AGENDA RESERVATION REQUEST

CITY OF FRANKLIN
COMMON COUNCIL
Please type or print

Date Submitted:	March 13th, 2013	**Meeting Date:**	March 18th, 2013
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 2013-10: Granting Tax Abatement for Mitsubishi Heavy Industries Climate Control, Inc.			
List Supporting Documentation Provided:			
Memorandum			
EDC 2013-04 Staff Report including attachments			
Resolution 2013-10, Exhibits A & B			
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

Community DEVELOPMENT DEPARTMENT

Memorandum

To: City Council

From: Krista Linke, Director

Date: March 13th, 2013

Re: Personal Property Tax Abatement Request – Mitsubishi

The City of Franklin Economic Development Commission (EDC) reviewed and acted on a personal property tax abatement requests from Mitsubishi Heavy Industries Climate Control, Inc. at a meeting held on March 12th, 2013. The board voted unanimously to forward a favorable recommendation to the City Council for a 7 year tax abatement with a 5% Economic Development Fee on the personal property abatement.

The property has been designated an Economic Revitalization Area, so only one meeting is needed.

Attached to this memo are:

1. Resolution 2013-10
2. Exhibit "A" – Legal Description
3. Exhibit "B" - Form SB-1 Real Property
4. Case EDC 2013-04 Staff Report
5. Application and requested forms
6. Sample Tax Phase-In Savings Schedules

If you have any questions regarding this request please contact me directly at 346-1250.

CITY OF FRANKLIN, INDIANA

RESOLUTION NUMBER 2013-10

A RESOLUTION GRANTING TAX ABATEMENT FOR MITSUBISHI HEAVY INDUSTRIES CLIMATE CONTROL (EDC 2013-04)

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 March 12th, 2013, held a public meeting and considered the tax abatement request of Mitsubishi Heavy Industries Climate Control 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 Heavy Industries Climate Control receive a 7 year tax abatement with a 5% Economic Development Fee 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 2008-02 and confirmed by Resolution Number 2008-08;

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) Mitsubishi Heavy Industries Climate Control 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 18th day of March, 2013.

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
Attest:

Richard L. Wertz

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 18th day of March, 2013, 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 18th day of March, 2013, at 6:30 p.m.

Joseph E. McGuinness
Mayor

Attest:

Janet P. Alexander
City Clerk-Treasurer

APPROVED AS TO FORM:

Lynnette Gray
City Attorney

Exhibit A

MHI OPTION REAL ESTATE

Legal Description

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 (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).

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. 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. For equipment installed prior to March 2, 2001, the schedules and statutes in effect at the time shall continue to apply. (IC 6-1.1-12.1-4.5(f) and (g))*

SECTION 1 — TAXPAYER INFORMATION

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

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: City of Franklin Common Council

Resolution number (s): 13 -10

Location of property: 1200 North Mitsubishi Parkway, Franklin, Indiana

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)*

Introduction of six additional machines for finishing scrolls to increase production capacity at MCC plant.

	ESTIMATED START DATE	ESTIMATED COMPLETION DATE
Manufacturing Equipment	04/01/2013	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	Salaries	Number retained	Salaries	Number additional	Salaries
219	8,431,675.00	219	8,431,675.00	3	96,158.00

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	1,851,351.00	1,851,351.00						
Less values of any property being replaced								
Net estimated values upon completion of project	1,851,351.00	1,851,351.00						

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:

Additional machines will reduce the number of finished scrolls that MCC has to buy from foreign suppliers.

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)*

CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Staff Report

To: Economic Development Commission Members

From: Krista Linke, Director

Date: March 5, 2013

Re: Case EDC 2013-04 – Mitsubishi Heavy Industries Climate Control, Inc.

Case EDC 2013-04 – Mitsubishi Heavy Industries Climate Control, Inc.: A request for a 10-year tax abatement on $1,851,351 of personal property investment.

Location: 1200 N. Mitsubishi Parkway

Summary:

1. Characteristics of this location:
   Existing Location – 1200 North 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 headquarters located at 1200 N. Mitsubishi Parkway, in 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 currently 219 employees at the MCC Franklin facility. These employees are handling headquarters administrative functions, test functions, machining compressor parts, assembling the car air conditioning compressors, warehousing parts and shipping finished product.

   Mitsubishi has the following current tax abatements at this location:

   Resolution 2008-02: 7 year personal property
   Resolution 2010-10: 10 year personal property and 10 year real property
   Resolution 2012-10: 7 year personal property
   Resolution 2013-06: 10 year real property
   Resolution 2013-07: 10 year personal property

2. Characteristics of this project:
   MCC has been fortunate in their pursuit of new business and now has the need to add additional machining capacity. They would like to get this project going during the third quarter of 2013 with the purchase and installation of six scroll finishing machines at a cost of $1,851,351. This investment will create the need for 3 additional factory jobs with an average hourly rate of $15.41.

