

# HUDSON CITY SCHOOL DISTRICT

2386 Hudson-Aurora Road  
Hudson, OH 44236-2322  
330-653-1270  
330-656-2292 FAX



December 17, 2013

To Whom It May Concern:

The following resolution was passed by the Board of Education of the Hudson City School District at the December 16, 2013 regular meeting.

**Whereas**, the Village of Boston Heights notified this Board that it intends at its Village Council meeting on January 7, 2014 to consider the approval of a Community Reinvestment Agreement with Homeworks, Inc. dba Arhaus to partially exempt from taxation certain improvements to be constructed on East Hines Hill Road near the intersection of State Route 8 in Boston Heights.

**Whereas**, this Board is willing to approve said Agreement on condition that a Compensation Agreement be entered between the Village and the Board. The proposed compensation agreement stipulates that the Village hereby agrees to pay to the School District a lump sum amount equal to \$500,000 on or before June 1, 2015 (the "Lump Sum Compensation Payment") for the purpose of construction of the Malson Athletic Center or other permanent improvement projects. Thereafter, with respect to each Exemption Year, the Village shall pay annual payments to the School District (each, an "Annual Compensation Payment," and together with the Lump Sum Compensation Payment, collectively the "Compensation Payments") as outlined in the Compensation Agreement.

**Now, Therefore, it is resolved by the Hudson City Board of Education:**

1. The Community Reinvestment Agreement between the Village of Boston Heights and Homeworks, Inc. dba Arhaus is hereby approved on condition that the Compensation Agreement be entered between the Village and the Board whereby the Village agrees to pay the Board annually in accordance with the Compensation Agreement.
2. The Treasurer/CFO is hereby authorized to certify this resolution to the Village of Boston Heights.
3. The Superintendent and Treasurer/CFO are hereby authorized to execute the Compensation Agreement with the Village of Boston Heights consistent with this resolution.

Motion: Steve DiMauro  
Second: Gary Mushock  
Vote: Mr. Zuro, yes; Mr. DiMauro, yes; Mrs. Engelman, yes; Mr. Field, yes; Mr. Mushock, yes.  
Motion Approved.  
Resolution #13-12-16-05

I certify the foregoing resolution is a true and correct copy of that which appears in the minutes of the Board of Education

Sincerely,

A handwritten signature in cursive script that reads "Kathryn L. Sines".

Kathryn L. Sines  
Treasurer

TREASURER'S OFFICE: Kathryn L. Sines, Treasurer • Elaine Speakman, Supervisor of Budgeting and Payroll Accounting

*Empowering Students to Achieve Uncharted Levels of Success*

## **COMMUNITY REINVESTMENT AREA COMPENSATION AGREEMENT**

This Community Reinvestment Area Compensation Agreement (the "Agreement") is dated December 17, 2013 between the Village of Boston Heights, Ohio, a municipal corporation with its offices at 45 East Boston Mills Road, Hudson, Ohio 44236 (the "Village") and the Board of Education of the Hudson City School District, a public school district with its principal offices 2400 Hudson-Aurora Road, Hudson, Ohio 44236 (the "School District"), specifies the manner and procedure to be used pursuant Ohio Revised Code (ORC) Section 5709.82 authorizing (requiring) general compensation and income tax revenue sharing on new municipal income tax revenues relating to the Hines Hill Road North Community Reinvestment Area project.

**WHEREAS**, the Ohio Community Reinvestment Area Program, pursuant ORC Sections 3735.66 authorizes the Village to grant real property tax exemptions on eligible new investments; and

**WHEREAS**, the Village, by Ordinance No. 10-2008 on September 10, 2008 (the "CRA Ordinance") designated an area within the municipality as the Hines Hill Road North Community Reinvestment Area (the "Community Reinvestment Area"), as further described in the CRA Ordinance; and

**WHEREAS**, effective October 22, 2008, the Director of the Ohio Department of Development (now the Ohio Development Services Agency) determined the Community Reinvestment Area contains the characteristics set forth in Section 3735.66 of the ORC and certified the area under ORC section 3735.66; and

**WHEREAS**, the municipality provided the School District notice of the project prior to formal adoption as required within ORC section 3735.671(A)(1) or 5709.83; and

**WHEREAS**, the municipality has acted pursuant ORC Section 3735.65 - .70 within the CRA Ordinance to grant a tax exemption to Homeworks, Inc. dba Arhaus (the "Company") and to enter into a Community Reinvestment Area Agreement dated January 7, 2014 (the "CRA Agreement") between the Village and the Company; and

**WHEREAS**, the Village and the School District have elected pursuant to ORC section 5709.82 to enter into this Agreement to provide to the School District compensation in exchange for the School District's approval of the exemptions authorized for the Community Reinvestment Area.

