

Resolution No. _____

Passed _____

20____

RESOLUTION NO. 12 -- 12

A RESOLUTION AUTHORIZING THE DIRECTOR OF SAFETY AND SERVICE TO ENTER INTO A CONTRACT TO PROVIDE FOR TAX ABATEMENT FOR REAL PROPERTY FOR SBF HOLDINGS, LLC DBA VENTURE PRODUCTS, INC. AND DECLARING AN EMERGENCY.

BE IT ORDAINED by the Council of the City of Orrville, Ohio:

Section 1: That the Director of Safety and Service is hereby authorized to enter into a contract to provide for tax abatement for real and personal property for SBF Holdings, LLC, dba Venture Products, Inc. in substantially the form attached hereto and made a part hereof and marked Exhibit A.

Section 2: That this resolution is hereby declared an emergency measure necessary for the immediate preservation of the public peace, health and safety of said City and for the further reason that it is necessary to create job opportunities; therefore, this ordinance shall be in effect immediately after its passage and approval by the Mayor.

Passed this 7th day of May 2012.

Attest:

Jeanne Sault
Clerk of Council

[Signature]
President of Council

Approved:
David J. Handberg
Mayor

Date: 5/7/12

Enterprise Zone Agreement

Exhibit A

This agreement made and entered into by and between the City of Orrville, Ohio, a municipal corporation, with its main offices at 207 North Main Street, Orrville, Ohio (hereinafter referred to as “ORRVILLE”), SBF Holdings, LLC dba Venture Products, Inc., an Ohio corporation, with its main offices located at 328 East Water Street, Orrville, Ohio 44667 (hereinafter referred to as “VENTURE”), WITNESSETH;

WHEREAS, ORRVILLE has encouraged the development of real property and the acquisition of personal property located in the area designated as an Enterprise Zone; and

WHEREAS, VENTURE is desirous of constructing a 116,400 square foot facility at Lot #3739, a 21.214 acre parcel at the intersection of Commerce and Enterprise Drives, Orrville, Ohio (hereinafter referred to as the “PROJECT”) within the boundaries of the aforementioned Enterprise Zone, provided that the appropriate development incentives are available to support the economic viability of said PROJECT; and

WHEREAS, the Council of the City of Orrville, Ohio by Resolution No. 18 – 03 adopted July 21, 2003, designated the area as an “Enterprise Zone” pursuant to Chapter 5709 of the Ohio Revised Code; and

WHEREAS, effective August 29, 2003, the Director of Development of the State of Ohio determined that the aforementioned area designated in said Resolution contains the characteristics set forth in R.C. 5709.61(A) and certified said area as Enterprise Zone under said Chapter 5709; and

WHEREAS, ORRVILLE having the appropriate authority for the stated type of project is desirous of providing VENTURE with incentives available for the developments of the PROJECT in said Enterprise Zone under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, VENTURE has submitted a proposed agreement application (herein attached as Exhibit A) to ORRVILLE said application (hereinafter referred to as “Application”); and

WHEREAS, VENTURE has remitted the required state application fee of \$750.00 made payable to the Ohio Department of Development with the application to be forwarded with the final agreement; and

WHEREAS, the Safety – Service Director of the City of Orrville has investigated the application of VENTURE and has recommended the same to the Council of the City of Orrville on the basis that VENTURE is qualified by financial responsibility and business experience to create and preserve employment opportunities in said Enterprise Zone and improve the economic climate of the City of Orrville; and

WHEREAS, the project site proposed by VENTURE is located in the Orrville City School District and the Wayne County Joint Vocational School District and the Boards of Education of the

Orrville City School District and the Wayne County Joint Vocational School District have been notified in accordance with Section 5709.83 and have been given a copy of the Application; and

WHEREAS, pursuant to R.C. 5709.632 and in conformance with the format required under R.C. 5709.631, 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:

1. VENTURE shall construct a new 116,400 square foot facility at the intersection of Commerce and Enterprise Drives, Orrville Ohio, to house offices, engineering, and manufacturing. Said facility is located on lot #3739 in the 1st ward of Orrville, Ohio.

In addition, VENTURE new machinery and equipment including but not limited to one (1) laser manufacturing machine, one (1) load/unloading machine for the laser machine, forklifts, and two (2) robots, and miscellaneous furniture and fixtures.

The PROJECT will begin before June 1, 2012 and all acquisition, construction, and installation will be completed by May 31, 2015. Any changes to the beginning and completion dates must be agreed to by formal resolution and an amended agreement.

