

OFFICE & INDUSTRIAL INCENTIVE AGREEMENT

This agreement made and entered into by and between the City of Gahanna, Ohio, a municipal government, with its main offices located at 200 S. Hamilton Road, Gahanna, Ohio, hereinafter referred to as Gahanna and **Kennedy Cottrell Richards LLC** with its main offices to be located at **186 N. High Street, Gahanna, OH 43230** hereinafter referred to as **Kennedy Cottrell Richards**, WITNESSETH;

WHEREAS, Gahanna has encouraged the creation of new jobs opportunities in the community; and

WHEREAS, **Kennedy Cottrell Richards** is desirous of locating their operation in Gahanna, Ohio; and

WHEREAS, the Gahanna City Council, by Ordinance ORD-0212-2002, as amended by ORD-0064-2011, enabled Gahanna to offer an "Office & Industrial Incentive"; and

WHEREAS, Gahanna having the appropriate authority for the stated type of project is desirous of providing **Kennedy Cottrell Richards** with incentives for the development of the project; and

WHEREAS, the Director of Planning & Development has investigated the Application of **Kennedy Cottrell Richards** and the Incentive Advisory Board has recommended the same to the Gahanna City Council on the basis that **Kennedy Cottrell Richards** is qualified by financial responsibility and business experience to create new employment opportunities and improve the economic climate of Gahanna; and

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained and the benefit to be derived by the parties from the execution hereof, the parties herein agree as follows:

1. **Kennedy Cottrell Richards** intends to create ten (10) jobs resulting in approximately eight hundred and seventeen thousand dollars (\$817,000) of annual payroll. See Exhibit I.
2. The City shall grant **Kennedy Cottrell Richards** a refundable credit of 40 percent of the annual net municipal income tax revenue the City derives from new employees of **Kennedy Cottrell Richards** for a term of three (3) years beginning January 1, 2015.
3. **Kennedy Cottrell Richards** agrees to remain in business in Gahanna, Ohio, for one and half times the term of this Incentive Agreement, and failure to do so may result in **Kennedy Cottrell Richards** repaying any funds received.
4. If prior to the end of the term of this Incentive Agreement **Kennedy Cottrell Richards** relinquishes its site and is no longer located in Gahanna, then the City may require the Company to repay up to 200 percent of all the incentive payments received from the City of Gahanna.
5. If **Kennedy Cottrell Richards** materially fails to fulfill its obligation under this agreement, Gahanna may terminate or modify the provisions granted under this agreement.
6. This agreement is not transferable or assignable without the express, written approval of Gahanna.
7. **Kennedy Cottrell Richards** must provide the City with verification of wages paid and taxes

EXHIBIT A

withheld annually for jobs during the period outlined under this agreement.

8. This agreement may be revised and/or amended throughout its term through the mutual agreement of the parties hereto. Such revisions and/or amendments are and will be subject to applicable Federal, State of Ohio and local laws or ordinances, and any applicable regulations and/or rules of Federal, State of Ohio and local department or agencies possessing authority to implement and/or administer such applicable Federal, State of Ohio and local laws or ordinances.

Program Compliance

1. **Kennedy Cottrell Richards** shall pay all federal, state and local taxes and shall file all tax reports and returns as required by law. If **Kennedy Cottrell Richards** fails to pay such taxes or file such returns and reports, all incentives granted under this agreement are rescinded beginning with the year for which such taxes are charged or such reports or returns are required to be filed and thereafter.
2. If for any reason the Office & Industrial Incentive Program expires or is rescinded by the City of Gahanna, entitlements granted under this agreement shall continue for the number of years specified under this agreement, unless **Kennedy Cottrell Richards** materially fails to fulfill its obligations under this agreement and Gahanna terminates or modifies the incentives granted under this agreement.
3. If **Kennedy Cottrell Richards** materially fails to fulfill its obligations under this agreement, or if Gahanna determines that the certification as to the delinquent taxes required by this agreement is fraudulent, Gahanna may terminate or modify the incentives granted under this agreement and may require the repayment of the amount of taxes that would have been payable without this agreement.
4. **Kennedy Cottrell Richards** hereby certifies that at the time this agreement is executed, **Kennedy Cottrell Richards** does not owe any delinquent real or tangible personal property taxes to any taxing authority of the State of Ohio, and does not owe delinquent taxes for which **Kennedy Cottrell Richards** is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., 5753. of the Ohio Revised Code, or, if such delinquent taxes are owed, **Kennedy Cottrell Richards** is currently paying the delinquent taxes pursuant to an undertaking enforceable by the State of Ohio or an agent or instrumentality thereof, has filed a petition in bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has been filed against **Kennedy Cottrell Richards**. For the purposes of the certification, delinquent taxes are taxes that remain unpaid on the latest day prescribed for payment without penalty under the chapter of the Revised Code governing payment of those taxes.
5. **Kennedy Cottrell Richards** affirmatively covenants that it has made no false statements to the State or City of Gahanna in the process of obtaining approval for an Office & Industrial Incentive. If any representative of **Kennedy Cottrell Richards** has knowingly made a false statement to the State or City of Gahanna to obtain an Office & Industrial Incentive, **Kennedy Cottrell Richards** shall be required immediately to return all benefits received under the Office & Industrial Incentive pursuant to ORC Section 9.66 (C)(2) and shall be ineligible for any future economic development assistance from the City of Gahanna. Any person who provides a false statement to secure economic development assistance may be guilty of falsification, a misdemeanor of the first degree, pursuant to ORC Section 2921.13

