AGENDA RESERVATION REQUEST

CITY OF FRANKLIN
COMMON COUNCIL
Please type or print

Date Submitted:	May 16th, 2012	**Meeting Date:**	May 21st, 2012
Contact Information:			
Requested by:	Krista Linke		
On Behalf of Organization or Individual:	Mitsubishi		
Telephone:	317-736-3631		
Email address:	klinke@franklin.in.gov		
Mailing Address:	70 E. Monroe St., Franklin, IN 46131		
Describe Request:			
Resolution 2012-10: A resolution granting tax abatement for Mitsubishi			
List Supporting Documentation Provided:			
Resolution 2012-10; Exhibits A & B			
Staff Report and related documents			
Who will present the request?			
Name:	Krista Linke Bob Francis, Mitsubishi	**Telephone:**	317-736-3631

The Franklin City Council meets on the 1st and 3rd Monday of each month at 6:30 p.m. in the Council Chambers of City Hall located at 70 E. Monroe Street. In order for an individual and/or agency to be considered for new business on the agenda, this reservation form and supporting documents must be received in the Mayor's office no later than 12:00 p.m. on the Wednesday before the meeting.

CITY OF FRANKLIN, INDIANA

RESOLUTION NUMBER 2012-10

A RESOLUTION GRANTING TAX ABATEMENT FOR MITSUBISHI HEAVY INDUSTRIES CLIMATE CONTROL, INC. (EDC 2012-04)

WHEREAS, the economic growth and development of the City of Franklin, Johnson County, Indiana is the primary goal of the community;

WHEREAS, the Franklin Economic Development Commission has on May 8th, 2012 held a public meeting and considered the tax abatement request of Mitsubishi (1200 Mitsubishi Parkway) in a manner consistent with the *City of Franklin Community Investment Incentives Summary* and the applicable sections of the Indiana Code.

WHEREAS, the Franklin Economic Development Commission has made the findings required by IC 6-1.1-12.1-3 and IC 6-1.1-12.1-4.5 the Franklin Economic Development Commission recommends that Mitsubishi receive a 7 (seven) year tax abatement on personal property located at the property described in "Exhibit A" and the manufacturing project described in the tax abatement request;

WHEREAS, a copy of the Statement of Benefits recommended for approval by the Franklin Economic Development Commission is attached hereto as "Exhibit B;"

WHEREAS, the said real estate as described in "Exhibit A" is located in an existing Economic Revitalization Area as approved by the City of Franklin Common Council with City Council Resolution Number 2012-08;

WHEREAS, the Common Council has received and reviewed "Exhibit B," with all attachments, and that such attachments are made a part hereof and incorporated herein, all which together contain the necessary statements of benefits, letter of application, and description of manufacturing equipment which are involved, along with the recommendation for tax abatement for personal property; and

WHEREAS, the Common Council has given careful consideration to the materials submitted and affirms the findings of the Franklin Economic Development Commission relative to the requirements of IC 6-1.1-12.1-3 and IC 6-1.1-12.1-4.5, and specifically including the following findings:

As to personal property the following findings are made:

1) The estimate of the cost of new manufacturing equipment is reasonable for equipment of that type;
2) 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 the new manufacturing equipment;
3) The estimate of the 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 equipment;
4) 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
5) The totality of the benefits is sufficient to justify the tax abatement.

NOW THEREFORE BE IT RESOLVED THAT:

(1) The abatement of personal property tax shall extend for a period of _____ years, pursuant to the deduction schedule set forth in IC 6-1.1-12.1-4.5(e)(6).

(2) Electro-Spec, Inc. shall be required to provide the City of Franklin with information showing the extent to which there has been compliance with the statement of benefits submitted in their request for tax abatement within sixty (60) days after the end of each year in which the deduction is applicable, all as required by IC 6-1.1-12.1-5.1 and IC 6-1.1-12.1-5.6.

(3) A copy of this resolution and a description of the affected area will be available and can be inspected in the office of the Johnson County Assessor and the City Clerk/Treasurer.

APPROVED by the Common Council of the City of Franklin, Johnson County, Indiana, this 21st day of May, 2012.

