

ORDINANCE NO. 3-18

AN ORDINANCE RATIFYING THE COMMUNITY REINVESTMENT AREA AGREEMENT WITH RAR HOSPITALITY, LLC, AUTHORIZING AND DIRECTING THE DIRECTOR OF SAFETY AND SERVICE TO EXECUTE THE COMMUNITY REINVESTMENT AREA AGREEMENT SUBSTANTIALLY IN THE FORM ATTACHED TO THIS ORDINANCE; AND DECLARING AN EMERGENCY

WHEREAS, the City of Port Clinton established a Community Reinvestment Area (ACRA@) by the passage of Ordinance No. 13-17 on June 13, 2017; and

WHEREAS, the City has received an Application for tax abatement within the CRA for construction of a new facility, on property to be owned by RAR Hospitality, LLC, an Ohio limited liability company; and

WHEREAS, RAR Hospitality, LLC, will construct and equip a new hotel facility on the property located at 1811 E. Perry Street, Port Clinton, Ohio, with a projected total investment of approximately \$8,200,000.00;

WHEREAS, on August 7, 2017, the City's Tax Incentive Negotiating Committee met to consider the proposed Application, and the Committee unanimously resolved to recommend approval of the proposed one hundred percent (100%) tax abatement for a period of fifteen (15) years;

WHEREAS, the Vanguard Joint Vocational School District and its Board of Education have been notified in accordance with Section 5709.83 of the Ohio Revised Code and given a copy of the Application; and

WHEREAS, the Port Clinton City School District and its Board of Education have been notified in accordance with Section 5709.83 of the Ohio Revised Code and given a copy of the Application and a copy of the draft of the Community Reinvestment Area Agreement (the "CRA Agreement") and has further been notified that the abatement granted under the proposed CRA Agreement exceeds limitations imposed by Ohio Revised Code Section 3735.67.1(2); and

WHEREAS, The Port Clinton City School District Board of Education has approved and entered into a School Donation Agreement with RAR Hospitality to receive partial compensation for the annual real property tax revenue eliminated from the School's annual budget as a result of the exemption being granted; and

WHEREAS, the 14 day time period for the Port Clinton City School District and the Vanguard JVS District to comment on the CRA Agreement has expired.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Port Clinton,

County of Ottawa and State of Ohio:

Section 1. This Council hereby approves the CRA Agreement pursuant to the terms and conditions set forth therein, together with such revisions or additions to the Agreement as are necessary to benefit the City and being consistent with the objectives of this Ordinance.

Section 2. The Director of Safety and Service is hereby authorized and directed to enter into a CRA Agreement with RAR Hospitality, LLC, consistent with the form of the agreement attached hereto, together with such revisions or additions as are necessary to benefit the City and being consistent with the objectives of this Ordinance.

Section 3. This council further authorizes the Director of Safety and Service and other city officials to prepare and execute such other documents and agreements and to do all other things as are necessary for and incidental to carrying out the requirements of this Ordinance and the terms of the attached Agreement together with said revisions or additions thereto.

Section 4. This Council finds and determines that all formal actions of this Council and any of its committees concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council or committees, and that all deliberations of this Council, and any of its committees, that resulted in those actions were in meetings open to the public, in compliance with the law.

Section 5. This Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health and safety of the City, and for the further reason that this Ordinance is required to be immediately effective as RAR Hospitality LLC desires to begin construction on its new hotel building in the City at the earliest possible time and to thereby provide for the creation of jobs and employment opportunities and improving the economic welfare of people in the City; **wherefore**, this ordinance shall be in full force and effect immediately upon its passage and approval by the Mayor.

Passed: _____, 2018

President of Council

Attest: _____
Clerk of Council

Approved _____, 2018

Mayor

COMMUNITY REINVESTMENT AREA AGREEMENT

This Agreement is made and entered into by and between the City of Port Clinton, Ohio, an Ohio municipal corporation, with its main offices located at 1868 E. Perry Street, Port Clinton, Ohio 43452 (hereinafter referred to as the "City") and RAR Hospitality, LLC, an Ohio limited liability company, 3760 East State Road, Port Clinton, Ohio 43452, (hereinafter referred to as "Property Owner"), WITNESSETH;

WHEREAS, the City has encouraged the development of real property and the acquisition of personal property located in the area designated as the Port Clinton North Shore Community Reinvestment Area; and

WHEREAS, the Property Owner, is desirous of demolishing the existing Travelodge facilities and constructing a new 80 to 100 room Hotel Facility to be operated under franchise with Hilton Hotels & Resorts or Marriott International (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 Port Clinton, Ohio by Ordinance No. 13-17 adopted June 13, 2017, designated the area as an "Community Reinvestment Area" pursuant Chapter 3735 of the Ohio Revised Code; and

WHEREAS, effective August 9, 2017, the Director of the Development Services Agency of the State of Ohio determined that the aforementioned area designated in said Ordinance No. 13-17 contained the characteristics set forth in Section 3735.66 of the Ohio Revised Code and confirmed said area as a Community Reinvestment Area under Chapter 3735, being Confirmation Area No. 123-64150-176; and

WHEREAS, the City 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 the Community Reinvestment Area under Chapter 3735 of the Ohio Revised Code; and

WHEREAS, RAR Hospitality, LLC submitted a Proposed Agreement application (herein attached as Exhibit A) to the City (hereinafter referred to as "Application"); and

WHEREAS, RAR Hospitality, LLC 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 Housing Official of City of Port Clinton has investigated the application of the Property Owner and has recommended the same to the Council of the City on the basis

that the Property Owner is qualified by financial responsibility and business experience to create and preserve employment opportunities in the Community Reinvestment Area and improve the economic climate of the City; and

