AGENDA RESERVATION REQUEST

CITY OF FRANKLIN
COMMON COUNCIL
Please type or print

Date Submitted:	July 10, 2013	**Meeting Date:**	July 15, 2013

Contact Information:	
Requested by:	Krista Linke
On Behalf of Organization or Individual:	NSK Corporation
Telephone:	317-736-3631
Email address:	klinke@franklin.in.gov
Mailing Address:	70 E. Monroe St., Franklin, IN 46131

Describe Request:
EDC 2013-08: Corporation
A request for a 10-year tax abatement on $20,000,000 of personal property investment.
ERA Designation
List Supporting Documentation Provided:
Memo from Krista Linke
Minutes from the July 9, 2013 EDC meeting
Case EDC 2013-08 Staff Report
Resolution 2013-20 (July 15 meeting) Resolution 2013-21 (August 5 meeting: public hearing)
Who will present the request?

Name:	Krista Linke, Community Development Director Kyle Stiens, NSK Corporation	**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: July 10th, 2013

Re: Personal Property Tax Abatement Request – NSK Corporation

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The City of Franklin Economic Development Commission (EDC) reviewed and acted on a personal property tax abatement request from NSK Corporation, at a meeting held on July 9th, 2013. The board voted 4-1 to forward a favorable recommendation to the City Council for a ten year tax abatement including a 5% Economic Development Fee.

The property has not been designated an Economic Revitalization Area. Therefore, two resolutions and two meetings are needed.

Attached to this memo are:

1. Resolution 2013-20
2. Exhibit "A" – Legal Description
3. Exhibit "B" - Form SB-1 Personal Property
4. Resolution 2013-21 (Confirming Resolution 2013-18)
5. Case EDC 2013-08 Staff Report
6. Application and requested forms
7. Sample Tax Phase-In Savings Schedules

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

CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

ECONOMIC DEVELOPMENT COMMISSION

July 9, 2013

Members Present:

John Ditmars	President
H. Lee Hodgen	Vice-President
Tony Wellings	Secretary
Ken Austin	Member
Jake Sappenfield	Member

Others Present:

Rob H. Schafstall	Legal Counsel
Krista Linke	Director of Community Development
Jaime Shilts	Recording Secretary

Call to Order:
John Ditmars called the meeting to order at 8:00 a.m.

Approval of Minutes:
Ken Austin made a motion to approve the June 11, 2013 minutes as presented. Tony Wellings seconded the motion. The motion carried.

Old Business:
EDC 2013-06: Nitrex Inc.:
Mr. Ditmars stated that the ERA designation has been taken care of at the last meeting. Michael Rodman, Business Manager for Nitrex, stated that he appeared last time for a continuation of the abatement. They are expanding and will be spending $2.9 million in 2014. They plan for 14 additional employees and have added 4 since the last EDC meeting. They will be purchasing new ovens and furnaces. Mr. Rodman stated they would like to amend the abatement granted in 2011. Ms. Linke agreed this would be a less complicated way to track the abatement during yearly compliance reports, versus granting a new abatement for the additional investment amount. Mr. Ditmars stated that they need to decide if they want to do 10 or 7 years. There were two votes in favor of amending the abatement for 10 years and one against, at last month's meeting. Mr. Schafstall stated if they stay at 10 years, they can add on to the current abatement. If the term is different, the EDC should consider a new abatement for the additional amount.

Ken Austin made a motion to modify the 10 year abatement from 2011, Case EDC 2011-01, for $6.3 million with 12 new jobs and retaining 25. The resolution number will be EDC 2013-06 for $6.3 million for a ten year abatement.

Tony Wellings seconded the motion. Jake Sappenfield-yes, Lee Hodgen-yes, Tony Wellings-yes, Ken Austin-yes, John Ditmars-no. The motion carried 4-1.

The City Council meeting for the new resolution will be July 15th.

