



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: Economic Development Commission

From: Krista Linke, Director

Date: June 4, 2013

Re: Personal Property Tax Abatement Modification Request – Nitrex Inc.

The City of Franklin Economic Development Commission and City Council reviewed and approved a personal property tax abatement request from Nitrex, Inc., through Resolutions 2011-02 and 2011-03. In addition, GROK Enterprises, owner of the property where Nitrex, Inc. is located, received a 10 year abatement on \$1,000,000 worth of real property with a 2% Economic Development Fee. The personal property abatement was granted for 10 years with a 5% Economic Development Fee on \$2,913,050 worth of personal property. The completion date for the project was December 31st, 2013. Twelve new jobs were to be created with total salaries of \$341,974.

In the attached letter, Chris Morawski, President of Nitrex, Inc., explains that only \$1,362,000 worth of machinery has been purchased to date and the number of additional employees is also behind schedule. They are requesting an increase in the amount of machinery purchased to \$6,300,000 and an extended completion date of December 31st, 2014. They still indicate they will retain 25 employees and add 12 employees, at the previously indicated salaries.

In order to accommodate this request, a new resolution would need to be approved by the City Council, amending resolution 2011-02 and 2011-03 (the confirming resolution).

The letter from Nitrex, Inc., dated May 16, 2013 is attached, along with the original staff report from 2011 and updated sample property tax tables.

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

Memorandum

To: Economic Development Commission Members
From: Krista Linke, Director
Date: May 24th, 2011
Re: Case EDC 2011-01: GROK Enterprises & Nitrex

Case EDC 2011-01 – GROK Enterprises, LLC and Nitrex Inc.: A request for a 10-year tax abatement on \$1,000,000 in real property and \$2,913,050 of personal property investment .

Location: 300 Blue Chip Court

Summary:

1. Characteristics of this location:

Tom Rose of GROK Enterprises plans to work with the Bemis Group to construct a new 14,400 square foot building on the adjacent lot to the current Nitrex location at 350 Blue Chip Court. GROK Enterprises is the owner of 350 Blue Chip Court as well.



2. Characteristics of this petitioner:

GROK Enterprises and Nitrex have current abatements at 350 Blue Chip Court.

Nitrex partners with various companies to offer world-wide service within the heat treat industry. They first moved to Franklin in 2001 due to the need for commercial heat treat. As stated in their Inducement letter, despite the economic downturn, the Franklin facility has undergone constant growth. They are at the point that the existing building limits production so they are proposing an additional building on the adjacent lot.

3. Characteristics of this project:

Nitrex partnered with GROK Enterprises in 2000 and built a 8,400 square foot facility in Franklin that was expanded to 14,400 square feet in 2005. Now due to a steady growth of a well managed heat treating business, Nitrex has asked GROK Enterprises to construct another manufacturing building adjacent to their existing facility on Blue Chip Court. GROK Enterprises, along with the Bemis Group would like to begin construction on this new facility by July 1, 2011 and anticipate construction to be completed by December 1, 2011. GROK Enterprises will invest approximately \$1,000,000 in this new 15,400 square foot facility.

A partial list of equipment being purchased can be found at the bottom of the attachment "Personal Property Investment @ Nitrex, Inc." A complete list should be provided to the EDC for their review. Only manufacturing equipment can be abated.

4. Economic Revitalization Area (ERA):

This property was designated an ERA by Resolution 2000-17. It runs with the 10 year abatement that was approved effective 2002 payable 2003. Therefore, the ERA designation is in effect for 2011 payable 2012. Since this abatement would be effective 2012 payable 2013 a new ERA designation and resolution needs to be approved.

5. ERA & Tax Abatements Findings (Real Property):

Indiana Code Section 6-1.1-12.1-3 states that the following findings must be made when considering an ERA designation and the granting of a tax abatement for real property:

- a. Whether the estimate of the value of the development or rehabilitation is reasonable for projects of that nature;
- 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 proposed redevelopment or rehabilitation;
- 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 proposed redevelopment or rehabilitation;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed redevelopment or rehabilitation; and

e. Whether the totality of the benefits is sufficient to justify the tax abatement.

6. 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 a 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.

7. 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 GROK Enterprises/Nitrex request follows:

- a. *Diversification of Local Occupations:* The total number of jobs at the current site is 25. In addition to the 25 full-time employees currently at the site, three temporary and/or contract employees are employed there as well. The company proposes 12 additional jobs by the end of 2014. One position is anticipated to be created by the end of 2011, three additional positions by the end of 2012, four additional positions by the end of 2013, and three additional positions by the end of 2014 for a total of 12. For a detail of what type of positions will be created in which year please see the attached "Job Type @ Nitrex, Inc – Indiana Operations." Nitrex states that new employees are typically hired through an employment agency, with the exception of salaried (quality and engineering) employees. They are typically direct hires. Contracts for new employees hired through an employment agency average 90 days, at which point the employee is hired as a full-time Nitrex employee.
 - 2 current engineering/managerial/technical with an average hourly wage of \$38.46
 - 2 new engineering/managerial/technical with an average hourly wage of \$24.52
 - 6 current quality/lab technician/managerial with an average hourly wage of \$15.24
 - 1 new quality/lab technician/managerial with an average hourly wage of \$13.46

- 4 current maintenance/service/craft/repair with an average hourly wage of \$15.43
- 6 current supervisors with an average hourly wage of \$17.62
- 2 new supervisors with an average hourly wage of \$12.98
- 7 current operator/laborer/production with an average hourly wage of \$12.58
- 7 new operator/laborer/production with an average hourly wage of \$10.85

Wage figures do not include benefits. Nitrex has established paid time off as well as health and dental benefits. A 401k plan is also offered for employee's investment.

