bob Francis

Contact Address: 1200 North Mitsubishi Parkway

City: Franklin

State: Indiana

Zip: 46131

Phone Number: (317) 346-5010

Email: bobf@mhicc.com

Three possible dates before the EDC

meeting to conduct a site visit: February 6, 7, or 8 2013

Name of Owner: Mitsubishi Heavy Industries Automotive Thermal Systems Co., Ltd

Parent Company (if Applicable): Mitsubishi Heavy Industries Automotive Thermal Systems Co., Ltd

### Primary Contact for Yearly Compliance Reports

Name: Bob Francis

Title: GM of Administration

Address: 1200 North Mitsubishi Parkway

City: Franklin

State: Indiana

Zip: 46131

Phone Number: (317) 346-5010

Email: bobf@mhicc.com

### Description of Project

Project Location/Address: 1200 North Mitsubishi Parkway, Franklin, Indiana 46131

Parcel Number: Warranty Deed Instrument No. 96-3314

Brief Description of Project:

~~Property includes manufacturing facility for automotive heating and air conditioning systems and climatic wind tunnel facility, as well as administrative headquarters offices for MCC.~~

### Current Assessed Value (AV) of the Property:

1. Land \$1,623,000.00

2. Building \$5,767,800.00

3. Inventory

4. Equipment \$7,774,870.00

Have building permits been applied for (if applicable): Yes  No

Has equipment been installed (if applicable): Yes  No

### Required Attachments:

Completed SB-1 Form(s)

Legal Description of the Property

Company Financial Statement

Job and Wage Description Information Sheet

Summary of Benefits (if applicable)

Employment Phase-In Schedule

Company Investment Timetable

Compliance Affidavit

**Type of Abatement Requested**

Real Property

Personal Property

*Project Details*

Project Size (square feet): 10,500

Size of Site (acres): 47

*Type of Building:*

Multiple Tenants (leased)

Single Tenant (leased)

Owner Occupied

Corporate Headquarters

*Capital Investment*

1. Real property capital investment only: \$913,793.00

2. Personal property capital investment only: \$7,693,125.00

3. Total capital investment for proposed project: \$8,606,918.00

*Jobs Created and/or Retained*

1. Estimated number of full time jobs created by the proposed project: 9

2. Estimated number of full time jobs retained as a direct result of the proposed project: 219

3. Total number of full time jobs upon project completion: 228

*Wages Created and Retained*

1. Average hourly wage rate for new jobs (w/o benefits) \$18.88

2. Average hourly wage rate for jobs retained (w/o benefits) \$18.51

\*\*\*In addition to answering these questions, please fill out the Job and Wage Description for Tax Abatement Application information sheet and submit it with the application as an attachment.

Please explain why the abatement incentive is necessary to the project: \_\_\_\_\_

Sister company, Mitsubishi Engine North America (MENA), is pursuing a manufacturing location for turbo charger. MENA will consider sharing space and facilities with MCC in Indiana based on available incentives.

**Company Information**

How long has the company been in existence? MCC founded in October 1995

Current address of company headquarters and duration at that address: \_\_\_\_\_

1200 N. Mitsubishi Parkway, Franklin - since 1995

Approximate percentage of employees at current location who live in the City of Franklin and/or Johnson County: 35%

Have you ever received tax abatement at your current location? Yes  No

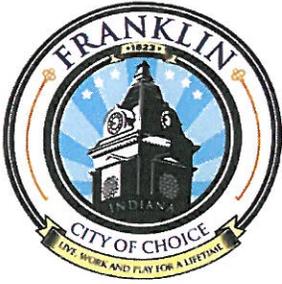
If yes, when and for what term? Personal property abatements in 2012 (machining), 2010 and 2008

What specifically has the company done to give back to the community: MCC is involved in various programs and volunteer activities to support the community, such as United Way of Johnson County, as well as donating to organizations, including Franklin Beautification Committee.

