



# CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

## Memorandum

**To:** City of Franklin Economic Development Commission  
**From:** Krista Linke, Director of Planning & Economic Development  
**Date:** April 2, 2012  
**Re:** Case C 2012-19: Nitrex, Inc.

### Summary:

1. On June 6<sup>th</sup>, 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 personal property with a 5% Economic Development Fee for GROK Enterprises, LLC (Real Property) and Nitrex, Inc. (Personal Property), located 300 Blue Chip Court.
2. Actual and estimated benefits, as projected for 2011:

	Estimated on SB-1	Actual in 2011	Difference
Employees Retained	25	21	-4
Salaries	\$881,567.00	\$779,958.00	-\$101,609.00
New Employees	12	8	-4
Salaries	\$341,974	\$320,994	-\$20,980
Total Employees	37	29	-8
Total Salaries	\$1,223,541	\$1,100,952	-\$122,589
Average Hourly Salaries	\$15.90	\$18.25	\$2.35
Personal Property Improvements	\$2,913,050	\$241,525	-\$2,671,525

3. The company indicated in their application that they would hire 1 additional employee in 2011, 3 additional employees in 2012, 4 additional employees in 2013, and 3 additional employees in 2014. This adds up to 12 additional employees by the end of 2014. They are ahead of schedule in overall employment. Their average hourly wage is also higher than originally estimated.
4. Nitrex is also ahead of schedule in purchasing equipment. Their application indicated that they would not purchase any equipment in 2011 but they have already purchased \$241,525. They estimated purchasing \$1,499,050 in 2012 and \$1,414,000 in 2013 for a total of \$2,913,050.
5. The personal property tax abatement is scheduled to expire in tax year 2020 payable 2021. The final compliance review will take place in 2021.
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. There is no compliance report required this year for real property.

### Staff Recommendation:

Approval

 **NITREX INC. – INDIANA OPERATIONS**

*Plant*

350 BLUE CHIP COURT, FRANKLIN, IN 46131  
PHONE: 317-346-7700 • FAX: 317-346-7704

*Corporate Address*

201 E. MAYFLOWER AVE., NORTH LAS VEGAS, NV 89030  
PHONE: 702-399-1554 • FAX: 702-639-3819

**Ms. Krista Linke**  
**Director of Planning & Economic Development**  
**70 E. Monroe Street**  
**Franklin, IN 46131**



February 15, 2012

Ref.: 2011 Tax Abatement Compliance Packet for Nitrex Inc.

Dear Ms. Linke,

Enclosed please find Form CF-1/PP (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatements which were granted to Nitrex Inc. pursuant to our application made in May 2011.

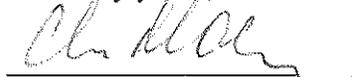
As can be seen from reviewing the enclosed documents, our company has been:

- a) successful in commencing the project and investing in additional equipment slightly ahead of the originally envisaged schedule;
- b) successful in creating additional jobs, as we have exceeded the projected one extra job planned for 2011 by actually increasing the number of positions from 25 to 29;
- c) successful in exceeding the salary & wage total commitment for December 2011.

In all respects the project is on track.

Please review the enclosed documents and if you have any questions or concerns regarding this matter, please feel free to contact me at 702-399-1554 x-101.

Cordially yours,



**Chris Morawski**  
**President / Nitrex Inc.**

cc.: *Isabelle Morawski – Controller*  
*Chuck Thomas – Business Development Manager*



**COMPLIANCE WITH STATEMENT OF BENEFITS  
PERSONAL PROPERTY**

State Form 51765 (R / 1-06)  
Prescribed by the Department of Local Government Finance

**FORM CF-1 / PP**

- INSTRUCTIONS:**
1. Property owners whose Statement of Benefits was approved must file this form with the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
  2. This form must be filed with the Form 103-ERA Schedule of Deduction from Assessed Value between March 1, and May 15, of each year, unless a filing extension under IC 6-1.1-3.7 has been granted. A person who obtains a filing extension must file between March 1, and the extended due date of each year.
  3. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance (CF-1).