WHEREAS, on August 7, 2017, the City's Tax Incentive Negotiating Committee (the "Committee") met and unanimously voted to recommend that the Agreement be approved consistent with the terms enumerated below; and

WHEREAS, the Project site as proposed by the Property Owner is located in the Vanguard Joint Vocational School District and the Board of Education of the Vanguard Joint Vocational School District has been notified in accordance with Section 5709.83 (Exhibit B) and been given a copy of the APPLICATION; and

WHEREAS, the Project site as proposed by the Property Owner is located in the Port Clinton City School District and the Board of Education of the Port Clinton City School District have been notified, given a copy of the Application in accordance with Section 5709.83 and informed that the abatement granted under this Agreement exceeds limitations imposed by Ohio Revised Code Section 3735.67.1(2) (Exhibit C) and in accordance with Ohio Revised Code Section 3735.67.1(1) the Port Clinton City School District Board of Education has approved the terms of the Agreement by formal resolution on _____, 201____. Said Resolution is incorporated herein by reference and attached as Exhibit D; and

WHEREAS, on November 10, 2017, the Property Owner entered into, a School Donation Agreement with the Port Clinton City School District Board of Education requiring the Property Owner to pay the Board of Education amounts equal to fifty percent (50%) of the full amount of the exempt real estate taxes that would have been paid to the School District if this Agreement were not in effect (the "Port Clinton Board of Education Agreement"), See copy of Board of Education Agreement attached as Exhibit E; and

WHEREAS, on November 29, 2017, the Property Owner entered into, a Board of Education Agreement with the Vanguard JVS School District Board of Education requiring the Property Owner to pay the Vanguard JVS District amounts equal to fifty percent (50%) of the full amount of the exempt real estate taxes that would have been paid to the School District if this Agreement were not in effect (the "Vanguard Board of Education Agreement"), See copy of Vanguard Board of Education Agreement attached as Exhibit F; 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. RAR Hospitality, LLC shall demolish the existing Travelodge facility and will construct a new 80 to 100 room hotel at 1811 E. Perry Street, Port Clinton, Ohio on

Permanent Parcel No. 021-16500-22295-000. The new hotel will operate under a franchise agreement with Hilton Hotels and Resorts or Marriott International. The new hotel is designed to enhance the Property Owner's presence in the Ottawa County area. The hotel improvement shall consist of an approximate _____ square foot building. The legal description for the property is attached to this Agreement as Exhibit G.

The Project will consist of the aforementioned construction of a new hotel structure and the installation of new equipment, machinery, furniture, fixtures and inventory. The Project will involve a total investment by the Property Owner of \$8,200,000.00, plus or minus 10%, at Permanent Parcel No. 021-16500-22295-000. Included in this investment is \$5,950,000.00 for demolition and new construction; \$1,950,000.00 to purchase new machinery, equipment, furniture and fixtures, and \$300,000.00 for inventory and supplies.

No abatement shall be granted for the current appraised value of the existing land or the current real estate improvements, nor is any abatement granted for the value of the machinery, equipment, furniture and fixtures or other items taxed as personal property whether currently owned or hereinafter acquired.

The PROJECT will begin on or before April 2018 and all acquisition, construction and installation will be completed by May 2019 or such later date as may be approved by formal legislation of the Port Clinton City Council and agreed to in writing by all parties as an amendment to the Agreement.

2. The Property Owner shall create within a time period not exceeding thirty-six (36) months after the commencement of construction of the aforesaid facility, the equivalent of 4 new full-time permanent job opportunities, and 10 new full-time seasonal job opportunities.

At the date of this Agreement the Property Owner has 19 full-time seasonal employees and 2 part-time seasonal employees at the Travelodge facility (Seasonal employment being defined as from approximately April 1 to September 30 of each year). The existing payroll of the Property Owner at the existing location is approximately \$265,000.

The Property Owner anticipates that the development of the site in question will result in 16 full-time permanent employment positions and 10 full-time seasonal employment positions, replacing the 100% seasonal employment positions at its current facility. It is projected that the average wages on a per hour basis of the new employment positions will be 40% higher than the seasonal employment positions that are being replaced. The hiring of the new full-time positions will occur upon completion and occupancy of the new facility, but not later than May 2019. The job creation period begins September 2018 and all jobs will be in place by May 2019. The total payroll of the new employment positions created as part of this Project is estimated to be \$445,000.

3. The Property Owner shall use the Property solely for the purposes described in paragraph

1 hereof and shall properly maintain and repair the Property throughout the term of the tax exemption authorized herein. The Property Owner authorizes the Housing Officer, or the Housing Officer's designees, to enter upon the Property as reasonably required to perform property inspections in accordance with Ohio Revised Code Section 3735.68.

4. RAR Hospitality, LLC shall provide to the proper Tax Incentive Review Council (TIRC) any information reasonably required by the Council to evaluate the Property Owner's compliance with the Agreement, including tax returns, employment withholding tax returns, returns filed pursuant to section 5711.02 of the Ohio Revised Code, employment records or any other records that may be reasonably requested by the TIRC or its designated representatives.
5. Compliance with Board of Education Agreement. As a condition of the tax exemption authorized under this Agreement, the Property Owner agrees to enter into and comply with its obligations under the "Port Clinton Board of Education Agreement" and the "Vanguard Board of Education Agreement" described above.
6. Subject to compliance by the Property Owner in all material respects with its obligations under this Agreement, the City hereby grants to the Property Owner a tax exemption for real property improvements made to the Project site pursuant to Section 3735.67 of the Ohio Revised Code for the following term and for the following benefit level:

Percentage of Exemption
100%

Exemption Term
15 Years

Each identified Project improvement will receive a fifteen 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. The fifteen year exemption period shall commence with tax year 2019 with a tax lien date of January 1, 2019. No property tax exemption shall commence after January 1, 2020 nor extend beyond December 31, 2035.