EDC 2013-07: NSK Precision America, Inc.:

Jeremy Peters, NSK Precision Plant Manager, stated their plan is to spend $10.2 million for expansion to prevent outsourcing and to replace aging equipment. They will add 28 additional jobs. The request is for a 10 year abatement on personal property. They are agreeable to the 5% Economic Development Fee. Mr. Wellings stated they have already paid out $4,500 in economic development fees this year.

Tony Wellings made a motion to approve a 10 year tax abatement on $10.2 million on personal property. Jake Sappenfield seconded the motion. Jake Sappenfield-yes, Lee Hodgen-yes, Tony Wellings-yes, Ken Austin-yes, John Ditmars-no. The motion carried 4-1.

EDC 2013-08: NSK Corporation:

Kyle Steins, NSK Corporation, stated they are requesting a 10 year abatement on $20 million. They are expanding the business capacity and moving manual operations to automatic operations. They will be converting 18 temporary jobs to full time positions. It does include a 5% economic development fee.

Tony Wellings made a motion to approve a 10 tax abatement on $20 million of personal property. Lee Hodgen seconded the motion. Jake Sappenfield seconded the motion.

Jake Sappenfield-yes, Lee Hodgen-yes, Tony Wellings-yes, Ken Austin-yes, John Ditmars-no. The motion carried 4-1.

New Business:

EDC 2013-09: Rexam Waiver of Non-Compliance:

Ms. Linke stated that she was contacted by Thomas Sislow, representing Rexam. He explained that when their abatement was granted in 2010, amended 2012, they didn't request their tax abatement on their most recent tax returns. The county will not amend the returns without a waiver of noncompliance from the city. The original amount was $14.5 million for manufacturing equipment. In 2012 they increased the equipment amount to $17,797,000 through Resolution 12-08. They are requesting that they be allowed to file amended returns.

Ken Austin made a motion in favor of a waiver of non-compliance. Jake Sappenfield seconded the motion. The motion carried 5-0.

Other Business:

Ms. Linke stated there were a number of businesses that have not paid their economic development fees. She provided a list of the business for the commission. They requested that she follow up with the businesses listed that have not paid and report back.

Adjournment:

There being no further business, the meeting was adjourned. Respectfully submitted this 13th day of August, 2013.

John Ditmars, President

Tony Wellings, Secretary

Staff Report

To: Economic Development Commission Members

From: Krista Linke, Director

Date: June 6, 2013

Re: Case EDC 2013-08 – NSK Corporation

Case EDC 2013-08 – NSK Corporation: A request for a 10-year tax abatement on $20,000,000 of personal property investment.

Location: 3400 Bearing Drive

Summary:

1. Characteristics of this location:
   Existing Location – 3400 Bearing Drive

2. Characteristics of this petitioner:
   The NSK Corporation Bearing Plant sells automotive bearing products for the automotive and industrial markets. This includes wheel hub and taper roller bearings. The Franklin Bearing Plant initially started in 1991 as a machining center. In 1993, it expanded, adding grinding and assembly operations for generation hub I, II, III, and taper roller bearings. The Franklin facility includes a distribution center handing incoming raw materials and shipping of finished goods. Corporate support functions, such as sales, marketing, application engineering, customer service, and administrative/financial functions, are located in Ann Arbor, Michigan. NSK has over 80 years of experience in design, development, and manufacturing of nearly every kind of anti-friction bearing.

3. Characteristics of this project:
   The proposed project will give NSK Corporation additional manufacturing capacity for Taper Roller Bearings and current manufacturing expansion/upgrades to allow NSK Franklin to stay competitive in the market and reinforce the current job base.

4. Economic Revitalization Area (ERA):
   This property was designated an ERA by Resolution 2004-02 and confirmed by Resolution 2004-03, but it expired in 2011. It needs to be declared an Economic Revitalization Area.

5. 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.

