

COMMUNITY REINVESTMENT AREA REVENUE SHARING AGREEMENT

This Community Reinvestment Area Revenue Sharing Agreement (the “Agreement”) dated as of March 17, 2022 by and among the City of Wadsworth, a municipal corporation with its offices at 120 Maple Street, Wadsworth, Ohio (hereinafter referred to as the “City”), Wadsworth City School District, Board of Education, a public school district with its principal offices at 524 Broad Street, Wadsworth, Ohio 44281 (hereinafter referred to as the “Board”), and ECS Tuning, LLC an Ohio corporation with its offices at 1000 Seville Road, Wadsworth, Ohio 44281 (hereinafter referred to as the “Company”), specifies the manner and procedure to be used pursuant to Ohio Revised Code (ORC) Section 5709.82 authorizing general compensation and income tax revenue sharing on new municipal income tax revenues relating to ECS Tuning, LLC Community Reinvestment Area project (hereinafter, the “Project”).

Whereas, the Ohio Community Reinvestment Area Program, pursuant to ORC Sections 3735.65 through 3735.70 authorizes municipalities to grant real property tax exemptions on eligible new investments; and

Whereas, the City, by Ordinance No. 52-96 adopted June 25, 1996, designated an area within the City as a Community Reinvestment Area;

Whereas, effective August 14, 1996, the Director of the Ohio Department of Development determined the area designated by the City within Ordinance No. 52-96, contains the characteristics set forth in Section 3735.65 through 3735.70 of the ORC and certified the area as a Community Reinvestment Area.

Whereas, the City provided the Board notice of the Project and the CRA Agreement (defined below) prior to formal approval of the agreement under ORC section 3735.671;

Whereas, the City has acted pursuant ORC Section 3735.65 through 3735.70 within Ordinance No. 22-022-015 adopted March 15, 2022 to grant a tax exemption to Property Owner and entered into a formal Community Reinvestment Area Agreement (the “CRA Agreement”) dated as of the date hereof, and;

Whereas, the City, Company and the Board, pursuant to ORC section 5709.82, elect to enter into this Agreement concerning the benefits relating to the Project.

Now, therefore, in consideration of the foregoing and of the mutual promises, covenants and agreements hereinafter set forth, the City, Company and the Board agrees as follows:

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

“Annual Payment Amount” shall mean the amount paid directly by the City to the Board under Section 2 of this Agreement.

“Exemption Year” shall mean any calendar year in which the Project would be subject to full real property taxes but for the City authorization and finalization of the CRA Agreement.

“New Employee” shall include all employees who are first employed at the Project site and who have not been subject to the City municipal income tax within the previous two years on income derived from employment from the Company. “New employee” does not include any person hired to replace a person who is not a new employee. “New employee” does not include persons employed in the construction of real property related to the CRA Agreement.

“Base Employment” shall be the number of employees located at the Project site immediately prior to the finalization of the CRA Agreement.

“Base Payroll” shall be the annualized wages, salaries, commissions and other compensation of all employees located at the Project site immediately prior to the finalization of the CRA Agreement.

Section 2. Amount of City Payments to the Board. During each Exemption Year in which Company and/or Property Owner, as defined in the CRA Agreement, receives a real property tax benefit pursuant to the CRA Agreement, the City shall pay the Annual Payment Amount to the Board. The Annual Payment Amount will be based on the Base Payroll of “new employees” (hereinafter, the “Compensation”) located at the Project site as a result of the aforementioned CRA Agreement. The City shall pay to the Board fifty percent (50%) of the total annual municipal income tax revenues received by the City from its levy on the Compensation, to the extent that the Compensation exceeds one million dollars (\$1,000,000) annually (the “Required Annual Payment”). During any Exemption Year in which the Compensation does not equal or exceed one million dollars (\$1,000,000), the City is not required to make a payment to the Board under this Section.

Section 3. Timing of the Payments. The City shall pay the Board the Required Annual Payment set forth in Section 2 herein by April 30 of the calendar year following the year for which the taxes are payable. If no payments are received by the Board by April 30, a late fee in the amount of 10% of the Required Annual Payment shall be added to the amount due. The payment will include an itemization of the municipal income tax collections attributed to “new employees” employed as a result of the CRA Agreement. Should all income tax revenue collections not be collected by March 31, the City shall make a partial payment based on the amount of income tax collected. When the remainder of income tax revenue collections are received, then the City will make the payment of the calculated balance due to the Board within thirty (30) days of the income tax being received.

