

ORDINANCE NO. 15 - 2017

Offered by: All of Council

AN ORDINANCE DECLARING IMPROVEMENTS TO CERTAIN PROPERTY IN THE VILLAGE TO BE A PUBLIC PURPOSE, DESCRIBING THE PUBLIC INFRASTRUCTURE IMPROVEMENT TO BENEFIT THE PROPERTY, EXEMPTING SUCH IMPROVEMENTS TO THE PROPERTY FROM REAL PROPERTY TAXATION, AUTHORIZING THE EXECUTION OF SUCH OTHER DOCUMENTS AS MAY BE NECESSARY, AND ESTABLISHING A TAX INCREMENT EQUIVALENT FUND FOR THE DEPOSIT OF SUCH SERVICE PAYMENTS AND RELATED AUTHORIZATIONS PURSUANT TO OHIO REVISED CODE SECTIONS 5709.40, 5709.42 AND 5709.43 AND DECLARING AN EMERGENCY.

WHEREAS, Ohio Revised Code Sections 5709.40, 5709.42 and 5709.43 (the "Act") provide that this Council may declare certain improvements to property within the Village to be a public purpose, thereby authorizing the exemption of those improvements from real property taxation for a period of time, and provide for the making of service payments in lieu of taxes by the owner of such parcels for the purpose of paying for public infrastructure improvements which directly benefit the property for which the improvement was declared to be a public purpose and establish a municipal public improvement tax increment equivalent fund into which such service payments shall be deposited; and

WHEREAS, this Council desires to make the public infrastructure improvements in the Village described in Exhibit "A" hereto (the "Public Infrastructure Improvements") that once made will benefit or serve the property comprised of approximately eight (8) acres of land, also known as Permanent Parcel No. [to be determined] (to be described in Exhibit "B" hereto), the improvements to which are declared to be a public purpose, hereinafter referred to as the "Property"; and

WHEREAS, the Village has determined that it is necessary and appropriate and in the best interests of the Village to provide for service payments in lieu of taxes with respect to the Property (the "Service Payments") pursuant to Section 5709.42 of the Ohio Revised Code; and

WHEREAS, the Village wishes to enter into an agreement with Group Management Services, Inc. and its holding company, KLK Property Holdings LLC, the owner of the Property, to pay Service Payments for the Public Infrastructure Improvements (the "Development Agreement"), attached hereto as Exhibit "C"; and

WHEREAS, the Property is located in the Revere Local School District and the Board of Education of the Revere Local School District has been provided notice in accordance with Section 5709.83 of the Ohio Revised Code; and

WHEREAS, the Property is also located in the Cuyahoga Valley Joint Vocational School District and the Board of Education of the Cuyahoga Valley Joint Vocational School District has been provided notice in accordance with Section 5709.83 of the Ohio Revised Code; and

WHEREAS, the Revere Local School District and the Cuyahoga Valley Joint Vocational School District shall receive their full portion of real estate taxes based on their tax rates.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Village of Richfield, Summit County, Ohio that:

SECTION 1. ~~The Council hereby designates and confirms that the improvements to the Property known as Permanent Parcel No. [to be determined] to be purchased by KLK Property Holdings, LLC as described in Exhibit "B", are determined to be a public purpose.~~

SECTION 2. The Public Infrastructure Improvements described in Exhibit "A" are hereby designated as those Public Infrastructure Improvements that benefit or serve directly the Property and are necessary to create and preserve jobs and employment opportunities and to improve the economic welfare of the people of the Village; and for the public health, safety and welfare.

SECTION 3. Pursuant to and in accordance with the provisions of Ohio Revised Code Section 5709.40, this Council hereby finds and determines that 100% of the increase in the assessed value of the Property that would first appear on the tax list and duplicate of real and public utility property after the effective date of this Ordinance (which increase in assessed value is herein referred to as the "Improvement" or "Improvements" as defined in Section 5709.40) is a public purpose, and 100% of said Improvements is hereby declared to be a public purpose for a period of thirty (30) years, except that the Revere Local School District and the Cuyahoga Valley Joint Vocational School District shall receive their full portion of real estate taxes based on their tax rates, and exempt from taxation commencing with the tax year in which the Improvements first appear on the tax list and duplicate of real and public utility property after the effective date of this Ordinance and ending on the earlier of (1) the date the Improvements have been exempted from taxation for a period of thirty (30) years or (2) the date on which the Village has collected into the Fund established in Section 5 hereof a total amount of Service Payments available for and sufficient (i) to pay costs of the Public Infrastructure Improvements, (ii) to pay the principal, interest and premium, if any, on financing for such costs of the Public Improvements, or (iii) to reimburse the Village for other Village funds used by the Village to pay such costs or such principal, interest or premium, prior to receipt of Service Payments, all as further provided in Section 5 hereof.

SECTION 4. As provided in Section 5709.42 of the Revised Code, and as more specifically provided in the Development Agreement, the owner or owners of the Public Improvements are hereby required to, and shall make, annual Service Payments to the County Fiscal Officer, Treasurer's Division on or before the final dates for payment

of real property taxes, which Service Payments shall be deposited in the Municipal Public Improvement Tax Increment Equivalent Fund established in Section 5 hereof. This Council hereby authorizes the Village Mayor, the Finance Director and the Village Law Director, and other appropriate officers of the Village, to provide such information and certifications, and execute and deliver or accept delivery of such instruments, as are necessary and incidental to collect those Service Payments, and to make such arrangements as are necessary and proper for payment of said Service Payments and to enter into a Development Agreement substantially in accordance with the Agreement attached hereto as Exhibit "C," the terms of which are hereby approved.

