

COMMUNITY REINVESTMENT AREA #1 AGREEMENT

This Agreement (“Agreement”) is made and entered into on _____, 2019, 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 **Suburban Steel Supply Co. LLC** (“SUBURBAN STEEL”), an Ohio Domestic Limited Liability Company located at **1900 Deffenbaugh Court, Gahanna, OH 43230**. Gahanna and SUBURBAN STEEL 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 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, SUBURBAN STEEL is desirous of constructing **5,302 square feet** of warehouse space as an addition to their structure on parcel **#025-013006** located at **1900 Deffenbaugh Court**, Gahanna, OH 43230, hereinafter referred to as the "Project" 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 SUBURBAN STEEL with incentives available for the development of the Project in said Community Reinvestment Area under Chapter 3735 of the Ohio Revised Code; and

WHEREAS, SUBURBAN STEEL 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 Planning & Development of Gahanna has investigated the Application of SUBURBAN STEEL and has recommended the same to Gahanna City Council on the basis that SUBURBAN STEEL 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, SUBURBAN STEEL has remitted the required **municipal application fee** of **\$250.00** made payable to the City of Gahanna and the required **state application fee** of **\$750.00** made payable

to the Ohio Development Services Agency (“ODSA”) with the ODSA 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) SUBURBAN STEEL shall construct a 5,302 square foot warehouse space addition at the Project Location and will have an approximate total investment of \$388,000 as described in the Application.
 - a) The current market value of the site is \$3,000,000.
 - b) The estimated valuation increment upon project completion is \$368,600.
- 2) The Project will begin in the second quarter of 2019, and all construction and installation will be completed by December, 2019.

SECTION 2. EMPLOYMENT AND PAYROLL

- 1) SUBURBAN STEEL shall retain 73 full-time equivalent jobs in Gahanna as part of the Project (“Retained Jobs”).
- 2) The Retained Jobs generate approximately \$3,200,000 in taxable payroll at the Project Location (“Retained Payroll”).
- 3) SUBURBAN STEEL will create two new full-time equivalent jobs within 18 months after completion of construction of the Project with an average annual salary of \$45,000 at the Project Location (“New Jobs”).
- 4) The aforementioned number of New and Relocated Jobs and their respective payroll withholding must be retained throughout the incentive period.

SECTION 3. PROGRAM COMPLIANCE

1. SUBURBAN STEEL shall provide to the Tax Incentive Review Council any information reasonably required and annual reports to evaluate the property owner’s compliance with this Agreement, including returns filed pursuant to Section 5711.02 of the Ohio Revised Code.

2. Gahanna hereby grants SUBURBAN STEEL a tax exemption for real property improvements made to the Project site 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: **12 years**

3. The exemption commences the first year for which the real property would be taxable if the property were not exempted from taxation.
4. SUBURBAN STEEL will comply with the tax exemption annual fee provisions pursuant to Section 3735.671(D) of the Ohio Revised Code. SUBURBAN STEEL 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. SUBURBAN STEEL 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 SUBURBAN STEEL 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.
6. SUBURBAN STEEL, or the operating business tenants at the Project, shall maintain a current membership in the Gahanna Area Chamber of Commerce.
7. For SUBURBAN STEEL to remain eligible for any benefit to be derived from the terms of this Agreement, SUBURBAN STEEL and operating business tenants at the Project 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.
8. Should SUBURBAN STEEL, and operating business tenants at the Project, 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, SUBURBAN STEEL will forfeit eligibility to receive the property tax abatement incentive benefit for that Reporting Year.
9. 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.
10. If for any reason the Community Reinvestment Area designation expires or is rescinded by Gahanna, entitlements granted under this Agreement shall continue for the number of years specified under this Agreement, unless SUBURBAN STEEL materially fails to fulfill its obligations under this Agreement and Gahanna terminates or modifies the exemptions from taxation granted under this Agreement.