Section 4. Required Annual Payment Amount Calculation Procedure. The Company shall provide the City no later than February 28, for each year of the exemption, with a RITA – Form 17 – Reconciliation of Income Tax Withheld and W-2 Transmittal documenting the number of employees and the total annual payroll for the preceding exemption year for the Community Reinvestment Area Project site.

The City Auditor shall within 30 days confirm the amount reported by Company as an accurate representation of the annual payroll information submitted to the City for income tax purposes. If the information is not consistent, the City Auditor shall notify in writing the Company and the Board of the discrepancy. Within 30 days of such notice, Company and the City Auditor shall reconcile the variation and Company shall file a corrected report to correct any inaccuracies.

The City Auditor will apply the following formula: a. the Compensation (as defined in Section 2) will be reduced by one million dollars and the City’s income tax rate is to be multiplied by the remainder; b. the result of “a”, the net income tax generated from the Compensation to “new employees” in excess of one million dollars will be divided, with 50% of said net income tax

allocated to the Board and 50% for the City's general revenue fund; c. the City Auditor will issue a check to the Board in the amount specified within "b".

Section 5. Maximum Income Tax Revenue Sharing Compensation. The intent of this Agreement is to lessen the impact of the real property tax exemptions granted under the Community Reinvestment Area Program on the Board. The Agreement is intended to provide compensation for real property tax revenues foregone by the Board. Should the allocation of the income tax generated from the "new employee" calculation set forth and described in Sections 2 and 4, hereof exceed 50% of the amount of real property tax revenue the Board would have received from the Project had the new investment not received an exemption, then the sharing formula is to be modified and the Board will receive no more than 50% of the amount of property tax revenues the Project investment would have generated.

Section 6. Additional Compensation Payments. Notwithstanding anything in Section 5 hereof or otherwise herein to the contrary, the Board shall receive the following Additional Compensation Payments payable by the Company and City, respectively, as set forth below:

a. Company agrees to make a direct payment to the Board on or before March 31 in each of the years 2023 through and including 2037 equal to \$15,000 annually comprised of (i) \$10,000 used to purchase advertising opportunities for the Company within the Wadsworth City School District as approved by the Board and as mutually agreeable to the Board and Company; and (ii) \$5,000 to be applied to two scholarships in the amount of \$2,500 each to be awarded to two graduating seniors of Wadsworth High School; and

b. The City shall make the following annual direct payments to the Board in addition to other sums payable by the City as set forth in this Agreement in the amounts and on the dates set forth as follows:

March 31, 2023	\$5,000
March 31, 2024	\$5,000
March 31, 2025	\$5,000
March 31, 2026	\$5,000
March 31, 2027	\$5,000
March 31, 2028	\$8,000
March 31, 2029	\$8,000
March 31, 2030	\$8,000
March 31, 2031	\$8,000
March 31, 2032	\$8,000
March 31, 2033	\$13,000
March 31, 2034	\$13,000
March 31, 2035	\$13,000
March 31, 2036	\$13,000
March 31, 2037	\$13,000

In order to assist the City with respect to making the payments due in this Section 6 in a timely manner, the Board will send a written reminder notice to the City of the payment due under this Section 6 on or before March 1 of each year the payments are due; provided, however, nothing herein shall be interpreted to relieve the City of its obligation to make such payments in the amounts and on the dates set forth in this Section 6.

Section 7. Amendments. This Agreement may be amended or modified by the parties, only in writing, signed by all parties to the Agreement.

Section 8. 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, agreement, and undertakings of every kind and nature between the parties with respect to the subject matter of this Agreement.

Section 9. 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 certified or registered U.S. Mail, postage prepaid and return receipt requested, or by nationally recognized overnight courier service, and shall be deemed to have been given or delivered as of the date two (2) business days after it was mailed by U.S. Mail, postage prepaid, certified or registered, or one (1) business day after deposit of said notice with such nationally recognized overnight courier to the following addresses:

City: City of Wadsworth, 120 Maple Street, Wadsworth, Ohio 44281

Board: Wadsworth City School District, 524 Broad Street, Wadsworth, Ohio 44281

Company: ECS Tuning, LLC, 1000 Seville Road, Wadsworth, Ohio 44281

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 10. 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.

CERTIFICATE OF FISCAL OFFICER

Pursuant to section 5705.41 of the Ohio Revised code, as fiscal officer of the City of Wadsworth, I do hereby certify that the amount required to meet the obligation of the attached agreement with the Wadsworth City School District, Board of Education in the fiscal year 2022, has been lawfully appropriated and authorized for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances.

Catherine Fix, Auditor City of Wadsworth

Date signed: _____