

OHIO ENTERPRISE ZONE PROGRAM APPLICATION - WARREN COUNTY

PROPOSED AGREEMENT for Enterprise Zone Tax Incentives between Hi-Tek Manufacturing, Inc. located in the County of Warren and Mason, Ohio.

1. a. Name of business, home or main office address, contact person, and telephone number (attach additional pages if multiple enterprise participants).

Hi-Tek Manufacturing, Inc.

enterprise name

6050 Hi-Tek Court

Mason, OH 45040

address

Bryan H. Jones

contact person

(513) 459-1094

telephone number

- b. Project site:

Hi-Tek Manufacturing, Inc.

6050 Hi-Tek Court

Mason, OH 45040

address

Bryan H. Jones

contact person

(513) 459-1094

telephone number

2. a. Nature of business (manufacturing, distribution, wholesale or other).

Manufacturing

- b. List primary 4 digit Standard Industrial Code (SIC) # 3336, 3364 (business may list other relevant SIC numbers).

- c. If a consolidation, what are the components of the consolidation? (must itemize the location, assets, and employment positions to be transferred).

N/A

- d. Form of business of enterprise (corporation, partnership, proprietorship, or other).

S-Corporation

3. Name of principal owner(s) or officers of the business (attach list if necessary).

Cletis M. Jackson & Gary W. Griessmann

4. Is business seasonal in nature? Yes No

5. a. State the enterprise's current employment level at the proposed project site:

160

b. Will the project involve the relocation of employment positions or assets from one Ohio location to another? Note that relocation projects are restricted in non-distress based Ohio Enterprise zones. A waiver from the Director of the Ohio Department of Development is available for special limited circumstances. The business and local jurisdiction should contact ODOD early in the discussions.
Yes _____ No X

c. If yes, state the locations from which employment positions or assets will be relocated and the location to where the employment positions or assets will be located:

d. State the enterprise's current employment level in Ohio (itemized for full and part-time and permanent and temporary employees):

Full-Time 137 Part-Time 23

e. State the enterprise's current employment level for each facility to be affected by the relocation of employment positions or assets: N/A

f. What is the projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated? N/A

6. a. Has the Enterprise previously entered into an Enterprise Zone Agreement with the local legislative authorities at any site where the employment or assets will be relocated as a result of this proposal? Yes _____ No X

b. If yes, list the local legislative authorities, date, and term of the incentives for each Enterprise Zone Agreement: _____

7. Does the Enterprise owe:

a. Any delinquent taxes to the State of Ohio or a political subdivision of the state?
Yes _____ No X

b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State? Yes _____ No X

c. Any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not. Yes _____ No X

- d. If yes to any of the above, please provide details of each instance including but not limited to the location, amounts and/or case identification numbers (add additional sheets if necessary).

8. Project Description (attach additional pages if necessary): _____

See Attached

9. Project will begin June 01, 2001 and be completed July 1, 2004 provided a tax exemption is provided.

10. a. Estimate the number of new employees the business intends to hire at the facility that is the project site (job creation projection must be itemized by full and part-time and permanent and temporary): _____

50 Full-time employees

- b. State the time frame of this projected hiring: 3 years.

- c. State proposed schedule for hiring (itemize by full and part-time and permanent and temporary employees): _____

Year 1: 15 Full-time employees; Year 2: 15 Full-time employees;

Year 3: 20 Full-time employees.

11. a. Estimate the amount of annual payroll such new employees will add: \$ _____ (new annual payroll must be itemized by full and part-time and permanent and temporary new employees). _____

On average \$30,000 to \$45,000 per each full-time employee

- ✓ b. Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project: \$ _____

12. Market value of the existing facility as determined for local property taxation.
\$ 2,400,180 at 12/31/99

13. a. Business's total current investment in the facility as the proposal's submission
\$ 17,490,000

b. State the business's value of on-site inventory required to be listed in the personal property tax return of the enterprise in the return for the tax year (stated in average \$ value per most recent 12 month period) in which the agreement is entered into (baseline inventory): \$ N/A

14. An estimate of the amount to be invested by the enterprise to establish, expand, renovate or occupy a facility:

A. Acquisition of Buildings:	\$ _____
B. Additions/New Construction:	\$ _____
C. Improvements to Existing Buildings:	\$ _____
D. Machinery & Equipment:	\$ <u>2,175,000</u>
E. Furniture & Fixtures:	\$ _____
F. Inventory:	\$ _____

TOTAL NEW PROJECT INVESTMENT: \$ 2,175,000

15. a. Business requests the following tax exemption incentives: 50% for 5 years covering real property and/or 50% for 5 years covering personal property including inventory _____ as described above. Be specific as to type of assets, rate, and term. _____

b. Business's reasons for requesting tax incentives (be quantitatively specific as possible): _____

See attached proposed project summary.

Submission of this application expressly authorizes applicable local jurisdiction and/or Warren County to contact the Ohio Environmental Protection Agency to confirm statements contained within this application including item #7 and to review applicable confidential records. As part of this application, the business may also be required to directly request from the Ohio Department of Taxation or complete a waiver form allowing the Ohio Department of Taxation to release specific tax records to the local jurisdictions considering the incentive request.

Applicant agrees to supply additional information upon request.

The applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct and is aware of the ORC Sections 9.66(C) (1) and 12931.13(D)(1) penalties for falsification which could result in the forfeiture of all current and future economic development assistance benefit as well as a fine or not more than \$1,000 and/or a term of imprisonment of not more than six months.

