

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 **Staples Contract & Commercial, Inc.** with its main offices located at **500 Staples Drive, Framingham, MA 01072** hereinafter referred to as **Staples**, WITNESSETH;

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

WHEREAS, **Staples** 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 **Staples** with incentives for the development of the project; and

WHEREAS, the Director of Planning & Development has investigated the Application of **Staples** and the Incentive Advisory Board has recommended the same to the Gahanna City Council on the basis that **Staples** 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. **Staples** intends to create twenty-five (25) full-time jobs resulting in approximately two million dollars (\$2,000,000) of annual payroll and growing to thirty (30) full-time jobs and two million, five hundred thousand dollars in annual payroll in the City of Gahanna. See Exhibit I.
2. The City shall grant **Staples** a refundable credit of 50 percent of the annual net municipal income tax revenue the City derives from new employees of **Staples** for a term of three (3) years beginning January 1, 2014.
3. **Staples** 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 **Staples** repaying any funds received.
4. If prior to the end of the term of this Incentive Agreement **Staples** 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 **Staples** 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. **Staples** must provide the City with verification of wages paid and taxes withheld annually for jobs during the period outlined under this agreement.

EXHIBIT A

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. **Staples** shall pay all federal, state and local taxes and shall file all tax reports and returns as required by law. If **Staples** 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 **Staples** materially fails to fulfill its obligations under this agreement and Gahanna terminates or modifies the incentives granted under this agreement.
3. If **Staples** 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. **Staples** hereby certifies that at the time this agreement is executed, **Staples** 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 **Staples** is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., 5753. of the Ohio Revised Code, or, if such delinquent taxes are owed, **Staples** 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 **Staples**. 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. **Staples** 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 **Staples** has knowingly made a false statement to the State or City of Gahanna to obtain an Office & Industrial Incentive, **Staples** 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 **Staples** by _____, has caused this instrument to be executed on this ____ day of _____, 2011.

Staples

City of Gahanna

By _____

By _____

Rebecca W. Stinchcomb, Mayor

Approved as to form:

Thomas L. Weber, City Attorney

EXHIBIT I

Project Scope

Staples Contract & Commercial Inc.

On _____ 2011, Gahanna City Council approved an ordinance to grant a three (3) year, 50% Office & Industrial Incentive to Staples Contract & Commercial Inc. (Staples) for the creation of at least \$2,000,000 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.

Staples, Inc., headquartered in Framingham, MA, is the world's leading supplier of office projects and services. With worldwide sales of \$25 billion and over 90,000 employees, Staples is a Fortune 100 company celebrating its 25th Anniversary in 2011. Staples is a leading supplier of office products, copy and print, promotional products, shipping and cleaning supplies as well as technology services to individuals, home offices and a majority of Fortune 1000 companies as well as schools, universities and government agencies. Staples operates in 27 countries including the emerging markets in India, Brazil, China and Taiwan.

The company will lease approximately 6,500 square feet at 700 Taylor Road, Gahanna, OH. The company will initially create 25 full-time jobs with potential for additional growth up to 30 full-time jobs. The company will create skilled, professional jobs at an average annual salary of \$80,000.

The Office & Industrial Incentive is a major factor in Staples' decision to locate their operations in Gahanna. The City was in competition with other office sites in the Central Ohio area.

**Project Summary
Staples Contract Commercial Inc.**

Project Site: Staples is proposing to lease 6,529 s.f. of office space at **700 Taylor Rd.** The building is Class A office space and home to 10 other businesses. The building currently has 48,000 s.f. with approximately 16,000 s.f. vacant (33%). This building has a current tax abatement of 80% for 12 years which expires 12/31/13.

Company Description: Staples is the world's largest office products company supplying customers around the globe with a wide range of office products, including supplies, technology, furniture, and business services. The company has annual revenue of over \$23 billion and serves businesses of all sizes and consumers in 27 countries throughout North and South America, Europe, Asia and Australia.

Project Description: This project will established a new sales office for Staples. The company is currently located on City Gate Dr. in Cols. The space was acquired when they purchased a company and is a combination distribution, warehouse, and office space. To increase efficiency, the warehouse and distribution functions were relocated to Staples' plant in London, OH. The company wants to maintain a sales office in the Central Ohio region but house the operations in quality office space accessible to amenities and services.

Investment: TBD

Jobs: **25 FT initial**, growing to 30 FT in 3 years. Average wage of **\$80,000/yr.** Approx. \$2 million annual payroll initially. Trained sales professionals and account managers.

Fiscal Impact	Office & Industrial Incentive					
	Jobs	Payroll*	Total Withholding	50% Incentive	City Withholding	
Yr1	25	\$ 2,000,000	\$ 30,000	\$ -	\$ 30,000	
Yr2	25	\$ 2,000,000	\$ 30,000	\$ -	\$ 30,000	
Yr3	30	\$ 2,400,000	\$ 36,000	\$ -	\$ 36,000	
Yr4	30	\$ 2,400,000	\$ 36,000	\$ 18,000	\$ 18,000	
Yr5	30	\$ 2,400,000	\$ 36,000	\$ 18,000	\$ 18,000	
Yr6	30	\$ 2,400,000	\$ 36,000	\$ 18,000	\$ 18,000	
Yr7	30	\$ 2,400,000	\$ 36,000	\$ -	\$ 36,000	
Yr8		\$ -	\$ -	\$ -	\$ -	
Yr9		\$ -	\$ -	\$ -	\$ -	
Yr10		\$ -	\$ -	\$ -	\$ -	
Total Incentive Payments paid				\$ 54,000		
Net withholding tax revenue to the City over 5 years					\$ 186,000	

Staff Recommendation

Staff recommends a three (3) year, 50% Office & Industrial Incentive to Staples for the creation of up to 30 new FT jobs. The term of the O&I Incentive is proposed to begin in 2014 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.