- Diversification of Local Manufacturing Employment:* According to the 2007 U.S. Census Bureau Economic Census, Fabricated Metal Product Manufacturing makes up 12% of the manufacturing sector employees in Johnson County.
- Increase in Local Salaries:* The Company reports the average wage for all new employees at the proposed facility to be \$13.70 per hour. These salary figures do not include bonuses and benefits. According to the 2002 Economic Census, the average wage for all industries in Johnson County was \$13.69 per hour. The average wage in Johnson County for the manufacturing sector in 2007 was \$18.99 per hour. The average hourly wage for the manufacturing sector in Franklin was \$20.56 in 2007.
- Sustainable Land Use:* The petitioner proposes to make this investment on the lot adjacent to their current location. This industrial park was developed for these types of projects.
- Future Community Investment:* In addition to the equipment being proposed, Nitrex is considering installation of a \$2,500,000 state-of-the-art vacuum carburizing multi-chamber system with possible 20bar positive quench capabilities. This equipment will not only keep local work within the greater-Franklin area, but attract specialized work throughout the country, possibly the world.
- 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.

8. 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).

9. 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.

10. Requested Effective Year:

The petitioner has requested that, if approved, the tax abatement be effective for the tax year 2012, payable 2013.

Staff Comments:

This tax abatement petition proposes an economic development project that meets all of the above outlined criteria to be considered in granting a tax abatement. The only area in which the application is not as strong as others is in the average hourly wage.

The Economic Development Fee has been discussed and explained to Nitrex. Based on the merits of this proposal, the length of abatement as well as percent for the economic development fee (if you should desire to request it) should be negotiated with the companies during the EDC meeting.

GROK/Nitrex**Sample Property Tax on Real Property (3 Year Period) Schedule**

Real Property Tax Investment: \$1,000,000

Tax Rate: 3.6195%

	<i>2012 Payable 2013</i>	<i>2013 Payable 2014</i>	<i>2014 Payable 2015</i>	
<i>True Cash Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Assessed Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Net Tax Rate</i>	3.6195%	3.6195%	3.6195%	<i>Total</i>
<i>Tax w/o Abatement</i>	\$36,195	\$36,195	\$36,195	\$108,585
<i>Abatement Rate</i>	100%	66%	33%	
<i>Amount Abated</i>	\$36,195	\$23,889	\$11,944	<i>Total</i>
<i>Taxes Paid w/Abatement</i>	\$0	\$12,306	\$24,251	\$36,557

Total Tax Savings**\$72,028****GROK/Nitrex****Sample Property Tax on Real Property (3 Year) with 2% Economic Development Fee**

Real Property Tax Investment: \$1,000,000

Tax Rate: 3.6195%

	<i>2012 Payable 2013</i>	<i>2013 Payable 2014</i>	<i>2014 Payable 2015</i>	
<i>True Cash Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Assessed Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Net Tax Rate</i>	3.6195%	3.6195%	3.6195%	<i>Total</i>
<i>Tax w/o Abatement</i>	\$36,195	\$36,195	\$36,195	\$108,585
<i>Abatement Rate</i>	100%	66%	33%	
<i>Amount Abated</i>	\$36,195	\$23,889	\$11,944	<i>Total</i>
<i>Taxes Paid w/Abatement</i>	\$0	\$12,306	\$24,251	\$36,557

Total Fees Paid

2% Fee	\$724	\$478	\$239	\$1,441
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Total Tax Savings with 2% Economic Development Fee**\$70,587**

GROK/Nitrex**Sample Property Tax on Real Property (5 Year Period) Schedule**

Real Property Tax Investment: \$1,000,000

Tax Rate: 3.6195%

	2012 Payable 2013	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	
<i>True Cash Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Assessed Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Net Tax Rate</i>	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	Total
<i>Tax w/o Abatement</i>	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$180,975
<i>Abatement Rate</i>	100%	80%	60%	40%	20%	
<i>Amount Abated</i>	\$36,195	\$28,956	\$21,717	\$14,478	\$7,239	Total
<i>Taxes Paid w/Abatement</i>	\$0	\$7,239	\$14,478	\$21,717	\$28,956	\$72,390

Total Tax Savings**\$108,585****GROK/Nitrex****Sample Property Tax on Real Property (5 Year Period) with 2% Economic Development Fee**

Real Property Tax Investment: \$1,000,000

Tax Rate: 3.6195%

	2012 Payable 2013	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	
<i>True Cash Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Assessed Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Net Tax Rate</i>	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	Total
<i>Tax w/o Abatement</i>	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$180,975
<i>Abatement Rate</i>	100%	80%	60%	40%	20%	
<i>Amount Abated</i>	\$36,195	\$28,956	\$21,717	\$14,478	\$7,239	Total
<i>Taxes Paid w/Abatement</i>	\$0	\$7,239	\$14,478	\$21,717	\$28,956	\$72,390

Total Fees Paid

2% Fee	\$724	\$579	\$434	\$290	\$145	\$2,172
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Total Tax Savings with 2% Economic Development Fee**\$106,413**

GROK/Nitrex**Sample Property Tax on Real Property (7 Year Period) Schedule**

Real Property Tax Investment: \$1,000,000

Tax Rate: 3.6195%

	2012 Payable 2013	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	
<i>True Cash Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Assessed Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Net Tax Rate</i>	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	Total
<i>Tax w/o Abatement</i>	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$253,365
<i>Abatement Rate</i>	100%	85%	71%	57%	43%	29%	14%	
<i>Amount Abated</i>	\$36,195	\$30,766	\$25,698	\$20,631	\$15,564	\$10,497	\$5,067	Total
<i>Taxes Paid w/Abatement</i>	\$0	\$5,429	\$10,497	\$15,564	\$20,631	\$25,698	\$31,128	\$108,947

Total Tax Savings**\$144,418****GROK/Nitrex****Sample Property Tax on Real Property (7 Year) with 2% Economic Development Fee**

Real Property Tax Investment: \$1,000,000

Tax Rate: 3.6195%

	2012 Payable 2013	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	
<i>True Cash Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Assessed Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Net Tax Rate</i>	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	Total
<i>Tax w/o Abatement</i>	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$253,365
<i>Abatement Rate</i>	100%	85%	71%	57%	43%	29%	14%	
<i>Amount Abated</i>	\$36,195	\$30,766	\$25,698	\$20,631	\$15,564	\$10,497	\$5,067	Total
<i>Taxes Paid w/Abatement</i>	\$0	\$5,429	\$10,497	\$15,564	\$20,631	\$25,698	\$31,128	\$108,947

Total Fees Paid

<i>2% Fee</i>	\$724	\$615	\$514	\$413	\$311	\$210	\$101	\$2,888
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Total Tax Savings with 2% Economic Development Fee**\$141,530**

