

fully executed

ORDINANCE NO. 120-21

AN ORDINANCE AMENDING ORDINANCE NO. 103-18, PASSED JULY 9, 2018, RELATIVE TO THE JOB CREATION GRANT AGREEMENT FOR KRAFT WERKS ENGINEERING, LLC.

WHEREAS: Ordinance No. 103-18, passed July 9, 2018, authorized the Mayor to enter into a Job Creation Grant Agreement with Kraft Werks Engineering, LLC; and

WHEREAS: Kraft Werks Engineering, LLC has requested their grant agreement be amended to reflect the annual payroll of \$2,000,100 and 32 full-time positions, and the amended agreement will reduce the grant term from 6 years to 5 years.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MEDINA, OHIO:

SEC. 1: That Ordinance No. 103-18, passed July 9, 2018, relative to the Job Creation Grant Agreement for Kraft Werks Engineering, LLC is hereby amended.

SEC. 2: That a copy of the amended Job Creation Grant Agreement is marked Exhibit A, attached hereto, and incorporated herein.

SEC. 3: That it is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance 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 the law.

SEC. 4: That this Ordinance shall be in full force and effect at the earliest period allowed by law.

PASSED: July 12, 2021

SIGNED: John M. Coyne, III
President of Council

ATTEST: Teresa Knox
Acting Clerk of Council

APPROVED: July 13, 2021

SIGNED: Dennis Hanwell
Mayor

PLEASE REVIEW THE EMPLOYMENT AND PAYROLL NUMBERS FOR CONSISTENCY WITH YOUR APPLICATION FORM. THESE NUMBERS WILL BECOME YOUR COMPANY'S COMMITMENT TO THE CITY OF MEDINA.

EXHIBIT A GRANT# JCG18-Kraft Werks Engineering LLC-18

(Administrative Only)

JOB CREATION GRANT AGREEMENT

This Agreement made and entered into by and between the CITY OF MEDINA, OHIO, a municipal corporation, with its main offices located at 132 North Elmwood Avenue, Medina, Ohio 44256 (hereinafter referred to as "Medina") and Kraft Werks Engineering LLC with its main offices located at 935 Heritage Drive, Medina, Ohio 44256 (hereinafter referred to as "The Company"), and is dated as of July 13, 2021.

WHEREAS, the "Company" has requested an amendment to Exhibit A grant agreement as revised below:

WITNESSETH:

WHEREAS, Medina has encouraged the creation and retention of new job opportunities throughout the City of Medina; and

WHEREAS, "The Company" is desirous of establishing a new business located at 935 Heritage Drive, Medina, Ohio to create 32 new full time employment opportunities (hereinafter sometimes referred to as the "PROJECT") within the boundaries of the City of Medina, provided that the appropriate development incentives are available to support the economic viability of said PROJECT; and

WHEREAS, the Council of the City of Medina, Ohio by Ordinance No. 154-07 adopted September 25, 2007 created the Job Creation Grant Program pursuant to Article XVIII, Section 3 and Article VIII, Section 13 of the Ohio Constitution; and

WHEREAS, the City of Medina, having the appropriate authority for the stated type of program, is desirous of providing "The Company" with incentives available for the development of the PROJECT; and

WHEREAS, "The Company" has submitted a proposed Agreement application (herein attached as Exhibit A1) to the City of Medina (said application hereinafter referred to as "Application"); and

WHEREAS, "The Company" has remitted the required application fee of \$ 500.00 made payable to the City of Medina; and

WHEREAS, the Business Development Committee of the City of Medina has investigated the application of "The Company" and has recommended the same to Medina City Council on the basis that "The Company" is qualified by financial responsibility and

business experience to create employment opportunities in the City of Medina and improve the economic climate of Medina; and

WHEREAS, the Business Development Committee of the City of Medina has investigated the request of "The Company" to amend the agreement and has recommended the same to City Council on the basis that "The Company" is qualified by financial responsibility business experience and have created the employment opportunities in the City of Medina and improved the economic climate of Medina and;

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. Description of the Project.

