

## 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 the City of Gahanna and **NetPark LLC, Jon Schmidt, Dave Reynolds and DATAHAMI, LP** with its main offices located at **1182 Claycraft Road, Gahanna Ohio 43230** hereinafter referred to collectively as **NetPark**, WITNESSETH;

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

WHEREAS, **NetPark** is desirous of locating a new software development office at 1182 Claycraft Road, Gahanna, Ohio hereinafter referred to as the "Project Location"; and

WHEREAS, the Gahanna City Council, by Ordinance ORD-0212-2002, 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 **NetPark** with incentives for the development of the project; and

WHEREAS, the Director of Planning & Development has investigated the Application of **NetPark** and the Incentive Advisory Board has recommended the same to the Gahanna City Council on the basis that **NetPark** 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. **NetPark** intends to create ten (10) jobs with an average annual salary of \$40,000, which will result in approximately four hundred thousand dollars (\$400,000) of annual payroll.
2. The City shall grant **NetPark** a minimum refundable credit of 25% of the **NetPark's** net municipal income tax liability, based upon the City's 1.5% municipal income tax rate, for all new employees of **NetPark** for a term of up to four (4) years. **NetPark** will be eligible for an increasing refundable credit percentage based on job growth and increased payroll. The following ranges of annual total payroll will be the basis for the percentage of the refundable credit on **NetPark's** municipal income tax liability:
  - Total annual payroll of \$400,000 to \$440,000, **NetPark** may receive a 25% credit
  - Total annual payroll of \$440,001 to \$480,000, **NetPark** may receive 30% credit
  - Total annual payroll of \$480,001 to \$520,000, **NetPark** may receive 35% credit
  - Total annual payroll of \$520,000 to \$560,000, **NetPark** may receive 40% credit
  - Total annual payroll of \$560,001 to \$600,000, **NetPark** may receive 45% credit
  - Total annual payroll over \$600,001, **NetPark** may receive 50% credit
3. **NetPark** agrees to remain in Gahanna for twice the term of the Office & Industrial Incentive, eight (8) years, and failure to do so may result in **NetPark** repaying any funds received as a result of this incentive.
4. **NetPark** must provide the City with verification of wages paid and taxes withheld annually

for jobs at the Project Location during the period outlined under this agreement. NetPark must submit the annual report to the City by the end of the first quarter each calendar year for the term of the Agreement.

5. **NetPark** agrees to fully investigate the potential use of the Gahanna Community Improvement Corporation's fiber optic network known as GahannaNet.
6. If **NetPark** materially fails to fulfill its obligation under this agreement, Gahanna may terminate or modify the provisions granted under this agreement.
7. This agreement is not transferable or assignable without the express, written approval of Gahanna.
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. **NetPark** shall pay all federal, state and local taxes and shall file all tax reports and returns as required by law. If **NetPark** 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 **NetPark** materially fails to fulfill its obligations under this agreement and Gahanna terminates or modifies the incentives granted under this agreement.
3. If **NetPark** 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. **NetPark** hereby certifies that at the time this agreement is executed, **NetPark** 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 **NetPark** is liable under Chapters 5733, 5735, 5739, 5741, 5743, 5747, 5753 of the Ohio Revised Code, or, if such delinquent taxes are owed, **NetPark** 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 **NetPark**. 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. **NetPark** 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 **NetPark** has knowingly made a false statement to the State or City of Gahanna to obtain an Office & Industrial Incentive, **NetPark** 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 **NetPark, LLC** by \_\_\_\_\_, has caused this instrument to be executed on this \_\_\_\_ day of \_\_\_\_\_, 2011.

**NetPark, LLC**

**Mayor**

By \_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
Rebecca W. Stinchcomb

Approved as to form:

\_\_\_\_\_  
Thomas L. Weber, City Attorney

## **EXHIBIT I**

### **Project Scope**

#### **NetPark LLC**

On \_\_\_\_\_, 2011, Gahanna City Council approved an ordinance to grant an Office & Industrial Incentive of four (4) years, with a tiered percentage, minimum of 25%, to NetPark LLC (NetPark) for the creation of at least \$400,000 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 will require the company to remain in Gahanna for eight (8) years, twice the term of the incentive.