While acting as a strong advocate for using economic incentives to help applicants expand and/or locate in the community, the City of Franklin also strives to enrich the quality of life for its citizens. To that end, the City embraces the use of voluntary economic development fees as allowed under Indiana law (IC 6-1.1-12.1-14). These fees, paid by the applicant, are directed by the City to local nonprofit organizations to bolster their economic development efforts. The fee can be applied on both real and personal property abatements. The fee is collected annually by the County Treasurer as a special assessment on the tax bill and is distributed by the City to the designated economic development nonprofit organization. Typically, 2% is charged on Real Property and 5% is charged on Personal Property. More information can be found on the City's website ([www.franklin.in.gov](http://www.franklin.in.gov)) under the Economic Development tab.

Is the company agreeable to the Economic Development Fee? Yes  No

If yes, at what percent(s)? 2% on Real Property



# CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

## Tax Abatement Application

### Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: Mitsubishi Engine North America, Inc. (MENA)

Primary Contact Name: Josh Lucas

Contact Address: 1250 Greenbriar Drive, Suite E

City: Addison

State: Illinois

Zip: 60101

Phone Number: (630) 268-0750

Email: jluucas@mitsubishi-engine.com

Three possible dates before the EDC

meeting to conduct a site visit: on request

Name of Owner: Mitsubishi Heavy Industries America, Inc.

Parent Company (If Applicable): Mitsubishi Heavy Industries America, Inc.

### Primary Contact for Yearly Compliance Reports

Name: Josh Lucas

Title: Project Manager

Address: 1250 Greenbriar Drive, Suite E

City: Addison

State: Illinois

Zip: 60101

Phone Number: (630) 268-0750

Email: jluucas@mitsubishi-engine.com

### Description of Project

Project Location/Address: 1200 North Mitsubishi Parkway

Parcel Number: Warranty deed Instrument No. 96-3314

Brief Description of Project:

MENA has been engaged in sales and customer service of turbocharger and diesel engine from their headquarters in Illinois. MENA has decided to start manufacturing turbochargers in the United States expecting a growth in the market. MENA will lease part of Mitsubishi Heavy Industries Climate Control, Inc (MCCA) building.

#### Current Assessed Value (AV) of the Property:

- |              |                       |               |
|--------------|-----------------------|---------------|
| 1. Land      | <u>\$1,623,000.00</u> | <u>(MCCA)</u> |
| 2. Building  | <u>\$5,767,800.00</u> | <u>(MCCA)</u> |
| 3. Inventory |                       |               |
| 4. Equipment |                       |               |

Have building permits been applied for (if applicable): Yes  No

Has equipment been installed (if applicable): Yes  No

### Required Attachments:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Completed SB-1 Form(s)                     | <input checked="" type="checkbox"/> Summary of Benefits (if applicable) |
| <input checked="" type="checkbox"/> Legal Description of the Property          | <input checked="" type="checkbox"/> Employment Phase-In Schedule        |
| <input type="checkbox"/> Company Financial Statement                           | <input checked="" type="checkbox"/> Company Investment Timetable        |
| <input checked="" type="checkbox"/> Job and Wage Description Information Sheet | <input checked="" type="checkbox"/> Compliance Affidavit                |

**Type of Abatement Requested**

Real Property

Personal Property

*Project Details*

Project Size (square feet): 29,000

Size of Site (acres): 47

Type of Building:

Multiple Tenants (leased)

Single Tenant (leased)

Owner Occupied

Corporate Headquarters

*Capital Investment*

1. Real property capital investment only: \$913,793.00

2. Personal property capital investment only: \$7,693,125.00

3. Total capital investment for proposed project: \$8,606,918.00

*Jobs Created and/or Retained*

1. Estimated number of full time jobs created by the proposed project: 73

2. Estimated number of full time jobs retained as a direct result of the proposed project: new project

3. Total number of full time jobs upon project completion: 73

*Wages Created and Retained*

1. Average hourly wage rate for new jobs (w/o benefits) \$20.51

2. Average hourly wage rate for jobs retained (w/o benefits) \_\_\_\_\_

\*\*\*In addition to answering these questions, please fill out the Job and Wage Description for Tax Abatement Application information sheet and submit it with the application as an attachment.

Please explain why the abatement incentive is necessary to the project: \_\_\_\_\_

MENA is pursuing a manufacturing location for turbochargers in the US. MENA will consider sharing space and facilities with MCC in Indiana based on available incentives.