6. 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 2012, 10.8% of all jobs in Johnson County were in the manufacturing sector. There were 4,694 manufacturing employees in Johnson County and 1,017 of them were machine fabricated metal product manufacturing employees. NSK Corporation will retain 258 employees and convert an additional 18 temporary employees to full time.

   b. *Diversification of Local Manufacturing Employment*: According to the U.S. Census Bureau, 2011 County Business Patterns, fabricated metal manufacturing makes up 21.7% of the manufacturing jobs in Johnson County. According to the United States Census Bureau, there were 133 manufacturing establishments in Johnson County in 2012, and 33 of them were fabricated metal product 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 18 temporary jobs being converted to full time jobs is $15.38 ($576,000 divided by 18 jobs, divided by 52 weeks, divided by 40 hours per week). The average hourly wage for the 258 jobs being retained is $31.03 ($16,650,000 divided by 258 jobs, divided by 52 weeks, divided by 40 hours per week).

   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.

7. 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).

8. 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.

9. Requested Effective Year:
   The petitioner has requested that, if approved, the tax abatement be effective for the tax year 2014, payable 2015.

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.

CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

13-08
13-19

Tax Abatement Application

Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: NSK CORPORATION Hub

Primary Contact Name: KEITH WASILENSKI - SR. TAX ACCOUNTANT

Contact Address: 4200 GOSS ROAD

City: ANN ARBOR State: MI Zip: 48105

Phone Number: (734) 913-7588

Email: wasilek@nsk-corp.com

Three possible dates before the EDC meeting to conduct a site visit:

Name of Owner: NSK AMERICAS, INC.

Parent Company (If Applicable):

Primary Contact for Yearly Compliance Reports

Name: JOE STARK

Title: ACCOUNTING MANAGER

Address: 3400 BEARING DRIVE

City: FRANKLIN State: IN Zip: 46131

Phone Number: (317) 738-5000

Email: starkj@nsk-corp.com

Description of Project

Project Location/Address: 3400 BEARING DRIVE

Parcel Number: 41-99-31-001-112.000-009

Brief Description of Project:

Additional manufacturing capacity for Taper Roller Bearings and current manufacturing expansion/upgrades to allow NSK Franklin to stay competitive in the market and reinforce current job base.

Current Assessed Value (AV) of the Property:

1. Land
2. Building $7,029,300.00
3. Inventory
4. Equipment $21,852,000.00

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): 50,000 Size of Site (acres): 34

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: $20,000,000.00
3. Total capital investment for proposed project: $20,000,000.00

Jobs Created and/or Retained

1. Estimated number of full time jobs created by the proposed project: 18
2. Estimated number of full time jobs retained as a direct result of the proposed project: ______
3. Total number of full time jobs upon project completion: 258

Wages Created and Retained

1. Average hourly wage rate for new jobs (w/o benefits) $14.50
2. Average hourly wage rate for jobs retained (w/o benefits) $19.78

***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:

Global pricing and distribution of our products continue to push for lower prices and higher output, reductions of expenses will allow us to stay competitive in the market and retain jobs in Franklin.

Company Information

How long has the company been in existence? 39 YEARS

Current address of company headquarters and duration at that address: 10 YEAR AT CURRENT LOCATION

NSK CORPORATION, 4200 GOSS RD, ANN ARBOR, MI 48105

Approximate percentage of employees at current location who live in the City of Franklin and/or Johnson County: 54%

Have you ever received tax abatement at your current location? Yes ◉ No ○

If yes, when and for what term? 10/21/2010 FOR A PERIOD OF 10 YEARS

What specifically has the company done to give back to the community: Recently donated property adjacent to the Franklin Plant so the City/Twp could build a fire sub station. Employees and NSK are involved in local community organizations and events.

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)? ~~2% for Real Property and~~ 5% for Personal Property covered under abatements.

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: 332991.
2. The total number of jobs current at the site is 258 as of March 2013, of that the number of those jobs that will be created as a direct result of the proposed investment will be 18.
3. Total number of full time employees: 211
4. Total number of temporary/contract employees: 47
5. The current average hourly wages for the existing jobs: $19.78
6. Number of new and/or retained jobs in:
   a. Managerial/Professional Specialty Occ.: Average Hourly Wage:
   b. Technical/Sales/Admin. Support Occ.: Average Hourly Wage:
   c. Service Occ.: Average Hourly Wage:
   d. Precision Production/Craft/Repair Occ.: Average Hourly Wage:
   e. Operators/Fabricators/Laborers: 18 Average Hourly Wage: $14.50
7. Will the new jobs being created being as temporary and/or contract employees? Yes.
   If Yes, please provide explanation of the typical transition process to full time:
   Temporary labor will be brought in through a third party staffing company. Over a 3 month period, employees will be trained and evaluated and discussions will occur on if an employee should be brought on full time based on market and plant conditions.