City of Franklin, Indiana, by its Common Council:

Voting Affirmative:	**Voting Opposed:**
______________________________	______________________________
Stephen D. Barnett, Council President	Stephen D. Barnett, Council President
______________________________	______________________________
Joseph P. Abban	Joseph P. Abban
______________________________	______________________________
Joseph R. Ault	Joseph R. Ault
______________________________	______________________________
Kenneth W. Austin	Kenneth W. Austin
______________________________	______________________________
Robert D. Henderson	Robert D. Henderson
______________________________	______________________________
Stephen D. Hougland	Stephen D. Hougland
______________________________	______________________________
Richard L. Wertz	Richard L. Wertz

Attest:

Janet P. Alexander
City Clerk-Treasurer

Presented by me to the Mayor of the City of Franklin for his approval or veto pursuant to Indiana Code § 36-4-6-15, 16, this 21st day of May, 2012 at 6:30 p.m.

Janet P. Alexander
City Clerk-Treasurer

This ordinance having been passed by the legislative body and presented to me this [Approved by me and duly adopted, pursuant to Indiana Code § 36-4-6-16(a)(1)] [Vetoed, pursuant to Indiana Code § 36-4-6-16(a)(2)], this 21st day of May, 2012 at 6:30 o'clock p.m.

Joseph E. McGuinness
Mayor

Attest:

Janet P. Alexander
City Clerk-Treasurer

APPROVED AS TO FORM:

Lynnette Gray
City Attorney

EXHIBIT A

A part of the West half of the Northeast quarter of Section 18, Township 12 North, Range 5 East of the Second Principal Meridian, Needham Township, Johnson County, Indiana, described as follows:

Beginning at the Northeast corner of the said half quarter section; thence Southerly on and along the East line of the said half quarter section, a distance of 1660 feet; thence Westerly on a line parallel with the North line of the said half quarter section, a distance of 737 feet, more or less, to a point on the Easterly right-of-way line of Interstate 65; thence Northwesterly on and along said right-of-way line, a distance of 1695 feet, more or less, to a point on the North line of the said half quarter section; thence Easterly on and along said North line a distance of 1075 feet, more or less, to the Place of Beginning, containing 34.5 acres, more or less, subject to all legal rights-of-way and easements.

AND,

A part of the East half of the Northeast quarter of Section 18, Township 12 North, Range 5 East of the Second Principal Meridian, Needham Township, Johnson County, Indiana, described as follows:

Beginning at the Northwest corner of the said half quarter section; thence Southerly on and along the West line of the said half quarter section, a distance of 1660 feet; thence Easterly on a line parallel with the North line of the said half quarter section, a distance of 327.3 feet, more or less"; thence Northerly on a line parallel with the West line of the said half quarter section, a distance of 1660 feet, more or less, to a point on the North line of the said half quarter section; thence Westerly on and along said North line a distance of 327.3 feet, more or less, to the Place of Beginning, containing 12.5 acres, more or less, subject to all legal rights-of-way and easements.

Total Real Property Described: 47.0 acres

This description is not based upon a survey and has been prepared from scaled dimensions from the topographic drawing of the "Franklin Eastside Business Park" prepared by The Odle McGuire & Shook Corp. for The Crider Development Group, 1995.

11-6-95

Jerry L. Ott, L.S.

STATEMENT OF BENEFITS
PERSONAL PROPERTY
State Form 51764 (R2 / 12-11)
Prescribed by the Dep

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).

EXHIBIT B

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 or with the county assessor if there is no township assessor for the township. 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 6-1.1-12.1-4.5(d) and (e) apply to equipment installed after March 1, 2001, unless an alternative deduction schedule is adopted by the designating body (IC 6-1.1-12.1-17).*

SECTION 1 — TAXPAYER INFORMATION

Name of taxpayer: Mitsubishi Heavy Industries Climate Control, Inc. (MCC)

Address of taxpayer *(number and street, city, state, and ZIP code)*: 1200 North Mitsubishi Parkway, Franklin, Indiana, 46131

Name of contact person: Bob Francis

Telephone number: (317) 346-5010

SECTION 2 — LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body: Franklin City Council

Resolution number (s): 12-10

Location of property: 1200 N. Mitsubishi Parkway, Franklin, IN

County: Johnson

DLGF taxing district number: 41-018

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)*

New machining equipment in the machining area to machine automotive air conditioning compressor parts.

	ESTIMATED START DATE	ESTIMATED COMPLETION DATE
Manufacturing Equipment	07/09/2012	09/01/2012
R & D Equipment		
Logist Dist Equipment		
IT Equipment		

SECTION 3 — ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT

Current number	Salaries	Number retained	Salaries	Number additional	Salaries
150	8,444,556.00	150	8,444,556.00	3	126,921.00

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	~~1,717,647.00~~	~~1,717,647.00~~						
Plus estimated values of proposed project	1,717,647							
Less values of any property being replaced								
Net estimated values upon completion of project	1,717,647.00	1,717,647.00						

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:

The product that will be produced (automobile air conditioning compressors) will improve fuel consumption.
** NOTE: Salaries included in benefits.