11. If SUBURBAN STEEL 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.
12. SUBURBAN STEEL agrees to record this Agreement as a covenant running with the land prior to any liens or encumbrances affecting the Project site or the Project except those approved by Gahanna. Failure to do this can jeopardize the eligibility to receive the property tax abatement incentive benefit.
13. SUBURBAN STEEL hereby certifies that at the time this Agreement is executed, SUBURBAN STEEL 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 SUBURBAN STEEL is liable under Chapter 5733, 5735, 5739, 5741, 5743, 5747 or 5753 of the Ohio Revised Code, or, if such delinquent taxes are owed, SUBURBAN STEEL 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 SUBURBAN STEEL. 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.
14. SUBURBAN STEEL 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 SUBURBAN STEEL has knowingly made a false statement to the State or Gahanna to obtain Community Reinvestment Area incentives, SUBURBAN STEEL 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.
15. Exemptions from taxation granted under this Agreement shall be revoked if it is determined that SUBURBAN STEEL, 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.
16. This Agreement is not transferable or assignable without the express, written approval of Gahanna, which shall not be unreasonably withheld. The form required to seek approval from Gahanna for any future transfers or assignments is herein attached as **Exhibit C**.

17. SUBURBAN STEEL and Gahanna acknowledge that this Agreement must be approved by formal action of Gahanna City Council as a condition for this Agreement to take effect.
18. 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.
19. 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 Anthony Jones, 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. _____-2019, has caused this instrument to be executed this _____ day of _____, 2019 and SUBURBAN STEEL, by its duly authorized signor, has caused this instrument to be executed on this _____ day of _____, 2019.

SUBURBAN STEEL LLC

City of Gahanna, Ohio

By: _____
 Authorized Signature

By: _____
 Anthony Jones, Housing Officer

Print Name & Title

Approved as to form:

 Shane W. Ewald, City Attorney

EXHIBIT A



Community Reinvestment Area Incentive Application
City of Gahanna Planning & Development Department
200 S. Hamilton Road, Gahanna, OH 43230 Phone: (614) 342-4015

Date Received: _____

CRA #: _____

Applicant Information:

Suburban Steel Supply Co. LLC

Company Name

1900 Deffenbaugh Ct.

Address

614-737-5501

Phone

Jenny Demko

Contact Name

CFO

Contact Title

jdemko@suburbansteelsupply.com

Email

Project Information:

Deffenbaugh Ct

Project Address

Manufacturing

Type of Business (Manufacturing, warehouse, retail sales, etc.)

N/A

025-013006-00

Parcel Number (Required)

SIC 3441 NAIC 332312

Primary Standard Industrial Code # (May also list other relevant SIC numbers)

If a consolidation, what are the components? (Itemize the locations, assets and employment positions to be transferred.)

Limited liability company; tax classification: S-Corp

Form of business or enterprise (Corporation, partnership, proprietorship or franchise.)

Where is your business currently located? In State Out of State Central Ohio Gahanna

New construction to allow for improved safety conditions by providing adequate space for storage and improved organization.

Why are you locating your business in Gahanna?

Mark DeBellis; Cindy DeBellis

Name of principal owner(s) or officers of the business

73

Current employment level at the proposed project site

Will the project involve the relocation of employment positions or assets from one Ohio location to another? Yes No

If yes, state the locations from which employment positions and assets will be relocated from/to.

71 full-time permanent ; 2 part-time permanent

Company's current employment level in Ohio (itemize by full-time, part-time, permanent and temporary employees)

N/A

List current employment level for each facility to be affected by the relocation of employment positions or assets

N/A

Projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated

Does the Applicant owe any of the following:

Delinquent taxes to the State of Ohio or a political subdivision of the state? Yes No

Any monies to the State or a state agency for the administration or enforcement of any environmental laws of the state? Yes No

Any other monies 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

If yes to any of the above, please provide complete details of each instance including the location, amounts and/or case numbers.

New construction of 5,300 sq. ft. warehouse and assembly facility

Project description

2nd Qtr 2019 (if tax CRA incentive approved)

4th Qtr 2019

Date project will begin

Date project will be completed

2 full-time permanent

Estimated number of **NEW** employees the Applicant will cause to be created at the facility that is the project site. (Separate job creation projection by the name of the employer and itemize by full-time, part-time, permanent and temporary employees.)