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

In addition to the above hourly wages, NSK provides the following benefits, bonuses and incentives to its employees.

1. Vacation:	Based on length of service with company
2. Holidays:	13 Paid Holidays (3 designated as floating)
3. Health, Dental, AD&D, Life& Disability, Vision Insurance:	Company participates
4. 401k Plan:	Company participates
5. Bonus Plan:	Annual incentive plan for all employees
6. Flexible Spending Accounts:	Health and Dependent Care accounts maintained pre-tax
7. Employee Assistance:	Employees & family assistance for personal issues at no cost

Time Table for Equipment and Labor

NSK Corporation

Calendar Quarter	Equipment $	Labor Hires	Labor Retained	Notes
2nd Quarter 2013	$ 2,200,000	4		Expansion of TRB for line 6, TRB efficiencies and changes to stay competitive
3rd Quarter 2013	$ 2,000,000	4		
4th Quarter 2013	$ 1,500,000	0		
1st Quarter 2014	$ 1,500,000	1		
2nd Quarter 2014	$ 1,500,000	4		M/C refresh and efficiencies to stay competitive
3rd Quarter 2014	$ 1,500,000	4		
4th Quarter 2014	$ 1,500,000	-2		
1st Quarter 2015	$ 1,500,000	0		
2nd Quarter 2015	$ 1,000,000	3		Expansion of TRB for line 7, M/C efficiencies to stay competitive
3rd Quarter 2015	$ 2,000,000	2		
4th Quarter 2015	$ 2,300,000	0		
1st Quarter 2016	$ 1,500,000	-2		
Total	$ 20,000,000	18	0	

3 YEAR

NSK Corporation

Sample Property Tax on Personal Property (3 Year)

Personal Property Tax Investment: $20,000,000

Tax Rate: 3.0%

	2014 Payable 2015	***2014 Payable 2015***	***2015 Payable 2016***	
Cost of Equipment	$20,000,000	$20,000,000	$20,000,000	
True Cash Percentage Rate	65%	50%	35%	
True Cash Value	$13,000,000	$10,000,000	$7,000,000	
Net Tax Rate	3.0%	3.0%	3.0%	***Total***
Tax w/o Abatement	$390,000	$300,000	$210,000	***$900,000***
Abatement Rate	100%	66%	33%	
Amount Abated	$390,000	$198,000	$69,300	***Total***
Taxes Paid w/Abatement	$0	$102,000	$140,700	***$242,700***
				Total Fees Paid
5% Fee	$19,500	$9,900	$3,465	***$32,865***

Total Tax Savings without Economic Development Fee

$657,300

Total Tax Savings with 5% Economic Development Fee

$624,435

5 YEAR

NSK Corporation

Sample Property Tax on Personal Property (5 Year Period)

Personal Property Tax Investment: $20,000,000

Tax Rate: 3.0%

	2014 Payable 2015	*2015 Payable 2016*	*2016 Payable 2017*	*2017 Payable 2018*	*2018 Payable 2019*	
Cost of Equipment	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	
True Cash Percentage Rate	40%	56%	42%	32%	24%	
True Cash Value	$8,000,000	$11,200,000	$8,400,000	$6,400,000	$4,800,000	
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	*Total*
Tax w/o Abatement	$240,000	$336,000	$252,000	$192,000	$144,000	*########*
Abatement Rate	100%	80%	60%	40%	20%	
Amount Abated	$240,000	$268,800	$151,200	$76,800	$28,800	*Total*
Taxes Paid w/Abatement	$0	$67,200	$100,800	$115,200	$115,200	*$398,400*
						Total Fees Paid
5% Fee	$12,000	$13,440	$7,560	$3,840	$1,440	*$38,280*

