



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: March 9, 2021
Re: Case C 2021-20: Premium Composite Technology North America (PCTNA)

Summary:

1. On April 20th, 2009, the Franklin Common Council passed Resolution No. 2009-02, approving a 10-year tax abatement on real property with a 2% Economic Development Fee and a 10-year tax abatement on personal property with a 5% Economic Development Fee at 2101 Commerce Parkway (formerly Musicland Drive).
2. Actual and estimated benefits, as projected for 2020:

	Estimated on SB-1	Actual in 2020	Difference
Employees	37	33	-4
Salaries	\$2,100,000	\$1,384,569.49	-\$715,431
Average Hourly Salaries	\$27.29	\$20.17	-\$7.12
Real Property Improvements	\$5,350,000	\$5,350,000	\$0
Personal Property Improvements	\$8,630,000	\$14,072,523	\$5,442,523

3. The company indicated they would hire all 37 new employees by the end of 2010. There were 10 employees at the end of 2010, 21 employees by the end of 2011, and 23 employees at the end of 2012. At the end of 2013 they has 45 employees and the average hourly salary was \$7.97 lower than estimated. They explained in 2014 that 18 of the employees are temp to hire in various stages of the hiring process. In 2015, there were 55 employees at an average hourly salary of \$20.94, which is still under SB-1 estimate by \$6.34. In addition to the jobs mentioned above, their parent company has located an additional 4 employees at this location. These 4 employees are not included in the above employment and salary figures. In 2016 there were 55 employees, which exceeds the estimate. They are employed at an average hourly salary of \$23.87 which is less than the SB-1 estimate by \$3.41. In 2017 the number of employees and total salaries exceed the SB-1 estimates, but the hourly wage is \$7.99 less than the estimate. In 2018 the number of employees exceeded the SB-1 estimate, but the hourly salaries were \$6.19 below, which is \$1.80 higher than 2017. In 2019 due to the ending of several programs, PCTNA has reduced working hours from 24/7 to 5 days per week. In 2019 there were 4 lines with only 2 producing material. In 2020 due to Covid and the sale of the company the lines continued to remain with only 2 producing and the staff was reduced to 4 less than anticipated. Wages are also below the stated goal on the SB-1. The company however now has new leadership and the plans are for the new parent company to increase production and add a new line of product which should bring the numbers to the goal of 37 as well as increase wages.

4. The company has met the estimate provided on their SB-1 Form for real property.
5. The company was behind schedule on their personal property investment and requested an extended completion date. In 2013 they exceeded their estimate.
6. The tax abatements for PCTNA are scheduled to expire in tax year 2023 payable 2024. The final compliance review will take place in 2023.

Staff Recommendation: Approval



Premium Composite Technology

Premium Composite Technology North America, Inc.

15 February 2021

Ms. Dana Monson, Community Development Specialist
Department of Planning & Economic Development
70 E. Monroe Street
Franklin, IN 46131

Dear Ms. Monson:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatements granted to Premium Composite Technology, North America, Inc. in 2009 under Franklin Common Council resolution 2009-02

Premium Composite Technology North America, Inc. has struggled this year to achieve the goals set in our original proposal. Please see the attached Deficiency Statement.

Our production has reduced to 24 hours per day, 5 days per week. We now have 4 lines with only 2 producing material.

We continue to work hard to exceed the goals set forth in our Tax Abatement application and request that the City of Franklin look favorably upon our activities and grant us an extension of time to be in full compliance with our tax abatement commitments.

Respectfully

Premium Composite Technology North America, Inc.

Steven E. Tames
Managing Director



Premium Composite Technology

Premium Composite Technology North America, Inc.

Deficiency Statement

It has always been the intent of Premium Composite Technology North America, Inc. (PCTNA) to meet or exceed our goals in relation to our Tax Abatement. We have exceeded the investment goals for PCTNA, however due to the ending of several programs, and the impact of COVID-19 we had to reduce our staff by 4 staff members and fall short of the 37-person target.

In April 2020, Toyota Tsusho Corporation and Toyota Tsusho America, Inc. sold 100% of the shares of PCTNA to Ube Industries, Ltd (UBE). UBE is a Nylon manufacturer and has plans to expand their footprint in the North American market. PCNTA is the first step in expanding into this market.

