



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission

From: Krista Linke, Community Development Director

Date: April 1st, 2015

Re: **Case C 2015-12: GROK Enterprises**

Case C 2015-28: Nitrex, Inc.

Summary:

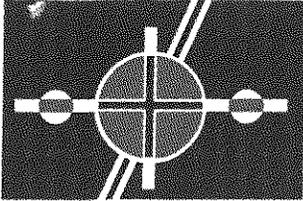
- On June 6th, 2011, the Franklin Common Council passed Resolution No. 2011-02, approving a 10-year tax abatement on real property with a 2% Economic Development Fee and a 10-year tax abatement on \$2,913,050 in personal property with a 5% Economic Development Fee for GROK Enterprises, LLC (Real Property) and Nitrex, Inc. (Personal Property), located 300 Blue Chip Court. In 2013, through Resolution No. 2013-16, the Franklin Common Council amended the personal property tax abatement to \$6,300,000 in personal property and extended the completion date through the end of 2014 for the project.
- Actual and estimated benefits, as projected for 2014:

	Estimated on SB-1	Actual in 2014	Difference
Employees Retained	25	7	(18)
Salaries	\$881,567	\$253,895	-\$627,672
New Employees	12	32	20
Salaries	\$341,974	\$1,026,700	\$684,726
Total Employees	37	39	2
Total Salaries	\$1,223,541	\$1,280,595	\$57,054
Average Hourly Salaries	\$15.90	\$15.79	-\$0.11
Personal Property Improvements	\$6,300,000	\$6,253,343	-\$46,657
Real Property Improvements	\$850,000	\$915,000	\$65,000

- This company has now exceeded the total number of employees estimated on their SB-1 Form for the first time since the abatement was originally granted. The average hourly wage is also higher than originally estimated.
- Their original abatement application indicated that they would not purchase any equipment in 2011 but they purchased \$241,525. They estimated purchasing \$1,499,050 in 2012 but they purchased \$1,120,036. \$1,414,000 was purchased in 2013 for a total of \$2,913,050. Their amended application gave them an additional year to purchase additional equipment. They were successful in purchasing \$3,393,300 of equipment in 2014.
- Their personal property tax abatement is scheduled to expire in tax year 2023 payable 2024. Their final compliance review will take place in 2024.

6. The real property tax abatement is scheduled to expire in tax year 2021 payable 2022. The final compliance review will take place in 2022.

Staff Recommendation: Approval



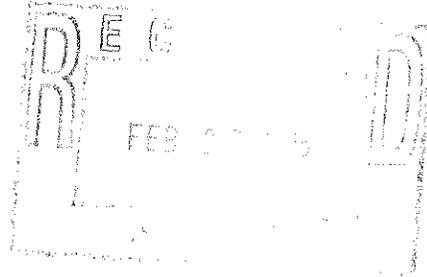
GROK ENTERPRISES, LLC

300 CARLSBAD VILLAGE DRIVE
SUITE 108A, BOX186
CARLSBAD, CA 92008

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FAX: 760-565-9440
MOBILE: 760-604-5049
E-mail: grokllc@prodigy.net

February 16, 2015

Krista Linke, Director
Franklin Economic Development Department
70 E. Monroe Street
Franklin, IN 4613



Re: Tax Abatement Compliance, GROK Enterprises, LLC for 300 Blue Chip Court - Nitrex Building Council Resolution 11-02

Dear Ms. Linke,

Enclosed please find Form CF-1 RE (Compliance with Statement of Benefits) regarding compliance for the real property tax abatements which were granted to GROK ENTERPRISES, LLC.

As can be seen from a review of the enclosed document, the new building continues to be rented by Nitrex-Indiana Operations who will be filing their own separate CF-1 which reflects their continued growth and their projected capital investment..

Please review the enclosed documents and if you have any questions or concerns regarding this matter, please feel free to contact me. .

Best regards,

Thomas Rose
President. Grok Enterprises, LLC

Enclosures:
FRM CF-1 for 2014
Expansion Investment Schedule - Real Property
Building/Construction and Occupancy Status Report



**COMPLIANCE WITH STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS**

State Form 51766 (R3 / 2-13)
Prescribed by the Department of Local Government Finance

20__ PAY 20__

FORM CF-1 / Real Property

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).

INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area or any deduction for which the Statement of Benefits was approved before July 1, 1991.
2. Property owners must file this form with the county auditor and the designating body for their review regarding the compliance of the project with the Statement of Benefits (Form SB-1/Real Property).
3. This form must accompany the initial deduction application (Form 322/RE) that is filed with the county auditor.
4. This form must also be updated each year in which the deduction is applicable. It is filed with the county auditor and the designating body before May 15, or by the due date of the real property owner's personal property return that is filed in the township where the property is located. (IC 6-1.1-12.1-5.1(b))
5. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance form (Form CF-1/Real Property).

SECTION 1 TAXPAYER INFORMATION		
Name of taxpayer GROK Enterprises, LLC	County Johnson	
Address of taxpayer (number and street, city, state, and ZIP code) 300 Carlsbad Village Dr, Suite 108A, Box 186, Carlsbad, CA 92008	DLGF taxing district number 31	
Name of contact person Thomas C Rose	Telephone number (760) 609-4645	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body Franklin City Council	Resolution number 11-02	
Location of property 300 Carlsbad Blue Chip Ct.	Estimated start date (month, day, year) July 2011	
Description of real property improvements Building @ 300 Blue Chip Court	Actual start date (month, day, year) July 2011	
	Estimated completion date (month, day, year) July 2012	
	Actual completion date (month, day, year) July 2012	
SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		
Salaries		
Number of employees retained	25	7
Salaries	861,567	253,895
Number of additional employees	12	32
Salaries	341,974	1,026,700
SECTION 4 COST AND VALUES		
COST AND VALUES	REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE
Values before project	0	
Plus: Values of proposed project	850,000	
Less: Values of any property being replaced		
Net values upon completion of project	850,000	
ACTUAL	COST	ASSESSED VALUE
Values before project	915,000	
Plus: Values of proposed project		
Less: Values of any property being replaced		
Net values upon completion of project	915,000	
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER		
WASTE CONVERTED AND OTHER BENEFITS	AS ESTIMATED ON SB-1	ACTUAL
Amount of solid waste converted		
Amount of hazardous waste converted		
Other benefits:		
SECTION 6 TAXPAYER CERTIFICATION		
I hereby certify that the representations in this statement are true.		
Signature of authorized representative Thomas C Rose	Title PRES-GROK ENT LLC	Date signed (month, day, year) 2-16-2015

CONSTRUCTION AND OCCUPANCY STATUS REPORT 2014
GROK ENTERPRISES, LLC

NITREX-INDIANA OPERATIONS
300-350 BLUE CHIP COURT, FRANKLIN, IN 46131

Construction of the new building began in 2011 and was completed for occupancy in July 2012. In August of 2012, Nitrex employees began the task of moving and installing the heat treating furnaces, outfitting the offices and moving the metallurgical lab. The office work and metallurgical lab was completed by Dec 2012. In addition, Nitrex-Indiana continues to provide heat treating services to Cummins Engine, Eaton Aerospace, Illinois Tool Works, Timron Gear and several other major customers.

In 2014 Nitrex-Indiana has installed new Vacuum Carburizing Equipment and continues to install additional processing capabilities.

Nitrex-Indiana continues to occupy 100% of both buildings located at 300 & 350 Blue Chip Court.

2014 EXPANSION INVESTMENT SCHEDULE

FOR

GROK ENTERPRISES, LLC
 NITREX-INDIANA OPERATION

Attachment to Form CF-1 (Compliance with Statement of Benefits)
 Expansion Investment Schedule by Quarter

	Actual Amount of Investment in 2014	Proposed Amount of Investment in 2014	Actual Amount of Investment Added by Year During Quarter				Actual Total Amount of Investment as of 12/31/2014	Difference between Actual and Proposed Amount of Investment
			3/14	6/14	9/14	12/14		
Buildings and Improvements	0	0	0	0	0	0	\$915,000	+\$65,000
Machinery & Equipment	Supplied by Nitrex		Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	
Totals	Supplied by Nitrex		Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	