

CITY OF FRANKLIN

Community Development Department

Memorandum

- To: City of Franklin Economic Development Commission
- From: Rhoni Oliver, Community Development Specialist

Date: March 8, 2018

Re: Case C 2018-30: Mitsubishi Heavy Industries Climate Control, Inc.

Summary:

- On May 17th, 2010, the Franklin Common Council passed Resolution No. 2010-10 approving a 10-year tax abatement on real property and a 10-year tax abatement on personal property for Mitsubishi, located at 1200 N. Mitsubishi Parkway.
- 2. Actual and estimated benefits, as projected for 2017:

	Estimated on SB-1	Actual in 2017	Difference
Employees Retained	44	44	0
Salaries	\$2,638,636	\$2,443,984	-\$194,652
New Employees	67	150	83
Salaries	\$2,308,134	\$7,834,326	\$5,526,192
Total Employees	111	194	83
Total Salaries	\$4,946,770	\$10,278,310	\$5,331,540
Average Hourly Salaries	\$21.43	\$25.47	\$4.05
Personal Property Improvements	\$8,496,346	\$8,751,627	\$255,281

- 3. The company reported 110 total jobs with an average hourly salary of \$19.05 in 2011. They added 101 jobs in 2012 and slightly increased the average hourly salary. Their overall number of employees in 2013 was 219. In 2015, the total number of employees was 189. The total number of employees in 2016 was 199, and the average hourly salary exceeds the SB-1 estimate. In 2017 MCC had 194 employees at an average hourly salary of \$25.47, both of which are considerably higher than SB-1 estimates.
- 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 2020 payable 2021. The final compliance review will take place in 2021.

Staff Recommendation: Approval

MITSUBISHI HEAVY INDUSTRIES CLIMATE CONTROL, INC.

February 23, 2018

Rhoni Oliver Community Development Specialist City of Franklin 70 E. Monroe Street Franklin, Indiana 46131

RE: Annual Tax Abatement Compliance - Common Council Resolution 10-10

Dear Economic Development Commission Members:

Mitsubishi Heavy Industries Climate Control, Inc. (MCC) requested and was granted tax abatement (Resolution 10-10) by the City of Franklin on \$8,893,188.00 for personal property (Assembly line upgrades, Inspection equipment and Machining equipment) to be purchased and installed during 2010 and 2011. The personal property improvements have been completed. Personal property actual spending was \$9,110,252.00 – see Form CF-1/PP and also Investment Time Table form that are included with this report.

These investments were necessary to manufacture car air conditioning compressors for a new global contract that MCC was awarded with a major US automobile manufacturer. These investments were needed to produce a new style (QS) compressor for this new contract, maintain the 44 jobs we listed on Form SB-1 dated 4/16/2010 and add 67 jobs (35 during 2011 and 32 during 2012) for a total of 111 jobs. MCC has maintained the 44 jobs listed on Form SB-1 dated 4/16/2010 and has added 9 jobs during 2010, 57 jobs during 2011, and 111 during 2012. The 2017 year-end total of employees on the payroll was 194. We had seven (7) job openings at the end of 2017 that, when filled, will bring the total employment to 201. See the Job Retention and Creation schedule attached.

We would like to thank the City of Franklin for its continued support in approving our tax abatement compliance requests for previous projects and we respectfully request that the City of Franklin will continue to look favorably upon our growth activities and grant this 2018 compliance request relative to Common Council Resolution 10-10 for the abatement on taxes for 2017 payable 2018.

Respectfully,

Bol. Frances

Bob Francis General Manager Administration Mitsubishi Heavy Industries Climate Control, Inc. (MCC)

Susan Cunningham Attorney at Law - Counsel Mitsubishi Heavy Industries Climate Control, Inc. (MCC)



State Form 51765 (R4 / 11-16)

INSTRUCTIONS:

FORM CF-1 / PP

PRIVACY NOTICE This form contains information confidential pursuant to IC 6-1.1-35-9 and IC 6-1.1-12.1-5.6.

