

CITY OF WILLOUGHBY HILLS

INCENTIVE GRANT AGREEMENT

This AGREEMENT, made and entered into this _____ day of _____, 2019, by and between the City of Willoughby Hills, Ohio, a municipal corporation organized and existing pursuant to the Ohio Constitution and the Ohio Revised Code (hereinafter referred to as the "City"), 35405 Chardon Road, Willoughby Hills, OH 44094, and Produce Packaging, Inc., currently of 7501 Carnegie Avenue, Cleveland, Ohio 44103.

Whereas, certain economic and business conditions have necessitated that Produce Packaging, Inc. consider other facility accommodations within and outside the City;

Whereas, Produce Packaging, Inc. would like to locate a business in the City; and

Whereas, Produce Packaging, Inc. intends to enter into a Sales and Purchase Agreement for the property located at 27853 Chardon Road, Willoughby Hills, Ohio 44094; and

Whereas, Produce Packaging, Inc. is qualified by financial responsibility and business experience to create and preserve employment opportunities and to maintain and improve the the economic climate of the City; and

Whereas, it is necessary for the City to provide Produce Packaging, Inc. with a financial incentive to move into the City; and

Whereas, the Council of the City has authorized and directed the Mayor to enter into this Agreement with Produce Packaging, Inc. via Ordinance No. 2018-50, passed on the _____ day of _____, 2019, and approved by the Mayor on the _____ day of _____, 2019.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the City and Produce Packaging, Inc. agree as follows:

1. The AGREEMENT shall commence with the effective date of January 1st of the first calendar year that immediately follows the calendar year in which Produce Packaging, Inc. obtains its certificate of occupancy for the property located at 27853 Chardon Road, Willoughby Hills, Ohio 44094 and begins operations at that location, and shall continue for a period of ten (10) years.
2. As is required by current law, Produce Packaging, Inc. or its owners shall pay income tax, presently in the amount of two percent (2%) on its actual total payroll and net profits.
3. The City shall provide an annual incentive grant (hereinafter referred to as the "Grant") to Produce Packaging, Inc. in an amount and in the form of non-tax revenue equal to the applicable percentage of income tax paid by Produce Packaging, Inc. and any City net profits tax paid or collected with respect to Produce Packaging, Inc. for a period of ten (10) years. The applicable percentage, if unreduced, shall be seventy-five percent (75%) for years one through three (1-3), fifty percent (50%) for years four through seven (4-7), and twenty-five percent (25%) for years eight through ten (8-10), as reflected in the following table:

Year	Grant as Percentage of Payroll and Net Profits Taxes
1	75%
2	75%
3	75%
4	50%
5	50%
6	50%
7	50%
8	25%
9	25%
10	25%

Provided, however, the City's obligation to pay the Grant will be adjusted for any increase or decrease in the taxable income (payroll plus net profits) of Produce Packaging, Inc., if it decreases below \$9,000,000 per annum, or proportionate partial year equivalent thereof, as reflected in the following table:

Willoughby Hills Taxable Income	Grant to Produce Packaging, Inc.
Equal to or Greater Than \$9,000,000	100% of Scheduled Grant
\$8,000,000 to \$8,999,999	90% of Scheduled Grant
\$7,000,000 to \$7,999,999	80% of Scheduled Grant
\$6,000,000 to \$6,999,999	70% of Scheduled Grant
\$5,000,000 to \$5,999,999	60% of Scheduled Grant
\$4,000,000 to \$4,999,999	50% of Scheduled Grant
Less than \$4,000,000	No Grant for Year

4. On or before February 28th of the following year, for each applicable tax year of the term of the AGREEMENT, Produce Packaging, Inc. agrees to provide to the City, documentation concerning the number of employees, the yearly gross payroll and the yearly gross payroll withholding taxes paid. This may be satisfied by providing the Finance Director with a copy of the payroll reconciliation filed with the Regional Income Tax Agency (RITA). Produce Packaging, Inc. also agrees to provide the Finance Director with its current taxpayer identification number or TIN and timely file its municipal income tax return with RITA. The City shall keep all such documentation confidential to the extent allowed by law.
5. The City shall pay the Grant referred to in Paragraph 3 above, annually, within thirty (30) days of April 15th of the following year, or if later, within thirty days of the date on which Produce Packaging, Inc. files its municipal income tax return with RITA for that year.
6. If Produce Packaging, Inc. fails to comply with the terms of this AGREEMENT, the City will not be required to pay the Grant to Produce Packaging, Inc. until such failure is cured by Produce Packaging.
7. This AGREEMENT is binding upon Produce Packaging, Inc. and its successors or assignees.
8. This AGREEMENT is non-transferable or assignable without the express legislative approval of the City.

9. Force Majeure Clause: In the event that there is a discontinuation of operations at the facility during the term of this AGREEMENT which is caused by force majeure or is due to a Business Interruption Exception, and Produce Packaging, Inc. is diligently taking actions to cure such disruptions, then the terms of this Agreement shall be suspended for the period of time that operations at the Facility have been impacted. The terms of the AGREEMENT shall resume when the Facility is again fully operational and the Benefit Period shall be extended for a period of time equal to the length of the suspension of operations. No penalty or reduction in benefits shall be enacted as a result of a Force Majeure or Business Interruption Exception. For the purposes of this AGREEMENT, "Force Majeure" shall be defined as fire, explosion, natural disaster or other act of God, war, or civil unrest, or a downturn in the national economy or industry in which Produce Packaging, Inc. operates and "Business Interruption Exception" shall be defined as a taking under eminent domain, regulatory restrictions or action of any applicable governmental entity, or other event or action that interrupts the operations of the Facility.

10. This AGREEMENT may be executed in one or more counter parts, each of which shall be deemed an original but all of which together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties caused this instrument to be executed in several counterparts on this _____ day of _____, 2019.

The City of Willoughby Hills

Produce Packaging, Inc.

BY: _____
Robert M. Weger, Mayor

BY: _____