The total investment of this Establish PROJECT is significant as evidenced in Exhibit A.

2. VENTURE shall create within a time period not exceeding 36 months after the commencement of construction of the aforesaid facility, the equivalent of 33 new full-time permanent job opportunities, 0 new part-time permanent job opportunities, 0 new full-time temporary job opportunities, and 0 new part-time temporary job opportunities.

VENTURE's schedule for hiring is as follows: create 8 new jobs in year one (construction); 13 new jobs in year two; and 12 new jobs in year three. The job creation period begins June 1, 2012 and all jobs will be in place by May 31, 2015.

VENTURE currently has 0 full-time permanent employees, 0 part-time permanent employees, 0 full-time temporary employees, and 0 part-time temporary employees at the project site. In total, VENTURE has 78 full-time permanent employees, 2 part-time permanent employees, 0 full-time temporary employees, and 4 part-time temporary employees in the State of Ohio.

This increase in the number of employees will result in approximately \$1,029,600 dollars of additional annual payroll for VENTURE. The following is an itemization by the type of new jobs created: full-time permanent \$1,026,600, full-time temporary \$0, part-time permanent \$0, and part-time temporary \$0. The retention of the existing jobs will maintain the current annual payroll of \$0 dollars.

3. VENTURE shall provide to the proper Tax Incentive Review Council any information reasonably required by the Council to evaluate the enterprise's compliance with the agreement, including returns filed pursuant to section 5711.02 and 5727.08 of the Ohio Revised Code if requested by the Council.

- a. In addition, VENTURE agrees to continue in operation for at least one additional year for each year for which abatement is granted.
- b. VENTURE hereby agrees to use their best efforts to hire 30% of any said employment opportunities with people who at the time of employment have a City of Orrville mailing address. VENTURE further agrees that all those who are hired who do not have a City of Orrville mailing address shall be encouraged to relocate so that they have a City of Orrville mailing address.

4. VENTURE hereby grants a tax exemption pursuant to R.C. 5709.632 of the Revised Code for eligible new tangible personal property including inventory, if applicable, acquired in conjunction with the PROJECT and will only apply to the investment limits expressed in the project description as defined in Sections 1 and 4 of this agreement.

The minimum investment for tangible personal property to qualify for the exemption is \$900,000 to purchase machinery and equipment first used in business at the facility as a result of the project, \$50,000 for furniture and fixtures and non-inventory personal property first used in business at the facility as a result of this project, and \$0 for new inventory. The maximum investment for tangible personal property to qualify for exemption is \$1,066,000 to purchase machinery and equipment first used in business at the facility as a result of the project, \$75,000 for furniture and fixtures and non-inventory personal property first used in business at the facility as a result of this project, and \$0 for new inventory.

The exemption commences the first year for which the tangible personal property would be first taxable were that property not exempted from taxation. No exemption shall commence after tax return year 2012 nor extend tax return year 2027. In no instance shall any tangible personal property be exempted from taxation for more than ten return years unless under division (D)(2) of section 5709.62 or under division (C)(1)(b) of section 5709.63 of the Revised Code, the Board of Education approves exemption for a number of years in excess of ten, in which case the tangible personal property may be exempted from taxation for that number of years, not to exceed fifteen return years.

5. ORRVILLE hereby grants VENTURE a tax exemption for real property improvements made to the PROJECT site pursuant to Section 5709.632 of the Ohio Revised Code and shall be in the following amounts:

<u>Year of Tax Exemption</u>	<u>Tax Exemption Amount</u>
1 – 15	50 %

The minimum investment for real property improvements to qualify for the exemption is \$2,500,000 as a result of the project. The maximum investment for real property improvements to qualify for exemption is \$3,200,000 as a result of the project.

The exemption commences the first year for which the real property would first be taxable were that property not exempted from taxation. No exemption shall commence after 2012 nor extend beyond 2027.

VENTURE must file the appropriate tax forms (DTE 23) with the County Auditor and (#913) with the State Department of Taxation to effect and maintain the exemptions covered in the agreement. The #913 Ohio tax form **must** be filed annually.

6. VENTURE shall pay an annual fee equal to (\$250.00) Two Hundred Fifty dollars.

The fee shall be made payable to the City of Orrville once per year for each year the agreement is effective on the days and in the following form: a check by March 31. The fee is to be paid to the Safety – Service Director and made out to the City of Orrville. This fee shall be deposited in a special fund created for such purpose and shall be used exclusively for the purpose of complying with Section 5709.68 of the Revised Code and by the Tax Incentive Review Council created under Section 5709.85 of the Revised Code exclusively for the purposes of performing the duties prescribed under that section.