GROK/Nitrex

Sample Property Tax on Real Property (10 Year Period) Schedule

Real Property Tax Investment: \$1,000,000

Tax Rate: 3.6195%

	2012 Payable 2013	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	
True Cash Value	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
Assessed Value	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
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	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$361,950
Abatement Rate	100%	95%	80%	65%	50%	40%	30%	20%	10%	5%	
Amount Abated	\$36,195	\$24,365	\$28,956	\$23,527	\$18,098	\$14,478	\$10,859	\$7,239	\$3,620	\$1,810	Total
Taxes Paid w/Abatement	\$0	\$1,810	\$7,239	\$12,668	\$18,098	\$21,717	\$25,337	\$28,956	\$32,576	\$34,385	\$182,785

Total Tax Savings

\$179,165

GROK/Nitrex

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

Real Property Tax Investment: \$1,000,000

Tax Rate: 3.6195%

	2012 Payable 2013	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	
True Cash Value	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
Assessed Value	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
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	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$36,195	\$361,950
Abatement Rate	100%	95%	80%	65%	50%	40%	30%	20%	10%	5%	
Amount Abated	\$36,195	\$24,365	\$28,956	\$23,527	\$18,098	\$14,478	\$10,859	\$7,239	\$3,620	\$1,810	Total
Taxes Paid w/Abatement	\$0	\$1,810	\$7,239	\$12,668	\$18,098	\$21,717	\$25,337	\$28,956	\$32,576	\$34,385	\$182,785

Total Fees Paid

2% Fee	\$724	\$668	\$579	\$471	\$362	\$290	\$217	\$145	\$72	\$36	\$3,583
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Total Tax Savings with 2% Economic Development Fee

\$175,582

GROK/Nitrex**Sample Property Tax on Personal Property (3 Year Period) Schedule**

Personal Property Tax Investment: \$2,913,050

Tax Rate: 3.6195%

	<i>2012 Payable 2013</i>	<i>2013 Payable 2014</i>	<i>2014 Payable 2015</i>	
<i>Cost of Equipment</i>	\$2,913,050	\$2,913,050	\$2,913,050	
<i>True Cash Percentage Rate</i>	65%	50%	35%	
<i>True Cash Value</i>	\$1,893,483	\$1,456,525	\$1,019,568	
<i>Net Tax Rate</i>	3.6195%	3.6195%	3.6195%	<i>Total</i>
<i>Tax w/o Abatement</i>	\$68,535	\$52,719	\$36,903	\$158,157
<i>Abatement Rate</i>	100%	66%	33%	
<i>Amount Abated</i>	\$68,535	\$34,794	\$12,178	<i>Total</i>
<i>Taxes Paid w/Abatement</i>	\$0	\$17,924	\$24,725	\$42,650

Total Tax Savings**\$115,507****GROK/Nitrex****Sample Property Tax on Personal Property (3 Year) with 5% Economic Development Fee**

Personal Property Tax Investment: \$2,913,050

Tax Rate: 3.6195%

	<i>2012 Payable 2013</i>	<i>2013 Payable 2014</i>	<i>2014 Payable 2015</i>	
<i>Cost of Equipment</i>	\$2,913,050	\$2,913,050	\$2,913,050	
<i>True Cash Percentage Rate</i>	65%	50%	35%	
<i>True Cash Value</i>	\$1,893,483	\$1,456,525	\$1,019,568	
<i>Net Tax Rate</i>	3.6195%	3.6195%	3.6195%	<i>Total</i>
<i>Tax w/o Abatement</i>	\$68,535	\$52,719	\$36,903	\$158,157
<i>Abatement Rate</i>	100%	66%	33%	
<i>Amount Abated</i>	\$68,535	\$34,794	\$12,178	<i>Total</i>
<i>Taxes Paid w/Abatement</i>	\$0	\$17,924	\$24,725	\$42,650

Total Fees Paid

<i>5% Fee</i>	\$3,427	\$1,740	\$609	\$5,775
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Total Tax Savings with 5% Economic Development Fee**\$109,732**

GROK/Nitrex**Sample Property Tax on Personal Property (5 Year Period) Schedule**

Personal Property Tax Investment: \$2,913,050

Tax Rate: 3.6195%

	2012 Payable 2013	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	
Cost of Equipment	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	
True Cash Percentage Rate	40%	56%	42%	32%	24%	
True Cash Value	\$1,165,220	\$1,631,308	\$1,223,481	\$932,176	\$699,132	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	Total
Tax w/o Abatement	\$42,175	\$59,045	\$44,284	\$33,740	\$25,305	\$204,549
Abatement Rate	100%	80%	60%	40%	20%	
Amount Abated	\$42,175	\$47,236	\$26,570	\$13,496	\$5,061	Total
Taxes Paid w/Abatement	\$0	\$11,809	\$17,714	\$20,244	\$20,244	\$70,011

Total Tax Savings**\$134,539****GROK/Nitrex****Sample Property Tax on Personal Property (5 Year Period) Schedule with 5% Economic Development Fee**

Personal Property Tax Investment: \$2,913,050

Tax Rate: 3.6195%

	2012 Payable 2013	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	
Cost of Equipment	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	
True Cash Percentage Rate	40%	56%	42%	32%	24%	
True Cash Value	\$1,165,220	\$1,631,308	\$1,223,481	\$932,176	\$699,132	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	Total
Tax w/o Abatement	\$42,175	\$59,045	\$44,284	\$33,740	\$25,305	\$204,549
Abatement Rate	100%	80%	60%	40%	20%	
Amount Abated	\$42,175	\$47,236	\$26,570	\$13,496	\$5,061	Total
Taxes Paid w/Abatement	\$0	\$11,809	\$17,714	\$20,244	\$20,244	\$70,011

Total Fees Paid

5% Fee	\$0	\$590	\$886	\$1,012	\$1,012	\$3,501
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Total Tax Savings with 5% Economic Development Fee**\$131,038**

