

COMMUNITY REINVESTMENT AREA SCHOOL COMPENSATION AGREEMENT

This Community Reinvestment Area School Compensation Agreement (this "**Agreement**") by and between AVON LOCAL SCHOOL DISTRICT, a public school district organized and existing under the laws of the State of Ohio, with offices at 36600 Detroit Road, Avon, Ohio 44011 (the "**School District**") and the CITY OF AVON, a municipal corporation located in Lorain County, Ohio duly organized and validly existing under the constitution and laws of the State of Ohio, with offices at 36080 Chester Road, Avon, Ohio 44011 (the "**City**"), specifies the manner and procedure to be used pursuant Ohio Revised Code ("**ORC**") Section 5709.82, authorizing general compensation and income tax revenue sharing on new municipal income tax revenues relating to the community reinvestment area project referred to herein.

WHEREAS, the Ohio Community Reinvestment Area program, pursuant ORC Sections 3735.65 through 3735.70 authorizes the legislative authorities of municipal corporations and counties to survey the housing within their jurisdictions and, after the survey, they may adopt resolutions describing the boundaries of community reinvestment areas (each a "**CRA**") and to grant real property tax exemptions on eligible new investments; and

WHEREAS, to encourage the development of real property and acquisition of personal property, the Council for the City of Avon, Ohio (the "**Council**"), by Ordinance No. 53-06, designated certain areas as a CRA; and

WHEREAS, effective May 12, 2006, the Director of Development of the State of Ohio (n/k/a the Ohio Development Services Agency) determined and certified that the aforementioned CRA contains the characteristics set forth in Ohio Revised Code Section 3735.66 and confirmed the CRA as a "Community Reinvestment Area" pursuant to that Section 3735.66; and

WHEREAS, the City has acted pursuant ORC Section 3735.671 within Ordinance No. 23-20 adopted February 24, 2020 to grant a tax exemption (the "**CRA Exemption**") to and enter into a CRA Agreement on April 16, 2020 (the "**CRA Agreement**") with Geis at Chester, LLC and the Lorain County Port Authority for them to construct, for a tenant, a new, state-of-the-art facility of approximately 205,000 square feet for the tenant's ("**Bendix's**") corporate headquarters at a total cost of at least \$55,000,000 (the "**Project**") on approximately 60 acres of land (the "**Project Site**"); and

WHEREAS, capitalized terms not otherwise defined herein shall have the meaning set forth in the CRA Agreement; and

WHEREAS, the City, in order to encourage the creation and retention of the five hundred fifty (550) full-time employee positions and annual payroll of fifty-five million dollars (\$55,000,000), is providing a fourteen (14) year 90% real property tax exemption on the increased assessed value of the Project Site as further set forth in the CRA Agreement; and

WHEREAS, the Board of Education of the Lorain County Joint Vocational School District has been notified in accordance with Ohio Revised Code Section 5709.83; and

WHEREAS, the Board of Education of the Avon Local School District, was notified and was given a draft of the CRA Agreement, the CRA Ordinance, and the calculations demonstrating that in accordance with Ohio Revised Code Section 3735.671, that it was estimated to receive at least 50% of the amount of taxes foregone as a result of the CRA Agreement;

WHEREAS, the City and the School District have worked together to reach an alternative compensation, set forth in this Agreement, to support the development of the City and the overall economic benefit of the community and the School District; and

WHEREAS, the School District, by its Resolution No. ²⁰²¹⁻¹⁰⁰⁻⁴⁶ adopted by its Board of Education on March 16, 2021, approved this Agreement and waived any prior notice required by the Ohio Revised Code for and, in accordance with ORC Section 3735.671, was not required to approve the CRA Agreement; and

WHEREAS, the City and the School District, pursuant to ORC Section 5709.82, elect to enter into this Agreement concerning the benefits relating to the aforementioned project.

Now therefore, in consideration of the foregoing and of the mutual promises, covenants and agreements hereinafter set forth the City and the School District agree as follows:

Section 1. Definitions. As used in this Agreement, the following shall have the meanings set forth below:

“Exemption Year” shall mean any tax year for which the Project would be taxable but for the CRA Agreement.