(D)(1), which is punishable by a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

IN WITNESS WHEREOF, the City of Gahanna, Ohio, by Rebecca W. Stinchcomb, its Mayor, and pursuant to a pending Resolution, has caused this instrument to be executed this ____ day of _____, 2011 and **Kennedy Cottrell Richards** by _____, has caused this instrument to be executed on this ____ day of _____, 2011.

Kennedy Cottrell Richards

City of Gahanna

By _____

By _____
Rebecca W. Stinchcomb, Mayor

Approved as to form:

Thomas L. Weber, City Attorney

EXHIBIT I

Project Scope

Kennedy Cottrell Richards, LLC

On _____ 2011, Gahanna City Council approved an ordinance to grant a three (3) year, 40% Office & Industrial Incentive to Kennedy Cottrell Richards, LLC (KCR) for the creation of at least \$817,000 in new payroll as a result of the company's location in the City of Gahanna. As part of the incentive agreement, the City of Gahanna may require the company to repay 200 percent of all incentive payments if the company relinquishes its site and is no longer located in Gahanna prior to the end of the agreement period.

KCR was formed in 1999 and is owned by Bill Kennedy, Jared Cottrell, and Ken Richards. The ownership team together offers over 50 years of experience in accounting services and are all leaders in the government industry. KCR provides accounting, auditing, consulting, and technical services to over 100 governmental agencies located throughout Ohio. Two of the partners are faculty members of the American Institute of Certified Public Accountants and keep the firm up-to-date on the newest accounting and auditing standards and developments. KCR has a reputation as one of the leading governmental accounting and auditing firms in Ohio and they attract and retain qualified staff to assist in the planned growth and development of the business.

The company will purchase a currently vacant facility at 186 N. High Street in Olde Gahanna. The building is 3,680 square feet and was previously the home of Prodigy Construction. The company will initially create 9 full-time jobs and one part-time job in the City of Gahanna, with potential for additional growth up to 20-22 jobs. The company will create skilled, professional jobs in the community. The initial annual payroll will be \$817,000 with plans for short-term and long-term growth.

As a small business making a large fixed investment, KCR has considered all the costs of locating in Gahanna. The Office & Industrial Incentive is a major factor in KCR's decision to locate their office and purchase a facility in Gahanna. The City was in competition with other office sites in the Central Ohio area.

**City of Gahanna
Incentive Application Form**

(Supporting Information for Kennedy Cottrell Richards, LLC)

Company Description

Kennedy Cottrell Richards, LLC ("KCR") is a firm of Certified Public Accountants licensed to practice in the State of Ohio. We currently provide accounting, auditing, consulting, and technical services to over 100 governmental agencies located throughout Ohio.

KCR was formed in 1999 (originally under a different name). We are a strong government-oriented firm that is able to offer its clients over 50 years of experience at the ownership level. Our three owners, Bill Kennedy, Jared Cottrell, and Ken Richards, are leaders in the government industry who have made a commitment to staying technically sound. Worth noting, is that one of our current audit clients is the Gahanna-Jefferson Public Schools. Based on our reputation as one of the leading governmental accounting and auditing firms in Ohio, we are able to hire and retain qualified staff to assist us in every aspect of our business.

Estimated Payroll and Income Projections

KCR's total payroll for calendar year 2010 was 816,813, and our average annual payroll over the past three calendar years has been \$832,478. Currently, KCR employs nine full-time employees and one part-time employee. All of these jobs are currently sited in the City of Columbus, but will be moved to the City of Gahanna, should our proposed office building purchase be completed.