It is the responsibility of the Property Owner to file the appropriate tax forms with the County Auditor to effect and maintain the exemption covered in the Agreement.

7. The Property Owner shall pay an annual fee equal to the greater of one percent of the dollar value of incentives offered under the Agreement or five hundred dollars: provided, however, that if the value of the incentives exceeds two hundred fifty thousand dollars, the fee shall not exceed Two Thousand Five Hundred Dollars (\$2,500.00).

The fee shall be paid no later than April 1st of each year of this Agreement, commencing on April 1, 2020. The fee is to be paid in cash or by check payable to the City of Port Clinton and delivered to the City Auditor. 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.

8. The Property Owner shall pay such real and tangible personal property taxes as are not exempted under this Agreement and are charged against such property, commercial activities tax, transient occupancy tax, employment withholding tax, and City income tax and shall file all tax reports and returns as required by law. If the 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.
9. The City 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.
10. The Property Owner acknowledges that the exemption authorized in this Agreement is subject to approval and implementation by the appropriate state and/or county taxing authorities. The Property Owner acknowledges that the City does not give any guarantee or assurance that the exemption approved by this Agreement will be so approved, and the Property Owner agrees that in no event shall the Property Owner seek to hold the City liable in any way in the event such exemption is not granted or implemented.
11. If for any reason the Community Reinvestment Area designation expires, the Director of the Ohio Development Services Agency revokes certification of the zone, or the Port Clinton City Council revokes the designation of the zone, entitlements granted under this Agreement shall continue for the number of years specified under this Agreement, unless the Property Owners materially fail to fulfill their obligations under this Agreement and the City terminates or modifies the exemptions from taxation granted under this Agreement.
12. If the Property Owner materially fails to fulfill its obligations under this Agreement, or if the City determines that the certification as to delinquent taxes required by this Agreement is fraudulent, the City 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.
13. The Property Owner hereby certifies that at the time this Agreement is executed, RAR Hospitality, LLC, 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 the 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, the Property Owner currently is paying the delinquent taxes pursuant to an undertaking enforceable by the State of Ohio, or an agent or instrumentality thereof, or has filed a petition in bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has been filed against the Property Owner. For the purpose 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.

14. The 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.
15. The Property Owner and the City acknowledge that this Agreement must be approved by formal action of the Port Clinton City School District and the legislative authority of the City of Port Clinton as a condition for the Agreement to take effect. This Agreement takes effect upon such approvals by the School and the Port Clinton City Council and the execution by the parties hereto.
16. The City has developed a policy to ensure recipients of Community Reinvestment Area tax benefits practice non-discriminating hiring in its operations. By executing this Agreement, RAR Hospitality, LLC, the 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.
17. Exemptions from taxation granted under this Agreement shall be revoked if it is determined that the 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.
18. The 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 the Property Owner has knowingly made a false statement to the State or local political subdivision to obtain the Community Reinvestment Area incentives, the 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.
19. Neither the City nor the Property Owner shall be considered in default of its obligations hereunder in the event of delay in performance of such obligations due to causes beyond

its control without its fault or negligence, including but not restricted to acts of God, acts of the Federal or State government, acts of the other party, fires, floods, strikes, freight embargos or unusually severe weather; it being the purpose and intent of this provision that in the event of the occurrence of any such delay, the time for performance of the obligations by the parties shall be extended for the period of the delay.

20. Any notices, statements, acknowledgments, consents, approvals, certificates or requests on behalf of either party shall be made in writing and addressed as follows:

AS TO THE CITY OF PORT CLINTON:
City of Port Clinton
Attention: Director of Safety-Service
1868 E. Perry Street
Port Clinton, Ohio 43452

AS TO THE PROPERTY OWNER:
RAR Hospitality, LLC
3760 East State Road
Port Clinton, Ohio 43452

21. This Agreement and the Exhibits attached constitute the entire agreement between the City and the Property Owner with respect to the subject matter herein, superseding any prior or contemporaneous agreement with respect thereto.
22. This Agreement is entered into and is to be performed in the State of Ohio. The City and the Property Owner agree that the laws of the State of Ohio shall govern the rights, obligations, duties and liabilities of the parties to this Agreement and shall govern the interpretation of this Agreement.
23. The City's waiver of any breach by the Property Owner of any provision of this Agreement shall not constitute or operate as a waiver by the City of any other breach of such provision or of any other provisions, nor shall any failure or delay by the City to enforce any provision hereof operate as a waiver of such provision or of any other provision.
24. This Agreement shall be severable; if any part or parts of this Agreement shall for any reason be held to be invalid or unenforceable by a court of competent jurisdiction, all remaining parts shall remain binding and in full force and effect.
25. This Agreement may be modified or amended only by a written agreement duly executed by the parties hereto or their representatives.
26. As required by Ohio Revised Code Section 3735.67.1(c)(8) this Agreement is not transferable or assignable without the express, written approval of the City of Port Clinton.
27. The Property Owner represents and warrants that (a) it is duly organized and existing and it has full power and authority to take, and has taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Agreement, and to fulfill its obligations hereunder;

(b) no notices to, or consents, authorizations or approvals of any person are required (other than any already given or obtained) for its due execution, delivery and performance of this Agreement; and (c) this Agreement has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Property Owner.