SECTION 5. This Council hereby establishes pursuant to and in accordance with the provisions of Section 5709.43 of the Ohio Revised Code, the Timberlake Business Park Public Improvement Tax Increment Equivalent Fund II (the "Fund"), into which shall be deposited all of the Service Payments distributed to the Village with respect to the Improvements on the Property, by or on behalf of the County Fiscal Officer, Treasurer's Division as provided in Section 5709.42 of the Ohio Revised Code, and hereby provides that all of the moneys deposited in the Fund shall be used for any or all of the following purposes (it being understood that pursuant to Section 5709.42 of the Ohio Revised Code, the County Fiscal Officer shall pay the Revere Local School District and the Cuyahoga Valley Joint Vocational School District directly the amounts those districts would have otherwise received as taxes consistent with Section 5709.40(D)(1) of the Ohio Revised Code):

(i) to pay any and all acquisition, construction, installation, financing costs, and any and all other direct and indirect costs of the Public Infrastructure Improvements, including those costs set forth in Ohio Revised Code Section 133.15(B);

(ii) to pay the interest on, principal of, and any premium on bonds or notes or other obligations, including refunding bonds or notes or other obligations, issued by the Village to finance costs of the Public Infrastructure Improvements until such notes or bonds or other obligations are paid in full; and

(iii) to reimburse the Village for any funds used by the Village to pay costs of the Public Infrastructure Improvements, or to pay interest, principal, or premium, on any of the aforesaid notes, bonds, loans or other obligations, prior to receipt of Service Payments.

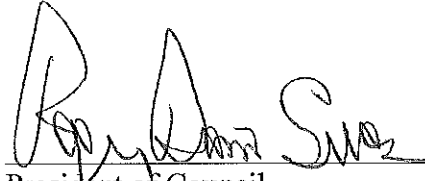
No money in the Fund will be used for the purpose of housing renovation and the Fund shall remain in existence so long as Service Payments are collected and used for the aforesaid purposes, after which said Fund shall be dissolved in accordance with said Section 5709.43.

SECTION 6. Pursuant to Section 5709.40 of the Ohio Revised Code, the Clerk of Council is hereby directed to deliver a copy of this Ordinance to the Director of the Department of Development of the State of Ohio within fifteen days after its passage. On or before March 31 of each year that the exemption set forth in Section 2 hereof remains in effect, the Mayor of the Village or other authorized officer of this Village shall prepare and submit to the Director of the Department of Development of the State of Ohio the status report required under Section 5709.40(I) of the Ohio Revised Code.

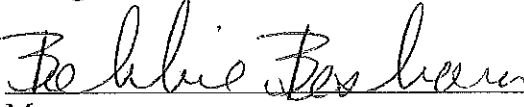
SECTION 7. This Council finds and determines that all formal actions of this Council concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

SECTION 8. This Ordinance is declared to be an emergency measure necessity for the immediate preservation of the public peace, health and safety of this Village, and for the further reason that this Ordinance is required to be immediately effective to allow for the Village's undertaking of the Improvements, which are necessary to the continued economic vitality of the Village, at the earliest possible time; wherefore, this Ordinance shall be in full force and effect immediately upon its passage, provided it receives the affirmative vote of five members of Council elected thereto or six affirmative votes if all members of Council are present at the meeting at which it is passed; otherwise it shall be in full force and effect after the earliest period allowed by law.

PASSED: 3-7-17

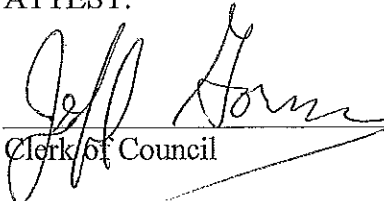


President of Council



Mayor

Dated: 3-7-17

ATTEST:


Clerk of Council

DEVELOPMENT AGREEMENT
between
THE VILLAGE OF RICHFIELD
and
GROUP MANAGEMENT SERVICES, INC.
and
KLK PROPERTY HOLDINGS LLC

This Development Agreement is entered into as of _____, 2017 between the Village of Richfield, Ohio (the "Village") and Group Management Services, Inc. and its associated holding company, KLK Property Holdings LLC (collectively, the "Owner"), under the following circumstances (capitalized terms are used with the meanings given them in Schedule 1):

Recitals

- A. The Village wishes to establish a tax increment financing program ("TIF Program"), in accordance with the Act, authorizing the Village to declare improvements to certain real property to be a public purpose, and authorizing the Mayor to negotiate agreements for tax increment financing.
- B. In order to create and preserve jobs and employment opportunities within the jurisdiction of the Village and to improve the economic welfare of the people of the Village, in accordance with Ohio Const. Article VIII, Section 13, Village Council adopted a TIF Ordinance on _____, 2017, in accordance with the Act and the TIF Program for the development and financing of the Project within the boundaries of the Village.
- C. The Village will provide funds for Public Improvements, including the acquisition of land in aid of industry, commerce, distribution, or research to stand as the Public Improvements in accordance with Section 5709.40(A)(7), Revised Code, which Public Improvements are intended to create and preserve jobs and employment opportunities and improve the economic welfare within the jurisdiction of the Village and directly benefit and serve the Development Property and the people of the Village in general.
- D. In order to carry out the public purpose and to comply with the requirements of the Act and the TIF Program, the Village desires to enter into this Development Agreement to provide for tax increment financing and to facilitate the Public Improvements. The Owner is willing to complete the Development Improvements on the Development Property, to make the Service Payments, and to perform such other actions required by the Owner as described in this Development Agreement.
- E. As part of carrying out the Village's obligations, the Village intends to provide funds for the Public Improvements in an amount presently estimated at \$380,000 (the "Land Payment"). The Village has determined that it is necessary and in the best interests of the Village to provide for the making of Service Payments in lieu of taxes by the Owner with respect to the New Construction, in accordance with the Act, the TIF Program, and the TIF Ordinance and, therefore, the Village has declared that 100% of the assessed value of the New Construction is a public purpose and will be exempt from real property taxation

for Thirty (30) years (the "Exemption Period") except that the Revere Local School District and the Cuyahoga Valley Joint Vocational School District shall each receive its full portion of real estate taxes based on their tax rates per Section 5709.40(D)(1), Revised Code.

