

A RESOLUTION AUTHORIZING AN AGREEMENT BETWEEN THE CITY OF HUDSON AND THE HUDSON CITY SCHOOL DISTRICT FOR TAX SHARING RELATED TO A COMMUNITY REINVESTMENT ACT AGREEMENT ENTERED INTO BETWEEN THE CITY, PREMIER COMMERCIAL REALTY, AND OPTION CARE ENTERPRISES, INC. FOR CONSTRUCTION OF A REGIONAL COMPOUNDING CENTER IN HUDSON; AND DECLARING AN EMERGENCY.

WHEREAS, on September 18, 2018, this Council adopted Resolution No. 18-135, which authorizes the City Manager to enter into a Community Reinvestment Act (“CRA”) Area Agreement with Premier Commercial Realty, LLC and Option Care Enterprises, Inc. (hereinafter Premier and Option Care are referred to collectively as “Applicants”) as part of a project to construct a new regional compounding center for distribution of home and alternate treatment site infusion services on Parcel #7 at Hudson Crossing Parkway in Hudson, and that is the subject of the CRA agreement; and there is a proposed agreement related to the CRA Agreement between the City and the Hudson City School District for tax sharing during the term of the CRA Agreement (the “Tax Sharing Agreement”); and

WHEREAS, pursuant to Resolution #18-09-10-08, adopted on September 10, 2018, the Board of Education of the Hudson School District authorized the Tax Sharing Agreement; and

WHEREAS, this Council desires to see this beneficial CRA project completed as soon as possible to further enhance the tax base and employment opportunities for the community by its authorization of the Tax Sharing Agreement.

NOW, THEREFORE, Be It Resolved by the Council of the City of Hudson, County of Summit, State of Ohio, that:

Section 1: The City Manager is authorized and directed to execute the aforesaid Tax Sharing Agreement between the City and the Hudson City School District in a form substantially in accordance with the agreement attached hereto and incorporated herein as Exhibit A.

Section 2: It is found and determined that all formal actions of this Council concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal action were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section 3: This Resolution is declared to be an emergency measure necessary for the immediate preservation of the public health and welfare and for the further reason it is immediately necessary in order to create employment opportunities and additional tax base within the City of

Hudson at the earliest possible time, to provide additional funding to the School District, and in order for Option Care meet its financing and construction schedule for the project; wherefore, this Resolution shall be in effect immediately upon its passage provided it receives the affirmative vote of five (5) members of Council, except that six (6) affirmative votes shall be required if all members are present; otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

PASSED:

\_\_\_\_\_  
David A. Basil, Mayor

ATTEST:

\_\_\_\_\_  
Elizabeth Slagle, Clerk of Council

I certify that the foregoing Resolution No. 18-136 was duly passed by the Council of said Municipality on \_\_\_\_\_, 2018.

\_\_\_\_\_  
Elizabeth Slagle, Clerk of Council

**EXHIBIT A**  
**TAX SHARING AGREEMENT**

THIS TAX SHARING AGREEMENT (this “Agreement”), is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 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 44256 (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 31<sup>st</sup> 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
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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.

Hudson and the School District agree that the Additional Compensation is in lieu of any income tax sharing required by ORC Section 5709.82 and shall be calculated solely as provided in this Section 1 regardless of any provisions or requirements of ORC Section 5709.82 to the contrary.

Section 2. The School District hereby acknowledges its receipt on August \_\_, 2018 of a copy of the CRA Agreement, and represents and warrants to Hudson that, through a resolution duly adopted by its Board of Education, the Board of Education, it has authorized the execution and delivery of this Agreement by the School District, that this Agreement is legal, valid and a binding obligation of the School District, and the School District has waived the requirement of ORC Section 3735.671(A)(1) that Hudson must certify a copy of the CRA Agreement to the School District no later than 45 days prior to the City Council of Hudson approving the CRA Agreement.

Section 3. Hudson hereby represents and warrants to the School District that, through an ordinance or resolution duly adopted by its City Council, the City Council has authorized the execution and delivery of this Agreement by Hudson and that this Agreement is legal, valid and a binding obligation of Hudson.

Section 4. Hudson represents and warrants that it will not execute the CRA Agreement between itself and Premier and Option Care in any form except the form that is approved by the School District, will, as a condition of the continuing validity of this Agreement, execute the form of the CRA Agreement approved by the School District, and may not amend the CRA Agreement in any way without the prior written consent of the School District.

Section 5. Hudson and the School District agree that this Agreement may not be used as precedent for the negotiation of compensation payable to the School District with respect to any future tax incentives that Hudson provides to businesses operating or owning property within its boundaries.

Section 6. All payments, certificates and notices which are required to or may be given pursuant to the provisions of this Agreement shall be sent by registered or certified mail, postage prepaid, or by a recognized overnight national commercial delivery service and shall be deemed to have been given or delivered when so mailed to the following addresses:

If to Hudson:	City of Hudson, Ohio 115 Executive Parkway Suite 400 Hudson, OH 44236
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Attention: City Manager and Finance Director

If to the School District:

Hudson City School District  
2400 Hudson Aurora Road  
Hudson, Ohio 44236  
Attention: Superintendent and Treasurer

Any party may change its address for receiving notices and reports by giving written notice of such change to the other party.

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.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

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, Superintendent

By: \_\_\_\_\_  
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: \_\_\_\_\_