

COMMUNITY REINVESTMENT AREA #1 AGREEMENT

This Agreement (the "Agreement") is made and entered into on _____, 2014, 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 Eastgate Partners LLC ("Eastgate Partners LLC") with its offices located at 942-A Freeway Dr. N., Columbus, OH 43229. Gahanna and Eastgate Partners LLC are collectively referred to herein as the "Parties."

WITNESSETH;

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; and

WHEREAS, EASTGATE PARTNERS LLC is desirous of construction of 80,000 square feet building for office/warehouse operations, 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, the Gahanna City Council by Ordinance No. 3-84, 14-84, 28-92, 37-94, 24-96 and SR3-2003 designated the area as Community Reinvestment Area #1 pursuant Chapter 3735 of the Ohio Revised Code; and

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

WHEREAS, EASTGATE PARTNERS LLC 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 EASTGATE PARTNERS LLC and has recommended the same to the Council of Gahanna on the basis that EASTGATE PARTNERS LLC 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 City School District (the "School District"); and

WHEREAS, the EASTGATE PARTNERS LLC has remitted the required state application fee of \$750.00 made payable to the Ohio Development Services Agency with the application fee to be forwarded to that agency with a 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. EASTGATE PARTNERS LLC shall construct a new 80,000 SQUARE FEET building at 1801-1831 Deffenbaugh Ct., Gahanna, Ohio. The PROJECT will involve a total investment by EASTGATE PARTNERS LLC of \$2,925,000.00 as described in the Application attached hereto and made a part thereof. In addition, EASTGATE PARTNERS LLC will purchase and locate within the PROJECT machinery, equipment, furniture and fixtures in the minimum amount of \$5,000 and inventory in the minimum amount of \$5,000. The machinery, equipment, furniture and fixtures, and inventory, will not be relocated from another facility within the State of Ohio.
2. The PROJECT will begin ~~April-September~~ 1, 2014, and all acquisition, construction and installation will be completed by ~~August-January~~ 1, 2014~~5~~.

SECTION 2. EMPLOYMENT AND PAYROLL

3. The EASTGATE PARTNERS LLC shall create at the PROJECT, according to the schedule below, the equivalent of ~~fifteen-thirty (1530)~~ new full-time permanent job opportunities, -0- new part-time permanent job opportunities, -0- full-time temporary job opportunities and -0- part-time temporary job opportunities within ~~thirty-sixforty-eight (3648)~~ months after the commencement of construction of the PROJECT.

The estimated schedule for hiring is as follows: create 0 new full-time permanent job opportunities by December 31, 2014~~5~~; ~~5~~10 new full-time permanent job opportunities by December 31, 201~~5~~6; ~~10~~5 new full-time permanent job opportunities by December 31, 201~~6~~7; and ~~5~~10 new full-time permanent job opportunities by August 1, 201~~7~~8.

The EASTGATE PARTNERS LLC currently has -0- full-time permanent employees, -0- part-time permanent employees, -0- full-time temporary employees, and -0- part-time permanent employees at the Project Site. In total, the EASTGATE PARTNERS LLC has -0- full-time permanent employees, -0- part-time permanent employees, -0- full-time temporary employees, and -0- part-time temporary employees in the State of Ohio.

This increase in the number of full time employees will result in approximately \$~~300~~750,000 of annual payroll.

SECTION 3. PROGRAM COMPLIANCE

1. EASTGATE PARTNERS LLC shall provide to the proper Tax Incentive Review Council any information reasonably required by the Council and annual reports to Gahanna 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 EASTGATE PARTNERS LLC a 75% real property tax exemption pursuant to Section 3735.67 of the Ohio Revised Code for a six (6) year period for the PROJECT. The exemption commences the first year for which the real property exemption would first be taxable were that property not exempted from taxation. No exemption shall extend beyond tax year 2020/collection year 2021 (6 year exemption period).
3. The EASTGATE PARTNERS LLC will comply with the tax abatement annual fee provisions pursuant to Section 3735.671(D) of the Ohio Revised Code. The EASTGATE PARTNERS LLC 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. This fee shall be paid once per year for each effective year of this Agreement by the thirty-first of January beginning the first year of abatement.
4. EASTGATE PARTNERS LLC 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 EASTGATE PARTNERS LLC 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.
5. EASTGATE PARTNERS LLC shall maintain a current membership in the Gahanna Area Chamber of Commerce.
4. 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.
- 6.7. 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 EASTGATE PARTNERS LLC materially fails to fulfill its obligations under this Agreement and Gahanna terminates or modifies the exemptions from taxation granted under this Agreement.

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- ~~7.8.~~ If EASTGATE PARTNERS LLC materially fails to fulfill its obligations under this Agreement, or if Gahanna determines that the certification as to the delinquent taxes required by 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. EASTGATE PARTNERS LLC agrees to record the foregoing covenant 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.
- ~~8.9.~~ EASTGATE PARTNERS LLC hereby certifies that at the time this Agreement is executed, EASTGATE PARTNERS LLC 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 EASTGATE PARTNERS LLC is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., 5753. of the Ohio Revised Code, or, if such delinquent taxes are owed, EASTGATE PARTNERS LLC 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 EASTGATE PARTNERS LLC. 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.
- ~~9.10.~~ EASTGATE PARTNERS LLC 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 EASTGATE PARTNERS LLC has knowingly made a false statement to the State or Gahanna to obtain Community Reinvestment Area incentives, EASTGATE PARTNERS LLC shall be required immediately to return all benefits received under this Agreement pursuant to ORC 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 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.
- ~~10.11.~~ Exemptions from taxation granted under this Agreement shall be revoked if it is determined that EASTGATE PARTNERS LLC, 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.
- ~~11.12.~~ This Agreement is not transferable or assignable without the express, written approval of Gahanna.

~~12-13.~~ EASTGATE PARTNERS LLC and Gahanna acknowledge that this Agreement must be approved by formal action of the City Council of Gahanna as a condition for this Agreement to take effect. This Agreement takes effect upon such approval.

~~13-14.~~ 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.

~~14-15.~~ 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, 24-96 and SR3-2003, and Ordinance No. ____-2014, has caused this instrument to be executed this ____ day of _____, ____ and EASTGATE PARTNERS LLC, by its duly authorized signor, has caused this instrument to be executed on this _____ day of _____, 2014.

Eastgate Partners LLC

Housing Officer

By _____
Mark F. Taggart

By _____
Anthony Jones
Director of Planning & Development

Approved as to form:

Shane Ewald, City Attorney

Draft of 3/6/2014

EXHIBIT A
CRA APPLICATION
(TO BE ATTACHED)