GROK/Nitrex**Sample Property Tax on Personal Property (7 Year Period) Schedule**

Personal Property Tax Investment: \$2,913,050

Tax Rate: 3.6195%

	2012 Payable 2013	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	
Cost of Equipment	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	
True Cash Percentage Rate	40%	56%	42%	32%	24%	18%	15%	
True Cash Value	\$1,165,220	\$1,631,308	\$1,223,481	\$932,176	\$699,132	\$524,349	\$436,958	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	Total
Tax w/o Abatement	\$42,175	\$59,045	\$44,284	\$33,740	\$25,305	\$18,979	\$15,816	\$239,344
Abatement Rate	100%	85%	71%	57%	43%	29%	14%	
Amount Abated	\$42,175	\$50,188	\$31,442	\$19,232	\$10,881	\$5,504	\$2,214	Total
Taxes Paid w/Abatement	\$0	\$8,857	\$12,842	\$14,508	\$14,424	\$13,475	\$13,601	\$77,708

Total Tax Savings**\$161,636****GROK/Nitrex****Sample Property Tax on Personal Property (7 Year Period) Schedule with 5% Economic Development Fee**

Personal Property Tax Investment: \$2,913,050

Tax Rate: 3.6195%

	2012 Payable 2013	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	
Cost of Equipment	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	
True Cash Percentage Rate	40%	56%	42%	32%	24%	18%	15%	
True Cash Value	\$1,165,220	\$1,631,308	\$1,223,481	\$932,176	\$699,132	\$524,349	\$436,958	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	Total
Tax w/o Abatement	\$42,175	\$59,045	\$44,284	\$33,740	\$25,305	\$18,979	\$15,816	\$239,344
Abatement Rate	100%	85%	71%	57%	43%	29%	14%	
Amount Abated	\$42,175	\$50,188	\$31,442	\$19,232	\$10,881	\$5,504	\$2,214	Total
Taxes Paid w/Abatement	\$0	\$8,857	\$12,842	\$14,508	\$14,424	\$13,475	\$13,601	\$77,708

Total Fees Paid

5% Fee	\$2,109	\$2,509	\$1,572	\$962	\$544	\$275	\$111	\$8,082
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Total Tax Savings with 5% Economic Development Fee**\$153,554**

GROK/Nitrex

Sample Property Tax on Personal Property (10 Year Period) Schedule

Personal Property Tax Investment: \$2,913,050

Tax Rate: 3.6195%

	2012 Payable 2013	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	
Cost of Equipment	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	
True Cash Percentage Rate	40%	60%	55%	45%	37%	30%	25%	20%	16%	12%	
True Cash Value	\$1,165,220	\$1,747,830	\$1,602,178	\$1,310,873	\$1,077,829	\$873,915	\$728,263	\$582,610	\$466,088	\$349,566	
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	\$42,175	\$63,263	\$57,991	\$47,447	\$39,012	\$31,631	\$26,359	\$21,088	\$16,870	\$12,653	\$358,489
Abatement Rate	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	
Amount Abated	\$42,175	\$56,936	\$46,393	\$33,213	\$23,407	\$15,816	\$10,544	\$6,326	\$3,374	\$1,265	Total
Taxes Paid w/Abatement	\$0	\$6,326	\$11,598	\$14,234	\$15,605	\$15,816	\$15,816	\$14,761	\$13,496	\$11,387	\$119,039

Total Tax Savings

\$239,449

GROK/Nitrex

Sample Property Tax on Personal Property (10 Year Period) Schedule with 5% Fee

Personal Property Tax Investment: \$2,913,050

Tax Rate: 3.6195%

	2012 Payable 2013	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	
Cost of Equipment	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	\$2,913,050	
True Cash Percentage Rate	40%	60%	55%	45%	37%	30%	25%	20%	16%	12%	
True Cash Value	\$1,165,220	\$1,747,830	\$1,602,178	\$1,310,873	\$1,077,829	\$873,915	\$728,263	\$582,610	\$466,088	\$349,566	
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	\$42,175	\$63,263	\$57,991	\$47,447	\$39,012	\$31,631	\$26,359	\$21,088	\$16,870	\$12,653	\$358,489
Abatement Rate	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	
Amount Abated	\$42,175	\$56,936	\$46,393	\$33,213	\$23,407	\$15,816	\$10,544	\$6,326	\$3,374	\$1,265	Total
Tax Paid w/Abatement	\$0	\$6,326	\$11,598	\$14,234	\$15,605	\$15,816	\$15,816	\$14,761	\$13,496	\$11,387	\$119,039

Total Fees Paid

\$11,972

Total Tax Savings with 5% Economic Development Fee

\$227,477

29

Doc ID: 006103330010 Type: MIS
Kind: MISCELLANEOUS
Recorded: 06/28/2011 at 01:35:32 PM
Fee Amt: \$31.00 Page 1 of 10

Workflow# 0000033576-0001
Johnson County-Recorded as Presented
Jill L. Jackson County Recorder

File 2011-012873

(10)

RESOLUTION NUMBER: 2011-02

A RESOLUTION ESTABLISHING AN ECONOMIC REVITALIZATION AREA AND DESIGNATING A
TAX ABATEMENT FOR GROK ENTERPRISES/NITREX
(EDC 2011-01)

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

WHEREAS, the Franklin Economic Development Commission has on May 31, 2011 held a public meeting and considered the economic revitalization area and the tax abatement request of *GROK Enterprises, LLC and Nitrex Inc. (300 Blue Chip Court)* 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 and recommended that the property described as Exhibit "A" be designated as an economic revitalization area and that the time period for the economic revitalization area does not exceed the duration of the tax abatement approved through this resolution;

WHEREAS, again making 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 *GROK Enterprises LLC and Nitrex Inc. receive a ten (10) year tax abatement on real property with a 2% Economic Development Fee and a ten (10) year tax abatement on personal property with a 5% Economic Development Fee* for the real estate described as "Exhibit A" and 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, it appears that said real estate as described as Exhibit "A" is an area where the site is undesirable for or impossible of normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, sub-standard buildings and other factors which have impaired values or prevented normal development of or use of the property;

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 on economic revitalization area designation and tax abatement for real property and personal property; and

FILED

JUN 28 2011

Shirley R. Buckner

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 real property the following findings are made:

- 1) Whether the estimate of the value of the development or rehabilitation is reasonable for projects of that nature; 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 proposed redevelopment or rehabilitation;
- 2) 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 proposed redevelopment or rehabilitation;
- 3) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed redevelopment or rehabilitation; and
- 4) Whether the totality of the benefits is sufficient to justify the tax abatement.

