

OFFICE & INDUSTRIAL INCENTIVE AGREEMENT

THIS OFFICE & INDUSTRIAL INCENTIVE AGREEMENT (this "Agreement") is made and entered into effect as of this _____ day of _____, 2012 ("Effective Date"), by and between the City of Gahanna, Ohio, an Ohio municipal corporation (hereafter referred to as "Gahanna" or "City of Gahanna") with its main offices located at 200 S. Hamilton Road, Gahanna, Ohio and the **Pediatric & Adolescent Practitioners, Inc.** with its main offices to be located at **1085 Beecher Crossing North, Gahanna, Ohio** (hereafter referred to as "PAP, Inc."). Gahanna and PAP, Inc. are sometimes referred to individually as "Party" and collectively as "Parties."

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

WHEREAS, PAP, Inc. is desirous of maintaining their operations in Gahanna, Ohio; 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 PAP, Inc. with incentives for the development of their project; and

WHEREAS, the Director of Planning & Development has investigated the Application of PAP, Inc. and the Incentive Advisory Board has recommended the same to the Gahanna City Council on the basis that PAP, Inc. is qualified by financial responsibility and business experience to maintain 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. PAP, Inc. will retain in the City of Gahanna twenty-five (25) existing jobs resulting in approximately one million, nine hundred and forty six thousand dollars (\$1,946,000) of annual payroll.
2. Gahanna shall grant PAP, Inc. a refundable credit of fifteen percent (15%) of the net income tax revenue the City of Gahanna derives from the employees of PAP, Inc. for a term of three (3) years.
3. If PAP, Inc. materially fails to fulfill its obligation under this agreement, Gahanna may terminate or modify the provisions granted under this agreement.
4. This agreement is not transferable or assignable without the express, written approval of Gahanna.
5. PAP, Inc. agrees to remain in business in Gahanna, Ohio, for two years for each year of the term of this Incentive Agreement, and failure to do so may result in PAP, Inc. repaying any funds received.
6. PAP, Inc. must provide the City with verification of wages paid and taxes withheld annually for jobs during the period outlined under this agreement.

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

EXHIBIT A

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. **PAP, Inc.** shall pay all federal, state and local taxes and shall file all tax reports and returns as required by law. If **PAP, Inc.** 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 **PAP, Inc.** materially fails to fulfill its obligations under this agreement and Gahanna terminates or modifies the incentives granted under this agreement.
3. If **PAP, Inc.** 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. **PAP, Inc.** hereby certifies that at the time this agreement is executed, **PAP, Inc.** 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 **PAP, Inc.** is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., 5753. of the Ohio Revised Code, or, if such delinquent taxes are owed, **PAP, Inc.** 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 **PAP, Inc.** 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. **PAP, Inc.** affirmatively covenants that it has made no false statements to the City of Gahanna in the process of obtaining approval for an Office & Industrial Incentive. If any representative of **PAP, Inc.** has knowingly made a false statement to the City of Gahanna to obtain an Office & Industrial Incentive, **PAP, Inc.** 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.

IN WITNESS WHEREOF, the City of Gahanna, Ohio, by Rebecca W. Stinchcomb, its Mayor, and pursuant to Ordinance _____, has caused this instrument to be executed this _____ day of _____, 2012 and **PAP, Inc.** by _____, has caused this instrument to be executed on this _____ day of _____, 2012.

Pediatric & Adolescent Practitioners, Inc.

Mayor, City of Gahanna

By _____

By _____

COMPANY REPRESENTATIVE

Rebecca W. Stinchcomb

Approved as to form:

City Attorney

EXHIBIT I

Project Scope

Pediatric and Adolescent Practitioners, Inc.

On _____, 2012, Gahanna City Council approved an ordinance to grant an Office & Industrial Incentive of three (3) years, 15 percent to Pediatric and Adolescent Practitioners, Inc. (PAP, Inc.) for the retention of at least \$1,946,000 in existing payroll as a result of the company's relocation to new office space within the City of Gahanna. As part of the incentive agreement, the City of Gahanna will require the company to remain in Gahanna for at least six (6) years, twice the term of the incentive.