**Company Information**

How long has the company been in existence? 28 years

Current address of company headquarters and duration at that address: \_\_\_\_\_

1250 Greenbriar Drive, Suite E, Addison, Illinois 60101

Approximate percentage of employees at current location who live in the City of Franklin and/or Johnson County: 0%

Have you ever received tax abatement at your current location? Yes  No

If yes, when and for what term? \_\_\_\_\_

What specifically has the company done to give back to the community: \_\_\_\_\_

While acting as a strong advocate for using economic incentives to help applicants expand and/or locate in the community, the City of Franklin also strives to enrich the quality of life for its citizens. To that end, the City embraces the use of voluntary economic development fees as allowed under Indiana law (IC 6-1.1-12.1-14). These fees, paid by the applicant, are directed by the City to local nonprofit organizations to bolster their economic development efforts. The fee can be applied on both real and personal property abatements. The fee is collected annually by the County Treasurer as a special assessment on the tax bill and is distributed by the City to the designated economic development nonprofit organization. Typically, 2% is charged on Real Property and 5% is charged on Personal Property. More information can be found on the City's website ([www.franklin.in.gov](http://www.franklin.in.gov)) under the Economic Development tab.

Is the company agreeable to the Economic Development Fee? Yes  No

If yes, at what percent(s)? 5% Personal Property



**STATEMENT OF BENEFITS  
REAL ESTATE IMPROVEMENTS**

State Form 51767 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

**EXHIBIT B**

20 13 PAY 20

FORM SB-1 / Real Property

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
- Eligible vacant building (IC 6-1.1-12.1-4.8)

**INSTRUCTIONS:**

1. This statement must be submitted to the body designating the Economic Revitalization 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** 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, **BEFORE** a deduction may be approved.
3. To obtain a deduction, application Form 322 ERA/RE or Form 322 ERA/VBD, whichever is applicable, must be filed with the County Auditor by the later of: (1) May 10; or (2) thirty (30) days after the notice of addition to assessed valuation or new assessment is mailed to the property owner at the address shown on the records of the township assessor.
4. Property owners whose Statement of Benefits was approved after June 30, 1991, must attach a Form CF-1/Real Property annually to the application to show compliance with the Statement of Benefits. [IC 6-1.1-12.1-5.1(b) and IC 6-1.1-12.1-5.3(f)]
5. The schedules established under IC 6-1.1-12.1-4(d) for rehabilitated property and under IC 6-1.1-12.1-4.8(1) for vacant buildings apply to any statement of benefits approved on or after July 1, 2000. The schedules effective prior to July 1, 2000, shall continue to apply to a statement of benefits filed before July 1, 2000.

SECTION 1 TAXPAYER INFORMATION					
Name of taxpayer <b>Mitsubishi Heavy Industries Climate Control, Inc. <i>MCCA</i></b>					
Address of taxpayer (number and street, city, state, and ZIP code) <b>1200 North Mitsubishi Parkway, Franklin, Indiana 46131</b>					
Name of contact person <b>Bob Francis</b>		Telephone number <b>(317) 346-5010</b>		E-mail address <b>bobf@mhicc.com</b>	
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT					
Name of designating body <b>Franklin Common Council</b>				Resolution number <b>13-06</b>	
Location of property <b>1200 North Mitsubishi Parkway, Franklin, Indiana</b>		County <b>Johnson</b>		DLGF taxing district number	
Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary) <b>New construction - Approximately 10,500 square feet of new building on the northwest end of the current MCC plant north of the current MCC office area.</b>				Estimated start date (month, day, year) <b>04/01/2013</b>	
				Estimated completion date (month, day, year) <b>12/31/2013</b>	
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT					
Current number <b>219.00</b>	Salaries <b>\$8,431,675.00</b>	Number retained <b>219.00</b>	Salaries <b>\$8,431,675.00</b>	Number additional <b>9.00</b>	Salaries <b>\$353,433.00</b>
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			
		COST		ASSESSED VALUE	
Current values		<b>5,767,800.00</b>		<b>5,767,800.00</b>	
Plus estimated values of proposed project		<b>913,793.00</b>		<b>913,793.00</b>	
Less values of any property being replaced					
Net estimated values upon completion of project		<b>6,681,593.00</b>		<b>6,681,593.00</b>	
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER					
Estimated solid waste converted (pounds) <b>0.00</b>			Estimated hazardous waste converted (pounds) <b>0.00</b>		
Other benefits <b>New construction is for space to be used by Mitsubishi Engine North America, Inc. as office and manufacturing space to build turbochargers for small cars. The new construction will be property of Mitsubishi Heavy Industries Climate Control, Inc. However, Mitsubishi Engine North America, Inc. will lease this space.</b>					
SECTION 6 TAXPAYER CERTIFICATION					
I hereby certify that the representations in this statement are true.					
Signature of authorized representative <i>Bob Francis</i>		Title <i>General Mng. Admin</i>		Date signed (month, day, year) <b>2-1-13</b>	