- F. The Village has determined that the development of the New Construction by the Owner on the Development Property and fulfillment generally of the terms of this Development Agreement, are in the best interests of the Village and the health, safety, morals and welfare of its residents.
- G. The Village has delivered to the Board of Education of the Revere Local School District (the "Revere Local School Board") on February 16, 2017, and the Cuyahoga Valley Joint Vocational School District on February 16, 2017 written notice of the Village's intent to declare the New Construction to be a public purpose in accordance with the TIF Program.

The parties agree as follows:

Article I The Village

Section 1.1 Representations. The Village makes the following representations:

- (a) It is a political subdivision, duly organized and validly existing under the laws of Ohio and its Charter.
- (b) It has performed all acts required of it as a condition to signing and delivering this Development Agreement.
- (c) It is not in violation of any laws of Ohio or its Charter, to an extent that would impair its ability to carry out its obligations under this Development Agreement.
- (d) It has the power to enter into and perform its obligations under this Development Agreement.
- (e) Its Village Council has duly authorized the signing, delivery, and performance of this Development Agreement.

Section 1.2 Village Agreement to Construct Public Improvements.

Subject to the terms of this Development Agreement, the Village agrees to provide a Land Payment in the amount of \$380,000 to Owner as follows: (1) \$100,000 shall be paid to Owner from the Village's non-tax revenue within _____ of _____; and (2) the remaining \$280,000 shall be provided by way of reimbursement through the Village's TIP Program over the Exemption Period, as described herein.

The Land Payment is to be used only to acquire land in the Timberlake Business Park in aid of industry, commerce, distribution, or research to stand as the Public Improvements

described in Exhibit "D" in accordance with a time schedule and improvement descriptions to be determined by the agreement of the Village and Owner.

**Article II
The Owner**

Section 2.1 Owner Representations. The Owner makes the following representations:

As to Group Management Services, Inc. -

- (a) It is a Corporation duly organized, validly existing, and in good standing under the laws of Ohio.
- (b) It has performed all acts required of it as a condition to signing and delivering this Development Agreement.
- (c) It is not in violation of any laws of Ohio to an extent that would impair its ability to carry out its obligations under this Development Agreement.
- (d) It has the power to enter into and perform its obligations under this Development Agreement.
- (e) Its Chief Executive Officer duly authorized the signing, delivery, and performance of this Development Agreement.

As to KLK Property Holdings LLC -

- (a) It is a Limited Liability Company duly organized, validly existing, and in good standing under the laws of Ohio.
- (b) It has performed all acts required of it as a condition to signing and delivering this Development Agreement.
- (c) It is not in violation of any laws of Ohio to an extent that would impair its ability to carry out its obligations under this Development Agreement.
- (d) It has the power to enter into and perform its obligations under this Development Agreement.
- (e) Its _____ duly authorized the signing, delivery, and performance of this Development Agreement.

Section 2.2 Acquisition of Development Property. As of the date of this Development Agreement, KLK Property Holdings LLC has acquired fee title to all of the Development Property, which is located on Permanent Parcel Number _____ within the boundaries of the Village, and has paid all costs associated with this acquisition of title including all real estate taxes due and owing.

Section 2.3 Development of Property. The Owner agrees, subject to Village approval, to construct on the Development Property an approximately 40,000 square foot building and other improvements (the "New Construction"), which shall include the Development Improvements. Owner shall retain the responsibility to obtain any and all federal, state or local approvals for the New Construction and Development Improvements and to pay all fees for any related building, zoning or other regulatory or permitting agency permits. The Owner also agrees to use its best efforts to design its New Construction and the Development Improvements in accordance with all local building and zoning codes and applicable regulations and law and in doing so minimize the need for any variance requests. Finally, Owner acknowledges and agrees that it shall, within 90 days of the Village's written request, install sidewalks across the full street frontage of the Development Property in accordance with the Schedule of Required Improvements in the then-current Subdivision Regulations of the Village.

Section 2.4 Agreement to Make Service Payments. The Owner agrees to make Service Payments to the County Fiscal Officer, Treasurer's Division, during the Exemption Period, as described in Section 3.2 and in accordance with the provisions of the TIF Ordinance and the TIF Declaration. The Owner shall deliver to the Village a fully executed TIF Declaration concurrently with the execution of this Development Agreement, which TIF Declaration shall be recorded in the records of the Summit County Fiscal Office within five (5) days thereafter. The Service Payments shall initially be used to reimburse Owner for Two Hundred Eighty Thousand Dollars (\$280,000.00) in land acquisition costs. The reimbursement is anticipated to be paid the first ten (10) years of Service Payments and is due annually within sixty (60) days of the Village's receipt of Service Payments until fully satisfied, without adjustment for interest. Thereafter, Service Payments shall be paid in full to the Village for the remaining term of the exemption under the TIF Ordinance and this Development Agreement.

