

COMMUNITY REINVESTMENT AREA #3 AGREEMENT

This Agreement (the "Agreement") is made and entered into on _____, 2016, by and between the City of Gahanna, Ohio ("Gahanna"), an Ohio Municipal Corporation, with offices located at 200 S. Hamilton Road, Gahanna, OH 43230 and RAY J. PROPERTIES LLC ("RAY J. PROPERTIES") with its offices located at 697 Stag Place, Gahanna, OH 43230. Gahanna and RAY J. PROPERTIES 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 Community Reinvestment Area #3; and

WHEREAS, RAY J. PROPERTIES is desirous of constructing a **12,000-15,000 square feet flex-space** building, 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 City Council by Substitute Resolution No. 29-92, 17-95, Resolution 980129 and SR-0003-2005 designated the area as Community Reinvestment Area #3 pursuant to Sections 3735.65 to 3735.70 of the Ohio Revised Code; and

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

WHEREAS, RAY J. PROPERTIES 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 RAY J. PROPERTIES and has recommended the same to Gahanna City Council on the basis that RAY J. PROPERTIES 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, RAY J. PROPERTIES has remitted the required municipal application fee of \$250.00 made payable to the City of Gahanna and the 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. RAY J. PROPERTIES shall purchase **1.6 ACRES** of vacant land located in Science Blvd., Parcel#**025-013620**, which consists of approximately 5.271 acres within Central Park of Gahanna, OH and construct a new **12,000-15,000 SQUARE FOOT** building on site. The Project will involve a total investment by RAY J. PROPERTIES of **\$1,572,000** as described in the Application which is contained in Exhibit A, attached hereto and made a part hereof. In addition, RAY J. PROPERTIES will relocate all assets to the new facility once constructed.
2. RAY J. PROPERTIES shall install a dedicated fiber optic conduit from Science Blvd. to the building which will provide tenant(s) the ability to gain access and utilize the GahannaNet Program, the City of Gahanna's Fiber Optic Network.
3. The Project will begin **March, 2017**, and all acquisition, construction and installation will be completed by **December, 2017**.

SECTION 2. EMPLOYMENT AND PAYROLL

1. RAY J. PROPERTIES shall **relocate** their current employment level of **18 full-time and 5 part-time** job opportunities to the project location, with a minimum annual payroll equivalent to **\$1,400,000**. ("Relocated Jobs")
2. RAY J. PROPERTIES shall **create 2 full-time jobs and 2 part-time** jobs opportunities at the project location within **24 months of project completion**. ("New Jobs")

SECTION 3. PROGRAM COMPLIANCE

1. RAY J. PROPERTIES 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 RAY J. PROPERTIES 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:

First Year of Tax Exemption: **2017**
Tax Exemption Amount: **80%**
Term of Tax Abatement: **15 years**

3. The exemption commences the first year for which the real property would first be taxable if the property were not exempted from taxation after improvements are completed and fully assessed. No exemption shall extend beyond tax year 2031/collection year 2032 (15 year exemption period).
4. RAY J. PROPERTIES will comply with the tax abatement annual fee provisions pursuant to Section 3735.671(D) of the Ohio Revised Code. RAY J. PROPERTIES 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 abatement.
5. RAY J. PROPERTIES shall pay such real and tangible personal property taxes as are not exempted under this Agreement and are charged against such property, including assessed values captured during the construction period, and shall file all tax reports and returns as required by law. If RAY J. PROPERTIES 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. RAY J. PROPERTIES, or the operating business tenant at the Project site, shall maintain a current membership in the Gahanna Area Chamber of Commerce.
7. 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.
8. If for any reason the Community Reinvestment Area designation expires or is revoked by Gahanna, entitlements granted under this Agreement shall continue for the number of years specified under this Agreement, unless RAY J. PROPERTIES materially fails to fulfill its obligations under this Agreement and Gahanna terminates or modifies the exemptions from taxation granted under this Agreement.
9. If RAY J. PROPERTIES 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.
10. RAY J. PROPERTIES **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 and shall provide a copy of the recorded document to Gahanna.
11. RAY J. PROPERTIES hereby certifies that at the time this Agreement is executed, RAY J. PROPERTIES 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 RAY J. PROPERTIES

is liable under Chapter 5733, 5735, 5739, 5741, 5743, 5747 or 5753 of the Ohio Revised Code, or, if such delinquent taxes are owed, RAY J. PROPERTIES 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 RAY J. PROPERTIES. 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.

12. RAY J. PROPERTIES 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 RAY J. PROPERTIES has knowingly made a false statement to the State or Gahanna to obtain Community Reinvestment Area incentives, RAY J. PROPERTIES 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 Ohio Revised Code 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 RAY J. PROPERTIES, 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. This Agreement is not transferable or assignable without the express, written approval of Gahanna, pursuant to Section 3735.671(C)(8) of the Ohio Revised Code.
15. RAY J. PROPERTIES 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. 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 Anthony Jones, Housing Officer, and pursuant to Substitute Resolution No. 29-92, 17-95, Resolution 980129 and SR-0003-2005, and Ordinance No. _____-2016, has caused this instrument to be executed this _____ day of _____, 2016 and RAY J. PROPERTIES, by its duly authorized signor, has caused this instrument to be executed on this _____ day of _____, 2016.

RAY J. PROPERTIES LLC

City of Gahanna, Ohio

By: _____
Judith L. Salopek, Agent
(*Authorized Signature*)

By: _____
Anthony Jones, Housing Officer

By: _____
Paul Salopek

Approved as to form:

Shane W. Ewald, City Attorney

EXHIBIT A

CRA APPLICATION

Date: 11/22/16

CRA Area: # 3

\$250 Application Fee Received : 11/28/16

\$750 Filing Fee Received : 11/28/16

CITY OF GAHANNA

APPLICATION FOR THE COMMUNITY REINVESTMENT AREA PROGRAM

This application for Community Reinvestment Area Tax Incentives between the City of Gahanna located in the County of Franklin and Ray J Properties and Advint, LLC.

