Memorandum

To: City of Franklin Economic Development Commission

From: Krista Linke, Community Development Director

Date: April 24, 2015

Re: Case C 2015-22: Mitsubishi Heavy Industries Climate Control, Inc.

Summary:

1. On April 28th, 2008, the Franklin Common Council passed Resolution No. 2008-08 confirming resolution 2008-02, approving a 7-year tax abatement on personal property for Mitsubishi, located at 1200 N. Mitsubishi Parkway.

2. Actual and estimated benefits, as projected for 2014:

	Estimated on SB-1	Actual in 2014	Difference
Employees Retained	139	44	-95
Salaries	\$6,146,532	\$2,427,584	-\$3,718,948
New Employees	36	168	132
Salaries	\$1,042,003	\$6,960,459	\$5,918,456
Total Employees	175	212	37
Total Salaries	\$7,188,535	\$9,388,043	\$2,199,508
Average Hourly Salaries	\$19.75	\$21.29	\$1.54
Personal Property Improvements	\$5,317,174	\$5,677,155	\$359,981

- 3. The company had a total of 110 employees at the end of 2011. They had 211 total employees at the end of 2012. They had 219 total employees at the end of 2013. In 2014 they still exceed the total number of employees originally estimated. Average hourly salaries are also above estimated. Please see the attached letter from Bob Francis dated February 26th that explains this further.
- 4. The company exceeded their estimate provided on their SB-1 Form for personal property.
- 5. The personal property tax abatement for Mitsubishi is scheduled to expire in tax year 2015 payable 2016. The final compliance review will take place in 2016.

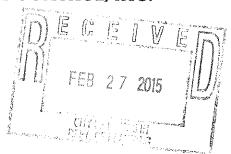
Staff Recommendation: Approval



MITSUBISHI HEAVY INDUSTRIES CLIMATE CONTROL, INC.

February 25, 2015

Krista Linke, AICP Director of Community Development City of Franklin 70 E. Monroe Street Franklin, Indiana 46131



RE: Annual Tax Abatement Compliance - Common Council Resolution 08-02

Dear Economic Development Commission Members:

Mitsubishi Heavy Industries Climate Control, Inc. (MCC) requested and was granted tax abatement (Resolution 08-02) by the City of Franklin on \$5,317,174.00 for personal property (a new automotive air conditioning compressor assembly line) to be purchased and installed during the fourth quarter 2008. The tax abatement was to begin for 2009 taxes payable to 2010. MCC has complied with the machinery and equipment purchase and installation. The new assembly line was installed during 2008 and is operational. See attachments - Form CF-1 / PP, Investment Time Table for QS Assembly Line machines.

The new compressor assembly line was installed to produce a new style (QS) compressor that we felt would enable MCC to obtain new business, maintain the 139 jobs we listed on Form SB-1 dated 3/4/08 and add 18 jobs during the fourth quarter 2009 and 18 jobs during the fourth quarter 2010 for a total of 175 jobs.

However, the 2009/2010 global and automotive industry economic crisis that we were facing resulted in reduced sales that caused MCC to stop production and reduce headcount from the 139 jobs that we planned to maintain down to 44 that we reported on Form CF-1/PP dated February 16, 2010. MCC has since been awarded a new business contract with a major automotive manufacturer that resulted in restarting production during the third quarter 2011. We hired nine (9) new employees during 2010, 57 employees during 2011, 111 employees during 2012, had a reduction of two employees during 2013 and a reduction of seven employees during 2014. We had thirteen job openings at the end of 2014 that, when filled, will bring total employees to 225. The total number of employees at the end of 2014 is 212, or 32 more than the 175 projected on our original request for tax abatement. See the Job Retention and Creation Schedule attached to Form CF-1/PP dated February 25, 2015.

We would like to thank the City of Franklin for continued support in approving our tax abatement compliance request for previous projects and we respectfully request that the City of Franklin will continue to look favorably upon our growth activities and grant this 2015 compliance request for the abatement on taxes for 2014 payable 2015.

Respectfully,

Bob Francis

General Manager Administration

Bd. France

Mitsubishi Heavy Industries Climate Control, Inc. (MCC)

FORM CF-1/PP

COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (R / 1-06) Prescribed by the Department of Local Government Finance

INSTRUCTIONS:

- 1. Property owners whose Statement of Benefits was approved must file this form with the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
- 2. This form must be filed with the Form 103-ERA Schedule of Deduction from Assessed Value between March 1, and May 15, of each year, unless a filing extension under IC 6-1.1-3.7 has been granted. A person who obtains a filing extension must file between March 1, and the extended due date of each year.
- 3. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance