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:

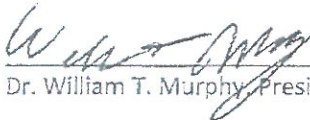
- (1) The real estate described as Exhibit "A" is designated an economic revitalization area, as the term is defined under the provisions of IC 6-1.1-12.1, and that such designation shall expire at the end of the tax abatement period granted herein.
- (2) The abatement of real property tax for the property described as Exhibit "A" shall extend for a period of *ten (10)* years pursuant to the deduction schedule set forth in IC 6-1.1-12.1-3(e)(10).
- (3) The abatement of personal property tax shall extend for a period of *ten (10)* years pursuant to the deduction schedule set forth in IC 6-1.1-12.1-4.5(e)(6).


- (4) A public hearing shall be held on the 20th day of June, 2011 at 6:30 p.m. in the City Council Chambers, Franklin, Indiana, at which hearing the Common Council shall hear all remonstrance and objections from interested persons and consider whether to confirm, modify, or rescind this resolution under the provisions of IC 6-1.1-12.1-2.5(c).
- (5) GROK Enterprises LLC and Nitrex Inc. shall be required to provide the City of Franklin with information showing the extent to which there has been compliance with the statement of benefits submitted in their request for tax abatement within sixty (60) days after the end of each year in which the deduction is applicable, all as required by IC 6-1.1-12.1-5.1 and IC 6-1.1-12.1-5.6.
- (6) 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 6 day of June, 2011.

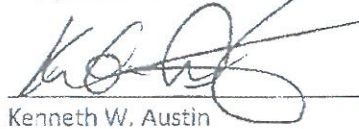
City of Franklin, Indiana, By its Common Council:

Voting Affirmative:


Dr. William T. Murphy, President

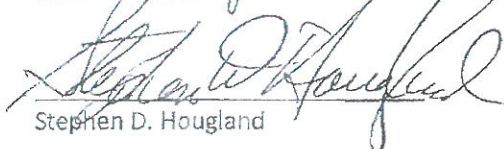

Joseph P. Abban


Joseph R. Ault


Kenneth W. Austin


Steve Barnett


Ann M. Gordon


Stephen D. Hougland

Voting Opposed:

Dr. William T. Murphy, President

Joseph P. Abban

Joseph R. Ault

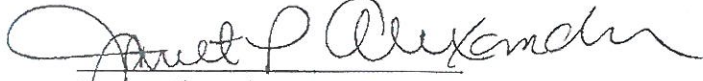
Kenneth W. Austin

Steve Barnett

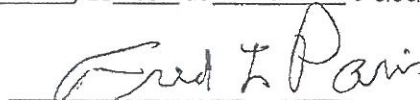
Ann M. Gordon

Stephen D. Hougland


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 10 day of June, 20 11 at 1:20 o'clock p.m.


Janet P. Alexander
Clerk-Treasurer


This resolution 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 10 day of June, 20 11 at 1:20 o'clock p.m.


Fred L. Paris
Mayor

Attest:

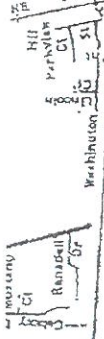

Janet P. Alexander
Clerk-Treasurer

APPROVED AS TO FORM:


Robert H. Schaftall
City Attorney

Prepared by:
Krista M. Linke, Director
Department of Planning and Economic Development

ACTOR TO REQUEST
ON SET" PRIOR TO
NSTRUCTION



LOCATION MAP

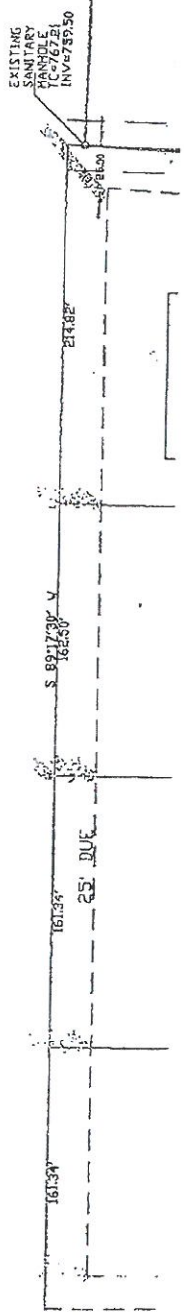
Exhibit A

LEGAL DESCRIPTION

Lot Numbers 3 and 4 in Blue Chip Industrial Park, an addition to the City of Franklin as recorded in the Office of the Recorder of Johnson County, Indiana more particularly described as follows:

Beginning at the northeast corner of the aforescribed Lot No. 4 thence South 00 degrees 00 minutes 00 seconds West a distance of 261.91 feet; thence South 90 degrees south curve to the left with a radius of 82.84 feet; thence on and along a concave chord bearing and distance of North 86 degrees 26 minutes 08 seconds West - 139.73 feet; thence on and along a curve to the right concave northwest with a radius of 40.00 feet an arc distance of 21.53 feet and a chord bearing and distance of South 22 degrees 33 minutes 05 seconds \backslash 21.27 feet; thence South 89 degrees 17 minutes 30 seconds West a distance of 146.84 feet; thence North 00 degree 00 minutes 00 seconds East a distance of 270.02 feet; thence North 89 degrees 17 minutes 30 seconds East a distance of 377.32 feet to the point of beginning containing 2.11 acres more or less subject however to all legal rights-of way and easements of record.

HRJ ASSOCIATES INC.





STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51767 (R2 / 1-97)

Prescribed by the Department of Local Government Finance

20 12 PAY 20 13

FORM SB-1 / Real Property

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- ☒ Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
☐ Eligible vacant building (IC 6-1.1-12.1-4.8)

Exhibit B

INSTRUCTIONS:

- 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 the redevelopment or rehabilitation of real property 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)
- Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation. BEFORE a deduction may be approved.
- To obtain a deduction, application Form 322 ERA/RE or Form 322 ERA/VBD, whichever is applicable, must be filed with the County Auditor by the later of: (1) May 10; or (2) thirty (30) days after the notice of addition to assessed valuation or new assessment is mailed to the property owner at the address shown on the records of the township assessor.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must attach a Form CF-1/Real Property annually to the application to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.1(b) and IC 6-1.1-12.1-5.3(j))
- The schedules established under IC 6-1.1-12.1-4(n) for rehabilitated property and under IC 6-1.1-12.1-4.8(1) for vacant buildings apply to any statement of benefits approved on or after July 1, 2000. The schedules effective prior to July 1, 2000, shall continue to apply to a statement of benefits filed before July 1, 2000.