SECTION 6 — TAXPAYER CERTIFICATION

I hereby certify that the representations in this statement are true.

Signature of authorized representative	Title	Date signed *(month, day, year)*
Robert G Francis	Gen. Mgr. Administration	04/12/2012

FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this economic revitalization area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1-2.5, provides for the following limitations as authorized under IC 6-1.1-12.1-2.

A. The designated area has been limited to a period of time not to exceed __________ calendar years * *(see below)*. The date this designation expires is ____________________.

B. The type of deduction that is allowed in the designated area is limited to:

1. Installation of new manufacturing equipment; ☑ Yes ☐ No
2. Installation of new research and development equipment; ☐ Yes ☑ No
3. Installation of new logistical distribution equipment. ☐ Yes ☑ No
4. Installation of new information technology equipment; ☐ Yes ☑ No

C. The amount of deduction applicable to new manufacturing equipment is limited to $ 1,717,647 cost with an assessed value of $ ________________.

D. The amount of deduction applicable to new research and development equipment is limited to $ ______________ cost with an assessed value of $ ________________.

E. The amount of deduction applicable to new logistical distribution equipment is limited to $ ______________ cost with an assessed value of $ ________________.

F. The amount of deduction applicable to new information technology equipment is limited to $ ______________ cost with an assessed value of $ ________________.

G. Other limitations or conditions *(specify)* ____________________________________

H. The deduction for new manufacturing equipment and/or new research and development equipment and/or new logistical distribution equipment and/or new information technology equipment installed and first claimed eligible for deduction on or after July 1, 2000, is allowed for:

☐ 1 year	☐ 6 years	** For ERA's established prior to July 1, 2000, only a 5 or 10 year schedule may be deducted.
☐ 2 years	☐ 7 years	
☐ 3 years	☐ 8 years	
☐ 4 years	☐ 9 years	
☐ 5 years **	☐ 10 years **	

I. Did the designating body adopt an alternative deduction schedule per IC 6-1.1-12.1-17? ☐ Yes ☐ No
If yes, attach a copy of the alternative deduction schedule to this form.

Also we have reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved: *(signature and title of authorized member)*	Telephone number	Date signed *(month, day, year)*
Stephen Barnett Council President	(317) 736-3631	5-21-12
Attested by:	**Designated body**	
Krista Linke — Krista Linke, Director of Planning	City of Franklin Common Council	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.1-12.1-4.5

CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

Memorandum

To: Economic Development Commission Members

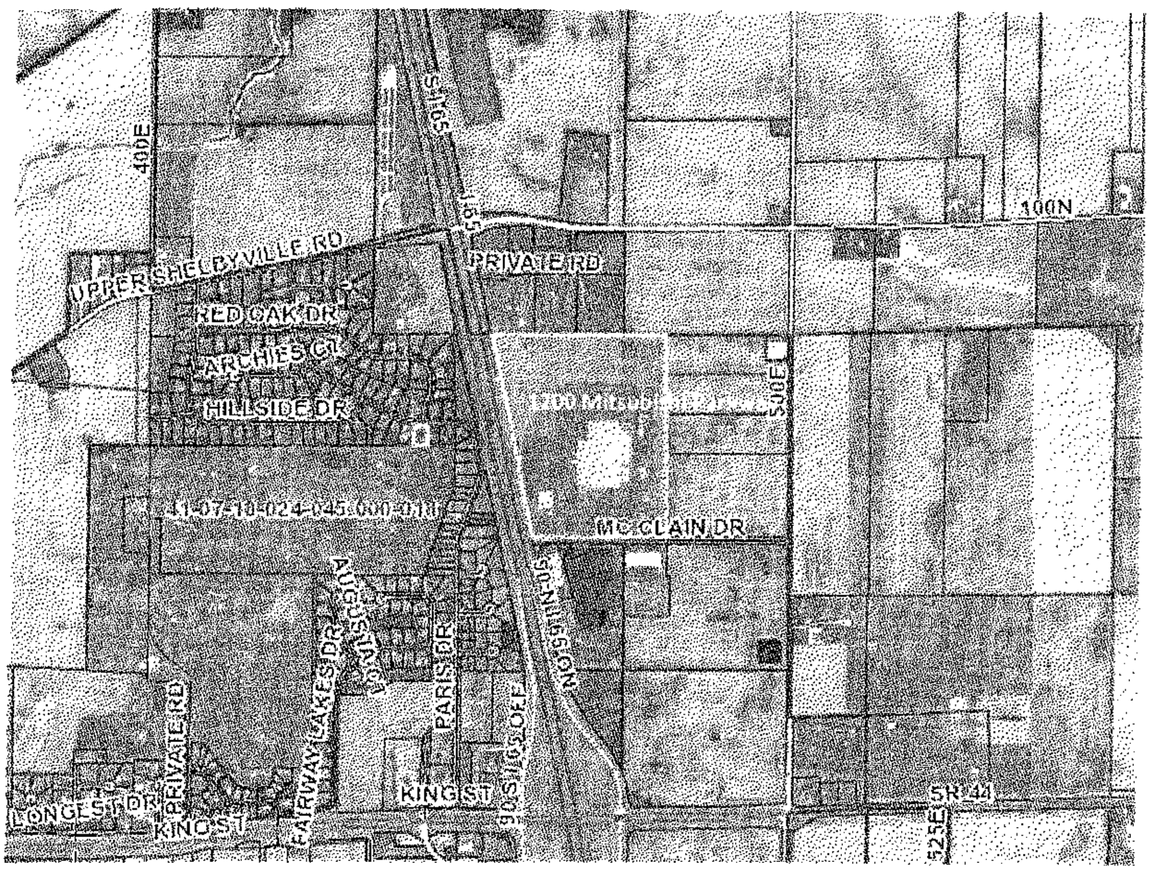
From: Krista Linke, Director

Date: May 1, 2012

Re: Case EDC 2012-04 – Mitsubishi Heavy Industries Climate Control, Inc. (MCC)

Case EDC 2012-04 – Mitsubishi Heavy Industries Climate Control, Inc. (MCC): A request for a 10-year tax abatement on $1,717,647 of personal property investment.

Location: 1200 N. Mitsubishi Parkway



Summary:

1. Characteristics of this location:
   Existing Location – 1200 N. Mitsubishi Parkway.

   Characteristics of this petitioner:
   Mitsubishi Heavy Industries Climate Control, Inc. (MCC), is a wholly owned subsidiary of Mitsubishi Heavy Industries, Ltd (MHI), Tokyo, Japan. MCC has facilities in Sterling Heights, Michigan and its headquarters in Franklin, Indiana, at this location. The Franklin location includes a manufacturing facility and climatic wind tunnel facility in addition to the administration headquarters offices. MCC manufactures and supplies automotive heating and air conditioning systems to various automobile manufacturers, including Mitsubishi Motors, General Motors and Ford. The Franklin facility machines metal parts for and assembles automotive (scroll type) air conditioner compressors. There are currently 150 employees at the MCC facility in Franklin.

   Mitsubishi currently has two active tax abatements. Council Resolution 2008-08 approved a 7-year personal property abatement for $5,317,174 of equipment. Council Resolution 2010-10 approved a 10-year real property abatement for $446,212 with a 2% Economic Development Fee and a 10-year personal property abatement for $8,496,346 with a 5% Economic Development Fee.

2. Characteristics of this project:
   MCC has been fortunate in their pursuit of new business and now have the need to add additional machining capacity to their Machining Department. They would like to get this project going during the third quarter of 2012 with the purchase and installation of two new scroll finishing machines at a cost of $1,717,647. This investment will create the need for 3 additional factory jobs.

3. Economic Revitalization Area (ERA):
   This property was designated an ERA by City Council Resolution 2012-08.

4. 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 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 instillation 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.

5. <u>City of Franklin "Tax Abatement Policy" criteria:</u>
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 the Mitsubishi request follows:

   a. *Diversification of Local Occupations*: The total number of jobs at the current site is 150. All 150 jobs will be retained and 3 jobs will be added by the end of 2012 that are directly related to this project. MCC is adding jobs related to past projects which will bring the total employment at the facility to 166 by the end of 2012. The average hourly wage for the new and retained jobs is $26.94. This includes benefits, which are 23.2% of the hourly rate or $6.25. Therefore, the average hourly wage without benefits for all jobs is $20.69. See the attached "Job and Wage Description" page for a breakdown by type of job. The type of jobs and hourly wage rate associated directly with this project were not specified. They were included with the total jobs.

   b. *Diversification of Local Manufacturing Employment*: According to the Stats Indiana, first quarter 2011, transportation equipment manufacturing jobs make up 24% of the manufacturing sector jobs in Johnson County.

   c. *Increase in Local Salaries*: The Company reports the average hourly wage for all employees to be $20.69. According to Stats Indiana, 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 in Johnson County for transportation equipment manufacturing in the first quarter of 2011 was $24.13.

   d. *Sustainable Land Use*: The petitioner proposes to make this investment at their existing Franklin facility.

   e. *Future Community Investment*: The petitioner stated in the letter of inducement that they anticipate a long and mutually beneficial association with the City of Franklin.