SECTION 1		TAXPAYE	R INFORM <i>A</i>	ИОП				
Name of taxpayer Mitsubishi Heavy Industries Climate Control	ino							
Address of taxpayer (number and street, city, state, an	<u></u> .	***************************************						
1200 North Mitsubishi Parkway, Franklir	,	121						
Name of contact person	i, maiana 40	101		***************************************		Telephone nun	har	
Bob Francis						(317) 346-		
SECTION 2	LOCAT	le N. AMB DES	Ne Rie Hain	DF PROPERTY		(317)340-	3010	
Name of designating body						Resolution nur	nber	
Franklin City Council		08-02	11.701					
Location of property		DLGF taxing di	istrict number					
1200 North Mitsubishi Parkway, Franklin, Indiana	46131	nty hnson		41-018	ATTION STORTSOON	<u> </u>		
Description of new manufacturing equipment, or new r	esearch and dev	elopment equipr			oav	Estimated start	ing date /mg	nth day year)
equipment, or new logistical distribution equipment to t	se acquired.	,			-97	09/01/200		1
New assembly line to assemb	e car air-c	conditioni	na comp	ressor mod	lel:		-	month, day, year)
:			.a comp	. JUJUL IIIU	w :	01/30/2009	, (,, you,
SECTION 3		EMPLOYEE	S AND SAL	ARIES		0.70072000		
	EES AND SAL				ASES	TIMATED ON S	R-1	ACTUAL
Current number of employees					139.00	Innaile On C		2/2
Salaries					6,146,532	. 00		584.00 9,388,0
Number of employees retained					139.00		44	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Salaries	***************************************				6,146,532	2.00		594.00
Number of additional employees					36.00	2,427,584.00		
Salaries					1,042,003			
SECTION 4		COST A	ND VALUE		1,012,000		j 0,300,	439.00
		ACTURING	NO CONTRACTOR DE LA CON	QUIPMENT	LOGIST DIST EQUIPMENT		IT FO	UIPMENT
	EQU	PMENT			EQU	IPMENT	11 200	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	cost	ASSESSED VALUE
Values before project	1	ASSESSED		ASSESSED		ASSESSED		ASSESSED
Values before project Plus: Values of proposed project	1	ASSESSED		ASSESSED		ASSESSED		ASSESSED
Values before project Plus: Values of proposed project Less: Values of any property being replaced	COST	ASSESSED VALUE		ASSESSED		ASSESSED		ASSESSED
Values before project Plus: Values of proposed project	COST	ASSESSED VALUE		ASSESSED		ASSESSED		ASSESSED
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL	5,317,174.00	ASSESSED VALUE 5,317,174.00		ASSESSED		ASSESSED		ASSESSED
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project	5,317,174.00 5,317,174.00 COST	5,317,174.00 5,317,174.00 ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project	5,317,174.00 5,317,174.00	5,317,174.00 5,317,174.00 ASSESSED	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project Less: Values of any property being replaced	5,317,174.00 5,317,174.00 COST 5,677,155.00	5,317,174.00 5,317,174.00 5,317,174.00 ASSESSED VALUE 5,677,155.00	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project	5,317,174.00 5,317,174.00 COST	5,317,174.00 5,317,174.00 ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project Less: Values of any property being replaced	5,317,174.00 5,317,174.00 COST 5,677,155.00 5,677,155.00	5,317,174.00 5,317,174.00 ASSESSED VALUE 5,677,155.00 5,677,155.00	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project NOTE: The COST of the property is confidentia	5,317,174.00 5,317,174.00 COST 5,677,155.00 5,677,155.00 Il pursuant to IC	5,317,174.00 5,317,174.00 ASSESSED VALUE 5,677,155.00 5,677,155.00 6-1,1-12,1-5	cost cost	ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project NOTE: The COST of the property is confidentia	5,317,174.00 5,317,174.00 COST 5,677,155.00 I pursuant to K	ASSESSED VALUE 5,317,174.00 5,317,174.00 ASSESSED VALUE 5,677,155.00 5,677,155.00 C 6-1,1-12,1-5 ND OTHER B	cost cost	ASSESSED VALUE ASSESSED VALUE ROMISED BY T	COST	ASSESSED VALUE ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project NOTE: The COST of the property is confidential SECTION 5 WASTE CO	5,317,174.00 5,317,174.00 COST 5,677,155.00 I pursuant to K	ASSESSED VALUE 5,317,174.00 5,317,174.00 ASSESSED VALUE 5,677,155.00 5,677,155.00 C 6-1,1-12,1-5 ND OTHER B	cost cost	ASSESSED VALUE ASSESSED VALUE ROMISED BY T	COST	ASSESSED VALUE ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED VALUE
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project NOTE: The COST of the property is confidential SECTION 5 WASTE CONVERTE	5,317,174.00 5,317,174.00 COST 5,677,155.00 I pursuant to K	ASSESSED VALUE 5,317,174.00 5,317,174.00 ASSESSED VALUE 5,677,155.00 5,677,155.00 C 6-1,1-12,1-5 ND OTHER B	cost cost	ASSESSED VALUE ASSESSED VALUE ROMISED BY T	COST COST IE TAXPAY AS ESTIM	ASSESSED VALUE ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED VALUE
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project NOTE: The COST of the property is confidential SECTION 5 WASTE CONVERTE Amount of solid waste converted Amount of hazardous waste converted	5,317,174.00 5,317,174.00 COST 5,677,155.00 I pursuant to K	ASSESSED VALUE 5,317,174.00 5,317,174.00 ASSESSED VALUE 5,677,155.00 5,677,155.00 C 6-1,1-12,1-5 ND OTHER B	cost cost	ASSESSED VALUE ASSESSED VALUE ROMISED BY T	COST COST TE TAXPAY AS ESTIM/	ASSESSED VALUE ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED VALUE
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project NOTE: The COST of the property is confidential SECTION 5 WASTE CONVERTE Amount of solid waste converted	5,317,174.00 5,317,174.00 COST 5,677,155.00 I pursuant to K	ASSESSED VALUE 5,317,174.00 5,317,174.00 ASSESSED VALUE 5,677,155.00 5,677,155.00 C 6-1,1-12,1-5 ND OTHER B	COST COST .6 (d).	ASSESSED VALUE ASSESSED VALUE ROMISED BY TI	COST COST LE TAXPAY AS ESTIM/ 0 0	ASSESSED VALUE ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED VALUE
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project NOTE: The COST of the property is confidential SECTION 5 WASTE CONVERTE Amount of solid waste converted Amount of hazardous waste converted Other benefits: SECTION 6	5,317,174.00 5,317,174.00 COST 5,677,155.00 5,677,155.00 Il pursuant to IC DIVERTED AI	5,317,174.00 5,317,174.00 ASSESSED VALUE 5,677,155.00 5,677,155.00 C 6-1,1-12,1-5 ND OTHER BIR BENEFITS	COST COST .6 (d).	ASSESSED VALUE ASSESSED VALUE ROMISED BY TI	COST COST LE TAXPAY AS ESTIM/ 0 0	ASSESSED VALUE ASSESSED VALUE	COST	ASSESSED VALUE ASSESSED VALUE
Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project ACTUAL Values before project Plus: Values of proposed project Less: Values of any property being replaced Net values upon completion of project NOTE: The COST of the property is confidential SECTION 5 WASTE CONVERTE Amount of solid waste converted Amount of hazardous waste converted Other benefits: SECTION 6 I hereby certify that the representations in this s	5,317,174.00 5,317,174.00 COST 5,677,155.00 5,677,155.00 Il pursuant to IC DIVERTED AI	ASSESSED VALUE 5,317,174.00 5,317,174.00 ASSESSED VALUE 5,677,155.00 5,677,155.00 C 6-1,1-12,1-5 ND OTHER B R BENEFITS TAXPAYER (ue.	COST COST .6 (d). ENEFITS PE	ASSESSED VALUE ASSESSED VALUE ROMISED BY TI	COST COST COST AE TAXPAY AS ESTIM/ 0 0 0	ASSESSED VALUE ASSESSED VALUE ASSESSED VALUE Date signed (maximum)	COST	ASSESSED VALUE ASSESSED VALUE CTUAL