28. Pursuant to Ohio Revised Code Section 3735.70, a person aggrieved under the Statute or this Agreement may appeal to the Community Reinvestment Area Housing Council, which shall have authority to overrule any decision of a Housing Officer. Appeals may be taken from a decision of the council to the court of common pleas of the county where the area is located.

IN WITNESS WHEREOF, the City of Port Clinton, Ohio, by Olen F. Martin, its Safety Service Director, pursuant to Ordinance No. _____, has caused this instrument to be executed this _____ day of _____, 2018 and RAR Hospitality, LLC, by _____, its Managing Member has caused this instrument to be executed on this _____ day of _____, 2018.

City of Port Clinton, Ohio

By _____
Director of Safety-Service

RAR Hospitality, LLC, an Ohio limited liability company

By _____
Managing Member

Approved as to form:

George C. Wilber (0002272)
Law Director City of Port Clinton

Note: A copy of this Agreement must be forwarded to the Ohio Development Services Agency within fifteen (15) days of finalization.

PROPOSED AGREEMENT for Community Reinvestment Area Tax Incentives between the
City of Port Clinton located in the County of Ottawa and
RAR Hospitality, LLC.

- I. a. Name of property owner, main office address, contact person, and telephone number
(attach additional pages if multiple enterprise participants).

RAR Hospitality, LLC
Enterprise Name

Raffaele Ruta
Contact Person

3760 East State Rd.,
Port Clinton, OH 43452
Address

419-366-8761
Telephone Number

- b. Project site:

1811 East Perry St.,
Port Clinton, OH 43452
Address

Raffaele Ruta
Contact Person

419-366-8761
Telephone Number

2. a. Nature of commercial/industrial activity (manufacturing, warehousing, wholesale or
retail stores, or other) to be conducted at the site.

Hotel / Lodging

- b. List primary 6 digit North American Industry Classification System (NAICS) # 721110

Business may list other relevant SIC numbers.

- c. If a consolidation, what are the components of the consolidation? (must itemize the
location, assets, and employment positions to be transferred): _____

d. Form of business of enterprise (corporation, partnership, proprietorship, or other).

Limited Liability Company

3. Name of principal owner(s) or officers of the business.

Raffaele Ruta

4. a. State the enterprise's current employment level at the proposed project site:

Currently the Travelodge (located at 1811 East Perry Street) has 14 full time and 2 part time employees all of which are seasonal.

b. Will the project involve the relocation of employment positions or assets from one Ohio location to another? Yes ____ No x

c. If yes, state the locations from which employment positions or assets will be relocated and the location to where the employment positions or assets will be located:

d. State the enterprise's current employment level in Ohio (itemized for full and part-time and permanent and temporary employees):

Full time Permanent: 12; Part Time Permanent: 3; Full Time Seasonal: 19; Part Time Seasonal: 2

e. State the enterprise's current employment level for each facility to be affected by the relocation of employment positions or assets: _____

Currently the Travelodge (located at 1811 East Perry Street) has 14 full time and 2 part time employees all of which are seasonal. No other existing facility will be affected.

f. What is the projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated? ____

The development of the site in question will result in approximately 16 Full time permanent and 10 Full time seasonal position, replacing the 100% seasonal positions listed in part 4a above. Average wages on a per hour basis are budgeted to be approximately 40% higher than the positions that will be replaced.

5. Does the Property Owner owe:
- Any delinquent taxes to the State of Ohio or a political subdivision of the state?
Yes ___ No x
 - Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State? Yes ___ No x
 - 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?
Yes ___ No x
 - If yes to any of the above, please provide details of each instance including but not limited to the location, amounts and/or case identification numbers (add additional sheets).
6. Project Description: 80 – 100 room hotel franchised with a global hotel brand. The two most likely franchisors are Hilton Hotels & Resorts and Marriott International.
7. Project will begin April, 2018 and be completed May, 2019 provided a tax exemption is provided.
8. a. Estimate the number of new employees the property owner will cause to be created at the facility that is the project site (job creation projection must be itemized by the name of the employer, full and part-time and permanent and temporary):
- The development of the site in question will result in approximately 16 Full time permanent and 10 Full time seasonal position, replacing the 100% seasonal positions listed in part 4a above. Average wages on a per hour basis are budgeted to be approximately 40% higher than the positions that will be replaced.
- b. State the time frame of this projected hiring: 1-2 Full time employees beginning in Fall 2018, the remaining upon opening in May 2019.
- c. State proposed schedule for hiring (itemize by full and part-time and permanent and temporary employees): _____
1-2 Full time permanent employees beginning in Fall 2018, 14-15 Full time permanent and 10 Full time seasonal position upon opening in May 2019.
-

9. a. Estimate the amount of annual payroll such new employees will add
\$395,000 Full Time Permanent; \$50,000 Full Time Seasonal
(new annual payroll must be itemized by full and part-time and permanent and
temporary new employees). _____
- b. Indicate separately the amount of existing annual payroll relating to any job retention
claim resulting from the project: \$ _____
10. An estimate of the amount to be invested by the enterprise to establish, expand, renovate
or occupy a facility:
- | | |
|----------------------------------------|----------------------------|
| A. Acquisition of Buildings: | \$ _____ |
| B. Additions/New Construction: | \$ <u>5,500,000</u> |
| C. Improvements to existing buildings: | \$ _____ |
| D. Machinery & Equipment: | \$ <u>500,000</u> |
| E. Furniture & Fixtures: | \$ <u>1,000,000</u> |
| F. Inventory: | \$ <u>250,000</u> |
| Total New Project Investment: | \$ <u>7,250,000</u> |
11. a. Business requests the following tax exemption incentives: 100% for 15 years
covering real property as described above. Be specific as to the rate, and term.
- b. Business's reasons for requesting tax incentives (be quantitatively specific as possible):