1. a. Name of property owner, home or main office address, contact person, and telephone number (attach additional pages if multiple enterprise participants).

Ray J Properties, LLC

ADVINT, LLC

Enterprise Name

697 Stag Place, Gahanna, OH 43230

4601 Hilton Corporate Drive

Address

Columbus Ohio, 43232

Paul Salopek

Contact Person

614-325-2552

614-863-2433

Telephone Number

- b. Project site:

025-013620

Parcel Number (Required)

Paul Salopek

Contact Person

614-863-2433/Psalopek@advint.com

Telephone Number / Email

614-863-2544

Fax number

2. a. Nature of commercial/industrial activity (manufacturing, warehousing, wholesale or retail stores, or other) to be conducted at the site.

Ray J Properties is a real estate development company and will be responsible for

land purchase facility build and lease of new building to Advint.

Advint designs and build automatic test systems.

- b. List primary 4 digit Standard Industrial Code (SIC) # 3825 (Advint)

Business may list other relevant SIC numbers. _____

- c. If a consolidation, what are the components of the consolidation? (must itemize the location, assets, and employment positions to be transferred _____)

City of Gahanna
Tax Abatement Application

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

Corporation

3. a. Where is your business currently located?

☐ In State ☒ Central Ohio ☐ Gahanna
☐ Out of State

b. Why are you locating your business in Gahanna?

Tax Incentive, Business Climate and Location

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

Paul Salopek (Both Companies)

5. a. State the enterprise's current employment level at the proposed project site:

23 (Advint)

b. Will the project involve the relocation of employment positions or assets from one Ohio location to another?

Yes X No

c. If yes, state the locations from which employment positions or assets will be relocated and the location to where the employment positions or assets will be located:

4601 Hilton Corporate Drive, Columbus Ohio 43232 Gahanna Central Park, Science Blvd, Gahanna Ohio 43230

d. State the enterprise's current employment level in Ohio (itemized for full and part-time and permanent and temporary employees):

18 Full Time Heads

5 Part Time Heads

e. State the enterprise's current employment level for each facility to be affected by the relocation of employment positions or assets: _____

18 Full Time Heads

5 Part Time Heads

f. What is the projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated? _____

18 Full Time Heads

5 Part Time Heads

6. Does the Property Owner owe:

a. Any delinquent taxes to the State of Ohio or a political subdivision of the state?

Yes ___ No X

b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the state?

Yes ___ No X

c. Any other moneys 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 X

d. If yes to any of the above, please provide details of each instance including but not limited to the location, amounts and/or case identification numbers (add additional sheets if necessary).

7. Project Description: 12,000 to 15,000 Square Feet Building to House Design and Manufacture of Automatic Test Systems.

8. Project will begin: March, 2017 and be completed December, 2017 provided a tax exemption is provided.

11/6/17
12/22/16

9. a. Estimate the number of **new** employees the property owner will cause to be created at the facility that is the project site (job creation projection must be itemized by the name of the employer, full and part-time and permanent and temporary): 4 heads

b. State the time frame of this projected hiring: 1-2 yrs.

c. State proposed schedule for hiring (itemize by full and part-time and permanent and temporary employees): _____

1 Full Time Permanent-2017

1 Part Time Temporary-2017

1 Full Time Permanent-2018

1 Part Time Temporary-2018

10. a. Estimate the amount of annual payroll new employees will add \$ _____
(new annual payroll must be itemized by full and part-time and permanent and temporary new employees). 2 Full Time Permanent \$125,000.00.
2 Part Time Temporary \$25,000.00

b. Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project: \$ 1,400,000

11. An estimate of the amount to be invested by the enterprise to establish, expand, renovate or occupy a facility:

| | |
|--|---------------------|
| A. Acquisition of Buildings: (Land) | \$ <u>272,000</u> |
| B. Additions/New Construction: | \$ <u>1,250,000</u> |
| C. Improvements to existing buildings: | \$ _____ |
| D. Machinery & Equipment: | \$ _____ |
| E. Furniture & Fixtures: | \$ <u>25,000</u> |
| F. Inventory: | \$ <u>25,000</u> |
| G. Other: | \$ _____ |

Total New Project Investment: \$ 1,572,000

12. a. Business requests the following tax exemption incentives: 80% for 15 years covering real as described above. Be specific as to the rate, and term.

b. Business's reasons for requesting tax incentives (be quantitatively specific as possible; attach any supporting documents)

We are a small business and market conditions are extremely tight with low margins. Tax Incentives are required in order to keep cost competitiveness to enable growth and profitability.

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

☒ Yes ☐ No

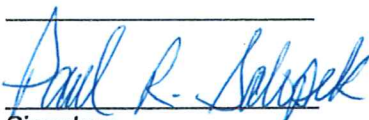
City of Gahanna
Tax Abatement Application

Submission of this application expressly authorizes The City of Gahanna to contact the Ohio Environmental Protection Agency to confirm statements contained within this application including item # 5 and to review applicable confidential records. As part of this application, the property owner 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 local jurisdiction considering the request. 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 the ORC Sections 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 assistance benefits as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

Paul Salopek
Name of Property Owner

11/22/2016
Date


Signature

President & CEO
Typed Name and Title

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

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

City of Gahanna

EXHIBIT B

DEVELOPMENT FEE SCHEDULE

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 | |