- A. "The Company" shall acquire a building located at 935 Heritage Drive, Medina, Ohio for the purpose of manufacturing. This project will include significant investments for land and building acquisition, building improvements, machinery & equipment and inventory.

2. Project Investment.

- A. The PROJECT will involve a total investment, plus or minus 10%, by the Property Owner of \$4,000,000(dollars).
- B. The PROJECT will involve a total investment, plus or minus 10%, by "The Company" as follows:

1. New Machinery and Equipment	\$ 800,000
2. Improvements to Existing Buildings	\$ 50,000
3. Land/Building Acquisition	\$ 1,920,000
4. Inventory	\$ 1,200,000
5. Furniture & Equipment	\$ 30,000
TOTAL	\$4,000,000

- C. Occupancy of the building will begin approximately **May 24, 2018**.

3. Job Creation and Retention.

- A. "The Company" shall create in the City of Medina within a time period not exceeding **36** months after the occupation of the aforesaid facility, the equivalent of **32** new full-time permanent job opportunities in the City of Medina.

- 1) "The Company" schedule for hiring permanent full time employees is as follows:

<u>Year</u>	<u>Number of Jobs New to Medina</u>
2019	27
2020	3
2021	2

- B. The job creation period begins approximately July 2018 and all jobs will be in place by December 31, 2021.
- C. The Company currently has 0 employees at the project site. The Company currently has 0 employees in the City of Medina. The Company will create 32 full-time permanent employees in the City of Medina in the State of Ohio.
- D. The increase in the number of employees new to the City of Medina will result in approximately **\$2,000,100.** of additional annual payroll in the City of Medina when the projected maximum employment level is achieved.

4. Issuance of Grant.

- A. The City of Medina hereby grants a Job Creation Grant based upon the creation of new payroll and jobs in the City of Medina, and the implementation of the PROJECT, according to the schedules contained herein in Section 4(C).

<u>Years</u>	<u>Amount of Grant as a Percentage Of Payroll Taxes New to Medina</u>
5	40%

Funding for the grant issued herein shall only be from the following non-tax revenue sources: interest income, permit fees, activity fees, service charges, and tax incentive application and monitoring fees.

- B. For purposes of calculating the amount of the grant, the new payroll upon which the grant is based may not exceed 25% above the maximum payroll projected in Section 3(D) above. The grant amount shall be based on the current 1.25% income tax rate. The maximum grant amount in any year shall be **\$12,500.63 (maximum NEW PAYROLL projection x 125% X 1.25% x 40% of grant)**
- C. To receive a grant in any given year, **“The Company”** must retain full time permanent jobs existing in Medina as per the grant Agreement.

- (1) If **“The Company”** does not achieve at least 90% of new payroll projections, **“The Company”** shall receive reduced incentives according to the schedule below:

<u>% of New Payroll Projection Achieved</u>	<u>Amount of Grant as a Percentage of Payroll Taxes New to Medina</u>
90-100%	full grant
85-89%	reduce grant by 5% (Ex.: 40% grant reduced to 35%)
80-84%	reduce grant by 10% (Ex.: 40% grant reduced to 30%)
75-79%	reduce grant by 15%
Less than 75%	no grant for that year; and

- (2) If **“The Company”** fails to meet 75% of new payroll or new employment projections in any given year, the grant shall not be awarded for that year.
- (3) If **“The Company”** has multiple locations in the City of Medina and new employment and new payroll projections are met at any combination of locations in the City of Medina, **“The Company”** will receive its annual grant payment.
- (4) New payroll is defined as that amount in Section 3(D) above.

5. Grant Payments.

A. Initial Grant Payment.

- (1) Year 1 projections must be met by December 31, 2019. The initial grant payment shall be made by approximately June 30th, 2022, provided that “**The Company**” files its Reconciliation of City Income Tax Withheld Form S-W3 by February 28, 2022, and reconciliation is confirmed by the City of Medina Finance Department.
- (2) If the project start or occupancy of the project facility is delayed, Year 1 may be extended to the following year and the Year 1 projections deadline adjusted accordingly, upon written request by “**The Company**” to the Economic Development Director, provided that the extension is approved by the Economic Development Director with notice to the Business Development Committee.
- (3) If the project or occupancy of a project facility begins in the third or fourth quarter of the year and “**The Company**” is not able to meet its Year 1 projections by December 31st of that year, Year 1 will be considered the first full year of occupancy, and the first grant payment will occur in the year following the first full year of the project or occupancy of the project facility.