7. VENTURE 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 VENTURE 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.

8. ORRVILLE 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.

9. If for any reason the Enterprise Zone designation expires, the Director of the Ohio Department of Development revokes certification of the zone, or ORRVILLE revokes the designation of the zone, entitlements under this agreement shall continue for the number of years specified under this agreement, unless VENTURE materially fail to fulfill its obligations under this agreement and ORRVILLE terminates or modifies the exemptions from taxation granted under this agreement.

10. If VENTURE materially fail to fulfill its obligations under this agreement, other than with respect to the number of employee positions estimated to be created or retained under this agreement, or if ORRVILLE determines that the certification as to delinquent taxes required by this agreement is fraudulent, ORRVILLE 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. If ORRVILLE makes a demand for repayment, VENTURE shall make such repayment within thirty (30) days.

11. VENTURE hereby certify that at the time of this agreement is executed, VENTURE 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 VENTURE is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., or 5753. of the Ohio Revised Code, or, if such delinquent taxes are owed, VENTURE 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 VENTURE. For the purposes of 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. VENTURE 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 the amounts owed are being contested in a court of law or not.

13. VENTURE and ORRVILLE acknowledge that this agreement must be approved by formal action of the legislative authority of the City of Orrville as a condition for the agreement to take effect. This agreement takes effect upon such approval.
14. ORRVILLE has developed a policy to ensure recipients of Enterprise Zone tax benefits practice non-discriminating hiring in its operations. By executing this agreement, VENTURE is committing to following non-discriminating hiring practices acknowledging that no individual may be denied employment solely on the basis of race, religion, sex, disability, color, national origin, or ancestry.
15. Exemptions from taxation granted under this agreement shall be revoked if it is determined that VENTURE, any successor enterprise, or any related member (as those terms are defined in Section 5709.61 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, 5709.63, or 5709.632 of the Ohio Revised Code prior to the time prescribed by that division or either of those sections.
16. In any three-year period during which this agreement is in effect, if the actual number of employee positions created or retained by VENTURE is not equal to or greater than seventy-five percent (75%) of the number of employee positions estimated to be created or retained under this agreement during that three-year period, VENTURE shall repay the amount of taxes on the property that would have been payable had the property not been exempted from taxation under this agreement during that three-year period. In addition, ORRVILLE may terminate or modify the exemptions from taxation granted under this agreement.
17. VENTURE affirmatively covenants that it has made no false statements to the State or local political subdivision in the process of obtaining approval for the Enterprise Zone incentives. If any representative of VENTURE has knowingly made a false statement to the State or local political subdivision to obtain the Enterprise Zone incentives, VENTURE shall be required to immediately return all benefits received under the Enterprise Zone 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 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.
18. This agreement is not transferable or assignable without the express, written approval of the Council of the City of Orrville.
19. ORRVILLE acknowledges that in order to develop and finalize this agreement, VENTURE has disclosed to ORRVILLE certain information determined to be proprietary by VENTURE. To the maximum extent permissible by law, ORRVILLE agrees not to disclose any such information, not already in the public domain, to any person, firm, or corporation without VENTURE's prior written consent; provided, further that if any such disclosure is mandated by federal, state or local law (such as the Freedom of Information Act and all public records and sunshine laws) ORRVILLE agrees to promptly notify VENTURE of the requirement to make such disclosure and to fully cooperate with VENTURE in any procedures permitted by law to limit such disclosure.

IN WITNESS WHEREOF, the City of Orrville, Ohio by Steven M. Wheeler, its Safety – Service Director, and pursuant to Resolution No. 10-11 has caused this instrument to be executed this _____ day of May, 2012 and SBF Holdings, LLC dba Venture Products, Inc. by Dallas Steiner, its President, has caused this instrument to be executed this _____ day of May, 2012.

THE CITY OF ORRVILLE, OHIO

By: _____
Steven M. Wheeler, Safety Service Director

SBF HOLDINGS, LLC dba VENTURE PRODUCTS, INC.

By: _____
Dallas Steiner, President

Approved as to form:

Timothy R. Vansickle, Law Director

NOTE: A copy of this agreement must be forwarded to the Ohio Department of Taxation, the Ohio Department of Development, and the Wayne County Auditor within fifteen (15) days of approval to be finalized.