

RESOLUTION NO. 16-160
(as amended 10/18/2016)

OFFERED BY: MAYOR BASIL

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO
A COMMUNITY REINVESTMENT ACT AREA AGREEMENT WITH
HUDSON 21, LLC.

WHEREAS, Hudson has encouraged the development of real property located in the area designated as Community Reinvestment Act (“CRA”) Area #3A; and

WHEREAS, Hudson 21, LLC has submitted an application to Hudson for real estate tax relief under the CRA; and

WHEREAS, the City Manager has investigated the application of Hudson 21, LLC and has recommended the same to the Council of Hudson on the basis that this 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 Hudson.

NOW, THEREFORE, BE IT RESOLVED by the Council of Hudson, Summit County, State of Ohio, that:

Section 1. The City Manager is authorized and directed to enter into a Community Reinvestment Area Agreement with Hudson 21, LLC, an Ohio limited liability company, a copy of which Agreement is attached hereto as “Exhibit 1” and incorporated herein fully as if by reference.

Section 2. This Resolution shall take effect and be in force from and after the earliest period allowed by law.

PASSED: October 18, 2016

David A. Basil, Mayor

ATTEST:

Elizabeth Slagle, Clerk of Council

I certify that the foregoing Resolution was duly passed by the Council of said Municipality on October 18, 2016.

Elizabeth Slagle, Clerk of Council

First Reading: October 4, 2016

Second Reading: October 18, 2016

EXHIBIT 1

COMMUNITY REINVESTMENT AREA AGREEMENT

This agreement (“Agreement”) made and entered into by and between the City of Hudson, Ohio, a municipal corporation with its main offices located at 115 Executive Parkway Suite 400, Hudson, Ohio 44236 (hereinafter referred to as “Hudson”) and Hudson 21, LLC, an Ohio limited liability company with its main offices located at 5301 Grant Ave., Suite 100, Cleveland, Ohio 44125, (hereinafter referred to as “Property Owner”),

WITNESSETH;

WHEREAS, Hudson has encouraged the development of real property and the acquisition of personal property located in the area designated as a Community Reinvestment Area;

WHEREAS, Property Owner is desirous of building an approximate 21,600-square foot commercial/industrial building on Parcel #30-10145, 725 West Streetsboro Road, Suites A, B and C, in the Hudson Crossing Business Park, Hudson, Ohio, hereinafter referred to as the “PROJECT,” within the boundaries of the City’s Community Reinvestment Area #3A, provided that the appropriate development incentives are available to support the economic viability of said PROJECT;

WHEREAS, the Council of Hudson, Ohio by Resolution No. 10-28 adopted February 3, 2010 designated the area as “Community Reinvestment Area #3A” pursuant to Chapter 3735 of the Ohio Revised Code (“ORC”);

WHEREAS, effective March 17, 2010, the Director of Development of the State of Ohio determined that the aforementioned area designated in said Resolution No. 10-28 contained the characteristics set forth in ORC Section 3735.66 and confirmed said area as a Community Reinvestment Area under ORC Chapter 3735;

WHEREAS, Hudson having the appropriate authority for the stated type of PROJECT is desirous of providing Property Owner with incentives available for the development of the PROJECT in Community Reinvestment Area #3A under ORC Chapter 3735;

WHEREAS, Property Owner has submitted a proposed agreement application (attached hereto as “Exhibit A”) to Hudson (hereinafter referred to as “APPLICATION”);

WHEREAS, Property Owner has remitted the required State application fee of \$750.00 made payable to the Ohio Treasurer with the APPLICATION to be forwarded to the Ohio Department of Development with a fully-executed copy of this Agreement;

WHEREAS, the City Manager of Hudson has investigated the APPLICATION of Property Owner and has recommended the same to the Council of Hudson on the basis that Property Owner is qualified by financial responsibility and business experience to create and preserve employment opportunities in Community Reinvestment Area #3A and improve the economic climate of Hudson;

