

TAX SHARING AGREEMENT

THIS TAX SHARING AGREEMENT (this “Agreement”), is entered into as of the 10th day of September, 2018, by and among the following entities: CITY OF HUDSON, OHIO, a municipal corporation with its main offices at 115 Executive Parkway, Suite 400, Hudson, Ohio 44236 (hereinafter referred to as “Hudson”); and the HUDSON CITY SCHOOL DISTRICT, with offices located at 2400 Hudson-Aurora Road, Hudson, Ohio 44236 (hereinafter referred to as “School District”).

RECITALS

WHEREAS, Hudson has encouraged the development of real property located in areas of Hudson designated as Community Reinvestment Areas under Section 3735.66 of the Ohio Revised Code (“ORC”);

WHEREAS, the City Council of Hudson by Resolution No. 10-28, adopted February 3, 2010, designated an area within Hudson as “Community Reinvestment Area #3A” (“CRA Area #3A”);

WHEREAS, Premier Commercial Realty, LLC (hereinafter referred to as “Premier”) desires to construct a regional compounding center building (the “Project”) on Parcel #7 at Hudson Crossing Parkway, Hudson, Ohio 44236 (the “Property”) for Option Care Enterprises, Inc. (hereinafter referred to as “Option Care”), which is located within the boundaries of CRA Area #3A, provided that the appropriate development incentives are made available to Premier to support the economic viability of the Project;

WHEREAS, effective March 17, 2010, the Director of Development of the State of Ohio determined that CRA Area #3A contained the characteristics set forth in ORC Section 3735.66 and confirmed CRA Area #3A as a Community Reinvestment Area under ORC Chapter 3735;

WHEREAS, Hudson, Premier, and Option Care have negotiated the terms of a Community Reinvestment Area Agreement (the “CRA Agreement”) which provides to Premier and Option Care a real estate tax abatement of 85% for a fifteen (15)-year period (the “Tax Abatement”) commencing with the first tax year for which the improvements that comprise the Project situated on the Property would first be taxable were the Property not at least partially exempted from taxation (the “Year of Commencement”);

WHEREAS, the parties to this Agreement are interested in finding a means by which the School District may be compensated for its foregone real estate tax revenues as a result of the Tax Abatement, and, for that reason, the City has agreed to provide additional compensation to the School District.

NOW, THEREFORE, IT IS AGREED by and among the parties as follows:

Section 1. As provided in this Section 1, Hudson and the School District shall share equally all “New Revenue” generated by the Project for the time period commencing with the calendar year following the Year of Commencement of the Tax Abatement and for a period of fourteen (14) consecutive years thereafter (all fifteen (15) years being the “Term”). “New Revenue” shall consist of: (1) the taxes levied and collected by Hudson on the income of

employees of Option Care at the Project; (2) the property taxes generated from the Project that are payable to the School District that are not subject to the Tax Abatement; and (3) the property taxes generated from the Project that are payable to Hudson that are not subject to the Tax Abatement. "New Revenue" shall not include property taxes that are currently generated on the value of the Property prior to the construction of the Project or any fees for services charged by Hudson to the Project, Premier or Option Care, jointly or severally.

On or before August 31st of each year during the Term, Hudson shall pay to the School District an amount equal to fifty percent (50%) of the New Revenue from the prior tax year (starting with the year following the Year of Commencement) less the amount of property taxes generated from the Project that are payable to the School District that are not subject to the Tax Abatement. This payment obligation shall be known herein as the "Additional Compensation".

Each Additional Compensation payment shall be accompanied by Hudson's calculation, in reasonable detail, of the Additional Compensation then due and payable to the School District, and without violating laws relating to confidentiality of municipal income tax information, shall include a summary of the payroll on all employees of Option Care employed at the Project during the prior tax year and the income taxes paid to Hudson on that employee payroll with respect to that tax year.

The School District may from time to time, with reasonable advance notice, review the records of Hudson relating to the municipal income taxes or other taxes it derives from the Project or the Property, in each case to the extent such information may be made available to the School District without violating applicable laws, including laws relating to confidentiality of municipal income tax information.

The following example is solely for illustration purposes with respect to the calculation of the Additional Compensation payable by Hudson during the Term.

For example, based on information provided to Hudson by Premier and Option Care, if the estimated annual payroll generated by the Project will be \$8,900,000. This annual payroll will generate approximately \$178,000 in withholding income tax revenue per year based on Hudson's current income tax rate of 2% of gross wages. The estimated amount of property taxes generated from the Project that are not subject to the Tax Abatement and payable to Hudson and the School District is \$24,006. Therefore, the total annual New Revenue from the Project would be estimated to be \$202,006.

In this example, and based on these estimated amounts, Hudson would then make an annual payment of Additional Compensation to the School District in the amount of \$78,178 as shown in the following calculation:

50% of New Revenue	\$101,003
Less: Property taxes generated from the Project that are payable to the School District that are not subject to the Tax Abatement	<u>\$22,825</u>
Total Additional Compensation to School District	\$78,178

Hudson and the School District acknowledge that New Revenue from the Project will vary from year to year.

Section 7. This Agreement shall be construed, interpreted, enforced, and the rights of the parties determined, in accordance with the laws of the State of Ohio.

Section 8. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same valid instrument, and any party to this Agreement may execute this Agreement by signing any such counterpart.

Section 9. This Agreement may be amended or modified by the parties only in writing, signed by both of the parties to this Agreement.

The City of Hudson, Ohio, by Jane Howington, its City Manager; and the Hudson City School District, by Phillip T. Herman, its Superintendent, and Kathryn L. Sines, its Treasurer; have caused this instrument to be executed as of the date first set forth above.

CITY OF HUDSON, OHIO

By: _____
Jane Howington, City Manager

HUDSON CITY SCHOOL DISTRICT

By: Phillip T. Herman
Phillip T. Herman, Superintendent

By: Kathryn L. Sines
Kathryn L. Sines, Treasurer

APPROVED AS TO FORM.

Matthew J. Vazzana, City Solicitor

CITY FISCAL OFFICER'S CERTIFICATE

The undersigned, Finance Director of the City of Hudson, Ohio (the "City"), hereby certifies that as of the above date, the monies, if any, required to meet the obligations of the City during the fiscal year 2018 under the foregoing Agreement have been lawfully appropriated by the City Council of such City for such purposes and are in the Treasury of the City or in the process of collection to the credit of an appropriate fund, from any previous encumbrances.

Jeffrey Knoblauch
Finance Director
City of Hudson, Ohio

Date: _____