Prescribed by the Department of Local Government Finance

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)

- This form must be filed with the Form 103-ERA Schedule of Deduction from Assessed Value between January 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 January 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 (CF-1).

SECTION 1		TAXPAYER	INFORMAT	ION				
Name of taxpayer						County		
Mitsubishi Heavy Industries Clima		Inc.				Johnson		
Address of taxpayer (number and street, city, state, and	,					DLGF taxing dis		
1200 North Mitsubishi Parkway, F	ranklin, Ind	diana 4613	31			1	41-018	
Name of contact person						Telephone num		
Bob Francis or Susan Cunning		and the second strangers	a and a state of the state of the state			(317)3	846-5010)
SECTION 2 Name of designating body	LOCATI	ON AND DESC	and the second	and the first of the second				
Franklin Common Council			Resolu	tion number 10-10		Estimated start	•	,
Location of property	·····		l	10-10		1	8/01/201	
1200 North Mitsubishi Parkway, Fi						Actual start date	(month, day, 1 8/01/2:0 1	- /
Description of new manufacturing equipment, or new re	search and deve	elopment equipm	ent, or new inf	ormation techno	logy	Estimated comp	letion date (m	onth, day, year)
equipment, or new logistical distribution equipment to b Upgrade to assembly line, new machining and in		nment and buil	ding improve	monto in the r	nachinina		2/31/201	
and assembly areas to machine and assemble a	automotive air	conditioning co	ang improve	ements in the i	nacinimiy	Actual completion	n date (monti	h, day, year)
						1	2/31/201	1
SECTION 3		EMPLOYEES	AND SALA	RIES			an an an an taraithe an tar Taraithe an taraithe an tar	n de la Alagona de San Alagona de San
	ES AND SAL	ARIES			AS ES	TIMATED ON S	B-1	ACTUAL
Current number of employees			<u></u>			11 1		194
Salaries						4946,770	1(),272,310.00
Number of employees retained						44		44
Salaries						2,638,636.00	3	2,433,984
Number of additional employees						67		150
Salaries SECTION 4				an a		2,308,134.00	~	1,834,324
SECTION 4	MANUFA		ID VALUES R & D EC			ST DIST	IT EQI	JIPMENT
AS ESTIMATED ON SB-1	COST	ASSESSED	COST	ASSESSED	COST	ASSESSED		ASSESSED
Values before project		VALUE		VALUE		VALUE	COST	VALUE
Plus: Values of proposed project	8,496,346.00	8,495,346.00	200 840 00	000 040 00				
Less: Values of any property being replaced	6,490,340.00	6,495,346.00	396,842.00	396,842.00				
Net values upon completion of project	8,496,346.00	0.400.040.00	000 040 00					
		8,496,346.00 ASSESSED	396,842.00	396,842.00 ASSESSED		ASSESSED		ASSESSED
ACTUAL	COST	VALUE	COST	VALUE	COST	VALUE	COST	VALUE
Values before project		í ({ }				
	f					+		
Plus: Values of proposed project	8,751,627.00	8,751,627.00	358,625.00	358,625.00				
Less: Values of any property being replaced	8,751,627.00	8,751,627.00	358,625.00	358,625.00				
	8,751,627.00 8,751,627.00	8,751,627.00 8,751,627.00	358,625.00 358,625.00	358,625.00				
Less: Values of any property being replaced	8,751,627.00	8,751,627.00	358,625.00					
Less: Values of any property being replaced Net values upon completion of project NOTE: The COST of the property is confidential	8,751,627.00 pursuant to IC	8,751,627.00	358,625.00 i(c).	358,625.00	HE TAXPAY	ER		
Less: Values of any property being replaced Net values upon completion of project NOTE: The COST of the property is confidential	8,751,627.00 pursuant to IC NVERTED AN	8,751,627.00 6-1.1-12.1-5.6 ID OTHER BE	358,625.00 i(c).	358,625.00 DMISED BY T		ER TED ON SB-1	AC	TUAL
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OPTIONAL: FOR USE BY A DESIGNATING BODY WHO ELECTS TO REVIEW THE COMPLIANCE WITH STATEMENT OF BENEFITS (FORM CF-1) THAT WAS APPROVED AFTER JUNE 30, 1991.