The company is planning new development of an 80-100 room hotel in either Port Clinton, Ohio or Fremont, Ohio near the Ohio Turnpike and will operate under a franchise agreement with Hilton Hotels & Resorts or Marriott International. The company has operated or been affiliated with hotels in the Northern Ohio area for 35+ years and notes that the Port Clinton region, specifically on Perry Street and near the downtown, would greatly improve its image to leisure and business visitors with a modern lodging facility. The new facility would provide both year-round and seasonal employment opportunities in excess of the seasonal hotel currently located on the property. In addition to the jobs created by operating the hotel, the company will look first to local contractors, architecture and engineering firms, lending institutions, and other suppliers and service providers for the initial 12 to 14 month construction of the hotel as well as on-going maintenance and services. Construction of a new nationally-recognized hotel tends to attract development of full service restaurants on or near the property. The proposed site is large enough to support the hotel and a 5,000 square foot restaurant; the company plans to work with any potential restaurant developers to encourage this development.

The company has narrowed its site selection to two particular sites. One in Fremont, Ohio and the other is the site in question. The Port Clinton site has a number of challenges including floodplain elevation and the seasonality of the market. Tax abatement is a determining factor in this decision. The company has had a positive relationship with Ottawa County and the City of Port Clinton over the past decades, and looks forward to the possibility to invest further in the city of Port Clinton.

Submission of this application expressly authorizes City of Port Clinton to contact the Ohio Environmental Protection Agency to confirm statements contained within this application including item # 5 and to review applicable confidential records. As part of this application, the property owner may also be required to directly request from the Ohio Department of Taxation, or complete a waiver form allowing the Department of Taxation to release specific tax records to the local jurisdiction considering the request.

The Applicant agrees to supply additional information upon request.

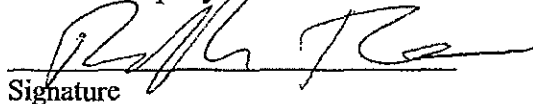
The Applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct and is aware of the ORC Sections 9.66(C) (1) and 2921.13(D) (1) penalties for falsification which could result in the forfeiture of all current and future economic development assistance benefits as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

RAR Hospitality, LLC

Name of Property Owner

May 23, 2017

Date



Signature

Raffaele Ruta, Member

Typed Name and Title

* A copy of this proposal must be forwarded by the local governments to the affected Board of Education along with notice of the meeting date on which the local government will review the proposal. Notice must be given a minimum of fourteen (14) days prior to the scheduled meeting to permit the Board of Education to appear and/or comment before the legislative authorities considering the request.

** Attach to Final Community Reinvestment Area Agreement as Exhibit A.

Please note that copies of this proposal must be included in the finalized Community Reinvestment Area Agreement and be forwarded to the Ohio Department of Taxation and the Ohio Development Services Agency within fifteen (15) days of final approval.

Gregory Edinger-Superintendent
Vanguard JVS School District
1306 Cedar Street
Fremont, Ohio 43420

EXHIBIT B

RE: RAR Hospitality, LLC,-City of Port Clinton-CRA Agreement

Dear Mr. Edinger:

The City of Port Clinton has received a request for tax abatement from RAR Hospitality, LLC, and Sandusky Vending Limited Partnership (the "Company"), under the Community Reinvestment Area (CRA) abatement program. The Company intends to demolish the existing Travel Lodge Motel and then construct an 80 to 100 room motel on the property located at 1811 E. Perry Street, Port Clinton, Ohio 43452. The proposed location is approximately 2.8516 acres in size. The proposed new construction represents an estimated new project investment of \$7,200,000.00 and will result in a franchised hotel operation under either Hilton Hotels and Resorts or Marriott International. The Company currently employs 19 full-time seasonal employees and 2 part-time seasonal employees and its total annual payroll is \$265,000.00. As part of this Project the Company anticipates creating 16 full-time permanent employment positions and 10 full-time seasonal employment positions, with an estimated payroll of \$445,000.00.

The Tax Incentive Negotiating Committee met to review the request and unanimously voted to recommend the following abatement terms and conditions that have now been accepted by the Company.

1. Abatement of taxes of new real estate taxes for Improvements made at the Project site for a period of fifteen (15) years at 100% is recommended.
2. The CRA Agreement is subject to a Community Reinvestment Area School Donation Agreement with the Port Clinton City School District with payments under the Donation Agreement being made directly to the School District. See copy attached.
3. The CRA Agreement is subject to a Community Reinvestment Area School Donation Agreement with the Vanguard Joint Vocational School District (JVSD) with payments under the Donation Agreement being made directly to the JVSD. See copy attached.
4. The Company will create, within 36 months after commencement of construction, 4 new full-time permanent job opportunities, and 10 new full-time seasonal job opportunities.
5. The Company will pay an annual monitoring fee to the City not to exceed \$2,500.00.

6. All other standard abatement terms and conditions apply.

I have attached a draft copy of the Community Reinvestment Area Agreement for your review. Please review the Agreement and contact the undersigned at 419-734-5522 or via email at pcssd@portclinton-oh.gov with any comments or suggestions you may have to the Agreement.

I have attached a copy of the Company's application along with the draft of the Community Reinvestment Area Agreement. Please review both documents and contact the undersigned with any comments or concerns that you, or your Board, may have.

Pursuant to Section 5709.83 of the Revised Code the Vanguard JVSD is hereby notified of the proposed Community Reinvestment Area Agreement with the Company. While Vanguard JVS has fourteen (14) days under statute to review and take action on this request, the City asks that you expedite your review and provide the City with a resolution supporting the abatement and formally waiving the fourteen day statutory review period. Board of Education approval is not required under statute for vocational schools.