Total Tax Savings without Economic Development Fee

$765,600

Total Tax Savings with 5% Economic Development Fee

$727,320

7 YEAR

NSK Corporation

Sample Property Tax on Personal Property (7 Year Period)

Personal Property Tax Investment: $20,000,000

Tax Rate: 3.0%

	2014 Payable 2015	***2015 Payable 2016***	***2016 Payable 2017***	***2017 Payable 2018***	***2018 Payable 2019***	***2019 Payable 2020***	***2020 Payable 2021***	
Cost of Equipment	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	
True Cash Percentage Rat	40%	56%	42%	32%	24%	18%	15%	
True Cash Value	$8,000,000	$11,200,000	$8,400,000	$6,400,000	$4,800,000	$3,600,000	$3,000,000	
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	***Total***
Tax w/o Abatement	$240,000	$336,000	$252,000	$192,000	$144,000	$108,000	$90,000	***$1,362,000***
Abatement Rate	100%	85%	71%	57%	43%	29%	14%	
Amount Abated	$240,000	$285,600	$178,920	$109,440	$61,920	$31,320	$12,600	***Total***
Taxes Paid w/Abatement	$0	$50,400	$73,080	$82,560	$82,080	$76,680	$77,400	***$442,200***
								Total Fees Paid
5% Fee	$12,000	$14,280	$8,946	$5,472	$3,096	$1,566	$630	***$45,990***

Total Tax Savings without Economic Development Fee

$919,800

Total Tax Savings with 5% Economic Development Fee

$873,810

10 YEAR

NSK Corporation

Sample Property Tax on Personal Property (10 Year Period)

Personal Property Tax Investment: $20,000,000

Tax Rate: 3.0%

	2014 Payable 2015	*2015 Payable 2016*	*2016 Payable 2017*	*2017 Payable 2018*	*2018 Payable 2019*	*2019 Payable 2020*	*2020 Payable 2021*	*2021 Payable 2022*	*2022 Payable 2023*	*2023 Payable 2024*	
Cost of Equipment	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	
True Cash Percentage Rate	40%	60%	55%	45%	37%	30%	25%	20%	16%	12%	
True Cash Value	$8,000,000	$12,000,000	$11,000,000	$9,000,000	$7,400,000	$6,000,000	$5,000,000	$4,000,000	$3,200,000	$2,400,000	
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	***Total***
Tax w/o Abatement	$240,000	$360,000	$330,000	$270,000	$222,000	$180,000	$150,000	$120,000	$96,000	$72,000	***$2,040,000***
Abatement Rate	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	
Amount Abated	$240,000	$324,000	$264,000	$189,000	$133,200	$90,000	$60,000	$36,000	$19,200	$7,200	***Total***
Tax Paid w/Abatement	$0	$36,000	$66,000	$81,000	$88,800	$90,000	$90,000	$84,000	$76,800	$64,800	***$677,400***

											Total Fees Paid
5% Fee	$12,000	$16,200	$13,200	$9,450	$6,660	$4,500	$3,000	$1,800	$960	$360	***$68,130***

Total Tax Savings without Economic Development Fee

$1,362,600

Total Tax Savings with 5% Economic Development Fee

$1,294,470

CITY OF FRANKLIN, INDIANA

RESOLUTION NUMBER 2013-20

A RESOLUTION ESTABLISHING AN ECONOMIC REVITALIZATION AREA AND GRANTING TAX ABATEMENT FOR NSK CORPORATION (EDC 2013-08)

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 July 9th, 2013, held a public meeting and considered the tax abatement request of NSK Corporation 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 NSK Corporation receive a 10 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 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 and recommended that the property described as Exhibit "A" be designated as an economic revitalization area;

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) NSK Corporation 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 ____ day of ____________________, 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	Richard L. Wertz

Attest:

____
Janet P. Alexander
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 ____ day of ____________________, 2013.

____
Janet P. Alexander
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 ____ day of ____________________, 2013.

____
Joseph E. McGuinness
Mayor

Attest:

