

## COMMUNITY REINVESTMENT AREA AGREEMENT

This Agreement made and entered into by and between the **City of Willowick, Ohio**, a municipal government, with its principal place of business located at 30435 Lake Shore Blvd., Willowick, Ohio 44095 (hereinafter referred to as "Willowick") and **Lucid Investments, Inc. DBA Cleveland Pizza Co. and 31222 Vine, LLC** with its principal place of business located at 31222 Vine St., Willowick, Ohio 44095 (hereinafter referred to as "Property Owner").

WITNESSETH:

WHEREAS, Willowick has encouraged the development of real property and the acquisition of personal property located in the area designated as a Community Reinvestment Area; and

WHEREAS, Property Owner is desirous of renovating an existing structure at the location and constructing an addition to the rear of the building, installing new plumbing, public restrooms, electrical systems, HVAC system, full patio, bakery and pizza operation kitchen, in addition to parking lot improvements (hereinafter referred to as the "Project") within the boundaries of the aforementioned Community Reinvestment Area, provided that the appropriate development incentives are available to support the economic viability of said Project; and

WHEREAS, the Council of the City of Willowick, Ohio by Ordinance No. 2019-05 passed on March 19, 2019, designated the area as a Community Reinvestment Area pursuant Chapter 3735 of the Ohio Revised Code; and

WHEREAS, effective May 29, 2019, the Director of Development Services Agency of the State of Ohio determined that the aforementioned area designated in said Resolution No. 2019-03 contained the characteristics set forth in Section 3735.66 of the Ohio Revised Code and confirmed said area as a Community Reinvestment Area under said Chapter 3735; and

WHEREAS, Willowick, having the appropriate authority for the stated type of project, is desirous of providing the Property Owner with incentives available for the development of the PROJECT in said Community Reinvestment Area under Chapter 3735 of the Ohio Revised Code; and

WHEREAS, the Property Owner has submitted a proposed Agreement application (herein attached as Exhibit A) to Willowick, said application (hereinafter referred to as "Application"); and

WHEREAS, the Property Owner has remitted the required state application fee of \$750.00 made payable to the Ohio Development Services Agency with the Application to be forwarded to said department with a copy of the final Agreement; and

WHEREAS, the Mayor of Willowick has investigated the application of the Property Owner and has recommended the same to the Council of Willowick on the basis that the Property Owner is qualified by financial responsibility and business experience to create and preserve employment opportunities in said Community Reinvestment Area and improve the economic climate of Willowick; and

WHEREAS, the project site as proposed by the Property Owner is located in the Willoughby-Eastlake City School District and the Board of Education of the Willoughby-Eastlake

City School District has been notified in accordance with Section 5709.83 and has been given a copy of the Application; and

WHEREAS, pursuant to Section 3735.67(A) and in conformance with the format required under Section 3735.671(B) of the Ohio Revised Code, the parties hereto desire to set forth their Agreement with respect to matters hereinafter contained.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained and the benefit to be derived by the parties from the execution hereof, the parties herein agree as follows:

1. Property Owner shall renovate existing structure at the Project location at 31222 Vine St., Willowick, Ohio, and shall construct approximately a 650 square foot addition, together with newly paved parking area and patio in accordance herewith. Said improvements shall be constructed on the parcel listed in Exhibit "B" attached herein as the same are known and designated on the Lake County, Ohio Auditor's revised list of lots in the City of Willowick, Lake County, Ohio.

The Project will involve a total investment by Property Owner of One Million Dollars (\$1,000,000.00), plus or minus 10%, at the Project location. Included in this investment is One Million Dollars (\$1,000,000.00) for construction of the structures and Zero Dollars (\$0.00) to purchase first-used machinery and equipment and Zero Dollars (\$0.00) for new inventory.

The PROJECT will begin October 1, 2021 and all acquisition, construction and installation will be completed by October 1, 2022.

2. Property Owner shall create, within a time period not exceeding thirty-six (36) months after the commencement of construction of the aforesaid demolition and construction, the equivalent of twelve (12) new full-time permanent job opportunities and twenty-four (24) new part-time permanent job opportunities.

Property Owner schedule for hiring is as follows: Year 1: create zero (0) new jobs (construction); Year 2: create eight (8) permanent part-time jobs and seven (6) permanent full-time permanent jobs, and Year 3: create twelve (12) new permanent part-time jobs and six (6) new permanent full-time jobs.