WHEREAS, the PROJECT site as proposed by Property Owner is located in the Hudson City School District and the Board of Education of the Hudson City School District has been notified in accordance with ORC Section 5709.83 and been given a copy of the APPLICATION; and

WHEREAS, pursuant to ORC Section 3735.67(A) and in conformance with the format required under ORC Section 3735.671(B), 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 agree as follows:

1. Property Owner shall use commercially reasonable efforts to develop and cause the construction of an approximate 21,600-square foot commercial/industrial facility on Parcel #30-10145, 725 West Streetsboro Road, Suites A, B and C, in the Hudson Crossing Business Park in Hudson, Ohio.

The PROJECT will involve a total investment by the Property Owner of at least Two Million Five Hundred Thousand Dollars (\$2,500,000.00).

The PROJECT will begin during year 2016 and will be completed during the year 2017.

2. Property Owner, through its future tenant(s), and their affiliates (collectively, "Employer"), shall create within thirty-six (36) months after the date of completion of the Project facility, 50 new fulltime equivalent ("FTE") jobs ("New Jobs").

Employer's anticipated schedule for hiring the New Jobs is as follows: create thirty (30) new FTE jobs in the first year after the date of construction completion, ten (10) new FTE jobs in the second year after completion, and ten (10) new FTE jobs in the third year after completion. The job creation period begins on the date of construction completion and all jobs will be in place within thirty-six (36) months thereafter.

At the PROJECT site, Employer currently has no fulltime permanent employees, no part-time permanent employees, no fulltime temporary employees, and no part-time temporary employees.

The creation of the 50 new FTE jobs by the fourth year after construction completion will result in approximately One Million Three Hundred Dollars (\$1,300,000.00) of annual payroll for permanent employees.

3. Property Owner and Employer shall provide to the proper Tax Incentive Review Council any information reasonably required by that Council to evaluate the Property Owner's compliance with the Agreement, including returns filed pursuant to ORC Section 5711.02, if requested by that Council.
4. Hudson hereby grants Property Owner a tax exemption for the assessed value of the PROJECT pursuant to ORC Section 3735.67, which shall be in the following amount: Fifty Percent (50%) of the assessed value of the PROJECT, for a period of fifteen (15) full tax years. The exemption commences the first tax year for which the improvements

that comprise the PROJECT situated on the real property would first be taxable were that property not exempted from taxation. No exemption shall commence after tax year 2017 (not due and payable until year 2018) nor extend beyond tax year (2032) (not due and payable until year 2033).

Years of Tax Exemption

Tax Exemption Amount

15 years

50%

Property Owner must file the appropriate tax forms with the Summit County Fiscal Officer to effect and maintain the exemptions covered in this Agreement.

5. Property Owner shall pay an annual fee equal to the greater of one percent of the dollar value of incentives offered and received under this Agreement or Five Hundred Dollars (\$500.00); provided, however, if the incentives exceed Two Hundred Fifty Thousand Dollars (\$250,000.00), the fee shall not exceed Two Thousand Five Hundred Dollars (\$2,500.00).

The fee shall be paid to Hudson's Director of Finance once per year for each year this Agreement is effective on or before the anniversary date of the Effective Date of this Agreement (as defined in Section 12 below) and in the form of a check made payable to the "City of Hudson." This fee shall be deposited by Hudson into a special fund created for such purpose and shall be used exclusively for the purpose of complying with ORC Section 3735.671(D) and by the Tax Incentive Review Council created under ORC Section 5709.85 exclusively for the purposes of performing the duties prescribed under that section.