**SECTION 1 TAXPAYER INFORMATION**

Name of taxpayer  
**NITREX INC.**

Address of taxpayer (number and street, city, state, and ZIP code)  
**350 BLUE CHIP COURT, FRANKLIN, IN 46131 - MAILING ADDRESS: 201 E. MAYFLOWER AVE, N. LAS VEGAS, NV 89030**

Name of contact person  
**ISABELLE MORAWSKI**

Telephone number  
**(702) 399-1554 x:101**

**SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY**

Name of designating body  
**FRANKLIN CITY COUNCIL**

Resolution number  
**11-02**

Location of property  
**PT. OF 2100 - 2110 EARLYWOOD**

County  
**JOHNSON**

DLGF taxing district number  
**31**

Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired.  
**SEE ATTACHMENT**

Estimated starting date (month, day, year)  
**07/01/2011**

Estimated completion date (month, day, year)  
**12/31/2013**

**SECTION 3 EMPLOYEES AND SALARIES**

EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	<del>25.00</del>	29
Salaries	<del>881,567.00</del>	1,100,952.00
Number of employees retained	25.00	21
Salaries	881,567.00	779,958.00
Number of additional employees	<del>1.00</del> <b>12</b>	8
Salaries	<del>29,486.00</del> <b>341,974</b>	320,994.00

**SECTION 4 COST AND VALUES**

AS ESTIMATED ON SB-1	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	1,786,059.00	595,353.00						
Plus: Values of proposed project	2,913,050.00	971,017.00						
Less: Values of any property being replaced	3,659.00	1,220.00						
Net values upon completion of project	4,695,450.00	1,565,150.00						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	1,786,059.00	595,353.00						
Plus: Values of proposed project	241,525.00	80,508.00						
Less: Values of any property being replaced	0.00	0.00						
Net values upon completion of project								

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

**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  
*IMorawski*

Title  
**ACCOUNTING MGR.**

Date signed (month, day, year)  
**02/15/2012**



**NITREX INC. – Indiana Operations**

350 BLUE CHIP COURT, FRANKLIN, IN 46131

TEL.: 317-346-7700 • FAX: 317-346-7704

**JOB CREATION OR RETENTION SCHEDULE BY QUARTER**

Actual # of employees as of 12/31/10 (From SB-1)	Proposed total # of employees by 12/31/11 (From SB-1)	Actual number of employees added during year (by quarter)				Actual total # of employees as of 12/31/11	Difference between actual and proposed # of employees
		03/31/11	06/30/11	09/30/11	12/31/11		
25	26	1	1	1	1	29	+3



**NITREX INC. – Indiana Operations**

350 BLUE CHIP COURT, FRANKLIN, IN 46131

TEL.: 317-346-7700 • FAX: 317-346-7704

**EXPANSION INVESTMENT SCHEDULE BY QUARTER**

Proposed	Actual Amount of Investment as of 12/31/10 (from SB-1)	Proposed Amount of Total Investment by 12/31/11 (from SB-1)	Actual Amount of Investment Added during year (by quarter)				Actual total Amount of Investment as of 12/31/11	Difference between Actual and proposed amount of investment
			03/31/11	06/30/11	09/30/11	12/31/11		
Machinery & Equipment	1,786,059	0	0	0	241,525	0	2,027,584	241,525