   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.

6. <u>Tax Abatement Duration:</u>
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).

7. 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.

8. Requested Effective Year:
The petitioner has requested that, if approved, the tax abatement be effective for the tax year 2012, payable 2013.

Staff Comments:

This tax abatement petition proposes an economic development project that meets the above outlined criteria to be considered in granting a tax abatement. This company is rapidly growing after a drastic reduction in workforce. 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.

Mitsubishi

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

Real Property Tax Investment: $1,717,647

Tax Rate: 3.6195%

	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	
True Cash Value	$1,717,647	$1,717,647	$1,717,647	
Assessed Value	$1,717,647	$1,717,647	$1,717,647	
Net Tax Rate	3.6195%	3.6195%	3.6195%	*Total*
Tax w/o Abatement	$62,170	$62,170	$62,170	*$186,511*
Abatement Rate	100%	66%	33%	
Amount Abated	$62,170	$41,032	$20,516	*Total*
Taxes Paid w/Abatement	$0	$21,138	$41,654	*$62,792*

				Total Fees Paid
2% Fee	$1,243	$821	$410	*$2,474*

Total Tax Savings with 2% Economic Development Fee

$121,244

Mitsubishi

Sample Property Tax on Real Property (5 Year Period) with 2% Economic Development Fee

Real Property Tax Investment: $1,717,647

Tax Rate: 3.6195%

	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	
True Cash Value	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	
Assessed Value	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	*Total*
Tax w/o Abatement	$62,170	$62,170	$62,170	$62,170	$62,170	*$310,851*
Abatement Rate	100%	80%	60%	40%	20%	
Amount Abated	$62,170	$49,736	$37,302	$24,868	$12,434	*Total*
Taxes Paid w/Abatement	$0	$12,434	$24,868	$37,302	$49,736	*$124,340*

						Total Fees Paid
2% Fee	$1,243	$995	$746	$497	$249	*$3,730*

Total Tax Savings with 2% Economic Development Fee

$182,780

Mitsubishi

Sample Property Tax on Real Property (7 Year) with 2% Economic Development Fee

Real Property Tax Investment: $1,717,647

Tax Rate: 3.6195%

	2013 Payable 2014	*2014 Payable 2015*	*2015 Payable 2016*	*2016 Payable 2017*	*2017 Payable 2018*	*2018 Payable 2019*	*2019 Payable 2020*	
True Cash Value	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	
Assessed Value	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	***Total***
Tax w/o Abatement	$62,170	$62,170	$62,170	$62,170	$62,170	$62,170	$62,170	***$435,192***
Abatement Rate	100%	85%	71%	57%	43%	29%	14%	
Amount Abated	$62,170	$52,845	$44,141	$35,437	$26,733	$18,029	$8,704	***Total***
Taxes Paid w/Abatement	$0	$9,326	$18,029	$26,733	$35,437	$44,141	$53,466	***$187,132***

								Total Fees Paid
2% Fee	$1,243	$1,057	$883	$709	$535	$361	$174	***$4,961***

Total Tax Savings with 2% Economic Development Fee

$243,098

Mitsubishi

Sample Property Tax on Real Property (10 Year Period) Schedule with 2% Fee

Real Property Tax Investment: $1,717,647

Tax Rate: 3.6195%

	2013 Payable 2014	*2014 Payable 2015*	*2015 Payable 2016*	*2016 Payable 2017*	*2017 Payable 2018*	*2018 Payable 2019*	*2019 Payable 2020*	*2020 Payable 2021*	*2021 Payable 2022*	*2021 Payable 2022*	
True Cash Value	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	
Assessed Value	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	***Total***
Tax w/o Abatement	$62,170	$62,170	$62,170	$62,170	$62,170	$62,170	$62,170	$62,170	$62,170	$62,170	***$621,702***
Abatement Rate	100%	95%	80%	65%	50%	40%	30%	20%	10%	5%	
Amount Abated	$62,170	$59,062	$49,736	$40,411	$31,085	$24,868	$18,651	$12,434	$6,217	$3,109	***Total***
Taxes Paid w/Abatement	$0	$3,109	$12,434	$21,760	$31,085	$37,302	$43,519	$49,736	$55,953	$59,062	***$313,960***