**STATEMENT OF BENEFITS  
PERSONAL PROPERTY**

State Form 51764 (R/1-06)  
Prescribed by the Department of Local Government Finance

**FORM SB-1/PP**

**PRIVACY NOTICE**

The cost and any specific individual's salary information is confidential; the balance of the filing is public record per IC 6-1.1-12.1-5.1 (c) and (d).

**INSTRUCTIONS:**

1. This statement must be submitted to the body designating the Economic Revitalization 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, and/or logistical distribution equipment and/or information technology equipment 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 installation of the new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment, BEFORE a deduction may be approved.
3. To obtain a deduction, a person must file a certified deduction schedule with the person's personal property return on a certified deduction schedule (Form 103-ERA) with the township assessor of the township where the property is situated. The 103-ERA must be filed between March 1 and May 15 of the assessment year in which new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment is installed and fully functional, unless a filing extension has been obtained. A person who obtains a filing extension must file the form between March 1 and the extended due date of that year.
4. Property owners whose Statement of Benefits was approved after June 30, 1991, must submit Form CF-1/PP annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
5. The schedules established under IC 6-1.1-12.1-4.6(d) and (e) apply to equipment installed after March 1, 2001. For equipment installed prior to March 2, 2001, the schedules and statutes in effect at the time shall continue to apply. (IC 6-1.1-12.1-4.6(f) and (g))

SECTION 1 TAXPAYER INFORMATION									
Name of taxpayer Mitsubishi Engine North America, Inc. <b>MENA</b>									
Address of taxpayer (number and street, city, state, and ZIP code) 1250 Greenbriar Drive, Suite E, Addison, Illinois 60101									
Name of contact person Josh Lucas				Telephone number (630) 288-0750					
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT									
Name of designating body City of Franklin Common Council				Resolution number (e) 13-07					
Location of property 1200 North Mitsubishi Parkway, Franklin, Indiana 46131			County Johnson	DLGF taxing district number					
Description of manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment. (use additional sheets if necessary)  Equipment and machinery for manufacturing of turbochargers.				ESTIMATED					
				START DATE		COMPLETION DATE			
				Manufacturing Equipment	07/01/2013	12/31/2013			
				R & D Equipment					
				Logist Dist Equipment					
IT Equipment									
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT									
Current number 0	Salaries	Number retained	Salaries	Number additional 73	Salaries 3,114,238.00				
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.		MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
		COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Current values									
Plus estimated values of proposed project		7,274,375.00	7,274,375.00			418,750.00	418,750.00		
Less values of any property being replaced									
Net estimated values upon completion of project		7,274,375.00	7,274,375.00			418,750.00	418,750.00		
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER									
Estimated solid waste converted (pounds) 0.00			Estimated hazardous waste converted (pounds) 0.00						
Other benefits: MENA will produce turbochargers that help boost power and conserve fuel on small, more fuel efficient car engines.									
SECTION 6 TAXPAYER CERTIFICATION									
I hereby certify that the representations in this statement are true.									
Signature of authorized representative <i>Yasuki Iino</i>			Title President		Date signed (month, day, year) Feb. 4, 2013				