____
Janet P. Alexander
Clerk-Treasurer

APPROVED AS TO FORM:

____
Lynnette Gray
City Attorney

EXHIBIT A

Legal Description

Parcel I:

A part of the South half of Section 34, Township 13 North, Range 4 East of the Second Principal Meridian, Johnson County, Indiana, more particularly described as follows:

Commencing at the Southeast corner of Section 34; thence South 89 degrees 17 minutes 00 seconds West on and along the South line thereof a distance of 2119.69 feet to a P.K. nail found; thence North 0 degrees 00 minutes 00 seconds East a distance of 970.06 feet to the Point of Beginning of this description; thence South 89 degrees 10 minutes 30 seconds West a distance of 1458.13 feet to a point on the North bound lane of U.S. Highway No. 31; thence North 16 degrees 04 minutes 00 seconds West on and along said Northbound lane a distance of 400.00 feet; thence North 89 degrees 10 minutes 30 seconds East a distance of 831.25 feet; thence North 0 degrees 13 minutes 30 seconds East a distance of 862.90 feet; thence North 89 degrees 19 minutes 14 seconds East a distance of 1394.56 feet (deed bearing and distance=North 89 degrees 18 minutes 30 seconds East a distance of 1395.15 feet) to a point on the West right-of-way line of the former Penn-Central Railroad (now Conrail); thence South 16 degrees 09 minutes 00 seconds East on and along said West right-of-way line a distance of 891.97 feet to an iron pin found in place; thence South 89 degrees 09 minutes 00 seconds West a distance of 839.00 feet; thence South 0 degrees 00 minutes 00 seconds West a distance of 60.70 feet; thence South 89 degrees 09 minutes 00 seconds West a distance of 69.63 feet (Deed Distance=69.50 feet); thence South 0 degrees 00 minutes 00 seconds West a distance of 323.83 feet (Deed Distance=322.94 feet) to the point of beginning, Containing 43.575 acres, more or less.

Parcel II:

A Easement for the purposes of a sign, utilities and a roadway for the benefit of Parcel I as created by Easement dated March 28, 1980 and recorded April 28, 1980 in Deed Record 222 page 716 over and across the following described real estate:

A part of the Southeast Quarter of Section 34, Township 13 North, Range 4 East of the Second Principal Meridian, Johnson County, Indiana, Described as follows:

Commencing at a point on the South line of said quarter section South 89 degrees 17 minutes West (assumed bearing) a distance of 819.69 feet from the Southeast corner thereof, said point being marked by a railroad spike on the Westerly right of way line of the Penn-Central Railroad; thence continuing on and along last said South line South 89 degrees 17 minutes West 1300.00 feet to a PK nail marking the point of beginning; thence North 00 degrees 00 minutes East 1293.90 feet to an iron pin; thence North 89 degrees 09 minutes East 60.00 feet; thence south 0 degrees 00 minutes West a distance of 1293.90 feet to the South line of said quarter section; thence South 89 degrees 17 minutes West on and along said South line a distance of 60.00 feet to the point of beginning, Containing 1.782 acres, more or less.

STATEMENT OF BENEFITS
PERSONAL PROPERTY
State Form 51764 (R2 / 12-11)
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 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: NSK CORPORATION

Address of taxpayer *(number and street, city, state, and ZIP code)*: PO BOX 134007, ANN ARBOR, MI 48113-4007

Name of contact person: ROBERT WOZNIAK

Telephone number: (734) 913-7589

SECTION 2 — LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body: FRANKLIN CITY COMMON COUNCIL

Resolution number (s):

Location of property: 3400 BEARING DR, FRANKLIN, IN 46131

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)*

Expansion of Taper Roller Lines to accommodate new business volumes. We will replace temporary and part time positions with fulltime. Increases in equipment efficiency and quality to increase production output and maintain job base in Franklin.