Subsequent to the action of Vanguard JVS the Agreement will be submitted to the Port Clinton City Council for its approval. The Port Clinton City Council will be considering and taking action on the Agreement at its meeting on January __, 2018.

Very truly yours,
City of Port Clinton

By: _____
Olen F. Martin-Director of
Safety and Service

Patrick Atkins-Superintendent
Port Clinton City School District
811 S. Jefferson Street
Port Clinton, Ohio 43452

EXHIBIT C

RE: RAR Hospitality, LLC,-City of Port Clinton-CRA Agreement

Dear Mr. Atkins:

The City of Port Clinton has received a request for tax abatement from RAR Hospitality, LLC, and Sandusky Vending Limited Partnership (the "Company"), under the Community Reinvestment Area (CRA) abatement program. The Company intends to demolish the existing Travel Lodge Motel and then construct an 80 to 100 room motel on the property located at 1811 E. Perry Street, Port Clinton, Ohio 43452. The proposed location is approximately 2.8516 acres in size. The proposed new construction represents an estimated new project investment of \$7,200,000.00 and will result in a franchised hotel operation under either Hilton Hotels and Resorts or Marriott International. The Company currently employs 19 full-time seasonal employees and 2 part-time seasonal employees and its total annual payroll is \$265,000.00. As part of this Project the Company anticipates creating 16 full-time permanent employment positions and 10 full-time seasonal employment positions, with an estimated payroll of \$445,000.00.

The Tax Incentive Negotiating Committee met to review the request and unanimously voted to recommend the following abatement terms and conditions that have now been accepted by the Company.

1. Abatement of taxes of new real estate taxes for Improvements made at the Project site for a period of fifteen (15) years at 100% is recommended.
2. The CRA Agreement is subject to a Community Reinvestment Area School Donation Agreement with the Port Clinton City School District with payments under the Donation Agreement being made directly to the School District. See copy attached.
3. The CRA Agreement is subject to a Community Reinvestment Area School Donation Agreement with the Vanguard Joint Vocational School District (JVSD) with payments under the Donation Agreement being made directly to the JVSD. See copy attached.
4. The Company will create, within 36 months after commencement of construction, 4 new full-time permanent job opportunities, and 10 new full-time seasonal job opportunities.
5. The Company will pay an annual monitoring fee to the City not to exceed \$2,500.00.

6. All other standard abatement terms and conditions apply.

I have attached a draft copy of the Community Reinvestment Area Agreement for your review. Please review the Agreement and contact the undersigned at 419-734-5522 or via email at pcssd@portclinton-oh.gov with any comments or suggestions.

Pursuant to Ohio Revised Code Section 3735.67.1(A) and Section 3735.67.1(B) the Port Clinton City Schools are hereby notified that the proposed CRA Agreement exceeds certain statutory limitations imposed by the Ohio Revised Code. Because of the statutory limitations and the required approvals, we ask that the Port Clinton Board of Education formally approve the granting of the CRA tax abatement and return a record of the School's approval to the undersigned as soon as practical.

I have attached a copy of the Company's application and a draft of the Community Reinvestment Area Agreement. Please review the application along with the Agreement and contact the undersigned with any comments or concerns that you or your Board may have.

Pursuant to Section 5709.83 of the Revised Code the Port Clinton City School District is notified of the proposed Community Reinvestment Area Agreement with the Company. While the School District has fourteen (14) days under the statute to review and take action on this request, the City asks that you expedite your review and provide the City with a resolution supporting the abatement and formally waiving the fourteen day statutory review period.

Subsequent to the action of the Port Clinton Board of Education the Agreement will be submitted to the Port Clinton City Council for its approval. The Port Clinton City Council will be considering and taking action on the Agreement at its meeting on January __, 2018.

Very truly yours,
City of Port Clinton

By: _____
Olen F. Martin-Director of
Safety and Service

EXHIBIT D NOT ATTACHED

Handout

SCHOOL DONATION AGREEMENT

EXHIBIT E

This SCHOOL DONATION AGREEMENT ("Agreement") is made as of the 10th day of November, 2017, by and between RAR HOSPITALITY, LLC, whose address is 3760 E. State Road, Port Clinton, Ohio 43452 ("RAR"); and the PORT CLINTON CITY SCHOOL DISTRICT BOARD OF EDUCATION, located at 811 S. Jefferson Street, Port Clinton, Ohio 43452 ("PCCSD").

RECITALS

RAR intends to construct new commercial property at 1811 E. Perry Street in Port Clinton, Ohio, which property is located in an area designated as a Community Reinvestment Area by the City of Port Clinton.

The City of Port Clinton intends to grant RAR an exemption from 100% of the real property taxation assessed on the commercial property constructed at 1811 E. Perry Street for a period of 15 years (the "exemption") pursuant to the rules of Sections 3735.65 to 3735.70 of the Ohio Revised Code. As provided in Section 3735.67(D) of the Ohio Revised Code, the tax exemption shall first apply in the year the construction would first be taxable but for the exemption granted.

RAR desires that the PCCSD benefit from the new commercial property, and has agreed to make annual payments (the "donation") to the PCCSD for that purpose in order to be granted the exemption.

