




Mayor Brenda T. Bodnar

6622 Wilson Mills Road
Mayfield Village, OH 44143

440.461.7894 - Fax 440.461.7349
jmarquart@mayfieldvillage.com

TO: Council President Saponaro, members of Council

FROM: John Marquart, Economic Development Manager 

DATE: March 14, 2019

RE: Omni Systems, Inc.

Omni Systems is a leading manufacturer / distributor of pressure sensitive labels for the business-to-business market. The company operates out of 2 locations in Mayfield Village: manufacturing at 701 Beta & warehousing at 730 Beta. Between the 2 leased spaces, the company employs +/- 60 in roughly 60,000 sq ft within the Village. Leases for both spaces expire May, 2020. The company also leases a headquarters & warehouse facility in Richmond Heights employing +/- 79.

In October, I spoke with the company, who indicated that they were seeking to consolidate into +/- 120,000 sq ft, with aggressive growth plans. I communicated our income tax rebate incentive program to the company at this time. In November, the owners of 701 indicated that they were in negotiations with Omni to sell the property for this purpose.

In December, however, we received notice from the Lake County Port Authority that they had passed an incentive package for Omni that included over 4 acres of City of Wickliffe-owned land and 10 years of 75% real estate tax abatement for a new ground-up building. I called the company to express our disappointment in not being able to offer a competing package, but was told that our income tax rebates were simply not enough to close the gap in redevelopment costs.

In January, the company reached back out to us formally seeking an offer of incentives, as construction estimates for the Wickliffe site were much higher than anticipated. Being that we already knew that income tax rebates alone were falling short of helping their proforma work at 701 Beta, we proposed adding real estate tax abatement under the formation of a Community Reinvestment Area.

Per the attached Letter of Intent, executed by the company, our offer includes:

- 35% income tax rebate for years 1 - 5
- 25% income tax rebate for years 6 - 7, only if job creation goals are met the first 5 years
- 45% real estate tax abatement against +/- \$750,000 improvements for years 1 - 6
- 30% real estate tax abatement against +/- \$750,000 improvements for years 7 - 12

The administration seeks a Resolution of Support at the March 18th regular meeting of Council to authorize the Village to enter into negotiations to formalize the incentive package as outlined in the Letter of Intent.

Given that the formation of a Community Reinvestment Area must still be approved by Council, and then the State of Ohio, that portion of the overall incentive package will be brought before Council separately.

As always, please feel free to reach out with any questions or concerns.

cc: Mayor Bodnar
Ronald Wynne
Diane Wolgamuth



Mayor Brenda T. Bodnar

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February 6, 2019

Ryan Sommers
Project Management Consultants
127 Public Square #3900
Cleveland, OH 44114

RE: Omni Systems

Dear Mr. Sommers,

We are in receipt of your letter dated January 29, 2019, which proposes modifications to the terms of our January 16, 2019 letter of intent. After careful consideration, the administration is now prepared to extend the following revised offer of assistance to your client, Omni Systems:

INCOME TAX REBATE

- For the first five (5) years of Omni's new occupancy at 701 Beta, the Village proposes to provide an annual grant of an amount equal to thirty-five percent (35%) of Omni's income taxes withheld for wages earned in the Village and paid to the Village on its final net annual payroll. The Village will set the existing payroll as the minimum baseline of income tax revenue required for the annual grant based upon historic tax collections. If Omni fails to meet its threshold in any given year then Omni would not be entitled to the thirty-five percent (35%) grant for that tax year.

Provided that Omni meets its threshold for these first five (5) years, as outlined in your January 10, 2019 transmittal to me (attached for reference), the Village proposes to provide an annual grant of an amount equal to twenty-five percent (25%) of Omni's income taxes withheld for wages earned in the Village and paid to the Village on its net annual payroll for two (2) additional years. That is, provided that Omni reaches a payroll amount of \$11,031,956 by the fifth rebate payment, the Village would establish this amount as the new minimum baseline of income tax revenue required for the final two (2) years of annual incentive grant. If Omni fails to meet this threshold in any given year then Omni would not be entitled to the twenty-five percent (25%) grant for that tax year. *Estimated rebates as follows:*

yr. 1	2021	-	\$43,400	(\$6,200,000 x 2% Mayfield Village x 35%)
yr. 2	2022	-	\$49,316	
yr. 3	2023	-	\$55,771	
yr. 4	2024	-	\$62,851	
yr. 5	2025	-	<u>\$70,144</u>	\$281,482 INCENTIVE
yr. 6	2026	-	\$55,159	(\$11,031,956 x 2% Mayfield Village x 25%)
yr. 7	2027	-	<u>\$61,552</u>	\$116,711 ADDITIONAL INCENTIVE

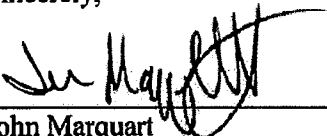
\$398,193 TOTAL INCENTIVE

Please remember that all proposed incentives are subject to the approval of Village Council. Further, it is acknowledged that both the Village and Omni may expend substantial effort, and potentially sums, in anticipation of entering into an Incentive Grant Agreement; and the parties acknowledge that this letter shall in no event be construed as an enforceable agreement to require provision of an Incentive Grant Agreement from the Village to Omni. Each party accepts the risk that no such Agreement will be provided, and each party is free to terminate negotiations for any reason at any time prior to both parties' authorization of and execution of any agreement(s) formalizing the Incentives outlined above, without incurring any liability to the other.


Please carefully review the information set forth above. If Omni is interested in pursuing the incentive package outlined above, please sign and return this letter to me as soon as possible. Upon receipt of the signed letter, we will seek a resolution of support from Village Council at their next voting meeting. Once the resolution of support is passed, we will draft the Incentive Grant Agreement which will require Village Council approval.

Please feel free to contact me with any questions or concerns at 440-461-7894, mobile 216-258-4491 or jmarquart@mayfieldvillage.com

Sincerely,



John Marquart
Economic Development Manager
Mayfield Village



Ryan Summers
Representative for Omni System
Project Management Consultants

cc: Steven Eisenberg, CFO, Omni Systems, Inc.
Brenda Bodnar, Mayor
Diane Wolgamuth, Director of Administration
Ronald Wynne, Director of Finance