PAP, Inc. is a busy pediatric practice serving over 15,000 active patients. PAP, Inc. has been in operations in Gahanna for the past 25 years and on the eastside of Columbus for 60 years. The practice has six full-time American Board of Pediatrics certified pediatricians who care for 600 to 750 patients a week. Patients range in age from newborn to late teens. PAP, Inc. was one of the first pediatric groups to adopt Electronic Health Records. All patient records are electronic offering secured files with high accessibility for doctors and patients through an online patient portal. The system provides accounting of patient phone calls, sick visits, well checks, tests and other pertinent health information for each child.

PAP, Inc. has signed a ten year lease for redesigned space at 1085 Beecher Crossing North. The practice will lease 6,500 square feet of space located all on one floor and relocate 25 existing jobs to the new facility from Waterbury Court. The average annual payroll of PAP, Inc. is \$1.946 million with an additional \$7,700 in benefits on average per employee.

The incentive offered by the City of Gahanna was a major factor in PAP, Inc.'s decision to remain in Gahanna. The practice serves patients from throughout the Central Ohio region and considered relocated to another community in the northeast quadrant. PAP, Inc. was at its capacity in leased space on the Morrison Road Corridor on the south side of Gahanna. Their space was inefficient and because of the layout required the practice to have duplicate operations on multiple floors. The new site will allow them to gain time and productivity with a smaller foot print than the space on Waterbury but a modernized and updated design to allow for greater patient comfort and ease of operations. The practice continues to grow and this new space will allow them to do so in Gahanna and add to the medical services cluster in the Beecher Crossing Office Park.

Project Summary for Pediatric & Adolescent Practitioners, Inc.

Project Site:	Currently located at 453 Waterbury Court, practice considered several locations outside of Gahanna prior to working with the property developer at Beecher Crossing. PAP is proposing to locate in 6,500 s.f. of updated space in the Beecher Crossing development. Sites for consideration included Columbus, Reynoldsburg, New Albany, Blacklick and Bexley.
Company Description:	PAP has been in operations in Gahanna for over 25 years, specializing in children and adolescents. The busy practice has continued to experience growth and added doctors and patients over the years and now services over 15,000 active patients.
Project Description:	Practice relocating to updated medical space, space will be customized to accommodate their current needs and allow the company to eliminate redundancies in operations. Company will sign a 10 year lease for the new office.
Investment:	Approximately \$500,000 in leasehold improvements
Jobs:	Retain 25 existing jobs in the City of Gahanna with \$1.946 million in annual payroll. Costs of benefits is additional.

Summary of Fiscal Impact

Office & Industrial Incentive					
	Jobs	Payroll*	Withholding	Incentive	
Yr1	25	\$ 1,946,000	\$ 29,190	\$ 4,379	
Yr2	25	\$ 1,946,000	\$ 29,190	\$ 4,379	
Yr3	25	\$ 1,946,000	\$ 29,190	\$ 4,379	
Yr4	25	\$ 1,946,000	\$ 29,190		
Yr5	25	\$ 1,946,000	\$ 29,190		
Yr6	25	\$ 1,946,000	\$ 29,190		
Yr7	25	\$ 1,946,000	\$ 29,190		
Yr8	25	\$ 1,946,000	\$ 29,190		
Yr9	25	\$ 1,946,000	\$ 29,190		
Yr10	25	\$ 1,946,000	\$ 29,190		

Total Incentive Payments to the company over the term \$ **13,136**

Net Withholding Tax to the City over the term \$ **74,435**

Net Total Withholding Tax paid to the City over 10 years \$ **278,765**

Staff Recommendation

For this retention project, staff recommends a 15%, 3 year incentive to remain in Gahanna. The company did not initially find space that was what they are looking for in Gahanna but they did in other communities, they also received offers of incentives in other communities. Development Department staff referred them to the property developer at Beecher and the company has been able to design a space that works for them and allows them to remain in Gahanna. The offered incentive was a major factor in the company deciding to move forward with this investment in Gahanna.