PCCSD desires to accept the donation as partial compensation for the annual real property tax revenue eliminated from its annual budget as a result of the exemption. PCCSD understands that, consistent with certain requirements provided in Section 3735.671 of the Ohio Revised Code, the donation is intended to approximate 50% of the total real property tax that would be due PCCSD each year if the exemption were not in place. However, the donation does not substitute or eliminate any amounts to which the PCCSD may be entitled pursuant to Section 5709.82 of the Ohio Revised Code.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the promises contained herein, and other good and valuable consideration, RAR and the PCCSD, intending to be legally bound, hereby agree as follows:

Section I. Donation. RAR agrees to make annual cash payments to the PCCSD in an amount equal to 50% of the annual real property tax that would be assessed by Ottawa County, as payable to PCCSD and the Joint Vocational School District, as computed by the Ottawa County Auditor, if the exemption (referenced above) were not in place. Each annual payment shall be due on or before

December 31 of each year, with RAR being notified of the amount due on or before October 1 of each year via written communication from the PCCSD Treasurer to the property mailing address on file with the Ottawa County Auditor (or other mailing address as may be designated by RAR in a written communication to the PCCSD Treasurer). The duration of the annual payment requirements of this Section shall be as long as the exemption remains in effect. The amount of the annual payment may fluctuate from year-to-year due to adjustments made to the property's valuation by the Ottawa County Auditor, or tax rate changes resulting from such things as school levies or other legal changes affecting real property taxes.

Section 2. Remedy upon Failure to make Donation. In the event of nonpayment of any annual payment described Section 1, PCCSD may, at its option, appeal to the housing officer or Community Reinvestment Area Housing Council (the "Council") as an aggrieved party seeking to have the housing officer or Council revoke RAR's exemption, citing RAR's failure to fulfill its obligations under this agreement. RAR understands and agrees that nonpayment of any annual payment is valid cause for revocation of the exemption.

Section 3. Assignment. This Agreement shall inure to the benefit of, and shall be binding in accordance with its terms upon, the PCCSD and RAR and their respective permitted successors and assigns. This Agreement may not be assigned by RAR without the prior written consent of the PCCSD, which consent will not be unreasonably withheld.

Section 4. Entire Agreement. This Agreement sets forth the entire School Donation Agreement and understanding between the parties as to the subject matter hereof, and merges and supersedes all prior discussions, agreements, and undertakings of every kind and nature between the parties with respect to the subject matter of this Agreement. This Agreement may not be modified or amended except by written agreement executed by both parties hereto. The captions inserted in this Agreement are for convenience only and in no way define, limit, or otherwise describe the scope or intent of this Agreement, or any provision hereof, or in any way affect the interpretation of this Agreement.

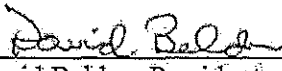
Section 5. Execution of Agreement. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party to this Agreement may execute this Agreement by signing any such counterpart.


IN WITNESSETH WHEREOF, the parties hereto have caused this Agreement to be executed as of the date set forth above.

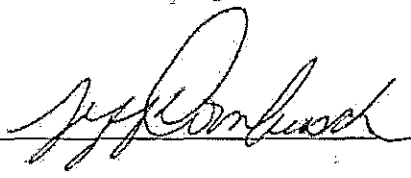
RAR HOSPITALITY, LLC

By: 
Raffaele Ruta, President

PORT CLINTON CITY SCHOOL DISTRICT

By: 
David Belden, President
PCCSD Board of Education

By: 
Patrick Adkins, Superintendent

By: 
Jeff Dornbusch, Treasurer

PORT CLINTON BOARD OF EDUCATION
Friday, November 10, 2017 – Meeting at 7:00 A.M.
Board of Education Conference Room

The meeting was called to order by David Belden, President, Board of Education.

Roll Call: Present: Mr. Belden, Ms. Benko, Mrs. Drusbacky, Mrs. Mueller, Mr. Shaw.
Others: Pat Adkins and Jeff Dornbusch.

The Pledge of Allegiance was recited.

The Board, on a motion by Mrs. Drusbacky, seconded by Mr. Shaw, approved the minutes of the October 23rd meeting. [Exhibit A]

Roll Call: Yes: Mr. Belden, Ms. Benko, Mrs. Drusbacky, Mrs. Mueller, Mr. Shaw. Motion carried.

Communications from and hearing of the public - none

Board of Education Committee Reports: Mr. Shaw provided a curriculum committee report.

ITEMS TO COME BEFORE THE BOARD:

FINANCES:



The Board, on a motion by Mrs. Mueller, seconded by Mrs. Drusbacky, approved the school donation agreement with Port Clinton City Schools Board of Education and RAR Hospitality, LLC. [Handout]

Roll Call: Yes: Mr. Belden, Ms. Benko, Mrs. Drusbacky, Mrs. Mueller, Mr. Shaw. Motion carried.

CONTRACTS & OTHER DISTRICT MATTERS:

The Board, on a motion by Mr. Belden, seconded by Ms. Benko, approved the following employee to transport students in her private vehicle when necessary: Kristen Quisno-Witt

Roll Call: Yes: Mr. Belden, Ms. Benko, Mrs. Drusbacky, Mrs. Mueller, Mr. Shaw. Motion carried.

BOARD OF EDUCATION AGREEMENT JVS

This SCHOOL DONATION AGREEMENT (the "Agreement") is made and entered into this 29 day of November, 2017 by and between RAR Hospitality, LLC, whose address is 3760 E. State Road, Port Clinton, Ohio 43452 (the "Property Owner") and the Vanguard JVS School District, located at 1308 Cedar Street, Fremont, Ohio 43420 (the "School District").