B. Timing of Annual Grant Payments. Annual grant payments shall be made by June 30th of the following year, provided that “**The Company**” files its Reconciliation of City Income Tax Withheld Form S-W3 by February 28th and reconciliation is confirmed by the City of Medina Finance Department. If “**The Company**” requests an extension for filing of its S-W3 form, the City of Medina shall make the grant payment within three months of the extended filing date. It is the responsibility of “**The Company**” to advise the Economic Development Director of the filing extension.

C. Use of Grant Payments. Grants shall be allocated by “**The Company**” for land acquisition, building acquisition, purchase of machinery/equipment, purchase of furniture/fixtures, and/or other non-construction related and non-installation related costs of the project.

6. Payment of Taxes and Filing Reports and Returns. “**The Company**” shall pay all taxes and shall file all tax reports and returns as required by law. If “**The Company**” fails to

pay such taxes or file such returns and reports, all incentives granted under this Agreement are terminated beginning with the year for which such taxes are charged or such reports or returns are required to be filed and thereafter.

7. Information for Annual Review. **"The Company"** shall timely provide to the City of Medina any information reasonably required by the City of Medina to evaluate **"The Company's"** compliance with the Agreement.

8. Maintenance of Grant.
 - A. Medina shall perform such acts as are reasonably necessary or appropriate to effect, claim, reserve, and maintain incentives granted under this Agreement including, without limitation, joining in the execution of all documentation and providing necessary information to maintain the incentives granted hereunder.

 - B. If for any reason the Job Creation Grant Program is discontinued, entitlements granted under this Agreement shall continue for the number of years specified under this Agreement, unless **"The Company"** materially fails to fulfill its obligations under this Agreement and Medina terminates or modifies the incentives granted under this Agreement.

9. Certification as to Payment of Taxes. **"The Company"** certifies that at the time this Agreement is executed, **"The Company"** 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 **"The Company"** is liable under Chapter 5733, 5735, 5739, 5741, 5743, 5747, or 5753 of the Ohio Revised Code, or, if such delinquent taxes are owed, **"The Company"** 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 **"The Company"** 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.

10. Non-Discrimination Hiring. Medina has developed a policy to ensure recipients of Job Creation Grants practice non-discriminatory hiring in its operations. By executing this Agreement, **"The Company"** is committing to following non-discriminatory hiring practices acknowledging that no individual may be denied employment solely on the basis of race, religion, sex, disability, color, national origin, or ancestry.

11. Transfer and Assignment. This Agreement is not transferable or assignable without the express, written approval of Medina. The City of Medina 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 Company"** or to any third party so long as with respect to all or any of such proposed transfers or assignments, the proposed transferee or assignee adequately and sufficiently demonstrates to the

City of Medina, to the City of Medina's reasonable satisfaction, its financial ability, business experience and intentions to continue its operations of the Facility and Project in a manner similar to that of "**The Company**" in all pertinent respects.

12. Termination or Modification of Incentives.

- A. If "**The Company**" fails to meet 75% of new payroll or new employment projections in any given year, the grant shall not be awarded for that year.
- B. If "**The Company**" fails to meet 75% of new payroll or new employment projections for three consecutive years, this Agreement shall be terminated by the City of Medina.
- C. If the project does not proceed as specified in Section 5(A)(1) of the Agreement or within the approved one year extension period, the City of Medina may terminate the Agreement upon recommendation of the Business Development Committee.
- D. If "**The Company**" fails to submit required information and/or reports as set forth in Section 7 above, the City of Medina may terminate or modify this Agreement and deny or modify future grants heretofore granted from the date of "**The Company's**" breach or default.