Section 2.5 Land Payment and Special Assessment. Upon execution of this Agreement, the Owner shall petition the Village pursuant to Section 727.06, Revised Code in a form satisfactory to the Village, to cause the Land Payment to be made and to Levy a Land Payment Assessment to secure the Land Payment. The total Land Payment Assessment shall be in an amount equal to 100% of the Land Payment, plus administrative fees and statutory interest as of the date of this Agreement, and shall be payable over Ten (10) years. The Land Payment Assessment will be collected by the County each year only if necessary in the event of owner's default in the Service Payment.

Article III Exemption from Real Property Taxation

Section 3.1 Exemption of New Construction. The Village hereby declares that the increase in assessed valuation of the Development Improvements by reason of all New Construction is a public purpose and determines that 100% of the assessed valuation of the New Construction is exempt from real property taxation for Thirty (30) years by all political subdivisions and taxing districts, except that the Revere Local School District and the Cuyahoga Valley Joint Vocational School District shall each receive its full portion of real estate taxes based on their tax rates from the Service Payment. The exemption will commence separately for each portion of the New Construction, as of the first tax year that each and any portion of the

value of the New Construction appears on the tax list and duplicate, or would appear on the tax list and duplicate but for the exemption, and will extend for the Exemption Period.

Section 3.2 Service Payment. The Owner must make Service Payments to the Village as follows:

- (a) During the Exemption Period, in accordance with the Act, the TIF Program and the TIF Ordinance as amended and supplemented, the Owner, for itself and any successors in interest to the Development Property or any part thereof or interest therein, covenants and agrees to make (or cause to be made) semiannual Service Payments in lieu of real property taxes with respect to the New Construction pursuant to and in accordance with the requirements of the Act, the TIF Program, and this Development Agreement. The obligation to make Service Payments will run with the land. The Service Payments must be made semiannually to the County, or to the designated agent of the County for collection of the Service Payments, on or before the date on which real property taxes would otherwise be due and payable for the New Construction. Any late Service Payments must include interest and penalties at the same rate and in the same amount and payable at the same time as delinquent real property taxes. Each semiannual Service Payment must be in an amount equal to the real property taxes that would have been charged and payable against the exempted portion of the New Construction if an exemption from real property taxation had not been granted, plus all interest and penalties thereon for nonpayment, and must otherwise be in accordance with the requirements of the Act.
- (b) It is intended and agreed, and it must be provided in any future deed conveying the Development Property, or any portion thereof, to any person, that the covenants provided in Section 3.2(a) will be covenants running with the land and that they will, in any event and without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity, for the benefit and in favor of and enforceable by, the Village, whether or not this Development Agreement remains in effect and whether or not this provision is included in any succeeding deed of the Development Property, or any portion thereof. Pursuant to the TIF Ordinance and Section 2.4 of this Development Agreement, the Owner shall execute and record with the Summit County Fiscal Office the TIF Declaration. It is further intended and agreed that these agreements and covenants will remain in effect for the full Exemption Period permitted in accordance with the requirements of the Act, the TIF Program, the TIF Ordinance, and this Development Agreement. The covenants running with the land will have priority over any other lien or encumbrance on the Development Property and the New Construction other than the Permitted Encumbrances. The parties agree to execute and record any and all instruments of record in Summit County, Ohio, including this Development Agreement and the TIF Declaration, as may be necessary to preserve and protect such covenants running with the land.
- (c) The Owner must prepare and file or cause to be prepared and filed in cooperation with the Village any necessary applications and supporting documents to obtain

the exemption from real property taxation for the New Construction to enable the Village to collect the Service Payments and to disburse these payments to or for the account of the Village. The Village will cooperate with the Owner in connection with the preparation and filing of any required exemption applications.

- (d) Subject to Section 5.9, upon prior approval as evidenced by a Resolution passed by the Village Council and so long as no earlier than the date being the ninth anniversary of the effective date of this Development Agreement, the Owner may sell, lease, or otherwise convey any portion of the Development Property. If the transfer provides that the transferee assumes the obligations under this Development Agreement to make Service Payments with respect to the New Construction on the portion of the Development Property transferred, the Owner will be released from its obligations under this Development Agreement to make those Service Payments with respect to that New Construction. The agreement to make Service Payments under this Development Agreement is a covenant running with the land. Subject to the foregoing, the obligations of the Owner to make the Service Payments will be absolute and unconditional, and will not be terminated for any cause, and the Owner agrees that there will be no right to suspend or set off the Service Payments for any cause, including without limitation failure to complete the New Construction and Development Improvements, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Improvements, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or by or under authority of the State of Ohio, or any failure of the Village to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Development Agreement.
- (e) The Owner represents to the Village, and the Village acknowledges that upon completion of the Project, the expected appraised value for the New Construction will be approximately \$4,500,000.00. The parties acknowledge that this is an estimate and that the failure to achieve that level of New Construction will not constitute a failure of either party to perform under this Development Agreement. However, Owner agrees that it will not, during the Exemption Period, seek a reduction in the appraised value below the value of the New Construction that first appears on the tax list and duplicate, or would appear on the tax list and duplicate but for the exemption. The Village will not unreasonably withhold, delay, or condition the permits that the Village issues or approves.