											Total Fees Paid
2% Fee	$1,243	$1,181	$995	$808	$622	$497	$373	$249	$124	$62	***$6,155***

Total Tax Savings with 2% Economic Development Fee

$\boxed{\textit{\$301,588}}$

Mitsubishi

Sample Property Tax on Personal Property (3 Year)

Personal Property Tax Investment: $1,717,647

Tax Rate: 3.6195%

	2013 Payable 2014	*2014 Payable 2015*	*2015 Payable 2016*	
Cost of Equipment	$1,717,647	$1,717,647	$1,717,647	
True Cash Percentage Rate	65%	50%	35%	
True Cash Value	$1,116,471	$858,824	$601,176	
Net Tax Rate	3.6195%	3.6195%	3.6195%	***Total***
Tax w/o Abatement	$40,411	$31,085	$21,760	***$93,255***
Abatement Rate	100%	66%	33%	
Amount Abated	$40,411	$20,516	$7,181	***Total***
Taxes Paid w/Abatement	$0	$10,569	$14,579	***$25,148***

				Total Fees P
5% Fee	$2,021	$1,026	$359	***$3,405***

Total Tax Savings with 5% Economic Development Fee

$64,702

Mitsubishi

Sample Property Tax on Personal Property (5 Year Period)

Personal Property Tax Investment: $1,717,647

Tax Rate: 3.6195%

	2012 Payable 2013	*2013 Payable 2014*	*2014 Payable 2015*	*2015 Payable 2016*	*2016 Payable 2017*	
Cost of Equipment	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	
True Cash Percentage Rate	40%	56%	42%	32%	24%	
True Cash Value	$687,059	$961,882	$721,412	$549,647	$412,235	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	***Total***
Tax w/o Abatement	$24,868	$34,815	$26,111	$19,894	$14,921	***$120,610***
Abatement Rate	100%	80%	60%	40%	20%	
Amount Abated	$24,868	$27,852	$15,667	$7,958	$2,984	***Total***
Taxes Paid w/Abatement	$0	$6,963	$10,445	$11,937	$11,937	***$41,281***

						Total Fees P
5% Fee	$1,243	$1,393	$783	$398	$149	***$3,966***

Total Tax Savings with 5% Economic Development Fee

$75,363

Mitsubishi

Sample Property Tax on Personal Property (7 Year Period)

Personal Property Tax Investment: $1,717,647

Tax Rate: 3.6195%

	2013 Payable 2014	*2014 Payable 2015*	*2015 Payable 2016*	*2016 Payable 2017*	*2017 Payable 2018*	*2018 Payable 2019*	*2019 Payable 2020*	
Cost of Equipment	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	
True Cash Percentage Rate	40%	56%	42%	32%	24%	18%	15%	
True Cash Value	$687,059	$961,882	$721,412	$549,647	$412,235	$309,176	$257,647	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	*Total*
Tax w/o Abatement	$24,868	$34,815	$26,111	$19,894	$14,921	$11,191	$9,326	*$141,126*
Abatement Rate	100%	85%	71%	57%	43%	29%	14%	
Amount Abated	$24,868	$29,593	$18,539	$11,340	$6,416	$3,245	$1,306	*Total*
Taxes Paid w/Abatement	$0	$5,222	$7,572	$8,555	$8,505	$7,945	$8,020	*$45,819*

								Total Fees Paid
5% Fee	$1,243	$1,480	$927	$567	$321	$162	$65	*$4,765*

Total Tax Savings with 5% Economic Development Fee

$115,641

Mitsubishi

Sample Property Tax on Personal Property (10 Year Period)

Personal Property Tax Investment: $1,717,647

Tax Rate: 3.6195%

	2013 Payable 2014	*2014 Payable 2015*	*2015 Payable 2016*	*2016 Payable 2017*	*2017 Payable 2018*	*2018 Payable 2019*	*2019 Payable 2020*	*2020 Payable 2021*	*2021 Payable 2022*	*2021 Payable 2022*	
Cost of Equipment	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	$1,717,647	
True Cash Percentage Rate	40%	60%	55%	45%	37%	30%	25%	20%	16%	12%	
True Cash Value	$687,059	$1,030,588	$944,706	$772,941	$635,529	$515,294	$429,412	$343,529	$274,824	$206,118	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	*Total*
Tax w/o Abatement	$24,868	$37,302	$34,194	$27,977	$23,003	$18,651	$15,543	$12,434	$9,947	$7,460	*$211,379*
Abatement Rate	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	
Amount Abated	$24,868	$33,572	$27,355	$19,584	$13,802	$9,326	$6,217	$3,730	$1,989	$746	*Total*
Tax Paid w/Abatement	$0	$3,730	$6,839	$8,393	$9,201	$9,326	$9,326	$8,704	$7,958	$6,714	*$70,190*