In the case as provided in this Subsection D, the City of Medina's termination or modification of this Agreement may be instituted only if "**The Company**" fails to cure any breach of any term of this Agreement as determined by the City of Medina within ten (10) days of receiving written notice of such failure from the City of Medina or, if cure of the breach cannot be completed within ten (10) days, if "**The Company**" has not made a good faith start of the cure, and/or not diligently pursued same.

- E. Nothing contained in Sections 12(A), 12(B), 12(C), or 12(D) shall permit the City of Medina to recapture or otherwise deny "**The Company**" the benefit of a grant in respect of any period prior to the date of such termination or modification by the City of Medina.
- F. The City of Medina may terminate or modify this Agreement and may also require the repayment of the full amount of grant payments awarded under this Agreement, upon the occurrence of any of the following:
 - 1) the City of Medina determines that the certification as to delinquent taxes required by this Agreement is fraudulent, or
 - 2) "**The Company**" vacates the Facility and/or moves the Project out of the City of Medina or terminates its operations at the Facility altogether during a 9 (numeral) year period beginning on the effective date of this Agreement.

The City of Medina may, absent any legislative action, resolution or court ordered mandate to the contrary, collect any and all grant payments awarded under this Agreement, and **"The Company"** shall pay directly to the City of Medina or its authorized agent any and all grant payments awarded under this Agreement due on the date **"The Company"** moves the Project out of the City of Medina or terminates its operations at the Facility altogether during the 9 year period beginning on the effective date of this Agreement; or within ten (10) days from the date **"The Company"** is notified by the City of Medina that any tax certification is fraudulent.

G. **"The Company"** or successor entity shall promptly notify the City of Medina if any of the following events occur:

- (i) If control of **"The Company"** or substantially all of its assets located at the Project site is obtained by another entity or shareholders or
- (ii) If **"The Company"** merges with another entity or
- (iii) If **"The Company"** substantially restructures itself through an acquisition or divestiture or otherwise

and if any of these events affects the ability of **"The Company"** or its successor entity to perform substantially the obligations of **"The Company"** under this Agreement and to meet the employment and payroll projections anticipated herein. "Control of **"The Company"**" for the purposes of this subsection means that persons and/or entities owning the majority of Company's outstanding voting stock at the date of this Agreement cease to own such or cease to have the unconditional right to elect a majority of **"The Company's"** board of directors.

H. Each provision for modification or termination hereunder shall not affect **"The Company's"** obligations or the City of Medina's rights under any other provision of this Agreement.

13. Fees. **"The Company"** shall pay an annual fee of \$ 500 (five hundred dollars) in each year that **"The Company"** has a grant agreement in effect upon notification that such payment is due. The proceeds will be used to defray costs of program administration and to help fund the program.

14. Any notices, statements, acknowledgements, consent approvals, certificates, or requests required to be given on behalf of either party shall be made in writing addressed as follows:

If to the City to:

Dennis Hanwell, Mayor
Medina City Hall
132 N. Elmwood Avenue
Medina, Ohio 44256

With a copy to: Director of Law— City of Medina
Gregory Huber
Medina City Hall
132 N. Elmwood Avenue
Medina, Ohio 44256

If to KRAFT WERKS ENGINEERING LLC to:

Kris Klingmann
935 Heritage Drive
Medina, Ohio 44256

or such other address as may be noticed.

15. Condition Precedent. **"The Company"** and Medina acknowledge that this Agreement must be approved by formal action of the legislative authority of the City of Medina as a condition for the Agreement to take effect.

IN WITNESS WHEREOF, the City of Medina, Ohio, by Dennis Hanwell, its Mayor, and pursuant to Ordinance No. 154-07 and **"The Company"**, by Ord. 120-21, have caused this instrument to be executed on the 12th day of July, 2021.

WITNESSED BY:

Sherry A. Crow
Kathy Patton Clerk

WITNESSED BY:

[Signature]
Paul [Signature]

CITY OF MEDINA

By: Dennis Hanwell
July 13, 2021
Title: Mayor

KRAFT WERKS ENGINEERING LLC
(The Company)

By: [Signature]
Title: President

The legal form and correctness of the within instrument is hereby approved.

DIRECTOR OF LAW— CITY OF MEDINA

By: Gregory Huber
Date: 7-16-21