**NITREX INC. - INDIANA OPERATIONS**  
**ABATEMENT - FEB. 2012**

TAX ASSET	GROUP	FULL DESCRIPTION	DATE	COST BASIS
1	Lab Equip.	Leco Mounting Press	31-Aug-02	3,750.00
2	Lab Equip.	Buehler Polisher	31-Aug-02	1,750.00
3	Mach. & Equip.	Ipsen Vacuum Furnace	31-Aug-02	70,000.00
4	Mach. & Equip.	Lindberg Generator	31-Aug-02	8,250.00
5	Mach. & Equip.	Leco Cut Off Saw	31-Aug-02	7,500.00
6	Mach. & Equip.	Leco Hardness Tester	31-Aug-02	6,000.00
7	Mach. & Equip.	Wilson Rockwell Dual Test	31-Aug-02	2,750.00
8	Mach. & Equip.	Ipsen Internal Quench	31-Aug-02	60,000.00
9	Mach. & Equip.	Webber Deep Freeze	31-Aug-02	11,500.00
10	Mach. & Equip.	Spray Washer	31-Aug-02	10,000.00
12	Mach. & Equip.	Cooling Tower	31-Aug-02	5,500.00
13	Mach. & Equip.	Cooling Fluid System	31-Aug-02	5,000.00
14	Mach. & Equip.	Box Gas Recirculating	31-Aug-02	32,500.00
15	Mach. & Equip.	Ipsen Loader-S/N53679	31-Aug-02	1,000.00
17	Mach. & Equip.	Forklift	31-Aug-02	10,500.00
19	Mach. & Equip.	Hoist-Monorail System	31-Aug-02	6,521.51
20	Lab Equip.	Microscope	31-Aug-02	3,070.00
21	Mach. & Equip.	Ammonia Dissociator	31-Aug-02	6,000.00
22	Mach. & Equip.	Palatek Air Compressor	11-Feb-02	7,129.49
23	Mach. & Equip.	Electric Floor Lift	15-Aug-02	1,200.00
24	Lab Equip.	Scleroscope	2-Sep-02	1,209.00
25	Lab Equip.	Mitutoyo Hardness Tester	2-Sep-02	7,001.00
26	Mach. & Equip.	FN3	2-Sep-02	18,945.00
27	Mach. & Equip.	FN2 Furnace	2-Sep-02	4,293.00
28	Mach. & Equip.	Straightening Press	2-Sep-02	26,938.00
29	Mach. & Equip.	Chain Hoist	2-Sep-02	4,662.00
30	Mach. & Equip.	FN1 Furnace	2-Sep-02	10,000.00
31	Mach. & Equip.	FN4 Furnace	2-Sep-02	3,500.00
33	Mach. & Equip.	Lou Wenning	13-Sep-02	5,853.00
34	Mach. & Equip.	Ion Nitride Furnace	1-Dec-02	75,000.00
35	Mach. & Equip.	Ion Nitride Furnace - S/N GAGN-5G2R3B	1-Dec-02	75,000.00
36	Mach. & Equip.	Electric Hoist	9-Dec-02	2,942.24
37	Mach. & Equip.	Truline Recorder	19-Jun-03	2,271.00
38	Mach. & Equip.	Horizontal Furnace	23-Jul-03	42,900.00
39	Lab Equip.	Paxcam Camera	17-Aug-04	4,701.49
40	Mach. & Equip.	Gas Nitrider Furnace	29-Oct-03	10,500.00
41	Mach. & Equip.	Nitriding Power Supply	3-Nov-03	43,425.00
42	Mach. & Equip.	Vacuum Carburize Furnace	8-Jan-04	40,000.00
43	Mach. & Equip.	Vacuum Temper Furnace	8-Jan-04	10,000.00
44	Mach. & Equip.	Konacrane Hoist	3-Mar-04	10,013.36
45	Mach. & Equip.	Evapco Cooler - S/N 906279	18-May-04	7,000.00
46	Mach. & Equip.	Abar/Ipsen Vacuum Furnace	11-Jun-04	90,000.00
47	Mach. & Equip.	Vacuum Pump	15-Aug-04	13,007.25

