

## COMMUNITY REINVESTMENT AREA #1 AGREEMENT

This Agreement (“Agreement”) is made and entered into on \_\_\_\_\_, 2022, by and between the City of Gahanna, Ohio (“Gahanna”), an Ohio Municipal Corporation, with offices located at 200 S. Hamilton Road, Gahanna, Ohio 43230 and Scannell Properties\_\_\_\_ (“Developer”), located at 8801 River Crossing Blvd., Suite 300, Indianapolis, Indiana 46240. Gahanna and Developer are collectively referred to herein as the “Parties.”

WITNESSETH:

WHEREAS, Gahanna City Council by Resolution Nos. 3-84, 14-84, 28-92, 37-94, Substitute Resolution 24-96, SR-0006-2000, SR-0002-2001, SR-0003-2001, SR-0003-2003, SR-0005-2004 and SR-0002-2005 designated the area as Community Reinvestment Area #1 pursuant to Chapter 3735 of the Ohio Revised Code; and

WHEREAS, Gahanna has encouraged the development of real property and the acquisition of personal property located in the area designated as a Community Reinvestment Area #1; and

WHEREAS, Developer is desirous of constructing 275,000 to 300,000 square feet of flex office and warehouse space (the “Project”) at Parcel #025-012946 & #025-012945 (the “Project Location”), within the boundaries of the aforementioned Community Reinvestment Area, provided that the appropriate development incentives are available to support the economic viability of said Project; and

WHEREAS, Gahanna having the appropriate authority for the stated type of Project is desirous of providing Developer with incentives available for the development of the Project in said Community Reinvestment Area under Chapter 3735 of the Ohio Revised Code; and

WHEREAS, Developer has submitted a proposed agreement application, herein attached as Exhibit A, to Gahanna, said application hereinafter referred to as the "Application"; and

WHEREAS, the Director of Economic Development of Gahanna has investigated the Application of Developer and has recommended the same to Gahanna City Council on the basis that Developer is qualified by financial responsibility and business experience to create and preserve employment opportunities in said Community Reinvestment Area and improve the economic climate of Gahanna; and

WHEREAS, all required notices to school districts have been delivered in accordance with Section 5709.83 of the Ohio Revised Code and the Compensation Agreement dated June 2, 2000, (the “Compensation Agreement”) by and between Gahanna and the Gahanna-Jefferson Public School District (the “School District”); and

WHEREAS, DEVELOPER has remitted the required municipal application fee of \$250.00 made payable to the City of Gahanna and, upon Council approval of this Agreement, will submit the required state filing/application fee of \$750.00 made payable to the Ohio Department of Development (“ODOD”) with the ODOD filing/application fee to be forwarded to that agency with an executed copy of this Agreement; and

WHEREAS, pursuant to Section 3735.67(A) and in conformance with the format required under Section 3735.671(B) of the Ohio Revised Code, the Parties hereto desire to set forth their agreement with respect to matters hereinafter contained.

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:

## **SECTION 1. LOCATION BY CORPORATION**

- 1) DEVELOPER shall construct approximately 275,000 – 300,000 square feet of flex office and warehouse space at the Project Location and will have an approximate total investment of \$30,000,000 as described in the Application.
  - a) The current market value of the site is \$127,190.
  - b) The estimated taxable value upon project completion is between \$4,636,500 & \$5,058,000.
  - c) The estimated total valuation of the site after project completion is between \$4,763,690 & \$5,185,190
- 2) The Project will begin April 1, 2022, and all construction and installation will be completed by June 30, 2023.

## **SECTION 2. EMPLOYMENT AND PAYROLL**

- 1) Developer will cause to be created approximately 40 new full-time equivalent jobs within 24 months after completion of construction of the Project with an average annual salary of +/- \$36,795 at the Project Location (“New Jobs.”)
- 2) The aforementioned number of New Jobs and their respective payroll withholding must be retained throughout the incentive period.
- 3) The Parties acknowledge and agree that the New Jobs are expected to be created by lessees or other users of the Project, and not the Developer.

