

**AN EMERGENCY RESOLUTION
IN SUPPORT OF OFFERING AN ECONOMIC DEVELOPMENT
INCENTIVE PROGRAM GRANT TO OMNI SYSTEMS**

WHEREAS, upon discussions between the Mayor, Economic Development Manager and the CFO and relocation consultant of Omni Systems (“Omni”), the Mayor and the Economic Development Manager recommend that the Village enter into formal negotiations with Omni to provide an Economic Development Incentive Grant to Omni; and

WHEREAS, this recommendation is made to provide Omni the appropriate economic development grant to support the new occupancy of Omni’s operations in the Village at 701 Beta Drive; and

WHEREAS, the Village intends to enter into negotiations to provide Omni, for the first five (5) years of Omni’s new occupancy at 701 Beta Drive, an annual grant in an amount equal to thirty-five percent (35%) of Omni’s income taxes withheld and/or paid to the Village on its final net annual payroll, so long as a threshold minimum amount of net income tax revenue is paid to the Village; and

WHEREAS, the Village intends to enter into negotiations to provide Omni, for the sixth (6th) and seventh (7th) years of Omni’s new occupancy at 701 Beta Drive, an annual grant in an amount equal to twenty-five percent (25%) of Omni’s income taxes withheld and/or paid to the Village on its final net annual payroll, so long as a threshold minimum amount of net income tax revenue is paid to the Village, and the Company’s employment growth goals are met; and

WHEREAS, based upon the above, the Mayor and Economic Development Manager request Council’s formal support of their recommendation.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Village of Mayfield, County of Cuyahoga and State of Ohio:

SECTION 1. The Council of Mayfield Village hereby supports the recommendation, set forth above and incorporated herein, of the Mayor and Economic Development Manager and the terms between the Village and Omni as outlined in the Letter of Intent attached hereto and incorporated herein as Exhibit A.

SECTION 2. The Mayor is hereby authorized to immediately and forthwith commence negotiations with Omni so that the appropriate agreements and legislation can be prepared to formalize the grant so that Omni may move forward with the new occupancy and operation in the Village.

RESOLUTION 2019-23
INTRODUCED BY: Mayor Bodnar

SECTION 3. The Council finds and determines that all formal actions of the Council relating to the adoption of this Resolution have been taken at open meetings of this Council; and that deliberations of this Council and of its committees, resulting in such formal action, took place in meetings open to the public in compliance with all statutory requirements including the requirements of Section 121.22 of the Ohio Revised Code.

SECTION 4. This resolution is hereby declared to be an emergency measure immediately necessary for the preservation of health, safety and welfare of the residents of Mayfield Village, Ohio, for the reason that the expansion of Omni is moving forward immediately and forthwith. It shall, therefore, take effect immediately upon the passage by the affirmative vote of not less than five (5) members elected to Council and approved by the Mayor or otherwise at the earliest time allowed by law.

JOSEPH M. SAPONARO
Council President

First Reading: _____, 2019

Second Reading: _____, 2019

Third Reading: _____, 2019

PASSED: _____, 2019

BRENDA T. BODNAR, Mayor

APPROVED AS TO FORM:

ANTHONY J. COYNE, ESQ.,
Director of Law

ATTEST: _____
MARY E. BETSA, MMC
Clerk of Council



Mayor Brenda T. Bodnar

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Mayfield Village, OH 44143

440.461.7894 - Fax 440.461.7349
jmarquart@mayfieldvillage.com

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

All annual grant payments will be calculated based on information provided by the Regional Income Tax Agency (RITA). The above *estimated* rebates would be paid each April following each tax year.

The rebate percentages outlined above have been calculated using our in-house economic development guidelines, and include the purchase of 701 Beta by an entity directly related to the company. Should the purchase and redevelopment not occur, and the company continue to lease space from an unaffiliated entity, Omni's requests would be re-evaluated under said guidelines.

PROPERTY TAX ABATEMENT

- For the first six years of Omni's new occupancy at 701 Beta Dr., the Village proposes to abate forty-five percent (45%) of Omni's real estate taxes on the increased value of the improved property. For years seven through twelve of Omni's new occupancy at 701 Beta Dr., the Village proposes to abate thirty percent (30%) of Omni's real estate taxes on the increased value of the improved property. Cuyahoga County records indicate a market value of \$3,854,900, with annual taxes of \$116,641. Assuming the company's capital improvements result in a \$750,000 increase in the value of the property, the following *estimated* abatements will apply:

yr. 1	2021	-	\$9,888	(\$750,000 x 2.93% Mayfield Village x 45%)
yr. 2	2022	-	\$9,888	
yr. 3	2023	-	\$9,888	
yr. 4	2024	-	\$9,888	
yr. 5	2025	-	\$9,888	
yr. 6	2026	-	\$9,888	
yr. 7	2027	-	\$6,592	(\$750,000 x 2.93% Mayfield Village x 30%)
yr. 8	2028	-	\$6,592	
yr. 9	2029	-	\$6,592	
yr. 10	2030	-	\$6,592	
yr. 11	2031	-	\$6,592	
yr. 12	2032	-	\$6,592	

\$98,880 TOTAL INCENTIVE

Similarly, this incentive will apply only if 701 Beta is purchased by an entity directly related to the company. Should the company continue to lease space from an unaffiliated entity, the property tax abatement incentive would be eliminated.

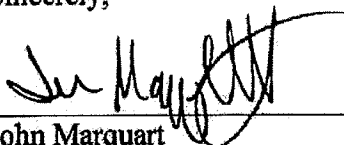
As discussed earlier, this incentive is possible under establishment of a Community Reinvestment Area, an application for which is currently being drafted by Village staff. Ratification of this incentive program is subject to the approval of Village Council, public advertisement, and approval by the Ohio Development Services Agency.

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