SECTION 1 TAXPAYER INFORMATION					
Name of taxpayer GROK ENTERPRISES, LLC					
Address of taxpayer (number and street, city, state, and ZIP code) 335 HEMLOCK AVE, CARLSBAD, CA 92008-8228					
Name of contact person THOMAS C ROSE		Telephone number (760) 604-5049		E-mail address grokllc@prodigy.net	
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT					
Name of designating body Franklin Common Council				Resolution number	
Location of property Blue Chip Court, Franklin, IN 46131				County Johnson	
Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary) A new 15,000 sqft industrial building				DLGF taxing district number 41009	
				Estimated start date (month, day, year) 07/01/2011	
				Estimated completion date (month, day, year) 12/31/2011	
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT					
Current number	Salaries	Number retained	Salaries	Number additional	Salaries
25.00	\$890,000.00	25.00	\$890,000.00	12.00	\$375,000.00
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.			REAL ESTATE IMPROVEMENTS		
			COST		ASSESSED VALUE
Current values			0.00		0.00
Plus estimated values of proposed project			1,000,000.00		1,000,000.00
Less values of any property being replaced					
Net estimated values upon completion of project			1,000,000.00		1,000,000.00
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					
SECTION 6 TAXPAYER CERTIFICATION					
I hereby certify that the representations in this statement are true.					
Signature of authorized representative Thomas C Rose			Title PRESIDENT		Date signed (month, day, year) 05/23/2011

FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this Economic Revitalization Area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1, provides for the following limitations:

- A. The designated area has been limited to a period of time not to exceed NA calendar years * (see below). The date this designation expires is _____.
- B. The type of deduction that is allowed in the designated area is limited to:
- | | | |
|--|---|--|
| 1. Redevelopment or rehabilitation of real estate improvements | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Residentially distressed areas | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 3. Occupancy of a vacant building | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
- C. The amount of the deduction applicable is limited to \$ 1,000,000.00.
- D. Other limitations or conditions (specify) 2% Economic Development Fee
- E. The deduction is allowed for 10 years* (see below).

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

Approved (signature and title of authorized member of designating body)	Telephone number	Date signed (month, day, year)
	(317) 736-3631	6-6-11
Attested by (signature and title of attester)	Designated body	
<u>Karla Link Director of Planning</u>	City of Franklin Common Council	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.12-12.1-4.

- A. For residentially distressed areas, the deduction period may not exceed five (5) years.
- B. For redevelopment and rehabilitation or real estate improvements:
1. If the Economic Revitalization Area was designated prior to July 1, 2000, the deduction period is limited to three (3), six (6), or ten (10) years.
 2. If the Economic Revitalization Area was designated after June 30, 2000, the deduction period may not exceed ten (10) years.
- C. For vacant buildings, the deduction period may not exceed two (2) years.

Exhibit B



STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51784 (11/1/06)
Prescribed by the Department of Local Government Finance

FORM SB-1/PP

PRIVACY NOTICE

The local 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:

- 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, 1997, and areas designated after July 1, 1997, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1-1)
- 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.
- 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.
- 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 6-1.1-12.1-4.5)
- 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 NITREX INC.									
Address of taxpayer (number and street, city, state, and ZIP code) 350 BLUE CHIP COURT, FRANKLIN, IN 46131									
Name of contact person CHUCK THOMAS	Telephone number 317-346-7700								
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT									
Name of designating body	Resolution number (s)								
Location of property 300 BLUE CHIP COURT FRANKLIN, IN 46131	County INDIAN								
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) Manufacturing Equipment will consist of general heat treat and auxiliary support equipment. Will include but not limited to two plasma nitriders, endothermic gas generator, three gas nitriders, automated sandblaster.	ESTIMATED								
	START DATE	COMPLETION DATE							
	Manufacturing Equipment	JUL 1, 2011							
	R & D Equipment								
	Logist Dist Equipment								
IT Equipment									
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT									
Current number 25	Salaries 881,567								
Number retained 25	Salaries 881,567								
Number projected 12	Salaries 341,974								
SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT									
NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the COST of the property is confidential.	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT		
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	
	Current values	1,786,059							
	Plus estimated values of proposed project	2,913,050							
	Less values of any property being replaced	3,459							
Net estimated values upon completion of project	4,695,650								
SECTION 5 WASTE, CORRUPTED 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 Chuck Thomas	Title PRESIDENT								
Date signed (month, day, year) MAY 17, 2011									

FOR USE OF THE DESIGNATING BODY

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

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

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

- | | |
|--|---|
| 1. Installation of new manufacturing equipment; | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. Installation of new research and development equipment; | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 3. Installation of new logistical distribution equipment. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 4. Installation of new information technology equipment; | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

C. The amount of deduction applicable to new manufacturing equipment is limited to \$ 2,913,050 cost with an assessed value of \$ _____.

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

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

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

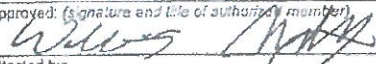
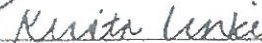
G. Other limitations or conditions (specify) An agreed five percent (5%) fee on abated taxes pursuant to IC 6-1.1-12.1-14

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

- | | |
|-------------------------------------|---|
| <input type="checkbox"/> 1 year | <input type="checkbox"/> 6 years |
| <input type="checkbox"/> 2 years | <input type="checkbox"/> 7 years |
| <input type="checkbox"/> 3 years | <input type="checkbox"/> 8 years |
| <input type="checkbox"/> 4 years | <input type="checkbox"/> 9 years |
| <input type="checkbox"/> 5 years ** | <input checked="" type="checkbox"/> 10 years ** |

** For ERA's established prior to July 1, 2000, only a 5 or 10 year schedule may be deducted.

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

Approved: (signature and title of authorized member) 	Telephone number (317) 736-3631	Date signed (month, day, year) 6-6-11
Attested by: Krista Linke, Director of Planning 	Designated body City of Franklin Common Council	

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

Legal Advertisement
COMMON COUNCIL OF
THE CITY

OF FRANKLIN, INDIANA

Notice of Public Hearing

The Common Council of the City of Franklin will hold a public hearing on the 20th day of June 2011, at 6:30 p.m. in the City Building at 70 E. Monroe Street, Franklin, Indiana, to consider proposed resolutions (Resolutions 11-02 & 11-03) to create an Economic Revitalization Area and to approve a Tax Abatement for Grok Enterprises/Nitrex.