## **SECTION 3. PAYMENT IN LIEU OF TAXES (PILOT)**

- 1) Developer shall pay Gahanna an equivalent payment equal to the incremental difference of the loss of taxable revenue generated by the property between the actual value of the abatement over a 10 year period and 15 year period as outlined in Exhibit D to this agreement (PILOT Payment). The intent of the PILOT Payment is to compensate Gahanna for the difference in its revenue received under a 15-year abatement when compared to a 10-year abatement, as further described in Exhibit D.
- 2) The Pilot Payment shall commence when the property has received a Certificate of Occupancy from Gahanna and has reached an effective occupancy rate of 50%. Once these conditions have been met, the PILOT Payment shall be paid no later than July 1<sup>st</sup> of all subsequent years for a term of 15 years.

## **SECTION 4. PROGRAM COMPLIANCE**

1. Developer shall provide to the proper Tax Incentive Review Council (TIRC) any information reasonably required by the Council and annual reports to evaluate the applicant’s compliance with the Agreement, including returns filed pursuant to Section 5711.02 of the Ohio Revised Code if requested by the Council.
2. Gahanna hereby grants Developer a tax exemption for real property improvements made to the Project Location pursuant to Section 3735.67 of the Ohio Revised Code and shall be in the following amounts:

Tax Exemption Amount:	100%
Term of Tax Exemption:	15 years
3. The exemption commences the first year for which the real property would first be taxable were that property not exempted from taxation. No exemption shall commence after tax year

2025 (tax lien date January 1, 2025) nor extend beyond tax year 2039 (tax lien date January 1, 2039).

4. Developer will comply with the tax exemption annual fee provisions pursuant to Section 3735.671(D) of the Ohio Revised Code. Developer is required to pay an annual fee equal to that contained in the Development Fee Schedule as authorized in Chapter 148 of the Codified Ordinances of Gahanna, herein attached as Exhibit B. This fee shall be paid once per year for each effective year of this Agreement by the first of March beginning the first year of exemption.
5. Developer shall pay such real and tangible personal property taxes as are not exempted under this Agreement and are charged against such property and shall file all tax reports and returns as required by law. If Developer fails to pay such taxes or file such returns and reports, exemptions from taxation 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.
6. For Developer to remain eligible for any benefit to be derived from the terms of this Agreement, Developer and operating business tenants at the Project Location shall, for the length of the incentive term, file Annual Municipal Net Profit Returns with Gahanna, or its designee, in order for Gahanna to verify the information provided therein.
7. Should Developer, and operating business tenants at the Project Location, file the Annual Municipal Net Profit Returns through the Ohio Business Gateway or through some other means directed by the Ohio Tax Commissioner pursuant to Ohio Regulation 5703-41-1 rather than directly with Gahanna, Developer will forfeit eligibility to receive the property tax abatement incentive benefit for that Reporting Year.
8. Gahanna shall perform such acts as are reasonably necessary or appropriate to effect, claim, reserve and maintain exemptions from taxation granted under this Agreement including, without limitation, joining in the execution of all documentation and providing any necessary certificates required in connection with such exemptions.
9. If for any reason Gahanna revokes the designation of the area, entitlements granted under this Agreement shall continue for the number of years specified under this Agreement, unless Developer materially fails to fulfill its obligations under this Agreement and Gahanna terminates or modifies the exemptions from taxation pursuant to this Agreement.
10. If Developer 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 exemptions from taxation granted under this Agreement and may require the repayment of the amount of taxes that would have been payable had the property not been exempted from taxation under this Agreement.