   Economic Revitalization Area (ERA):
   This property was designated an ERA by Resolution 2008-02 and confirmed by Resolution 2008-08.

3. 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.

4. 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 the proposed request follows:

a. *Diversification of Local Occupations*: In the first quarter of 2012, there were 5 motor vehicle parts manufacturing establishments in Johnson County and 979 employees. The total number of jobs at the current site is 219. The company proposes 3 additional jobs by the end of the 2nd Quarter of 2014.

b. *Diversification of Local Manufacturing Employment*: According to the U.S. Census Bureau, 2010 County Business Patterns, motor vehicle parts manufacturing makes up 24% of the manufacturing jobs in Johnson County. According to www.stats.indiana.edu, there were 133 manufacturing establishments in Johnson County in the first quarter of 2012, and 5 motor vehicle parts manufacturing establishments.

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 3 new jobs with MCCA is $15.41. The average hourly wage for the 219 jobs being retained is $18.51.

d. *Sustainable Land Use*: The petitioner proposes to make this investment at their current location.

e. *Future Community Investment*: The company has indicated on their applications that they are agreeable to a 5% Economic Development Fee on Personal 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.

5. 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).

6. 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.

7. Requested Effective Year:
The petitioner has requested that, if approved, the tax abatement be effective for the tax year 2013, payable 2014.

Staff Comments:

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 HEAVY INDUSTRIES CLIMATE CONTROL, INC.

March 1, 2013

RECEIVED
MAR - 1 2013
CITY OF FRANKLIN
DEPT. OF PLANNING

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 219 employees currently employed at the MCC Franklin facility. These 219 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 2013 with the purchase and installation of six scroll finishing machines at a cost of $1,851,351.00. This investment will create the need for 3 additional factory jobs with an average hourly rate of $20.34 including benefits.

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 $1,851,351.00 in personal property – the six additional scroll finishing machines. 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 for requesting a tax abatement. 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

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: at your convenience

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): ______ 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:
2. Personal property capital investment only: $1,851,351.00
3. Total capital investment for proposed project: $1,851,351.00

Jobs Created and/or Retained

1. Estimated number of full time jobs created by the proposed project: 3
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: 222

Wages Created and Retained

1. Average hourly wage rate for new jobs (w/o benefits) $15.41
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:

To help reduce the long term cost of adding new equipment and three jobs

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) under the Economic Development tab.

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

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

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 *(Please specify all wages in an hourly format without benefits)*:

(1) Company NAICS code: 336391.

(2) The total number of jobs current at the site: 219, the number of those jobs that will be retained as a direct result of the proposed investment 219, and the number of new jobs which will be created as a direct result of the proposed investment 3.

(3) The total number of full-time employees at the site: 219.

(4) The total number of temporary and/or contract employees currently at the site: 0.

(5) The average hourly wages for the new jobs: $15.41.

(6) Will the new jobs being created begin as temporary and/or contract employees? No
If yes, please provide an explanation of the typical transition process to full time:

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

(a) Managerial/Professional Specialty Occ.: 5 Average Hourly Wage: $49.52

(b) Technical/Sales/Admin. Support Occ.: 40 Average Hourly Wage: $29.80

(c) Service Occ.: 2 Average Hourly Wage: $14.86

(d) Precision Production/Craft/Repair Occ.: 28 Average Hourly Wage: $18.71

(e) Operators/Fabricators/Laborers: 147 Average Hourly Wage: $14.39

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

(8) Attach detailed information on the types of benefits offered for new employees. A description of all possible bonuses and incentives should also be given if provided.

Effect' date: 1/1/2012

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.

Job Creation / Retention TimeTable (MCCA)

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

Average hourly wages with benefits : $20.34

COMPANY INVESTMENT TIMETABLE MCCA

	New Machinery and Equipment		Total
Year of Abatement	2013		
1st Quarter			$0.00
2nd Quarter			$0.00
3rd Quarter	$1,851,351.00		$1,851,351.00
4th Quarter			$0.00
Year of Abatement	2014		
1st Quarter			$0.00
2nd Quarter			$0.00
3rd Quarter			$0.00
4th Quarter			$0.00
Year of Abatement	2015		
1st Quarter			$0.00
2nd Quarter			$0.00
3rd Quarter			$0.00
4th Quarter			$0.00
Year of Abatement	2016		
1st Quarter			$0.00
2nd Quarter			$0.00
3rd Quarter			$0.00
4th Quarter			$0.00
Total	$1,851,351.00		$1,851,351.00

3 YEAR

Mitsubishi Heavy Industries Climate Control

Sample Property Tax on Personal Property (3 Year)