**NITREX INC. - INDIANA OPERATIONS**  
**ABATEMENT - FEB. 2012**

48	Mach. & Equip.	4000 Gal. CS Tank	12-Jul-04	2,000.00
49	Mach. & Equip.	Lindberg Nitrider Furnace	13-Jan-05	23,000.00
50	Mach. & Equip.	Vacuum Pump	1-Jun-05	12,320.00
51	Mach. & Equip.	Surface Comb.Box Furnace	29-Jul-05	28,000.00
52	Mach. & Equip.	Surface Comb.Box Furnace	24-Aug-05	28,000.00
54	Mach. & Equip.	10 Ton Crane System	11-Nov-05	21,650.00
55	Mach. & Equip.	L&N Nitriding Furnace	16-Jan-06	29,000.00
57	Mach. & Equip.	Cooling Tower	13-Apr-06	8,500.00
58	Mach. & Equip.	Nitrex Gas Nitriding System	13-Apr-06	70,000.00
59	Mach. & Equip.	Plasma Furnace & Control	13-Apr-06	51,000.00
60	Mach. & Equip.	Vacuum Pump-Rebuilt, S/N 132,89280	7-Jun-06	19,500.00
63	Mach. & Equip.	Nitrogen Tank, 7500 Gallon	1-Nov-05	42,000.00
64	Mach. & Equip.	Furnace/Sew Eurodrive	10-Jul-07	75,000.00
65	Mach. & Equip.	Furnace -FD-5/Vacuum Tempter	3-Aug-07	45,000.00
66	Lab Equip.	Eddy Current Instrument, Cat #6020-00-02	21-Dec-06	25,805.80
67	Mach. & Equip.	Racking - Nitriding	6-Oct-07	3,863.00
68	Mach. & Equip.	FC-2 Installation	31-Aug-08	13,350.00
69	Mach. & Equip.	Screens	11-Feb-08	3,578.61
70	Mach. & Equip.	Screens	20-Mar-08	4,200.00
71	Mach. & Equip.	Screens	1-May-08	16,974.00
72	Mach. & Equip.	FN-5 - Exhaust	12-Jun-08	23,533.00
73	Mach. & Equip.	FV-1 H. Exchanger	31-Aug-08	18,450.00
74	Lab Equip.	Mounting Press	31-Aug-08	5,029.30
75	Lab Equip.	Microscope	8-Feb-08	2,651.00
81	Mach. & Equip.	Washer	4-Mar-09	71,830.00
82	Mach. & Equip.	FN-9 Installation	25-Mar-10	195,475.00
83	Mach. & Equip.	Hoist Overhaul	1-Dec-08	10,123.21
84	Mach. & Equip.	Racking / Baskets	11-Dec-08	15,600.00
85	Mach. & Equip.	Crane/Hoist for Washers	30-Apr-09	7,805.91
86	Mach. & Equip.	FN5 - PC for Communications	12-May-09	3,800.00
88	Mach. & Equip.	FV-3 Power Supply	31-Mar-10	19,239.25
90	Mach. & Equip.	Basket Jet-Carburizers	5-Apr-10	15,486.81
91	Mach. & Equip.	Cooley Wire Products	13-Apr-10	10,080.00
93	Mach. & Equip.	E-1 Dewpoint Analyzer	7-Jun-10	6,088.30
95	Mach. & Equip.	Transformer 50KVA - (Spare for FV1 & FV3 )	1-Jul-10	5,653.26
96	Mach. & Equip.	Alloy Racking - Set #1	26-Jul-10	34,960.00
97	Mach. & Equip.	3gas Analyzer	26-Aug-10	24,341.24
98	Mach. & Equip.	Gidgid 535 Pipe Threader	31-Aug-10	2,273.70
99	Mach. & Equip.	Bin & Shelf Cabinets	18-Aug-10	2,855.55
100	Mach. & Equip.	FV-3-Power Supply Transformer Replacement	1-Aug-10	4,093.26
109	Lab Equip.	Hardness Tester - Indentron NI-300	7-Dec-10	14,866.00

1,786,058.54

**Values before project:**

**1,786,059.00**

**NITREX INC. - INDIANA OPERATIONS  
ABATEMENT - FEB. 2012**

**ADDITIONS IN CALENDAR YEAR 2011**

---

**Quarter Ending: 03/31/11** **Total:** 0.00

---

**Quarter Ending: 06/30/11** **Total:** 0.00

104	Mach. & Equip.	Overhaul of Furnace FV-1	31-Aug-11	9,811.71
105	Mach. & Equip.	Nitriding System FP-5 - Plasma	31-Aug-11	176,963.41
111	Mach. & Equip.	Racking Set #2	31-Aug-11	3,520.00
114	Mach. & Equip.	Overhaul of Endo Generator #2	31-Aug-11	2,952.00
118	Mach. & Equip.	Overhaul of FP-3 / Pump	31-Aug-11	6,274.58
119	Mach. & Equip.	Masking Rings for Celect Bodies	31-Aug-11	12,625.67
120	Mach. & Equip.	Ladder	31-Aug-11	1,489.71
121	Mach. & Equip.	Overhaul of FV-1 / Pump	31-Aug-11	5,416.36
122	Mach. & Equip.	Overhaul of FV-3 / Heat Chamber	31-Aug-11	4,451.65
123	Mach. & Equip.	Leak Detector Overhaul	31-Aug-11	2,354.43
124	Mach. & Equip.	Racking Set #3	31-Aug-11	3,087.00
126	Mach. & Equip.	Well & Pumping System	31-Aug-11	6,800.00
127	Mach. & Equip.	Forklift - Caterpillar GC25K	31-Aug-11	5,778.00

---

**Quarter Ending 09/30/11:** **Total:** 241,524.52

---

**Quarter Ending 12/31/11:** **Total:** 0.00

---