WITNESSETH:

WHEREAS, pursuant to Section 3735 of the Ohio Revised Code, the City of Port Clinton (the "Community") has proposed to enter into a Community Reinvestment Area Agreement (a copy of which is attached hereto as Exhibit CRAA), under which the Community would approve a real property tax exemption of 100% for 15 years for real property improvements relating to a project to be undertaken by the Property Owners at 1811 E. Perry Street in Port Clinton, Ohio, all as further described in the Community Reinvestment Area Agreement (the "Project"); and

WHEREAS, to ensure that the School District will benefit from the Project to be undertaken by the Property Owners, the Community has requested, and the Property Owners have agreed, to make certain payments to the School District; and

NOW, THEREFORE, in consideration of the premises and covenants contained herein, the parties agree as follows:

The Property Owner desires that the School District benefit from the new commercial property, and has agreed to make annual payments ("the donation") to the School District for that purpose in order to be granted the exemption

The Property Owner hereby agrees to make annual payments to the School District in an amount equal to:

An estimate (based on the agreed upon formula included in the Tax Analysis Summary forms, which are attached) of that amount of fifty percent of the tax dollars that the School District would have received as a result of this project, if the exemption were not granted. The estimated payment amount is indicated on Exhibit Tax Analysis Summary, attached hereto, and is equal to \$1,400 annually. These annual payment amounts will be subject to rate of taxation changes based on State reevaluation (every 6 years), changes in school levies, and any other legal changes regarding property taxes. The annual payment amounts will be recalculated by the Community as needed.

The duration of the annual payments shall be for the same time period as the approved tax abatement.

Payments shall be due:

On or before December 31 of each year for which a tax abatement is received. The first payment is due on or before December 31, 2020.

Any late payments under this Agreement shall bear interest at the rate of 10% per annum until such payment is made.

The Property Owner agrees to cooperate with the School District to provide information necessary to calculate the amount owing under this Agreement. The Property Owner shall provide to the School District a copy of any real property exemption forms filed with the County Auditor promptly following the filing thereof.

The payments may include cash, goods, services, or any combination of the above, or any other valuable asset, as mutually agreed upon between the School District and the Property Owners. Should the parties not agree on the type of payment, the Property Owner shall make the payment to the School District in cash.

SECTION 2: This Agreement shall inure to the benefit of, and shall be binding in accordance with its terms upon, the School District and the Property Owner and their respective permitted successors and assigns. This Agreement may not be assigned by the Property Owner without the prior written consent of the School District, except to any successor entity as a result of a consolidation or merger, which consent will not be unreasonably withheld.

SECTION 3: This Agreement sets forth the entire Agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements, undertakings or every kind and nature between the parties with respect to the subject matter of this Agreement.

SECTION 4: This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party to this Agreement may execute this Agreement by signing any such counterpart.

IN WITNESSETH WHEREOF, the parties hereto have caused this Agreement to be executed as of the date set forth above.

RAR HOSPITALITY, LLC

By *Ralph Rutter*
Member

VANGUARD JVS

By *Robert Edgerton*
Superintendent

By *W. Charles Kopp*
Treasurer

Enclosure: Community Reinvestment Area Agreement (CRAA)
Tax Analysis Summary (TAS)

EXHIBIT G

Hartung Order # 51439 / E27461SC Parcel "A"

Being situated in the State of Ohio, County of Ottawa, City of Port Clinton, Part NW ¼ Section 4, T6N R17E, Part SW ¼ Section 33, T7N R17E and being more definitely described as follows:

Beginning at a monument box, found, marking the intersection of the centerline of Buckeye Boulevard (variable width) with the centerline of State Route 163 (E. Perry Street variable width); Thence South 83°53'00" West along the centerline of State Route 163, a distance of 344.00 feet to a monument box, found, (STA. 12+04.69 ODOT 1951 Survey) (STA. 29+04.14 ODOT 1960 Survey) on the West line of Section 4, the same being the East line of The Shores Condominium (PG 19 PG 35) and the point of beginning;

(1) Thence North 00°00'00" West along the West line of Section 4, passing through a ½" iron pin, set, at a distance of 55.31 feet and a 1" iron pipe, found, at a distance of 262.00 feet and a ½" iron pin, set at a distance of 489.41 feet, a distance of 511.03 feet to the shoreline of Lake Erie;

(2) Thence North 81°41'28" East along said shoreline and the North face of an existing concrete dock, a distance of 303.08 feet to a point on the West line of the Vista Del Lago Condominium (PV 21 PG 11);

(3) Thence South 00°00'00" East along the West line of said Vista Del Lago parcel, passing through a ½" iron pin, set, at a distance of 49.83 feet, a distance of 317.38 feet to a ½" iron pin, set, marking the Northwest corner of a parcel owned by Humane Society of Ottawa County (OR 1322 PG 572);

(4) Thence South 83°53'00" West a distance of 150.81 feet to a PK Nail, set;

(5) Thence South 00°00'00" East passing through a ½" iron pin, set, at a distance of 150.00 feet, a distance of 205.31 feet to a PK Nail, set, on the centerline of State Route 163;

(6) Thence South 83°53'00" West along the centerline of State Route 163, a distance of 150.81 feet to a monument box, found and the point of beginning, containing 2.8516 acres, more or less, of which 0.9642 acre is in Section 33 T7N R17E and 1.8874 acres are in Section 4 T6N R17E, but being subject to all legal highways, easements and restrictions of record.

All deed and plat records are Ottawa County Records and all iron pins, set are ½" rebar with cap stamped (HARTUNG S-5667). Acreage in State Route 163 is 0.1902 acre more or less.

The above description was prepared from an actual survey by Daniel E. Hartung Jr., Professional Surveyor No. 5667 on September 14, 2010. The bearings were based on the centerline of State Route 163 bearing South 83°53'00" West.

Daniel E. Hartung Jr. 9/28/10
Daniel E. Hartung Jr., PE/PS

Daniel E. Hartung Jr.
9/28/10
Ohio County Engineer