	ESTIMATED START DATE	ESTIMATED COMPLETION DATE
Manufacturing Equipment	04/01/2013	03/31/2016
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
258	16,650,000.00	18	576,000.00		

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	101,625,000.00	21,852,000.00						
Plus estimated values of proposed project	20,000,000.00	6,000,000.00						
Less values of any property being replaced	1,000,000.00	300,000.00						
Net estimated values upon completion of project	120,625,000.00	27,252,000.00						

SECTION 5 — WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

Estimated solid waste converted *(pounds)* ______________________

Estimated hazardous waste converted *(pounds)* ______________________

Other 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)*
	PLANT MANAGER	6-4-13

CITY OF FRANKLIN, INDIANA

RESOLUTION NUMBER 2013-21

RESOLUTION SETTING FORTH FINAL ACTION IN DETERMINING AN ECONOMIC REVITALIZATION AREA AND CONFIRMING RESOLUTION 2013-20 OF JULY 15TH, 2013 (EDC 2013-07: NSK CORPORATION.)

WHEREAS, the Common Council of the City of Franklin, Indiana has adopted a *Community Investment Incentives Summary and Application Procedure* on March 27, 2000; and

WHEREAS, pursuant to said *Community Investment Incentives Summary and Application Procedure,* NSK Corporation has filed a "Tax Abatement Request," pursuant to IC 6-1.1-2.1-1 et seq.; and

WHEREAS, at a regular meeting of the Common Council of the City of Franklin, Indiana held on July 15th, 2013, said Common Council reviewed and approved said request and declared certain real estate within the City of Franklin, Indiana to be an "Economic Revitalization Area" pursuant to the specification of Resolution No. 2013-20 adopted and approved that date; and

WHEREAS, pursuant to IC 6-1.1-12.1-1 et seq. the Common Council of the City of Franklin, Indiana has properly published "Notice of Public Hearing by the Common Council of the City of Franklin, Indiana regarding the designation of the area as an Economic Revitalization Area;" and

WHEREAS, no remonstrance, written or oral, have been filed with regard to Resolution Number 2013-20 stating opposition of any type or character, to said Resolution, or the designation of the real estate described therein as an "Economic Revitalization Area;" and

Now, therefore be it resolved by the Common Council of the City of Franklin, Indiana as follows:

1. <u>Final Action:</u> After legally required public notice, and after a public hearing pursuant to such notice, the Common Council of the City of Franklin, Indiana hereby takes "final action," as that phrase is defined in IC 6-1.1-12.1-1 et seq. With regard to the tax abatement request by NSK Corporation and the adoption of Resolution Number 2013-20 of July 15th, 2013.

2. <u>Confirmation of Resolution No. 2013-20:</u> It is hereby declared by the Common Council of the City of Franklin, Indiana that Resolution Number 2013-20, adopted on July 15th, 2013 is in all respects hereby affirmed, and it is hereby stated that the Economic Development Commission's determination that the real estate controlled by NSK Corporation as described in Resolution Number 2013-20 is designated as an Economic Revitalization Area.

3. <u>Effective Date:</u> This Resolution shall be effective immediately upon its passage subject to any right of appeal as provided by State Law.

4. <u>Filing with Johnson County Authorities:</u> Upon adoption of the Resolution, the Clerk-Treasurer of the City of Franklin, Indiana shall cause a certified copy of this Resolution to be filed with the Johnson County Assessor and/or such other Johnson County government officials as shall be necessary to make NSK Corporation eligible to file for real estate tax abatement as to the

personal property and improvements contemplated by the tax abatement request reviewed and approved by Resolution Number 2013-20 and ratified and affirmed by this Resolution.

DULY PASSED on this ______ day of ____________________, 2013, by the Common Council of the City of Franklin, Johnson County, Indiana, having been passed by a vote of ______ in Favor and ______ Opposed.

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
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 ____ day of ___________________, 2013.

____
Janet P. Alexander
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 ____ day of ___________________, 2013.

____
Joseph E. McGuinness
Mayor

Attest:

____
Janet P. Alexander
Clerk-Treasurer

APPROVED AS TO FORM:

____
Lynnette Gray
City Attorney