Article IV Events of Default

Section 4.1 Event of Default. It will be an "Event of Default" by the Village or the Owner, as applicable, under this Development Agreement if:

- (a) The Owner fails to observe or perform any of the material covenants and obligations of the Owner under this Development Agreement, and the failure continues for a period of 90 days after notice, for default other than failure to pay

Service Payments, and for a period of 60 days without any required notice for failure to pay Service Payments.

- (b) The Village fails to observe or perform any of the material covenants and obligations of the Village under this Development Agreement, and the failure continues for a period of 90 days after notice.

Section 4.2 Remedies in Event of Default. During the continuance of an Event of Default, the Village or the Owner will have available as a remedy all rights granted under law or equity. Pursuit of any of the remedies will not preclude pursuit of any other remedies provided in this Development Agreement, or by law or equity. Pursuit of any remedy by either party will not constitute a forfeiture or waiver of any damages accruing to a party by reason of the violation of any of the other party's obligations under this Development Agreement. Forbearance by a party to enforce one or more of the remedies provided upon the occurrence of an Event of Default will not be construed to constitute a waiver of the default.

Article V Miscellaneous

Section 5.1 Term of Agreement. This Development Agreement will be effective as of its date and will continue in full force and effect for the Exemption Period as set forth in this Development Agreement. Notwithstanding the foregoing, in the event that the New Construction and Development Improvements have not been fully completed, occupancy permits granted and the New Construction and Development Improvements placed upon the tax duplicate by _____ 2018, then this Development Agreement shall be deemed null and void and of no further force or effect, unless extended in writing by mutual agreement of the Village and the Owner.

Section 5.2 Progress and Other Reports.

- (a) Upon execution of this Development Agreement and until the completion of all the New Construction and Development Improvements and not less frequently than every 60 days, the Owner must provide periodic written updates as to the actual progress of the Owner with respect to construction of the New Construction and Development Improvements, in such detail as may reasonably be requested by the Village.
- (b) To the extent required under the Act and any other Applicable Law, the Owner must supply or cause to be supplied to the Village from time to time such information as the Village may reasonably request in connection with the preparation of reports required by the State of Ohio, the County, or any other public agency, under the Act and any other Applicable Law.

Section 5.3 Discrimination Prohibited. The Owner must not, in the use and development of the Development Property, discriminate against any person or group of persons based upon race, creed, sexual orientation, religion, color, age, national origin or ancestry in the sale or other transfer of the Development Property, and must bind its successors by appropriate agreements and covenants running with the land enforceable by the Village.

Section 5.4 Force Majeure. If the Owner is delayed or hindered in, or prevented from the performance of any covenant or obligation of the Owner with respect to performance of the New Construction as a result of strikes, lockouts, shortages of labor, fuel or materials, acts of God, causes associated with enemy acts, fire or other casualty, or other cause beyond the reasonable control of the Owner (including failure to obtain necessary governmental approvals after the Owner's good faith efforts to obtain them), then the performance of the covenant or obligation will be excused for the period of the delay, hindrance or prevention and the period for the performance of the covenant or obligation will be extended by the number of days equivalent to the number of days of the delay, hindrance or prevention. The Owner's right to this extension will only be permitted if the Owner provides written notice of the delay within 45 days of the date the Owner obtains knowledge of the delay. In no event will any delay or hindrance in or prevention from the performance of any covenant or obligation described in this Section constitute a termination of this Development Agreement.

Section 5.5 Amendments and Waivers. This Development Agreement will not be amended, supplemented, or modified except by an instrument in writing, signed by the Village and the Owner.

Section 5.6 Entire Agreement. This Development Agreement, with the related Job Creation Incentive Grant Agreement, TIF Ordinance and TIF Declaration, set forth the entire agreement between the parties as to its subject matter and merges and supersedes all previous discussions, agreements, and undertakings between the parties with respect to the subject matter of this Development Agreement.

Section 5.7 Counterparts. This Development Agreement may be signed in any number of counterparts, each of which constitute an original but all of which constitute one agreement. Any party to this Development Agreement may sign this Development Agreement by signing any counterpart. Additionally, the parties agree that for purposes of facilitating the signing of this Development Agreement, (a) the signature pages taken from the separate individually executed counterparts of this Development Agreement may be combined to form multiple fully signed counterparts, and (b) an electronic or facsimile transmission will be deemed to be an original signature for all purposes. All executed counterparts of this Development Agreement will be deemed to be originals, but all counterparts taken together or collectively, as the case may be, will constitute one and the same agreement.

Section 5.8 Notice. All notices, communications, requests and demands between the parties required or permitted to be given under this Development Agreement to be effective must be in writing (including without limitation by facsimile or other electronic transmission), and, unless otherwise expressly provided, will be deemed to have been sufficiently given or made when physically delivered or mailed by U.S. registered or certified mail or, in the case of notice by facsimile or other electronic transmission, when received and confirmed, addressed as follows, or to any address as may be notified in writing by the parties:

(a) Notices to the Village:

Mayor, Bobbie Beshara
Village of Richfield
4410 West Streetsboro Road
P. O. Box 387
Richfield, Ohio 44286-0387
Telephone: (330) 659-9201
Facsimile: (330) 659-4906
bbeshara@richfieldvillageohio.org

With a copy to:

William R. Hanna, Esq.
Walter & Haverfield LLP
The Tower at Erieview
1301 East Ninth Street, Suite 3500
Cleveland, Ohio 44114-1821
Telephone: (216) 781-1212
Facsimile: (216) 575-0911
whanna@walterhav.com

(b) Notices to the Owner:

Group Management Services, Inc.
c/o Michael Kahoe
Its: Chief Executive Officer

Richfield, Ohio 44286
Telephone: _____
E-mail: _____

KLK Property Holdings LLC
c/o _____

Richfield, Ohio 44286
Telephone: _____
E-mail: _____

(c) With a copy to:

Group Management Services, Inc.
c/o Thomas S. Amato, Esq.