The job creation period begins October 1, 2022, and all jobs will be in place by December 2028.

Property Owner currently has zero (0) full-time permanent employees, zero (0) part-time permanent employees, zero (0) full-time temporary employees, and zero (0) part-time permanent employees at the project site. In total, Property Owner has ten (10) full-time permanent employees and twenty-two (22) part-time permanent employees in Willowick, Lake County, Ohio.

This increase in the number of employees will result in approximately \$810,000.00 of additional annual payroll for Property Owner. The following is an itemization by the type of new jobs created: full-time permanent \$440,000.00, and part-time permanent \$370,000.00. The retention of the existing jobs will maintain the current annual payroll of \$425,000.00.

3. Property Owner shall provide to the proper Tax Incentive Review ("TIR") Council any information reasonably required by the TIR Council to evaluate the property owner's compliance with the Agreement, including returns filed pursuant to section 5711.02 of the Ohio Revised Code if requested by the council.

4. Pursuant to the Property Owner's compliance with the terms and conditions set forth herein, Willowick hereby grants Property Owner a tax exemption for the real property improvements made to the Project site described herein pursuant to Section 3735.67 of the Ohio Revised Code and shall be in the following amounts:

<u>Exemption Term</u>	<u>Percentage of Exemption</u>
15 years	50%

Each identified project improvement will receive a fifteen (15) year exemption period. The exemption commences the first year for which the real property exemption would first be taxable were that property not exempted from taxation. No exemption shall commence after January 31, 2022 nor extend beyond January 31, 2037.

Property Owner must file the appropriate tax forms with the County Auditor to effect and maintain the exemptions covered in the Agreement.

5. ~~Property Owner shall pay an annual fee equal to the greater of one percent (1%) of the dollar value of incentives offered under the Agreement or five hundred dollars (\$500.00); provided however, that if the value of the incentives exceeds two hundred fifty thousand dollars (\$250,000.00), the fee shall not exceed two thousand five hundred dollars (\$2,500.00).~~

~~The fee shall be made payable to the City of Willowick once per year for each year the Agreement is effective on or before the first day of April, by cash or a certified check. The fee is to be made payable to the City of Willowick, c/o the Director of Finance. This fee shall be deposited in a special fund created for such purpose and shall be used exclusively for the purpose of complying with section 3735.671(D) of the revised code and by the tax incentive review council created under section 3735.671(D) of the revised code exclusively for the purposes of performing the duties prescribed under that section.~~

***Contingent upon approval by the Willowick City Council, the requirements under this section shall be waived. \_\_\_\_\_ ( Property Owner initials) \_\_\_\_\_  
\_\_\_\_\_ (Mayor initials)***

6. The Property Owner shall pay such real property taxes as are not exempted under this Agreement and are charged against such property and shall file all tax reports and returns as required by law. If Property Owner fails to pay such taxes or file such returns and reports, all incentives granted under this Agreement are rescinded beginning with the year for which such taxes are charged or such reports or returns are required to be filed and thereafter.
7. Willowick shall perform such acts as are reasonably necessary or appropriate to effect, claim, reserve, and maintain exemptions from taxation granted under this Agreement including, without limitation, joining in the execution of all documentation and providing any necessary certificates required in connection with such exemptions.
8. If for any reason the Community Reinvestment Area designation expires, the Director of the Ohio Development Services Agency revokes certification of the area, or Willowick revokes the designation of the area, entitlements granted under this Agreement shall continue for the number of years specified under this Agreement, unless the Property Owner materially fails to fulfill its obligations under this Agreement and Willowick terminates or modifies the exemptions from taxation granted under this Agreement.