11. Developer hereby certifies that at the time this Agreement is executed, Developer 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 Developer is liable under Chapter 5733, 5735, 5739, 5741, 5743, 5747 or 5753 of the Ohio Revised Code, or, if such delinquent taxes are owed, Developer currently is 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 court under 11 U.S.C.A. 101, et seq., or such a petition has been filed against Developer. For the purposes of this 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.
12. Developer affirmatively covenants that it has made no false statements to the State or Gahanna in the process of obtaining approval for Community Reinvestment Area incentives. If any representative of Developer has knowingly made a false statement to the State or Gahanna to obtain Community Reinvestment Area incentives, Developer shall be required immediately to return all benefits received under this Agreement pursuant to Ohio Revised Code Section 9.66(C)(2) and shall be ineligible for any future economic development assistance from the State, any state agency, or a political subdivision, pursuant to ORC Section 9.66(C)(1). 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 Ohio Revised Code 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.
13. Exemptions from taxation granted under this Agreement shall be revoked if it is determined that Developer, any successor to that person, or any related member (as those terms are defined in Division (E) of Section 3735.671 of the Ohio Revised Code) has violated the prohibition against entering into this Agreement under Division (E) of Section 3735.671 or Section 5709.62 or 5709.63 of the Ohio Revised Code prior to the time prescribed by that Division or either of those Sections.
14. Except as otherwise provided in this Section 14, this Agreement is not transferable or assignable without the express, written approval of Gahanna, which shall not be unreasonably withheld. The Developer may assign this Agreement in whole or in part to (i) any entity affiliated with Developer or under common control with Developer, or (ii) a bank in connection with obtaining financing for the Project, without the written consent of Gahanna. The form required to seek approval from Gahanna for any future transfers or assignments is herein attached as Exhibit C.
15. Developer and Gahanna acknowledge that this Agreement must be approved by formal action of the legislative authority of Gahanna as a condition for the Agreement to take effect. This Agreement takes effect upon such approval.

16. This Agreement may be executed in one or more counterparts, each of which constitutes an original agreement, and all of which constitute one and the same original agreement.
17. If any provision of this Agreement is held to be illegal, invalid or unenforceable, said provision is fully severable. This Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement and the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

IN WITNESS WHEREOF, the City of Gahanna, Ohio, by \_\_\_\_\_,  
Housing Officer, and pursuant to Resolution Nos. 3-84, 14-84, 28-92, 37-94, Substitute Resolution  
24-96 and SR-0006-2000, SR-0002-2001, SR-0003-2001, SR-0003-2003, SR-0005-2004, SR-  
0002-2005 and Ordinance No. \_\_\_\_\_-2021, has caused this instrument to be  
executed this \_\_\_\_\_ day of \_\_\_\_\_, 2022, and Scannell Properties #\_\_\_\_,  
by its duly authorized signor, has caused this instrument to be executed on this \_\_\_\_\_ day of  
\_\_\_\_\_, 2022.

**SCANNELL PROPERTIES #\_\_\_\_**

**City of Gahanna, Ohio**

By: \_\_\_\_\_  
Authorized Signature

By: \_\_\_\_\_  
Housing Officer

\_\_\_\_\_  
Print Name & Title

Approved as to form:

\_\_\_\_\_  
Raymond J. Mularski, City Attorney

**EXHIBIT A**

**CRA APPLICATION**



**EXHIBIT B**

**DEVELOPMENT FEE SCHEDULE**

**EXHIBIT C**

**ASSIGNMENT – TRANSFER OF ABATEMENT FORM**

**EXHIBIT D  
PILOT CALCULATION**

<b>ESTIMATED SCHOOL COMPENSATION (15YR):</b>	<b>\$1,637,739.02</b>
<b>ESTIMATED SCHOOL COMPENSATION (10YR):</b>	<b>\$1,085,573.42</b>
<b>ESTIMATED PAYMENT IN LIEU OF TAXES (PILOT):</b>	<b>\$ 552,165.60</b>

**SCHEDULE OF PAYMENT  
(50% OCCUPANCY REACHED)**

<b>YR.1 – YR. 15</b>	<b>\$36,811.04</b>
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