**COMPANY INVESTMENT TIMETABLE MCCA**

	New Building construction	Existing Building Improvement	New Machinery and Equipment	Special Tooling / Retooling	Logistics Equipment	Other Furniture	New Computer / IT Hardware	New Software	Total
Year of Abatement	2013	2013	2013	2013	2013		2013	2013	
1st Quarter									\$0.00
2nd Quarter		\$74,329.00							\$74,329.00
3rd Quarter		\$736,869.00	\$875,000.00	\$15,000.00	\$418,750.00	\$91,250.00			\$2,136,869.00
4th Quarter	\$913,793.00								\$913,793.00
Year of Abatement	2014	2014	2014	2014	2014		2014	2014	
1st Quarter			\$3,950,000.00				\$153,750.00	\$265,000.00	\$4,368,750.00
2nd Quarter									\$0.00
3rd Quarter			\$1,975,000.00						\$1,975,000.00
4th Quarter			\$459,375.00						\$459,375.00
Year of Abatement	2015	2015	2015	2015	2015		2015	2015	
1st Quarter									\$0.00
2nd Quarter									\$0.00
3rd Quarter									\$0.00
4th Quarter									\$0.00
Year of Abatement	2016	2016	2016	2016	2016		2016	2016	
1st Quarter									\$0.00
2nd Quarter									\$0.00
3rd Quarter									\$0.00
4th Quarter									\$0.00
<b>Total</b>	\$913,793.00	\$811,198.00	\$7,259,375.00	\$15,000.00	\$418,750.00	\$91,250.00	\$153,750.00	\$265,000.00	\$0.00

Comp. Dec-2013

Comp. Aug-2013

See shaded area for investment for which MCCA requests abatement :  
 New Building Construction Column - \$913,793 for MCC Building project  
 Completion target is 4th Quarter 2013

**COMPANY INVESTMENT TIMETABLE - MENA**

Year of Abatement	New Building construction	Existing Building Improvement	New Machinery and Equipment	Special Tooling / Retooling	Logistics Equipment	Other Furniture	New Computer / IT Hardware	New Software	Total
2013									
1st Quarter									\$0.00
2nd Quarter		\$74,329.00							\$74,329.00
3rd Quarter		\$736,869.00	\$875,000.00	\$15,000.00	\$418,750.00	\$91,250.00			\$2,136,869.00
4th Quarter	\$913,793.00								\$913,793.00
2014									
1st Quarter			\$3,950,000.00				\$153,750.00	\$265,000.00	\$4,368,750.00
2nd Quarter									\$0.00
3rd Quarter			\$1,975,000.00						\$1,975,000.00
4th Quarter			\$459,375.00						\$459,375.00
2015									
1st Quarter									\$0.00
2nd Quarter									\$0.00
3rd Quarter									\$0.00
4th Quarter									\$0.00
2016									
1st Quarter									\$0.00
2nd Quarter									\$0.00
3rd Quarter									\$0.00
4th Quarter									\$0.00
<b>Total</b>	\$913,793.00	\$811,198.00	\$7,259,375.00	\$15,000.00	\$418,750.00	\$91,250.00	\$153,750.00	\$265,000.00	\$0.00

Comp.Dec-2013      Comp. Aug-2013

See shaded area for investment for which MENA requests abatement :  
 New Machinery and Equipment column \$7,259,375.00,  
 Special tooling / Retooling - \$15,000, and  
 Logistics Equipment - \$418,750. Total : \$7,693,125  
 Target for installation is 3rd Quarter 2013 through 4th Quarter 2014.

**Job Creation / Retention TimeTable (MCCA)**

Year of Abatement	Manager 2013	Technical/ Administration	Precision Production	Operator	Total
1st Quarter					0
2nd Quarter					0
3rd Quarter					0
4th Quarter					0
<b>2014</b>					
Year of Abatement	2014				
1st Quarter					0
2nd Quarter		1	1	1	3
3rd Quarter		1	2	1	4
4th Quarter				2	2
<b>2015</b>					
Year of Abatement	2015				
1st Quarter					0
2nd Quarter					0
3rd Quarter					0
4th Quarter					0
<b>2016</b>					
Year of Abatement	2016				
1st Quarter					0
2nd Quarter					0
3rd Quarter					0
4th Quarter					0
<b>Total</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>9</b>

Average hourly wages                      29.8                      18.71                      13.55

Wages + Benefits                              35.23                      24.14                      18.98