The property is located at 300 Blue Chip Court.

The legal description for the property is:

Lot Numbers 3 and 4 in Blue Chip Industrial park, an addition to the City of Franklin as recorded in the Office of the Recorder of Johnson County, Indiana more particularly described as follows:

Beginning at the north-east corner of the afore described Lot No. 4 thence South 00 degrees 00 minutes 00 seconds West a distance of 251.91 feet; thence South 90 degrees 00 minutes 00 seconds West a distance of 82.64 feet; thence on and along a concave south curve to the left with a radius of 70.00 feet an arc distance of 86.04 feet and a chord bearing and distance of North 86 degrees 26 minutes 03 seconds West - 139.73 feet; thence on and along a curve to the right concave northwest with a radius of 40.00 feet an arc distance of 21.53 feet and a chord bearing and distance of South 22 degrees 33 minutes 05 seconds West 21.27 feet; thence South 89 degrees 17 minutes 20 seconds West a distance of 146.84 feet; thence North 00 degree 00 minutes 00 seconds East a distance of 270.02 feet; thence North 89 degrees 17 minutes 30 seconds East a distance of 377.32 feet to the point of beginning containing 2.11 acres more or less subject however to all legal rights-of-way and easements of record.

Written suggestions or objections to provisions of said request may be filed with the Secretary of the Common Council, at or before such meeting, and will be heard by the Common Council at the time and place specified. Hearings may be continued from time to time as may be necessary.

Interested persons desiring to present their views upon the said request, either in writing or verbally, will be given the opportunity to be heard at the above mentioned time and place. The City of Franklin Department of Planning & Economic Development at 70 E. Monroe Street, Franklin, Indiana, telephone (317) 736-3631, may be contacted for further information.

Attest:
Janet P. Alexander
Clerk-Treasurer
6/10/11

DAILY JOURNAL

Prescribed by State Board of Accounts

General Form No. 99P (Rev. 2009A)

Attn: Accounts Payable
Name: City of Franklin
Address: PO Box 280
City: State Franklin, IN 46131
(Governmental Unit)
Acct. # Grok Enterprises
Order # 11970179
County: Johnson

Daily Journal
2575 N Morton Street
Franklin, IN 46131
FED I.D. #35-0917579

PUBLISHER'S CLAIM

LINE COUNT

Display Master (Must not exceed two actual lines, neither of which shall total more than four solid lines of the type in which the body of the advertisement is set) - number of equivalent lines -----

Head -- number of lines -----

Body -- number of lines -----

Tail -- number of lines -----

Total number of lines in notice -----

100

COMPUTATION OF CHARGES

100 lines, 1 column wide equals 100 equivalent lines at .2829, -----

cents per line -----

\$ 28.29

Additional charges for notices containing rule or tabular work (50 per cent of above amount) -----

\$

Charge for extra proofs of publication (\$5.00 for each proof in excess of two) -----

\$

TOTAL AMOUNT OF CLAIM -----

\$ 28.29

DATA FOR COMPUTING COST

Width of single column in picas.....7p3.....

Size of type...7....point.

Number of insertions.....1.....

1

Pursuant to the provisions and penalties of IC 5-11-10-1, I hereby certify that the foregoing account is just and correct, that the amount claimed is legally due, after allowing all just credits, and that no part of the same has been paid.

I also certify that the printed matter attached hereto is a true copy, of the same column width and type size, which was duly published in said paper1..... time. The dates of publication being as follows

06/10/11

Additionally, the statement checked below is true and correct:

..... Newspaper does not have a Web site.

X..... Newspaper has a Web site and this public notice was posted on the same day as it was published in the newspaper.

..... Newspaper has a Web site, but due to technical problem or error, public notice was posted on

..... Newspaper has a Web site but refuses to post the public notice.

Date June 10, 2011

Title.....Legal Advertising Representative...

ATTACH COPY
OF ADVERTISEMENT
HERE

15
Doc ID: 006103340003 Type: MIS
Kind: MISCELLANEOUS
Recorded: 06/28/2011 at 01:48:23 PM
Fee Amt: \$17.00 Page 1 of 3

Workflow# 0000033576-0002
Johnson County-Recorded as Presented
Jill L. Jackson County Recorder

File **2011-012874**

FILED

JUN 28 2011

3

RESOLUTION NUMBER: 2011-03

**RESOLUTION SETTING FORTH FINAL ACTION IN DETERMINING AN ECONOMIC REVITALIZATION AREA
AND CONFIRMING RESOLUTION NUMBER 2011-02 of June 6, 2011**

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

WHEREAS, pursuant to said Community Investment Incentives Summary & Application Procedure, *Premium Composite Technology North America, Inc.* 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 June 6th, 2011, 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 specifications of *Resolution Number 2011-02* 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 Area as an Economic Revitalization Area"; and

WHEREAS, no remonstrance, written or oral, have been filed with regard to *Resolution Number 2011-02* 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:

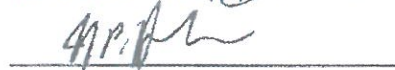
- (1) Final Action. After legally required public notice, and after a public hearing pursuant to such notice, the Common Council of the City of Franklin, Indiana hereby takes "final action", as that phrase is defined in IC 6-1.1-12.1-1 et seq. With regard to the tax abatement request by *GROK Enterprises LLC and Nitrex Inc.* and the adoption of *Resolution Number 2011-02 of June 6, 2011.*
- (2) Confirmation of Resolution Number 2011-02. It is hereby declared by the Common Council of the City of Franklin, Indiana that *Resolution Number 2011-02*, adopted on June 6th, 2011 is in all respects hereby affirmed, and it is hereby stated that the Economic Development Commission's determination that the real estate controlled by *GROK Enterprises LLC and Nitrex Inc.* and described in *Resolution Number 2011-02* is a designated as an Economic Revitalization Area.
- (3) Effective Date. This Resolution shall be effective immediately upon its passage subject to any right of appeal as provided by State law.
- (4) Filing with Johnson County Authorities. 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 *GROK Enterprises LLC and Nitrex Inc.* eligible to file for real estate tax abatement as to the real property and personal property and improvements contemplated by the tax abatement request reviewed and approved by *Resolution Number 2011-02* and ratified and affirmed by this Resolution.