6. Property Owner shall pay such real and tangible personal property taxes as are not exempted under this Agreement and are charged against the entire property at which the PROJECT is located and shall file all tax reports and returns as required by law. If Property Owner 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. Notwithstanding anything to the contrary, Property Owner shall have the right to contest and/or appeal any such real and tangible personal property taxes, and the incentives granted under this Agreement shall not be rescinded so long as such contest or appeal is conducted substantially in the manner provided by applicable laws and upon the final, non-appealable conclusion of such contest or appeal, Property Owner timely pays all amounts determined to be due and payable.
7. Hudson 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, the Director of the Ohio Department of Development revokes certification of the CRA area/zone, or Hudson revokes the designation of the area/zone, entitlements granted under this

Agreement shall continue for the number of years specified under this Agreement, unless Property Owner materially fails to fulfill its obligations under this Agreement and Hudson terminates or modifies the exemptions from taxation granted under this Agreement.

9. If Property Owner materially fails to fulfill its obligations under this Agreement, or if Hudson determines that the certification as to delinquent taxes required by this Agreement is fraudulent, Hudson may terminate or modify the exemptions from taxation granted under this Agreement.
10. Property Owner hereby certifies that at the time this Agreement is executed, Property Owner 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 Property Owner is liable under ORC Chapters 5733, 5735, 5739, 5741, 5743, 5747 or 5753, or, if such delinquent taxes are owed, Property Owner currently is 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 Property Owner. 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 Ohio Revised Code governing payment of those taxes.
11. Property Owner affirmatively covenants that it does not owe: (1) any delinquent taxes to the State of Ohio or a political subdivision of the State; (2) any moneys to the State or a State agency for the administration or enforcement of any environmental laws of the State; and (3) any other moneys to the State, a State agency or a political subdivision of the State that are past due, whether or not the amounts owed are being contested in a court of law.
12. Property Owner, on behalf of itself and Employer(s), and Hudson acknowledge that this Agreement must be approved by formal action of the legislative authority of Hudson as a condition for this Agreement to take effect. The "Effective Date" of this Agreement shall be the date upon which the formal approval of this Agreement by the Hudson City Council takes effect.
13. Exemptions from taxation granted under this Agreement shall be revoked if it is determined that Property Owner, any successor property owner, Employer(s) or any related member (as those terms are defined in ORC Section 3735.671) has violated the prohibition against entering into this Agreement under Division (E) of ORC Section 3735.671 or ORC Sections 5709.62 or 5709.63 prior to the time prescribed by that division or either of those sections.
14. Property Owner affirmatively covenants that it has made no materially false statements to the State or local political subdivisions in the process of obtaining approval of the Community Reinvestment Area incentives. If any representative of Property Owner has knowingly made a materially false statement to the State or local political subdivision to obtain the Community Reinvestment Area incentives, Property Owner shall be required to immediately return all benefits received under this Community Reinvestment Area

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.

15. Transfer and Assignment. This Agreement is not transferable or assignable without the express, written approval of Hudson and any such assignment shall operate to release the transferring Property Owner from any and all liability hereunder. Hudson acknowledges that it would be unreasonable to withhold such consent in the event of a proposed transfer or assignment to any parent, subsidiary, or affiliate of the Property Owner or to any third party so long as with respect to all or any part of such proposed transfers or assignments, the proposed transferee or assignee adequately and sufficiently demonstrates to Hudson, to Hudson's reasonable satisfaction, its financial ability, business experience and intentions.

16. Termination or Modifications of Incentives.
 - A. If the Property Owner, or its tenants, fails to meet 75% of the Jobs as set forth in Section 2 of this Agreement in any given tax year (except for any temporary cessation of operations arising out of the damage, destruction, renovation or restoration of the PROJECT), the tax exemption set forth in Section 4 shall not be awarded for that tax year.

 - B. If the PROJECT does not proceed as set forth in Section 1 of this Agreement or within any approved extension period, Hudson may terminate the Agreement upon recommendation of the Tax Incentive Review Committee.

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The City of Hudson, Ohio, by Jane Howington, its City Manager, and pursuant to City Council Resolution No. 16-160, has caused this instrument to be executed this ____ day of _____, 2016, Hudson 21, LLC by _____, its _____, has caused this instrument to be executed on this ____ day of _____, 2016.