We have added a new product for UBE that started in October 2020 and will continue to grow this year. WE are modifying one of our production lines to fit other new products for UBE. We are working with customers on the trials from 2019 and 2020 to secure new business as we recover from the COVID-19 Pandemic. As we continue to add new products, our need for additional staff will increase.

It is our desire to request that the city of Franklin look favorably upon our activities and grant us an extension of time to be in full compliance with our tax abatement commitments.



**COMPLIANCE WITH STATEMENT OF BENEFITS
PERSONAL PROPERTY**

State Form 51765 (R4 / 11-16)

Prescribed by the Department of Local Government Finance

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.

- 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 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 INFORMATION		
Name of taxpayer Premium Composite Technology North America, Inc.	County Johnson	
Address of taxpayer (number and street, city, state, and ZIP code) 2101 Commerce Parkway, Franklin, IN 46131	DLGF taxing district number 41009	
Name of contact person Steven Tames, Managing Director	Telephone number (317) 346-0011	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body The City of Franklin Common Council	Resolution number 2009-02	Estimated start date (month, day, year) 06/01/2009
Location of property Franklin	Actual start date (month, day, year)	
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired.	Estimated completion date (month, day, year) 06/30/2010	
	Actual completion date (month, day, year)	

SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	0	33
Salaries	0.00	1,384,569.49
Number of employees retained	37	33
Salaries	2,100,000.00	1,384,569.49
Number of additional employees	37	0
Salaries	2,100,000.00	0.00

SECTION 4 COST AND VALUES								
AS ESTIMATED ON SB-1	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	0.00							
Plus: Values of proposed project	8,630,000.00							
Less: Values of any property being replaced	0.00							
Net values upon completion of project	8,630,000.00							
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	14,146,462.00							
Plus: Values of proposed project	235,777.00							
Less: Values of any property being replaced	0.00							
Net values upon completion of project	14,382,239.00							

NOTE: The COST of the property is confidential pursuant to IC 6-1.1-12.1-5.6(c).

SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER		
WASTE CONVERTED AND OTHER BENEFITS	AS ESTIMATED ON SB-1	ACTUAL
Amount of solid waste converted		
Amount of hazardous waste converted		
Other benefits:		

SECTION 6 TAXPAYER CERTIFICATION		
I hereby certify that the representations in this statement are true.		
Signature of authorized representative <i>Steven Tames</i>	Title Managing Director	Date signed (month, day, year) 02/12/2021

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 and find that:

- the property owner **IS** in substantial compliance
- the property owner **IS NOT** in substantial compliance
- other (specify) _____

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member	Date signed (month, day, year)
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Attested by:	Designating body
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If the property owner is found not to be in substantial compliance, the property owner shall receive the opportunity for a hearing. The following date and time has been set aside for the purpose of considering compliance.

Time of hearing	<input type="checkbox"/> AM <input type="checkbox"/> PM	Date of hearing (month, day, year)	Location of hearing
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HEARING RESULTS (to be completed after the hearing)

- Approved Denied (see instruction 5 above)

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member	Date signed (month, day, year)
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Attested by:	Designating body
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APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]

A property owner whose deduction is denied by the designating body may appeal the designating body's decision by filing a complaint in the office of the clerk of Circuit or Superior Court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner.

Attachment to Form CF-1 (Compliance with Statement of Benefits)
 Job Creation Schedule by Quarter
 Calendar Year January 1, 2020 thru December 31, 2020

Actual Number of Employees as of 12-31-2019	Actual Number of Employees Added During Year				Difference Between Actual and Proposed Number of Employees		
	Proposed Employee Total by 12-31-2020 (From SB-1)	3/31/2020	6/30/2020	9/30/2020		12/31/2020	Actual total Number of Employees as of 12-31-2020
36	37	0	-3	0	0	33	-4

PCTNA (Copied Mar 27 2020 10:55:31AM)