For 2011, we anticipate our annual payroll will approximate the 2010 amount above. We anticipate hiring one additional full-time employee in May, with possible additional hiring later in the year, as needed. Our long-term goals (five to ten years) are to expand to around 20 to 22 employees. The proposed location of our newly owned office space in Gahanna is large enough to accommodate our employment expansion goals.

KCR's total revenue for calendar year 2010 was \$1,318,215, and our average annual revenue over the past three calendar years has been \$1,394,125. For 2011, we anticipate modest growth in total revenue to about \$1,400,000, and moving forward, more significant growth in line with our employment projections described above.

More information about our firm can be found on our company's website: www.KCR-CPA.com.

Project Summary
Kennedy Cottrell Richards LLC

Project Site:	KCR is proposing to purchase a 3,680 s.f. of office building located at 186 N. High Street in Olde Gahanna. The building has been vacant for over a year and formerly housed the offices of Prodigy Construction. This building has a current tax abatement of 100% for 10 years which expires 12/31/14.
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Company Description:	KCR is a growing, innovative and well respected firm of Ohio licensed Certified Public Accountants. KCR provides accounting, auditing, consulting, and technical services to over 100 governmental agencies located throughout Ohio.
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Project Description:	KCR proposes to purchase a facility to house their offices. The company would be relocating from downtown Columbus. The company hopes to grow the firm over the next 5-10 years to employ 20-22 people and the new site would accommodate their future growth and current needs.
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Investment:	TBD
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Jobs:	9 FT 1PT initial, with long term growth potential. Average annual payroll of \$817,000.
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Fiscal Impact	Office & Industrial Incentive					
		Jobs	Payroll*	Total Withholding	40% Incentive	City Withholding
	Yr1	9.5	\$ 817,000	\$ 12,255	\$ -	\$ 12,255
	Yr2	9.5	\$ 817,000	\$ 12,255	\$ -	\$ 12,255
	Yr3	9.5	\$ 817,000	\$ 12,255	\$ -	\$ 12,255
	Yr4	9.5	\$ 817,000	\$ 12,255	\$ -	\$ 12,255
	Yr5	9.5	\$ 817,000	\$ 12,255	\$ 4,902	\$ 7,353
	Yr6	9.5	\$ 817,000	\$ 12,255	\$ 4,902	\$ 7,353
	Yr7	9.5	\$ 817,000	\$ 12,255	\$ 4,902	\$ 7,353
	Yr8	9.5	\$ 817,000	\$ 12,255	\$ -	\$ 12,255
	Yr9	9.5	\$ 817,000	\$ 12,255	\$ -	\$ 12,255
	Yr10	9.5	\$ 817,000	\$ 12,255	\$ -	\$ 12,255
Total Incentive Payments paid					\$ 14,706	
Net withholding tax revenue to the City over 5 years						\$ 107,844

Staff Recommendation
Staff recommends a three (3) year, 40% Office & Industrial Incentive to KCR for the establishment of their offices in Olde Gahanna. This project will occupy a vacant facility and bring new jobs to the Olde Gahanna Area. The term of the O&I Incentive is proposed to begin in 2015 after the expiration of the property tax abatement. The City of Gahanna is in competition with several other office sites in the Central Ohio area for this project.

**City of Gahanna
Incentive Application Form**

1. Company name: Kennedy Cottrell Richards, LLC
2. Company address: 383 North Front Street, Columbus, OH 43215
3. Type of business: Accounting firm
4. Company contact person: Bill Kennedy
5. Telephone number: 614/358-4682 email: Bill@KCR-CPA.com
6. Proposed location of new leased/owned space: 186 North High Street,
Gahanna, OH
7. Prior or current location: 383 North Front Street, Columbus, OH 43215
8. Number of employees to be employed at site: Currently, 10. See attached supporting informati
9. Estimated payroll for employees at site: For 2011, \$817,000
10. Company Description (i.e. Years in business, ownership): Please describe in detail on a separate sheet of paper.
11. If leased space provide the terms of the lease: N/A, building is to be owner-occupied
12. Growth Projections (income): See attached supporting information.

Application Acknowledgement

As an authorized agent of the applicant company, I hereby submit this application for consideration. I understand that any information on this application found to be false or misleading could result in the termination of this program.



Bill Kennedy
2011.02.21 12:24:05
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Managing Partner

February 21, 2011

Signature/Title Date

Approved by: _____
City of Gahanna