9. If Property Owner materially fails to fulfill its obligations under this Agreement, or if Willowick determines that the certification as to delinquent taxes required by this Agreement is fraudulent, Willowick may terminate or modify the exemptions from taxation granted under this Agreement, and may require the repayment of the amount of taxes that would have been payable had the property not been exempted from taxation under this agreement. The City of Willowick is authorized to secure repayment of such taxes by a lien on the exempted property in the amount required to be repaid. Such a lien shall attach, and may be perfected, collected, and enforced, in the same manner as a mortgage lien on real property, and shall otherwise have the same force and effect as a mortgage lien on real property.
10. Property Owner hereby certifies that at the time this Agreement is executed, Property Owner does not owe any delinquent real or tangible personal property taxes to any taxing authority of the State of Ohio, and does not owe delinquent taxes for which Property Owner is liable under Chapter 5733, 5735, 5739, 5741, 5743, 5747, or 5753. of the Revised Code, or, if such delinquent taxes are owed, Property Owner currently is paying the delinquent taxes pursuant to an undertaking enforceable by the State of Ohio or an agent or instrumentality thereof, has filed a petition in bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has been filed against Property Owner. For the purposes of the certification, delinquent taxes are taxes that remain unpaid on the latest day prescribed for payment without penalty under the chapter of the Revised Code governing payment of those taxes.
11. Property Owner affirmatively covenants that it does not owe: (1) any delinquent taxes to the State of Ohio or a political subdivision of the State; (2) any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State; and (3) any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not.
12. Property Owner and Willowick acknowledge that this Agreement must be approved by formal action of the legislative authority of Willowick as a condition for the Agreement to take effect. This Agreement takes effect upon such approval.
13. Willowick has developed a policy to ensure recipients of Community Reinvestment Area tax benefits practice non-discriminating hiring in its operations. By executing this Agreement, Property Owner is committing to following non-discriminating hiring practices acknowledging that no individual may be denied employment solely on the basis of race, religion, sex, disability, color, national origin, or ancestry.
14. Exemptions from taxation granted under this Agreement shall be revoked if it is determined that Property Owner, any successor property owner, or any related member (as those terms are defined in Section 3735.671 of the Ohio Revised Code) has violated the prohibition against entering into this Agreement under Division (E) of Section 3735.671 or Section 5709.62 or 5709.63 of the Ohio Revised Code prior to the time prescribed by that division or either of those sections.
15. Property Owner affirmatively covenants that it has made no false statements to the State or local political subdivisions in the process of obtaining approval of the Community Reinvestment Area incentives. If any representative of Property Owner has knowingly made a false statement to the State or local political subdivision to obtain the Community Reinvestment Area incentives, Property Owner shall be required to immediately return all benefits received under the Community Reinvestment Area Agreement pursuant ORC Section 9.66(C)(2) and shall be ineligible for any future economic development assistance from the State, any state agency or a political subdivision pursuant to ORC Section 9.66(C)(1). Any person who provides a false statement to secure economic

development assistance may be guilty of falsification, a misdemeanor of the first degree, pursuant to ORC Section 2921.13(D)(1), which is punishable by a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

16. This Agreement is not transferable or assignable without the express, written approval of Willowick.

17. Any notices required to be given to either party hereunder shall be sent in writing, via Certified U.S Mail, return receipt requested, and/or commercial carrier, with proof of delivery, to the following:

If to Property Owner:                   Derek M. Jones  
  4034 Skiff St.  
  Willoughby, OH 44094

If to City of Willowick:                 Richard J. Regovich, Mayor  
  City of Willowick  
  30435 Lake Shore Blvd.  
  Willowick, Ohio 44095

17. Upon execution of this Agreement, the City of Willowick shall forward a copy of the agreement to the Director of Development Services within fifteen (15) days after the Agreement is executed by both parties.

IN WITNESS WHEREOF, the City of Willowick, Ohio, by Richard Regovich, its Mayor, and pursuant to Resolution No. 2021-\_\_\_\_\_, has caused this instrument to be executed this - \_\_\_\_\_ day of \_\_\_\_\_, 2021 and 31222 Vine, LLC by Derek M. Jones, its \_\_\_\_\_ and Lucid Investments, Inc. DBA Cleveland Pizza Co. by Derek M. Jones its \_\_\_\_\_, has caused this Agreement to be executed on this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**CITY OF WILLOWICK:**

By: \_\_\_\_\_  
Richard Regovich, Mayor

**Lucid Investments, Inc. DBA Cleveland Pizza Co.:**

By: \_\_\_\_\_  
\_\_\_\_\_  
Printed Name

Its: \_\_\_\_\_

**31222 Vine, LLC:**

By: \_\_\_\_\_  
\_\_\_\_\_  
Printed Name

Its: \_\_\_\_\_

Approved as to form:

Stephanie E. Landgraf, Law Director  
City of Willowick

\_\_\_\_\_, Legal Counsel for Property Owner