Hi-Tek Manufacturing, Inc.
Name of Enterprise
4/4/01
Date

Cletis M. Jackson, President
Typed Name and Title
Cletis M. Jackson
Signature

*A copy of this proposal must be forwarded by the local governments to the affected Board of Education along with notice of the meeting date on which the local government will review the proposal. Notice must be given a minimum of fourteen (14) days prior to the scheduled meeting to permit the Board of Education to appear and/or comments before the legislative authorities considering the request.

**Attach to Final Enterprise Agreement as Exhibit A

Copies of this proposal must be included in the finalized Enterprise Zone Agreement and be forwarded to the Ohio Department of Taxation and the Ohio Department of Development within fifteen (15) days of final approval.

4/8/99
h:ezapp.

Hi-Tek Manufacturing

Ohio Enterprise Zone Program Application

Proposed Project: Next Generation of Gas Powered Turbine Engines

The gas turbine engine market is currently going through rapid changes. Companies such as GE Power Generation, Solar, and Siemens Westinghouse are in the process of creating the next generation of gas turbine engines that will be used for electrical power generation. These engines provide an integrated heat transfer system which combines both the steam plant reheat process and gas turbine bucket and nozzle cooling. This results in the following advantages over the previous generation of engines.

1. Power generators can now operate at higher firing temperatures that produce dramatic increases in fuel efficiency. The increased efficiency will help utility companies keep up with the increasing demand for electricity.
2. These engines also minimize the levels of emission into the environment

Hi-Tek has the opportunity to capitalize on this business and expand our business if we can add employees and machinery & equipment. Just adding employees and equipment however, will not be enough. The competition in our market is fierce. Hi-Tek now competes not only with other domestic based corporations but also international corporations. In just the past couple of years, GE Power Generation has moved work to Italy, France, Hungary, and India. It is becoming more difficult for small to mid-size companies to survive in this new global economy.

The Ohio Job Creation tax credit will help provide Hi-Tek a competitive advantage in the current market. This will enable Hi-Tek to not only add jobs inside the State of Ohio but also retain its current workforce. Our foreign competition is continually decreasing its price as a result of a cheaper work force. The job creation tax credits will be re-invested into the business and help put Hi-Tek on a more even playing field.

The following is a list of proposed manufacturing equipment purchases that will be made by Hi-Tek as part of the JCTC project:

<u>Description</u>	<u>Estimated Cost</u>
Four 5 Axis Fast Hole EDM Machines	\$800,000
One CNC 4 Axis EDM Machines	\$300,000
One 5 Axis Fast Hole Oil EDM Machine	\$200,000
One EDM Central Filtration System	\$225,000
One 5 Axis CBN Grinder	\$650,000
Total Investment	\$2,175,000

This equipment will allow Hi-Tek to grow annual sales by 15-20% annually over the next three years. By adding this state of the art equipment, Hi-Tek will also stay competitive in the current marketplace and not fall behind on the technology front.

Business History

Founded in 1980 by Mr. Cletis Jackson, our company President, and Mr. Jack Cross (retired 1990), our company began in a 7,000 square foot building in Mason, OH as System EDM. In 1984 two milestones took place: Mr. Gary Griessmann, our Vice-President, joined the company as a partner and a new company was founded, **Hi-Tek Manufacturing, Inc.**, to make the tooling and fixturing for System EDM.

By 1985 the company had outgrown it's first building and purchased the building next door to have a combined manufacturing space of 13,000 square feet. However, the principles of the company soon realized that the company was growing at such a fast pace that larger facilities would be needed in the near future.

They decided to acquire 47 acres in 1988 and develop an industrial park that became public with the groundbreaking ceremony in September of 1989 for a new 42,000 square foot facility.

Upon completion of the new facility in 1990, System EDM and Hi-Tek Manufacturing merged to become one company, **Hi-Tek Manufacturing, Inc.** that could uniquely do what few companies could boast. Hi-Tek could now design and build all of the fixturing and tooling to custom manufacture parts to their customers specifications. It meant that the key components were already in place to be a single source supplier for contract manufacturing - high technology, nontraditional machining like EDM and Laser.

The mission statement that was adopted for the "new" company was (and still is) "To be a full service supplier that supports our customer's complete needs."

In 1997, the Hi-Tek completed 40,000 square foot addition to the main building at 6050 Hi-Tek Court to give the company 95,000 total square feet of manufacturing space. During this time the explosive growth led to extensive investment in manufacturing equipment that extends the company's capabilities to the current level.

Hi-Tek Manufacturing was founded on being our customer's supplier of choice and through our 'Commitment to Excellence' we will aggressively pursue ensuring that our customer always sees Hi-Tek as their single source supplier of choice.

Capabilities

Hi-Tek Manufacturing is a complete supplier. You don't have to find two or three or four different suppliers to achieve the results you want, even on the most complex part. At Hi-Tek we do it all - CNC machining, grinding, laser, ram EDM, fast hole EDM, wire EDM, inspection, tool design and manufacturing, or any combination of processes - matched to your toughest, most demanding specifications.

The advantage to you: **CONTROL**. A part rarely needs to leave our premises, regardless of how many operations are required. We know precisely where it is and what's happening to it every step of the way - and so do you. Best of all, it's not accumulating unnecessary costs and paperwork by being shipped from supplier to supplier.

Our commitment to excellence includes providing you with the control and cost efficiency you need, without compromising quality. Increase your part-buying effectiveness by consolidating all your needs with the premium single-source supplier - HI-TEK.