1 year

Time frame for projected hiring (number of years)

2 full-time permanent (2020)

Proposed schedule for hiring (itemize by full-time, part-time, permanent and temporary employees.)

\$90,000 full-time permanent

Estimate the amount of annual payroll **NEW** employees will add. (New annual payroll must be itemized by full-time, part-time, permanent and temporary employees.)

Retention of 73 full-time permanent @ annual payroll ~\$3.2 million

Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project.

Estimate the amount to be invested by the Applicant to establish, expand, renovate or occupy a facility:

Acquisition of buildings	\$ 0
Additions/new construction	\$ 388,000
Improvements to existing buildings	\$
Machinery & equipment	\$
Furniture & fixtures	\$
Inventory	\$
Other	\$
Total New Project Investment:	\$

Applicant requests the following tax exemption incentive: 100 % for 12 years

Pre-established CRA exemption for Eastgate Industrial Parkway

Reasons for requesting tax incentive (Be as specific as possible and attach any supporting documentation.)

I certify that a tax incentive is necessary for location and/or expansion of my business in Gahanna.

Yes

No

Submission of this application expressly authorized the City of Gahanna to contact the Ohio Environmental Protection Agency to confirm statements contained within this application and to review applicable confidential records. As part of this application, the Applicant may also be required to directly request from the Ohio Department of Taxation, or complete a waiver form allowing the Department of Taxation to release specific tax records to the City of Gahanna. The Applicant agrees to supply additional information upon request.

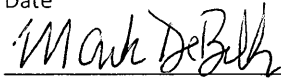
The Applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct and is aware of Ohio Revised Code Section 9.66(C)(1) and 2921.13(D)(1) penalties for falsification which could result in the forfeiture of all current and future economic development assistant benefits as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

Mark DeBellis, President

Applicant Name & Title

3/6/2019

Date



Signature

The City of Gahanna will assume responsibility for notification to the affected Board of Education.

This application will be attached to the Community Reinvestment Area Agreement as Exhibit A.

CITY OF GAHANNA, OHIO

Name & Title

Signature

EXHIBIT B

CITY OF GAHANNA - DEVELOPMENT FEE SCHEDULE Business & Incentive Fees

Valid beginning August 15, 2016

A fee is charged to recover the City's administrative costs for enforcement of codes related to building, development, electrical, plumbing, and mechanical permits and zoning applications and processing.

Authority to assess such fees is contained within City Code Chapter 148.

All fees are due and payable at time of submission and are non-refundable subject to City Code Chapter 148.

CATEGORY	BASE FEE	ADDITIONAL FEE
Sexually Oriented Business		
<i>Application/Investigation</i>	\$500.00	
<i>Annual Business License</i>	\$500.00	
<i>Annual Business Employee License</i>	\$100.00	
CRA Property Tax Abatement Annual Fee	\$0.00	1% of the amount of taxes abated for the previous reporting year; minimum \$100 and maximum \$2,500
CRA Property Tax Abatement Application Fee	\$250.00	
Office & Industrial Incentive Application Fee	\$150.00	

EXHIBIT C

City of Gahanna Housing Officer
City of Gahanna
200 S. Hamilton Road
Gahanna, OH 43230

Re: Tax Abatement for _____

To Whom It May Concern:

This letter is intended to advise the City of Gahanna of my intention to sell the commercial building I own at _____ to _____ (BUYER).

As the authorized representative of _____ and as the owner of _____, I, _____, hereby assign and transfer all rights, obligations, and terms remaining under the tax abatement agreement for said property to the above Buyer, subject to the approval of the City of Gahanna, below. This assignment is effective on the date that the purchase is completed and final.

Date: _____

Authorized Representative of Seller including contact information

As the Buyer of _____, the undersigned agrees to assume all rights, obligations, and terms remaining under the Community Reinvestment Area Agreement dated for _____ completed and final transfer of title occurs to the undersigned.

Date: _____

Authorized Representative of Buyer including contact information

The City of Gahanna hereby approves of this assignment of the Community Reinvestment Area Agreement, to the above Buyer per Section 3, Item 11 of the Community Reinvestment Area Agreement, as amended, regarding the property at _____.

Date: _____

City Housing Officer