											Total Fees Paid
5% Fee	$1,243	$1,679	$1,368	$979	$690	$466	$311	$187	$99	$37	*$7,059*

Total Tax Savings with 5% Economic Development Fee

$134,129

MITSUBISHI HEAVY INDUSTRIES CLIMATE CONTROL, INC.

April 12, 2012

Krista Linke, Director
Department of Planning & Economic Development
City of Franklin
70 E. Monroe Street
Franklin, Indiana 46131

RE: Tax Abatement Letter of Inducement for Mitsubishi Heavy Industries Climate Control, Inc. (MCC)

Dear Economic Development Commission Members:

This letter is being written on behalf of Mitsubishi Heavy Industries Climate Control, Inc. (MCC), a wholly owned subsidiary of Mitsubishi Heavy Industries, Ltd (MHI), Tokyo, Japan. MCC 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 facility in addition to the administration headquarters offices. MCC manufactures and supplies automotive heating and air conditioning systems to various automobile manufacturers, including Mitsubishi Motors, General Motors and Ford. The Franklin facility machines metal parts for and assembles automotive (scroll type) air conditioner compressors. ~~There are 150 employees currently employed at the MCC Franklin facility.~~ These 150 employees are handling headquarters administrative functions, test functions, machining compressor parts, assembling the car air conditioning compressors, warehousing parts and shipping finished product.

MCC has been fortunate in our pursuit of new business and we now have the need to add additional machining capacity in our Machining Department. We would like to get this project going during the third quarter 2012 with the purchase and installation of two new scroll finishing machines at a cost of $1,717,647.00. This investment will create the need for 3 additional factory jobs with an average hourly rate of $20.34 including benefits. ~~MCC had anticipated adding 56 jobs during 2012 for a total of 166 jobs by 12/31/12.~~

For the above stated reasons, MCC respectfully requests that the Franklin Economic Development Commission gives a favorable recommendation to the Franklin City Council that tax abatements be granted for the period of ten (10) years on $1,717,647.00 in personal property – the new scroll finishing equipment. MCC further requests that the recommendation for the first year of tax abatement be for the first year that taxes are due on this investment.

Attached to this letter are all the required documents outlined in the "Tax Abatement Procedure", page 9 of the "City of Franklin...Community Investments Incentives Summary." If the Commission requires any additional information, please advise our office of the same, and the necessary information will be provided.

MCC anticipates continuing a long and mutually beneficial association with the City of Franklin and appreciates and is grateful for all the help, past incentives and consideration that the city has given us. With this investment, MCC 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.

Respectfully,

Bob Francis

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

JOB AND WAGE DESCRIPTION
FOR TAX ABATEMENT APPLICATION

Please provide the following job and wage earning information that is associated with this Tax Abatement Petition :

(1) Company NAICS code : 336391.

(2) The total number of jobs current at the site: 150, the number of those jobs that will be retained as a direct result of the proposed investment 150, and the number of new jobs which will be created as a direct result of the proposed investment 3.

(3) The average hourly wages for the new and/or retained jobs : 26.94.

(4) Number of new and / or retained jobs in :

(a) Managerial/Professional Specialty Occ.: 14 Average Hourly Wage: 53.90.

(b) Technical/Sales/Admin. Support Occ.: 19 Average Hourly Wage: 39.89.

(c) Service Occ.: 18 Average Hourly Wage: 35.31.

(d) Precision Production/Craft/Repair Occ.: 47 Average Hourly Wage: 23.07.

(c) Operators/Fabricators/Laborers: 55 Average Hourly Wage: 20.43.

Note: The total number of jobs specified above should correspond with the Statement of Benefits Form SB-1.

Please specify all wages in an hourly format and include all benefits. A description of all possible bonuses and incentives should also be provided.