**Job Creation / Retention TimeTable MENA**

<u>Year of Abatement</u>	<u>Manager</u>	<u>Technical / Administration</u>	<u>Engineer</u>	<u>Operator</u>	<u>Total</u>
<u>2013</u>					
<u>1st Quarter</u>					0
<u>2nd Quarter</u>	2	5		1	8
<u>3rd Quarter</u>	1	3		5	9
<u>4th Quarter</u>	2		2	1	5
<u>2014</u>					
<u>1st Quarter</u>					0
<u>2nd Quarter</u>		4		6	10
<u>3rd Quarter</u>		5	2	2	9
<u>4th Quarter</u>		1	2	24	27
<u>2015</u>					
<u>1st Quarter</u>		2			2
<u>2nd Quarter</u>		2			2
<u>3rd Quarter</u>					0
<u>4th Quarter</u>					0
<u>2016</u>					
<u>1st Quarter</u>		1			1
<u>2nd Quarter</u>					0
<u>3rd Quarter</u>					0
<u>4th Quarter</u>					0
<b>Total</b>	5	23	6	39	

Average hourly wages \$33.65 \$26.44 \$33.65 \$13.30

Wages + Benefits \$39.08 \$31.87 \$39.08 \$18.73

**3 YEAR****MCCA**

Sample Property Tax on Real Property (3 Year) with 2% Economic Development Fee

Real Property Tax Investment: \$913,793

Tax Rate: 3.6195%

	<i>2013 Payable 2014</i>	<i>2014 Payable 2015</i>	<i>2015 Payable 2016</i>	
<i>True Cash Value</i>	\$913,793	\$913,793	\$913,793	
<i>Assessed Value</i>	\$913,793	\$913,793	\$913,793	
<i>Net Tax Rate</i>	3.6195%	3.6195%	3.6195%	<i>Total</i>
<i>Tax w/o Abatement</i>	\$33,075	\$33,075	\$33,075	<i>\$99,224</i>
<i>Abatement Rate</i>	100%	66%	33%	
<i>Amount Abated</i>	\$33,075	\$21,829	\$10,915	<i>Total</i>
<i>Taxes Paid w/Abatement</i>	\$0	\$11,245	\$22,160	<i>\$33,405</i>
				<i>Total Fees Paid</i>
<i>2% Fee</i>	\$661	\$437	\$218	<i>\$1,316</i>
				<i>Total Tax Saving without Economic Development Fee</i>
				<i>\$65,819</i>
				<i>Total Tax Savings with 2% Economic Development Fee</i>
				<i>\$64,502</i>







**3 YEAR****MENA****Sample Property Tax on Personal Property (3 Year)**

Personal Property Tax Investment: \$7,693,125

Tax Rate: 3.6195%

	<i>2013 Payable 2014</i>	<i>2014 Payable 2015</i>	<i>2015 Payable 2016</i>	
<i>Cost of Equipment</i>	\$7,693,125	\$7,693,125	\$7,693,125	
<i>True Cash Percentage Rate</i>	65%	50%	35%	
<i>True Cash Value</i>	\$5,000,531	\$3,846,563	\$2,692,594	
<i>Net Tax Rate</i>	3.6195%	3.6195%	3.6195%	<i>Total</i>
<i>Tax w/o Abatement</i>	\$180,994	\$139,226	\$97,458	<b>\$417,679</b>
<i>Abatement Rate</i>	100%	66%	33%	
<i>Amount Abated</i>	\$180,994	\$91,889	\$32,161	<i>Total</i>
<i>Taxes Paid w/Abatement</i>	\$0	\$47,337	\$65,297	<b>\$112,634</b>
				<i>Total Fees Paid</i>
<i>5% Fee</i>	\$9,050	\$4,594	\$1,608	<b>\$15,252</b>
				<i>Total Tax Savings without Economic Development Fee</i>
				<b>\$305,045</b>
				<i>Total Tax Savings with 5% Economic Development Fee</i>
				<b>\$289,793</b>