INSTRUCTIONS: (IC 6-1.1-12.1-5.9)

- 1. This page does not apply to a Statement of Benefits filed before July 1, 1991; that deduction may not be terminated for a failure to comply with the Statement of Benefits.
- 2. Within forty-five (45) days after receipt of this form, the designating body may determine whether or not the property owner has substantially complied with the Statement of Benefits.
- 3. If the property owner is found NOT to be in substantial compliance, the designating body shall send the property owner written notice. The notice must include the reasons for the determination and the date, time and place of a hearing to be conducted by the designating body. If a notice is mailed to a property owner, a copy of the written notice will be sent to the County Assessor and the County Auditor.
- 4. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable effort to substantially comply with the Statement of Benefits and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
- 5. If the designating body determines that the property owner has NOT made reasonable effort to comply, then the designating body shall adopt a resolution terminating the deduction. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the County Auditor; and (3) the County Assessor.

We have reviewed the CF-1 an	id find that:			
the property owner IS in s	substantial compliance			
	T in substantial compliance			
	r in substantial compliance			
	······································			
Reasons for the determination (attac.	h additional sheets if necessary)			
Signature of authorized member				Date signed (month, day, year)
Attested by:			Designating body	
If the property owner is found r time has been set aside for the	not to be in substantial compliance purpose of considering complian	e, the proper ice.	ty owner shall receive the opportunity	for a hearing. The following date and
Time of hearing AM	Date of hearing (month, day, year)	Location of h	-	
		LTS (<i>to be o</i>	completed after the hearing)	
Descent for the determination (attack	Approved		Denied (see instruction 5 above)	
Reasons for the determination (attach	additional sheets it necessary)			
Signature of authorized member				Date signed (month, day, year)
Attested by:			Designating body	
	APPFAI	RIGHTS IIC	6-1.1-12.1-5.9(e)]	
A property owner where deduct				
clerk of Circuit or Superior Court	t together with a bond conditioner	ody may app d to pay the	peal the designating body's decision by costs of the appeal if the appeal is de	y filing a complaint in the office of the termined against the property owner

Company Investment Time Table

Resolution 10-10 Mitsubishi Heavy Industries Climate Control, Inc. (MCC)

1200 North Mitsubishi Parkway Franklin, IN 46131

			Total	0700	2010									2044	1104							\$0 110 0E0 00	
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	4	Buildings	2010										2011										
			Year of Abatement	1et Olivertor	In angle	2nd Quarter	Red Outstan		14th Quarter		and the second se	Vear of Abatament	I cal of Abatement	1 st Ouartor		Znd Quarter	3rd Ouartar		14th Quarter		I Otal		

Note: This money has been spent and the machines and equipment are installed and operational. *** NOTE: Abatement request has also been referred to as Common Council Resolution 10-10

Job Creation and Retention Schedule

Resolution 10-10

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

Attachment to Form CF-1 (Compliance with Statement of Benefits) :

Job Creation Schedule by Quarter

	_						
		Retained	New 1st Qtr	New 2nd Qtr	New 3rd Qtr	New 4th Qtr	Year End Total
2011	Proposed (SB-1)	44	0	0	22	13	67
	Actual ->	53	15	19	21		
2012	Proposed (SB-1)	62	21		0		111
*Y17	Actual ->	110	47	27			
2017	Proposed (SB-1)	111	0	0			111
1107	Actual ->	196	0				TTT

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NOTE: We had seven (7) job openings at the end of 2017 that, when filled, will bring the total The 194 number is the actual number of employees on the payroll at the end of 2017. employment from 194 to 201.