NetPark was established in 2003 and is a partnership between the former ownership of the Thrifty franchise in Columbus and Jon Schmidt. The Reynolds' family owned and operated the franchise and is experienced in the transportation and parking industries. The idea for a software management system for parking was born out of the growth of their business into parking as well as car rental. Mr. Schmidt, company IT Manager, with experienced staff, developed an internet based management system that helped manage the Columbus parking facility. Input was garnered from accounting, sales, operations, suppliers, and customers to build a system that addressed the needs of medium to large scale parking lots and garages. Since this time, NetPark has continued to refine the system and now has a successful parking software system that provides revenue management and point-of-sale software for handling credit cards transactions, customers and reward points, rates, reservations, lot usage and other related activities. Currently the company has clients across the US and in Canada.

NetPark will lease, from a related real estate holding company, the facility at 1182 Claycraft Road. The related entity will purchase the facility which has been vacant for over a year. This freestanding 5,000 square foot facility will house the operations of NetPark and allow for the growth and expansion of the business. The company will relocate 10 employees to the facility at an average annual salary of \$40,000 a year plus annual benefits valued at \$3,000. The company will also invest in improvements to the facility, signage, furniture and fixtures and equipment. The company will relocate its existing office from Pickerington, Ohio.

The incentive offered by the City of Gahanna is a major factor in NetPark's decision to locate in Gahanna. The company is at its capacity in leased space in Pickerington. They are looking to plan strategically for growth in the future and propose to purchase a facility three times as large as their current office to accommodate that growth. This investment will allow them to increase capacity and better serve clients. This is also a growing market and the company continues to develop applications for this new software. They are a fast growth company and will add value to the Claycraft Road corridor by occupying a vacant facility and bring an additional technology related industry to Gahanna.

### Project Summary for NetPark

<b>Project Site:</b>	NetPark is proposing to locate their business in an existing building at 1182 Claycraft Road, near the intersection of Claycraft and Taylor Station Road. This building was formerly occupied by the Great Lakes Bankers Bank and has been vacant for over a year. The building is 4,961 s.f. and was built in 1996. NetPark is currently located in Pickerington.
<b>Company Description:</b>	Established in 2003 NetPark is a partnership between the ownership of the Thrifty franchise for the Columbus area and Jon Schmidt, the company IT Manager. They have developed a parking software system that allows simplified management of medium to large scale parking lots and garages. The system provides revenue management and point-of-sale software for handling credit cards transactions, customers and reward points, rates, reservations, lot usage and other related activities. The system is secured and user friendly. Currently the company has clients across the US and in Canada.
<b>Project Description:</b>	The company is continuing to grow and market their product to new users. They have experienced consistent double digit growth. The company has decided to relocate to larger space within the Columbus region. The company has considered several communities including Gahanna. They propose to purchase the facility at 1182 Claycraft for their headquarters and propose to grow into the space over the next several years.
<b>Investment:</b>	Total investment has not been finalized but is estimated to be between \$550,000 to \$625,000 including the purchase of the facility, renovations, signage, etc.
<b>Jobs:</b>	9 FT, 1 PT will be located at the facility. Average wage of \$40,000/yr plus benefits. Estimated annual payroll \$400,000.

**Office & Industrial Incentive 4 years, tiered % of withholding, max. 50%**  
**% of O&I Incentive based on potential job and payroll growth**

Jobs	Payroll	Withholding	O&I %	Incentive	City Benefit
10	\$400,000	\$ 6,000	25%	\$ 1,500	\$ 4,500
11	\$440,001	\$ 6,600	30%	\$ 1,980	\$ 4,620
12	\$480,001	\$ 7,200	35%	\$ 2,520	\$ 4,680
13	\$520,001	\$ 7,800	40%	\$ 3,120	\$ 4,680
14	\$560,001	\$ 8,400	45%	\$ 3,780	\$ 4,620
15	\$600,001	\$ 9,000	50%	\$ 4,500	\$ 4,500

Minimum Incentive Payments to NetPark (25%, 4 years)	\$6,000
Paid to the City (25%, 4 years)	\$18,000
Paid to the City over 8 years (required by agreement)	\$42,000

Maximum Incentive Payments to NetPark (50%, 4 years)	\$18,000
Paid to the City (50%, 4 years)	\$18,000
Paid to the City over 8 years (required by agreement)	\$54,000

#### Staff Recommendation

Staff recommends a tiered Office & Industrial Incentive for 4 years to NetPark for the creation of 10 new jobs in Gahanna with potential for annual employment growth. This project will occupy a vacant facility along a targeted development area, bring a technology company with high growth potential to the community, and support the growth and development of a small business established in Central Ohio. The City of Gahanna is in competition with other central Ohio communities for this project including Pickerington and Columbus.