Asset Acquisition

GAAP

For the Period January 1, 2020 to December 31, 2020

Asset ID	Acquisition Date	Acquisition Cost	Description	Placed In Service	Book Cost	Q1	Q2	Q3	Q4
Year Ending March, 2020									
Asset GL Acct #: 000.1630									
1465	03/01/2020	1,917.00	Powder Loader Stand	03/01/2020	1,917.00				
1476	08/31/2020	10,200.00	Custom Vac Heads for Double Headed Air Knife	08/31/2020	10,200.00			10,200.00	
1477	08/31/2020	2,720.00	Dust Collector Exptions	08/31/2020	2,720.00			2,720.00	
1478	08/31/2020	11,000.00	(2) New Duct Lines off Existing Collector	08/31/2020	11,000.00			11,000.00	
1479	09/01/2020	2,295.00	Bag Sealer S/N 524033	09/01/2020	2,295.00			2,295.00	
1480	10/31/2020	2,295.00	Bag Sealer S/N 524034	10/31/2020	2,295.00			2,295.00	
1481	10/31/2020	49,000.00	Line 6 Modification of Dryer, Dryer Door, & r	10/31/2020	49,000.00				2,295.00
1482	11/30/2020	3,433.00	Furnace 323 CUJN 120V for QC	11/30/2020	3,433.00				49,000.00
1483	11/30/2020	56,927.36	DSC 8000 Lab System	11/30/2020	56,927.36				3,433.00
1484	11/30/2020	3,609.01	A&D GR120 Lab Balance Scale	11/30/2020	3,609.01				3,433.00
1485	11/30/2020	6,110.00	Partitions & Stands for Structural Support of	11/30/2020	6,110.00				56,927.36
1486	12/31/2020	6,445.00	Cousins 2100 SRT Shrink Wrap Machine	12/31/2020	6,445.00				3,609.01
		<u>\$155,951.37</u>			<u>\$155,951.37</u>				6,110.00
									6,445.00
Subtotal: 000.1630 (12)									
Asset GL Acct #: 000.1680									
1467	04/01/2020	2,846.18	Network Firewall 15-21	04/01/2020	2,846.18		2,846.18		
1468	04/01/2020	3,971.71	(4) Vmware Licenses 25	04/01/2020	3,971.71		3,971.71		
1469	04/01/2020	3,603.97	(4) Vmware Licenses 26	04/01/2020	3,603.97		3,603.97		
1471	04/01/2020	27,510.58	Server Licenses 29-35	04/01/2020	27,510.58		27,510.58		
1472	04/01/2020	6,105.11	WIN-PRO Licenses 36-37	04/01/2020	6,105.11		6,105.11		
		<u>\$44,037.55</u>			<u>\$44,037.55</u>				
Subtotal: 000.1680 (5)									
Asset GL Acct #: 000.1690									
1460	01/01/2020	935.00	Dell Optilex 3070 Minitower, 22" Monitor, Wir	01/01/2020	935.00	935.00			
1461	01/01/2020	2,064.56	Dell 5400 Bundle plus AutoCAD LT 2019	01/01/2020	2,064.56	2,064.56			
1462	01/01/2020	2,129.95	Dell 5400 Bundle plus Adobe Acrobat Pro	01/01/2020	2,129.95	2,129.95			
1463	01/01/2020	935.00	Dell Optilex 3070 Minitower, 22" Monitor, Wir	01/01/2020	935.00	935.00			
1464	01/01/2020	935.00	Dell Optilex 3070 Minitower, 22" Monitor, Wir	01/01/2020	935.00	935.00			
1466	04/01/2020	8,139.13	Server for BatchMasters 1-14	04/01/2020	8,139.13		8,139.13		
1470	04/01/2020	2,398.90	(3) Meraki MR42 Wireless Access Points 27	04/01/2020	2,398.90		2,398.90		
1473	04/01/2020	2,354.95	New Laptop Computer S/N 25CWM13	04/01/2020	2,354.95		2,354.95		
1474	04/01/2020	2,354.95	New Laptop Computer S/N GDB6N13	04/01/2020	2,354.95		2,354.95		
1475	06/30/2020	13,541.12	ADT Card Access Reader System	06/30/2020	13,541.12		13,541.12		
		<u>\$35,788.56</u>			<u>\$35,788.56</u>				
		<u>\$235,777.48</u>			<u>\$235,777.48</u>				
		<u>\$235,777.48</u>			<u>\$235,777.48</u>				
Subtotal: 000.1690 (10)									
Yearly Subtotal									
Grand Total									
						8,916.51	72,826.60	26,215.00	127,819.37