Richfield, Ohio 44286
Telephone: (330) 659-0104
Email: Tamato@groupmgmt.com

Section 5.9 Successors and Assigns. This Development Agreement will be binding upon and inure to the benefit of the Village and the Owner, and their respective successors and assigns. The Owner may not assign this Development Agreement or any of its rights or obligations in whole or in part to any person without the prior written consent of the Village, which consent must not be unreasonably withheld.

Section 5.10 Governing Law. This Development Agreement and the rights and obligations of the parties under this Development Agreement will be governed by, and construed and interpreted in accordance with, the law of the State of Ohio without regard to conflict of laws principles.

Section 5.11 Severability. Any provision of this Development Agreement that is prohibited or unenforceable in any jurisdiction will, as to the jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable the provision in any other jurisdiction.

Section 5.12 Headings and Table of Contents. The headings and table of contents contained in this Development Agreement are for convenience of reference only and will not limit or otherwise affect the meaning.

Section 5.13 Village Council. This Agreement and all terms and provisions herein are subject to and conditioned upon the approval or ratification by duly enacted ordinance or resolution of the Council of the Village of Richfield.

IN WITNESS WHEREOF, the Village and the Owner have each caused this Development Agreement to be executed after due authorization as of the date aforesaid.

VILLAGE OF RICHFIELD

By: _____
Bobbie Beshara, Mayor

Date: _____, 2017

And: _____
Sandy Turk, Finance Director

Date: _____, 2017

GROUP MANAGEMENT SERVICES,
INC.

By: _____
Chief Executive Officer

Date: _____, 2017

KLK PROPERTY HOLDINGS LLC

By: _____
Its: _____

Date: _____, 2017

The legal form of the within instrument is hereby approved.

By: _____
William R. Hanna, Law Director

Date: _____, 2017

STATE OF OHIO)
) SS:
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me on _____, 2017, by Bobbie Beshara, Mayor, and Sandy Turk, Finance Director of the Village of Richfield, Ohio, an Ohio political subdivision, on behalf of the Village.

[SEAL]

Notary Public

My Commission Expires: _____

STATE OF OHIO)
) SS:
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me on _____, 2017, by _____, Chief Executive Officer of Group Management Services, Inc., on behalf of the Group Management Services, Inc.

[SEAL]

Notary Public

My Commission Expires: _____

STATE OF OHIO)
) SS:
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me on _____, 2016 by _____ of KLK Property Holdings LLC, on behalf of KLK Property Holdings LLC.

[SEAL]

Notary Public

My Commission Expires: _____

CERTIFICATE OF DIRECTOR OF FINANCE

The undersigned fiscal officer of the Village hereby certifies that the moneys required to meet the obligations of the Village during the year 2017 under this Agreement have been lawfully appropriated by the Council of the Village for such purposes and are in the treasury of the Village or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This Certificate is given in compliance with Sections 5705.41 and 5705.44, Revised Code.

.....

Director of Finance, Sandy Turk

.....

Date

INDEX OF EXHIBITS

- Schedule 1 - Definitions
- Exhibit A - The Property
- Exhibit B - The Development Property
- Exhibit C - The Development Improvements
- Exhibit D - The Public Improvements

Schedule 1 Definitions

The following defined terms are used in the Development Agreement:

“Act” means Sections 5709.40, et seq., Revised Code.

“Applicable Laws” means all federal, state, and local laws, ordinances, resolutions, regulations, and codes, including the Act, governing the design, planning, construction, and installation of the Public Improvements.

“County” means Summit County, Ohio.

“Cuyahoga Valley Joint Vocational School District” means the Board of Education of the Cuyahoga Valley Joint Vocational School District.

“Development Agreement” means this Development Agreement, between the Village and the Owner dated as of _____, 2017, as amended and supplemented in accordance with its terms.

“Development Improvements” means the land acquisition, utility extensions, engineering and inspections, building construction, and other improvements to the Development Property described in Exhibit B.

“Development Property” means the real property identified as Parcel No. 50-_____, shown in Exhibit A and described in Exhibit B.

“Event of Default” means any of the events described in Section 4.1.

“Exemption Period” means the Thirty (30) year period of abatement of real property taxes on New Construction, established in the TIF Ordinance and beginning in the tax years described in Section 3.1 for each portion of the New Construction.

“Improvement Plans” means the plans, specifications, profiles, and cost estimates of the Development Improvements, prepared by or for the Owner, in accordance with the requirements of all applicable governmental authorities.

“Improvements” means collectively the Development Improvements and the Public Improvements.

“New Construction” means the buildings and other improvements constructed on the Development Property after the date of this Development Agreement during the Exemption Period, including the Development Improvements.

“Owner” means Group Management Services, Inc. and KKK Property Holdings LLC.

“Permitted Encumbrances” means the zoning resolutions, easements for utilities, and all other restrictions or conditions on title. The term does not include any mortgage lien, other liens

or title exceptions that are superior to or on a parity with the covenants running with the land contained in the Development Agreement, except liens for real property taxes and special assessments.

“Project” means the development and construction of the Improvements to the Development Property.

“Public Improvements” means the land acquisition in aid of industry, commerce, distribution or research and any installation deemed necessary of additional sewer improvements, development and construction of public facilities, road extensions, intersection upgrades, reconstruction of roadways, and related public infrastructure improvements described in Exhibit D.