NOTE: *Wage figures include benefits, which are 23.2% of the hourly rate that is shown. There are no additional incentives or bonuses.*

Job Creation / Retention TimeTable

	Job Type 1	Job Type 2	Job Type 3	Job Type 4	Total
Year of Abatement	2011				
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2012				
1st Quarter	--				
2nd Quarter	--				
3rd Quarter	3				
4th Quarter	--				
Year of Abatement	2013				
1st Quarter	--				
2nd Quarter	--				
3rd Quarter	--				
4th Quarter	--				
Total	3				3

Job Type 1 are factory jobs - Average hourly rate $15.41 / hour, or $20.34 / hour with benefits.

	Wages		**Wages + Benefits**	
Total payroll increase for 2012 is	$96,158.00	or	$126,921.00	with benefits

COMPANY INVESTMENT TIMETABLE

	Buildings	Equip. Type 1	Equip. Type 2	Equip. Type 3	**Total**
Year of Abatement	2010	2010	2010	2010	2010
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2011	2011	2011	2011	2011
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2012	2012	2012	2012	2012
1st Quarter				Machining	
2nd Quarter				Equipment	
3rd Quarter				$1,717,647	$1,717,647
4th Quarter					
Total					$1,717,647.00

FOR DISCUSSION PURPOSES ONLY - 7 YEAR PERIOD PERSONAL PROPERTY

TAX Phase-In SAVINGS SCHEDULE

1. PERSONAL PROPERTY - LOCATED IN FRANKLIN, NEEDHAM TOWNSHIP, Johnson COUNTY, INDIANA

$ 1,717,647.00 PERSONAL PROPERTY COST IN 2012
PERSONAL PROPERTY COST IN 2013

TAX YEAR	ASSESSED VALUE NO Phase-In	TAX DUE NO Phase-In	TAX RATE	ASSESSED VALUE W / Phase-In	TAX DUE W / Phase-In	TAX SAVINGS
3/1/2013 Pay 2014	687,059	20,612	3.00%	-	-	20,612
3/1/2014 Pay 2015	961,882	28,856	3.00%	134,664	4,040	24,817
3/1/2015 Pay 2016	721,412	21,642	3.00%	209,209	6,276	15,366
3/1/2016 Pay 2017	549,647	16,489	3.00%	236,348	7,090	9,399
3/1/2017 Pay 2018	412,235	12,367	3.00%	234,974	7,049	5,318
3/1/2018 Pay 2019	309,176	9,275	3.00%	219,515	6,585	2,690
3/1/2019 Pay 2020	257,647	7,729	3.00%	219,000	6,570	1,159
		116,972			37,611	79,360

Used cap of 3% - Tax rate paid 2011 3.2802% (capped at 3%)

FOR DISCUSSION PURPOSES ONLY - 10 YEAR PERIOD PERSONAL PROPERTY WITH 5% FEE

TAX Phase-In SAVINGS SCHEDULE

1. PERSONAL PROPERTY - LOCATED IN FRANKLIN, NEEDHAM TOWNSHIP, Johnson COUNTY, INDIANA

$ 1,717,647.00 PERSONAL PROPERTY COST IN 2012
PERSONAL PROPERTY COST IN 2013

TAX YEAR	ASSESSED VALUE NO Phase-In	TAX DUE NO Phase-In	TAX RATE	ASSESSED VALUE W / Phase-In	TAX DUE W / Phase-In	TAX SAVINGS	5% Fee	NET TAX SAVINGS
3/1/2013 Pay 2014	687,059	20,612	3.00%	-	-	20,612	1,031	19,581
3/1/2014 Pay 2015	961,882	28,856	3.00%	96,188	2,886	25,971	1,299	24,672
3/1/2015 Pay 2016	721,412	21,642	3.00%	144,282	4,328	17,314	866	16,448
3/1/2016 Pay 2017	549,647	16,489	3.00%	164,894	4,947	11,543	577	10,965
3/1/2017 Pay 2018	412,235	12,367	3.00%	164,894	4,947	7,420	371	7,049
3/1/2018 Pay 2019	309,176	9,275	3.00%	154,588	4,638	4,638	232	4,406
3/1/2019 Pay 2020	257,647	7,729	3.00%	154,588	4,638	3,092	155	2,937
3/1/2020 Pay 2021	257,647	7,729	3.00%	180,353	5,411	2,319	116	2,203
3/1/2021 Pay 2022	257,647	7,729	3.00%	206,118	6,184	1,546	77	1,469
3/1/2022 Pay 2023	257,647	7,729	3.00%	231,882	6,956	773	39	734
		140,160			44,934	95,226	4,761	90,465

Used cap of 3% - Tax rate paid 2011 3.2802% (capped at 3%)