Personal Property Tax Investment: $1,851,351

Tax Rate: 3.6195%

	2013 Payable 2014	*2014 Payable 2015*	*2015 Payable 2016*	
Cost of Equipment	$1,851,351	$1,851,351	$1,851,351	
True Cash Percentage Rate	65%	50%	35%	
True Cash Value	$1,203,378	$925,676	$647,973	
Net Tax Rate	3.6195%	3.6195%	3.6195%	*Total*
Tax w/o Abatement	$43,556	$33,505	$23,453	*$100,514*
Abatement Rate	100%	66%	33%	
Amount Abated	$43,556	$22,113	$7,740	*Total*
Taxes Paid w/Abatement	$0	$11,392	$15,714	*$27,105*
				Total Fees Paid
5% Fee	$2,178	$1,106	$387	*$3,670*

Total Tax Savings without Economic Development Fee *$73,409*

Total Tax Savings with 5% Economic Development Fee *$69,739*

5 YEAR

Mitsubishi Heavy Industries Climate Control

Sample Property Tax on Personal Property (5 Year Period)

Personal Property Tax Investment: $1,851,351

Tax Rate: 3.6195%

	2013 Payable 2014	*2014 Payable 2015*	*2015 Payable 2016*	*2016 Payable 2017*	*2017 Payable 2018*	
Cost of Equipment	$1,851,351	$1,851,351	$1,851,351	$1,851,351	$1,851,351	
True Cash Percentage Rate	40%	56%	42%	32%	24%	
True Cash Value	$740,540	$1,036,757	$777,567	$592,432	$444,324	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	*Total*
Tax w/o Abatement	$26,804	$37,525	$28,144	$21,443	$16,082	*$129,999*
Abatement Rate	100%	80%	60%	40%	20%	
Amount Abated	$26,804	$30,020	$16,886	$8,577	$3,216	*Total*
Taxes Paid w/Abatement	$0	$7,505	$11,258	$12,866	$12,866	*$44,494*
						Total Fees Paid
5% Fee	$1,340	$1,501	$844	$429	$161	*$4,275*

Total Tax Savings without Economic Development Fee

$85,504

Total Tax Savings with 5% Economic Development Fee

$81,229

7 YEAR

Mitsubishi Heavy Industries Climate Control

Sample Property Tax on Personal Property (7 Year Period)

Personal Property Tax Investment: $1,851,351

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	$1,851,351	$1,851,351	$1,851,351	$1,851,351	$1,851,351	$1,851,351	$1,851,351	
True Cash Percentage Rat	40%	56%	42%	32%	24%	18%	15%	
True Cash Value	$740,540	$1,036,757	$777,567	$592,432	$444,324	$333,243	$277,703	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	***Total***
Tax w/o Abatement	$26,804	$37,525	$28,144	$21,443	$16,082	$12,062	$10,051	***$152,112***
Abatement Rate	100%	85%	71%	57%	43%	29%	14%	
Amount Abated	$26,804	$31,897	$19,982	$12,223	$6,915	$3,498	$1,407	***Total***
Taxes Paid w/Abatement	$0	$5,629	$8,162	$9,221	$9,167	$8,564	$8,644	***$49,386***
								Total Fees Paid
5% Fee	$1,340	$1,595	$999	$611	$346	$175	$70	***$5,136***

Total Tax Savings without Economic Development Fee

$102,726

Total Tax Savings with 5% Economic Development Fee

$97,590

10 YEAR

Mitsubishi Heavy Industries Climate Control

Sample Property Tax on Personal Property (10 Year Period)

Personal Property Tax Investment: $1,851,351

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	$1,851,351	$1,851,351	$1,851,351	$1,851,351	$1,851,351	$1,851,351	$1,851,351	$1,851,351	$1,851,351	$1,851,351	
True Cash Percentage Rate	40%	60%	55%	45%	37%	30%	25%	20%	16%	12%	
True Cash Value	$740,540	$1,110,811	$1,018,243	$833,108	$685,000	$555,405	$462,838	$370,270	$296,216	$222,162	
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	$26,804	$40,206	$36,855	$30,154	$24,794	$20,103	$16,752	$13,402	$10,722	$8,041	***$227,833***
Abatement Rate	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	
Amount Abated	$26,804	$36,185	$29,484	$21,108	$14,876	$10,051	$6,701	$4,021	$2,144	$804	***Total***
Tax Paid w/Abatement	$0	$4,021	$7,371	$9,046	$9,917	$10,051	$10,051	$9,381	$8,577	$7,237	***$75,654***
											Total Fees Paid
5% Fee	$1,340	$1,809	$1,474	$1,055	$744	$503	$335	$201	$107	$40	***$7,609***

Total Tax Savings without Economic Development Fee

$152,179

Total Tax Savings with 5% Economic Development Fee

$144,570