**7 YEAR**

**MENA**

**Sample Property Tax on Personal Property (7 Year Period)**

Personal Property Tax Investment: \$7,693,125

Tax Rate: 3.6195%

	<i>2013 Payable 2014</i>	<i>2014 Payable 2015</i>	<i>2015 Payable 2016</i>	<i>2016 Payable 2017</i>	<i>2017 Payable 2018</i>	<i>2018 Payable 2019</i>	<i>2019 Payable 2020</i>	
<i>Cost of Equipment</i>	\$7,693,125	\$7,693,125	\$7,693,125	\$7,693,125	\$7,693,125	\$7,693,125	\$7,693,125	
<i>True Cash Percentage Rat</i>	40%	56%	42%	32%	24%	18%	15%	
<i>True Cash Value</i>	\$3,077,250	\$4,308,150	\$3,231,113	\$2,461,800	\$1,846,350	\$1,384,763	\$1,153,969	
<i>Net Tax Rate</i>	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	<i>Total</i>
<i>Tax w/o Abatement</i>	\$111,381	\$155,933	\$116,950	\$89,105	\$66,829	\$50,121	\$41,768	<i>\$632,088</i>
<i>Abatement Rate</i>	100%	85%	71%	57%	43%	29%	14%	
<i>Amount Abated</i>	\$111,381	\$132,543	\$83,035	\$50,790	\$28,736	\$14,535	\$5,848	<i>Total</i>
<i>Taxes Paid w/Abatement</i>	\$0	\$23,390	\$33,916	\$38,315	\$38,092	\$35,586	\$35,920	<i>\$205,220</i>
								<i>Total Fees Paid</i>
<i>5% Fee</i>	\$5,569	\$6,627	\$4,152	\$2,539	\$1,437	\$727	\$292	<i>\$21,343</i>
								<i>Total Tax Savings without Economic Development Fee</i>
								<i>\$426,868</i>
								<i>Total Tax Savings with 5% Economic Development Fee</i>
								<b>\$405,525</b>

**10 YEAR**

**MENA**

**Sample Property Tax on Personal Property (10 Year Period)**

Personal Property Tax Investment: \$7,693,125

Tax Rate: 3.6195%

	2013 <i>Payable 2014</i>	2014 <i>Payable 2015</i>	2015 <i>Payable 2016</i>	2016 <i>Payable 2017</i>	2017 <i>Payable 2018</i>	2018 <i>Payable 2019</i>	2019 <i>Payable 2020</i>	2020 <i>Payable 2021</i>	2021 <i>Payable 2022</i>	2021 <i>Payable 2022</i>	
<b>Cost of Equipment</b>	\$7,693,125	\$7,693,125	\$7,693,125	\$7,693,125	\$7,693,125	\$7,693,125	\$7,693,125	\$7,693,125	\$7,693,125	\$7,693,125	
<b>True Cash Percentage Rate</b>	40%	60%	55%	45%	37%	30%	25%	20%	16%	12%	
<b>True Cash Value</b>	\$3,077,250	\$4,615,875	\$4,231,219	\$3,461,906	\$2,846,456	\$2,307,938	\$1,923,281	\$1,538,625	\$1,230,900	\$923,175	
<b>Net Tax Rate</b>	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	<b>Total</b>
<b>Tax w/o Abatement</b>	\$111,381	\$167,072	\$153,149	\$125,304	\$103,027	\$83,536	\$69,613	\$55,691	\$44,552	\$33,414	<b>\$946,739</b>
<b>Abatement Rate</b>	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	
<b>Amount Abated</b>	\$111,381	\$150,364	\$122,519	\$87,713	\$61,816	\$41,768	\$27,845	\$16,707	\$8,910	\$3,341	<b>Total</b>
<b>Tax Paid w/Abatement</b>	\$0	\$16,707	\$30,630	\$37,591	\$41,211	\$41,768	\$41,768	\$38,983	\$35,642	\$30,073	<b>\$314,373</b>
											<b>Total Fees Paid</b>
<b>5% Fee</b>	\$5,569	\$7,518	\$6,126	\$4,386	\$3,091	\$2,088	\$1,392	\$835	\$446	\$167	<b>\$31,618</b>
											<b>Total Tax Savings without Economic Development Fee</b>
											<b>\$632,366</b>
											<b>Total Tax Savings with 5% Economic Development Fee</b>
											<b>\$600,748</b>