“Municipal Payment Amount” shall be, except as otherwise specified in this paragraph, equal to fifty percent (50%) of the municipal income tax received by the City in the applicable calendar year from Bendix’s employees, not to exceed eighty-seven percent (87%) of the total amount the School District would have received on its portion of the real property tax from the exempted value of improvements on the Project Site had there been no CRA Exemption (the amount the School District would have received will be calculated by multiplying the assessed value, as established by the Lorain County Auditor, exempted by the CRA Exemption, by the School District’s effective commercial millage rate, and the School District will receive up to eighty-seven percent (87%) of the abated School District portion of the property tax). The unabated portion of the property tax will be unaffected by this Agreement.

Nothing herein affects the School District’s portion of the real property tax not exempted under the CRA Agreement, which will be received in full by the School District in addition to the payments set forth herein.

Section 2. Municipal Payment Amount. For each Exemption Year, the City shall pay the Municipal Payment Amount to the School District. The parties agree (i) that the payment provided for under this Agreement is in lieu of any other payments by the City to the School District under ORC Section 5709.82, including for construction labor during the construction of the Project, and (ii) that the City will not deduct or offset any of its infrastructure costs against the

Municipal Payment Amount. For the avoidance of doubt, the Municipal Payment and Municipal Payment Amount is in addition to, and not in lieu of, all payments received by the School District from the real property tax not exempted under the CRA Agreement.

Section 3. Timing of Municipal Payments. The City shall pay the School District the required Municipal Payment Amount by May 31 of the calendar year following each Exemption Year. The payment will include an itemization of the calculation of the Municipal Payment Amount. Provided the Project proceeds on schedule, the City anticipates that the first tax year for the CRA exemption will be tax year 2022, with the first Municipal Payment Amount due by May 31, 2023.

Section 4. School District Consent and Limitations. The School District hereby acknowledges that the CRA Agreement is for ninety percent (90%) of the new corporate headquarters and/or other commercial structures for a period of fourteen (14) years. Further, the School District hereby acknowledges that the CRA Agreement requires that the Property Owner invest at least \$55,000,000.00, and the Tenant (Bendix Commercial Vehicle Systems LLC) maintain a payroll of at least \$55,000,000.00 for the duration of the CRA Agreement. The City shall not execute any amendment to the CRA Agreement which includes a downward adjustment of either of the \$55,000,000.00 thresholds without the written consent of the School District, which consent will not be unreasonably withheld. The School District also acknowledges that this School Compensation Agreement was subsequently negotiated and has been approved by the School District's Board of Education. The School District hereby waives any notice to which it may be entitled under Ohio Revised Code Sections 3735.67, 3735.671, 5709.83 and 5715.27 with respect to the CRA Agreement exemptions, and agrees it will not object to any such exemption consistent with the terms of the CRA Agreement. The School District also agrees to cooperate with the Property Owners and any successor owners of the subject property to ensure that the exemptions can continue to be claimed under the CRA Agreement, on the current terms of the CRA Agreement, for the subject property, including, without limitation, joining in the execution of any and all documentation and/or certifications required in connection with such exemption.

Section 5. Amendments. This Agreement may be amended or modified by the parties, only in writing, signed by all parties to the Agreement or by applicable law changes.

Section 6. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter contained herein and merges and supersedes all prior discussions, agreements, and undertakings of every kind and nature between the parties with respect to the subject matter of this Agreement.

Section 7. Notices. All payments, certificates, reports and notices which are required to or may be given pursuant to the provisions of this Agreement shall be sent by regular mail, postage prepaid, and shall be deemed to have been given or delivered when so mailed to the following addresses:

If to the City, to:

City of Avon
Attn: Mayor
36080 Chester Road
Avon, OH 44011

With a copy to each of:

City of Avon
Attn: John Gasior, Law Director
36080 Chester Road
Avon, OH 44011

and

Scott J. Ziance
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
Columbus, Ohio 43215

If to the School District:

Board of Education of the
Avon Local School District
Attn: Superintendent Michael Laub
36600 Detroit Road
Avon, OH 44011

With a copy to:

Ryan M. Gembala
O'Toole, McLaughlin, Dooley & Pecora
5455 Detroit Road
Sheffield Village, OH 44054

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

Section 8. Severability of Provisions. The invalidity of any provision of this Agreement shall not affect the other provisions of this Agreement, and this Agreement shall be construed in all respects as if any invalid portions were omitted.

In witness thereof, the parties have caused this Agreement to be executed as of this ____ day of _____, 2021.

CITY OF AVON

By: _____
Its: _____

AVON LOCAL SCHOOL DISTRICT

By: 
Its: Board President

EXHIBIT A TO COMMUNITY REINVESTMENT AREA SCHOOL COMPENSATION AGREEMENT

Copy of CRA Agreement

(Attached)