CITY OF HUDSON, OHIO

By: _____
Jane Howington, City Manager

HUDSON 21, LLC

By: _____
(Signature)

(Print Name and Title)

APPROVED AS TO FORM.

R. Todd Hunt, City Solicitor

“EXHIBIT A”



**City of Hudson, Ohio
Community Reinvestment Area
Tax Incentive Application**

PROPOSED AGREEMENT for Community Reinvestment Area Tax Incentives between the
City of Hudson, located in the County of Summit, and **Hudson 21, LLC.**
(Property Owner)

1. General Information:

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

Hudson 21, LLC.
Enterprise Name

Spencer N. Piszczak
Contact Person

**5301 Grant Ave, Suite 100 Cleve, Oh
44125**
Address

216-496-7000
Telephone Number

- b. Project Site:

**Hudson Crossing Parkway – Parcel #30-10145
725 W. Streetsboro Street - Suites “A”, “B” and “C” (7.9548 acres)**

Spencer N. Piszczak
Contact Person

216-496-7000
Telephone Number

2. Business Information:

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

Office, Educational & Recreational _____

- b. List primary 6-digit North American Industry Classification System (NAICS) #

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)

N/A

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

Spencer N. Piszczak & Kevin R. Callahan

4. Employment:

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

0

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

Yes _____ 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:

N/A

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

N/A

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

N/A

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

N/A

5. Does the Property Owner owe:

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

Yes _____ No _____

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

Yes _____ No _____

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 _____

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).

6. Project Description:

A 21,600 SF multi-tenant office type building, 16' clear height, with 100 + car parking in front

7. Project will begin **October, 2016** and be completed **May, 2017**, provided a tax exemption is provided.

8. New Hire:

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-time, part-time, permanent, and temporary):

30 jobs, \$400,000 of payroll in 2017 _____

b. State the time frame of this projected hiring: **3 years**

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

(10) \$400,000 in 2018 & (10) \$500,000 in 2019 _____

9. Payroll:

a. Estimate the amount of annual payroll such new employees will add:

\$1,200,000 – 50 Employees _____

(New annual payroll must be itemized by full-time, part-time, permanent, and temporary new employees).

b. Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project:

\$ N/A _____

10. Investment:

Estimate the amount to be invested by the enterprise to establish, expand, renovate or occupy a facility:

a. Acquisition of Buildings: \$ _____

b. Additions / New Construction: **\$2,500,000** _____

c. Improvements to Existing Buildings: \$ _____

d. Machinery & Equipment: \$ _____

e. Furniture & Fixtures: \$ _____

f. Inventory: \$ _____

Total New Project Investment: \$2,500,000 _____

11. Tax Incentive Requests:

a. The business requests the following tax exemption incentives: **50%** for **15 years**, covering real property, as described above. Be specific as to the rate and term.

b. Business' reasons for requesting tax incentives (be as quantitatively specific as possible).

Capture prospective companies that are considering out of state incentives and/or relocation packages for new or newer buildings that have incentives in place.

Submission of this application expressly authorizes the City of Hudson 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.

Hudson 21, LLC or related nominees

9/26/16

Name of Property Owner

Date



Signature

Spencer N. Piszczak

Managing Member

Typed Name and Title

- * A copy of this proposal must be forwarded by the local governments to the affected Board of Education along with notice of the meeting date on which the local government will review the proposal. Notice must be given a minimum of fourteen (14) days prior to the scheduled meeting to permit the Board of Education to appear and/or comment before the legislative authorities considering the request.
- ** Attach to Final Community Reinvestment Area Agreement as Exhibit A.

Please note that copies of this proposal must be included in the finalized Community Reinvestment Area Agreement and be forwarded to the Ohio Department of Taxation and the Ohio Department of Development within fifteen (15) days of final approval.