Job Creation and Retention Schedule

Resolution 08-02

Attachment to Form CF-1 (Compliance with Statement of Benefits): Job Creation Schedule by Quarter

Mitsubishi Heavy Industries Climate Control, Inc. (MCC)

SB-1 03/04/08 Retained 139, added 18 in 4th quarter 2009 and 18 in 4th quarter 2010 for a total of 175 at the end of 2010. Major layoff in 2009 - stopped production - retained 44 employees at year end.

		Retained	New 1st Qtr	New 2nd Qtr	New 3rd Qtr	New 4th Qtr	Year End Total
2009	Proposed (SB-1)	139	-			18	157
2003	Actual ->	44	_	-	_	-	44
2010	Proposed (SB-1)	157	_	m.	-	18	175
2010	Actual ->	44	1	2	3	3	53
2011	Proposed (SB-1)	175	_	-	-	***	175
2011	Actual ->	53	15	19	21	2	110
2012	Proposed (SB-1)	175	-	<u></u>	-	-	175
2012	Actual ->	110	47	27	23	14	221
2013	Proposed (SB-1)	175			~	-	175
2013	Actual ->	221			-	-2	219

2014

Proposed (SB-1)
*** Actual ->

Retained	New 1st Qtr	New 2nd Qtr	New 3rd Qtr	New 4th Qtr	Year End Total
175	-	-	_		175
219	-	-77		-	212

^{***} NOTE: We had thirteen (13) job openings at the end of 2014 - that, when filled, will bring the total employment to 225.

The 212 number is the actual number of employees on the payroll at the end of 2014.

Company Investment Time Table

Resolution 08-02

Mitsubishi Heavy Industries Climate Control, Inc. (MCC) 1200 North Mitsubishi Parkway Franklin, IN 46131

		Total			\$270.868.00	\$4,593,217.00	\$704,316.00	2009	\$108 754 00	00:10:00:0								\$5,677,155.00
Equipment	Type 3	(Tooling)	2008				\$10,000.00											\$10,000.00
	Equipment Type	2 (Fixtures)	2008		\$270,868.00		\$159,086.00	2009	\$108,754.00									\$538,708.00
Equipment Type	pu	Equipment)	2008			\$4,593,217.00	\$535,230.00											\$5,128,447.00
		Buildings					THE PARTY OF THE P											
	\$ position representation of the second		Year of Abatement	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year of Abatement	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year of Abatement	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total

Note: This money has been spent and the machines and equipment are installed and operational.