“Revere Local School Board” means the Board of Education of the RevereLocalSchool District.

“Service Payments” means the payments in lieu of taxes paid by the Owner in accordance with Section 3.2 with respect to the Development Improvements and any other New Construction under this Development Agreement.

“TIF” means the tax increment financing by the Village for the Development Improvements.

“TIF Declaration” means the Declaration of Covenants and Conditions Relative to Service Payments in Lieu of Taxes to be recorded in the Summit County Fiscal Office as an encumbrance upon the Development Property.

“TIF Ordinance” means Ordinance No. _____-2017, adopted _____, 2017 by Village Council declaring a portion of improvements to be a public purpose and approving an agreement for tax increment financing for public infrastructure improvements benefiting those parcels.

“TIF Program” means the Village Council’s establishment of, in accordance with the Act, a tax increment financing program authorizing the Village to declare improvements to certain parcels of real property to be a public purpose, and authorizing the Mayor to negotiate agreements for tax increment financing.

“Village” means the Village of Richfield, Ohio.

EXHIBIT A
MAP OF PROPERTY

See Attached

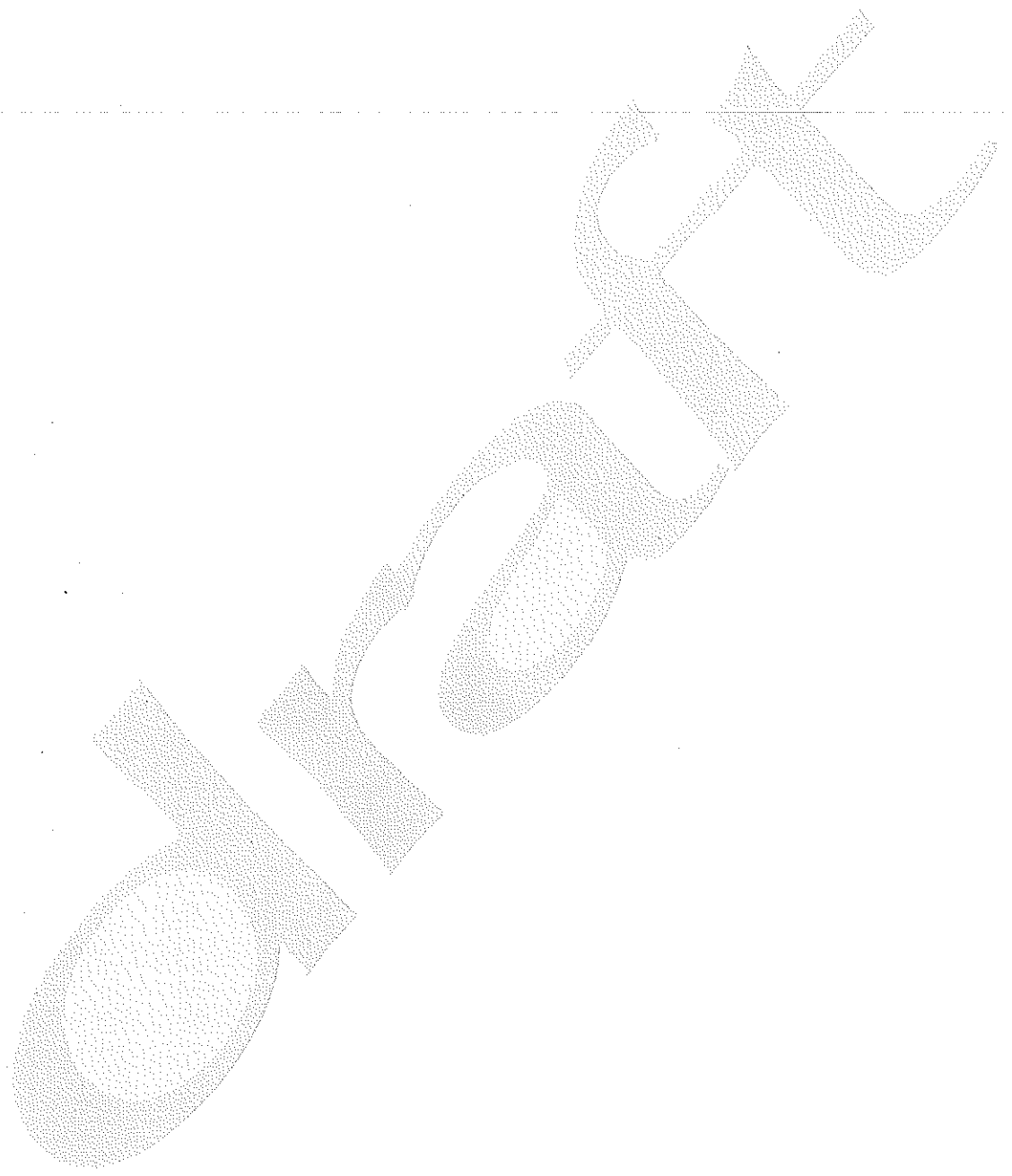


EXHIBIT B

LEGAL DESCRIPTION

For: Timberlake Drive
Richfield, Ohio 44286

Parcel Number: 50-

The Development Property

See attached

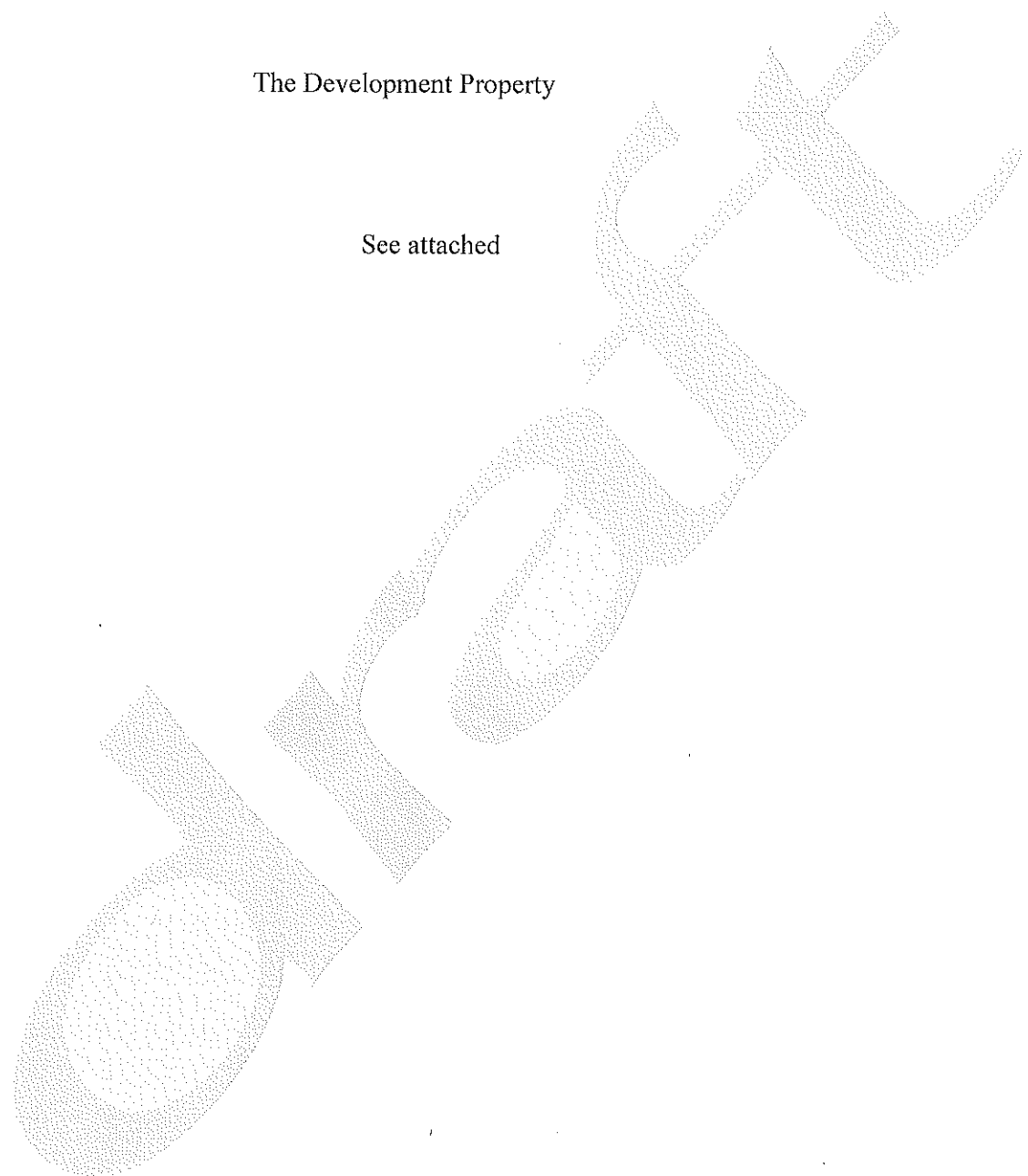


EXHIBIT C

DEVELOPMENT IMPROVEMENTS

The Development Improvements consist of the following:

The New Construction of an approximately 40,000 square foot commercial building for Group Management Services, Inc. to relocate and expand its business operations which shall include corporate office space.

Such other New Construction constructed by the Owner during the Exemption Period on the Development Property.

EXHIBIT D

PUBLIC IMPROVEMENTS

The Public Improvements consist of the following:

1. The provision of funds to acquire land in aid of industry, commerce, distribution, or research in accordance with Section 5709.40(A)(7) of the Revised Code.
2. Traffic control and roadway construction, improvements and major repairs and resurfacing, to be done or recently completed upon or in the vicinity of the Timberlake Business Park.
3. Communications infrastructure, including but not limited to fiber optic lines and wireless internet communications systems, for new and existing facilities in the vicinity of the Timberlake Business Park, and the areas served by that road.
4. The relocation of utilities that serve users or that are otherwise in the vicinity of the Timberlake Business Park.
5. Public sanitary sewer and/or water line improvements and major repairs for those facilities that serve users in the vicinity of the Timberlake Business Park.
6. Village of Richfield building and capital equipment projects and purchases to facilitate the services of the Village roads, grounds, sewer, water, and general service departments for the purposes of ongoing road maintenance, right of way maintenance, sewer and water facilities maintenance, snow plowing and other services generally provided by the Village of Richfield.
7. Village of Richfield facilities, buildings and capital equipment purchases to facilitate the provision of police, fire, emergency medical services and general administrative services provided by the Village of Richfield.
8. The acquisition of real property for the purposes stated above, for buffering between economic development areas and residential areas and for purposes of economic development within the Village of Richfield.
9. The acquisition of real property for the purpose of public parks and greenspace, whether for passive and/or active recreational uses, or the development of village owned real property for the purpose of public parks and greenspace, whether for passive and/or active recreational uses.
10. Any and all other public improvements eligible under the TIF Program, including any necessary appurtenances.