DULY PASSED on this 20th day of June, 2011, by the Common Council of the City of Franklin, Johnson County, Indiana, having been passed by a vote of 7 in Favor and 0 Opposed.


City of Franklin, Indiana, By its Common Council:

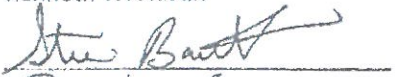
Voting Affirmative:

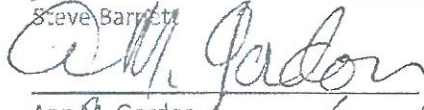

Dr. William T. Murphy, President

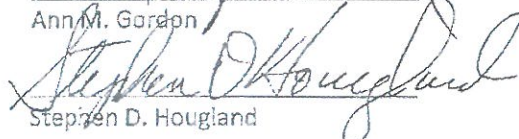

Joseph P. Abban


Joseph R. Ault


Kenneth W. Austin


Steve Barnett


Ann M. Gordon


Stephen D. Hougland

Voting Opposed:

Dr. William T. Murphy, President

Joseph P. Abban

Joseph R. Ault


Kenneth W. Austin

Steve Barnett

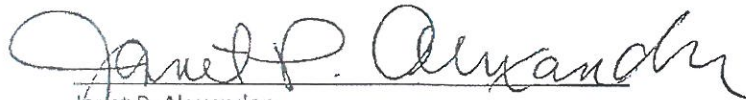
Ann M. Gordon

Stephen D. Hougland


Attest:


Janet P. Alexander
Clerk-Treasurer


Presented by me to the Mayor of the City of Franklin for her approval or veto pursuant to Indiana Code § 36-4-6-15, 16, this 20 day of June, 2011 at 8:00 o'clock a.m. / p.m.


Janet P. Alexander,
Clerk-Treasurer


This ordinance having been passed by the legislative body and presented to me [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 20 day of June, 2011 at 8:00 o'clock ~~a.m.~~ / p.m.


Fred L. Paris
Mayor

Attest:


Janet P. Alexander
Clerk-Treasurer

APPROVED AS TO FORM:


Robert H. Schafstall
City Attorney

Prepared by:
Krista M. Linke, Director
Department of Planning & Economic Development

3 YEAR				
Nitrex, Inc.				
Sample Property Tax on Personal Property (3 Year)				
Personal Property Tax Investment: \$6,300,000				
Tax Rate: 3%				
	2014 Payable 2015	2014 Payable 2015	2015 Payable 2016	
Cost of Equipment	\$6,300,000	\$6,300,000	\$6,300,000	
True Cash Percentage Rate	65%	50%	35%	
True Cash Value	\$4,095,000	\$3,150,000	\$2,205,000	
Net Tax Rate	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$122,850	\$94,500	\$66,150	\$283,500
Abatement Rate	100%	66%	33%	
Amount Abated	\$122,850	\$62,370	\$21,830	Total
Taxes Paid w/Abatement	\$0	\$32,130	\$44,321	\$76,451
Total Fees Paid				
5% Fee	\$6,143	\$3,119	\$1,091	\$10,352
Total Tax Savings without Economic Development Fee				
				\$207,050
Total Tax Savings with 5% Economic Development Fee				
				\$196,697

5 YEAR

Nitrex, Inc.

	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019
Cost of Equipment	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000
True Cash Percentage Rate	40%	56%	42%	32%	24%
True Cash Value	\$2,520,000	\$3,528,000	\$2,646,000	\$2,016,000	\$1,512,000
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%
Tax w/o Abatement	\$75,600	\$105,840	\$79,380	\$60,480	\$45,360
Total					\$366,660
Abatement Rate	100%	80%	60%	40%	20%
Amount Abated	\$75,600	\$84,672	\$47,628	\$24,192	\$9,072
Taxes Paid w/Abatement	\$0	\$21,168	\$31,752	\$36,288	\$36,288
Total					\$125,496
5% Fee	\$3,780	\$4,234	\$2,381	\$1,210	\$454
Total Fees Paid					\$12,058
Total Tax Savings without Economic Development Fee					
					\$241,164
Total Tax Savings with 5% Economic Development Fee					
					\$229,106

10 YEAR

Nvrex, Inc.

Sample Property Tax on Personal Property (10 Year Period)

Personal Property Tax Investment: \$6,300,000

Tax Rate: 3.0%

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cost of Equipment	Payable 2015	Payable 2016	Payable 2017	Payable 2018	Payable 2019	Payable 2020	Payable 2021	Payable 2022	Payable 2023	Payable 2024	
True Cash Percentage Rate	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	
True Cash Value	\$2,520,000	\$3,780,000	\$3,465,000	\$2,835,000	\$2,331,000	\$1,890,000	\$1,575,000	\$1,260,000	\$1,008,000	\$756,000	12%
Met Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Tax w/o Abatement	\$75,600	\$113,400	\$103,950	\$85,050	\$69,930	\$56,700	\$47,250	\$37,800	\$30,240	\$22,680	
Abatement Rate	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	
Amount Abated	\$75,600	\$102,060	\$83,160	\$59,535	\$41,958	\$28,350	\$18,900	\$11,340	\$5,048	\$2,268	
Tax Paid w/ Abatement	\$0	\$11,340	\$20,790	\$25,515	\$27,972	\$28,350	\$28,350	\$26,460	\$24,192	\$20,412	
Total											\$642,600
Total											\$213,381

5% Fee	\$3,780	\$5,103	\$4,158	\$2,977	\$2,098	\$1,418	\$945	\$567	\$302	\$113	Total Fees Paid \$21,461
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Total Tax Savings without Economic Development Fee \$429,219

Total Tax Savings with 5% Economic Development Fee \$407,758