**NOW THEREFORE**, in consideration of the foregoing and of the mutual promises, covenants and agreements hereinafter set forth the Village and the School District agree 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 Village to the School District under Section 2 of this Agreement.

“Compensation Payments” means the amounts paid by the Taxpayer to the School Board under Section 3 of this Agreement.

“Effective Millage Rate” means, for each Exemption Year, the effective millage rate of all real property tax levies levied by the School District on the Subject Property.

“Exemption Year” means each tax year in which an exemption is granted for property in the Community Reinvestment Area pursuant to the CRA Ordinance and the CRA Agreement.

“Subject Property” means the real property described in the CRA Ordinance and the CRA Agreement.

“Valuation for Compensation Payment” means the taxable valuation of the improvements to the Subject Property as determined by the Summit County Fiscal Officer to be exempt from real property taxation under the CRA Ordinance as determined in accordance with Section 3 of this Agreement. The taxable valuation for improvements shall be the fair market valuation of the improvements to the Subject Property as determined by the Summit County Fiscal Officer multiplied by 35%.

**Section 2. Consent to Tax Exemptions.** The School District hereby consents and agrees to the Village granting a tax exemption for 85% of the value of the new commercial or industrial improvements on the subject property in the Community Reinvestment Area for a period of fifteen (15) years, as further described in the CRA Ordinance and the CRA Agreement.

**Section 3. Amount of Municipal Payments.** The Village hereby agrees to pay to the School District a lump sum amount equal to \$500,000 on or before June 1, 2015 (the “Lump Sum Compensation Payment”) **for the purpose of construction of the Malson Athletic Center or other permanent improvement projects.** Thereafter, with respect to each Exemption Year, the Village shall pay annual payments to the School District (each, an “Annual Compensation Payment,” and together with the Lump Sum Compensation Payment, collectively the “Compensation Payments”) calculated as follows:

(a) With respect to Exemption Year 1 through Exemption Year 5, the Village shall pay no additional Compensation Payment to the School District.

(b) With respect to Exemption Year 6 through Exemption Year 10, the Village shall pay an annual Compensation Payment equal to (i) the Valuation for Compensation Payment for that Exemption Year multiplied by (ii) the Effective Millage Rate for that Exemption Year multiplied by (ii) 5%.

(c) With respect to Exemption Year 11 through Exemption Year 15, the Village shall pay an annual Compensation Payment equal to (i) the Valuation for Compensation Payment for that Exemption Year multiplied by (ii) the Effective Millage Rate for that Exemption Year multiplied by (ii) 23%.

All Annual Compensation Payments by the Village to the School District shall cease if the real property tax exemption granted by the CRA Ordinance is terminated. In the event the real property tax exemption granted by the CRA Ordinance is reduced, the School District and the Village shall agree to a proportional reduction in the Annual Compensation Payments paid by the Village to the School District (i.e. if the exemption under the CRA Ordinance is reduced from 85% to 80% in Year 6, the formula to calculate Annual Compensation Payments shall be as follows (i) the Valuation for Compensation Payment for that Exemption Year multiplied by (ii) the Effective Millage Rate for that Exemption Year multiplied by (ii) 5%).

**Timing of the Payments.** The Village shall provide the School District its calculation of the required Annual Compensation Payment for such Exemption Year by April 1 of the calendar year following the Exemption Year. The Village shall pay such Annual Compensation Payment by June 1 of the calendar year following the applicable Exemption Year.

**Section 4. Entire Compensation; Notice.** The School District acknowledges that the compensation in Section 3 from the Village is the only compensation the School District receives in connection with the Community Reinvestment Area and the School District hereby waives any further right to compensation under the ORC with respect to the Community Reinvestment Area. The School District hereby acknowledges that it is waiving the notice requirements under the ORC, including notice required under ORC Sections 3735.671 and 5709.82.

**Section 5. Amendments.** This agreement may be amended or modified by the parties, only in writing, signed by all parties to the agreement or by applicable law changes.

**Section 6. 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, agreements, and undertakings of every kind and nature between the parties with respect to the subject matter of this agreement.

**Section 7. 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 regular mail, postage prepaid, and shall be deemed to have been given or delivered when so mailed to the following addresses:

Municipality: Village of Boston Heights, Ohio  
45 East Boston Mills Road  
Hudson, Ohio 44236  
Attn: Mayor

Board of Education: Board of Education of the Hudson City School District  
2400 Hudson-Aurora Road  
Hudson, Ohio 44236  
Attn: Superintendent

Any party may change its contact or address for receiving notices and reports by giving written notice of such change to the other parties.

IN WITNESS THEREOF, the parties have caused this Agreement to be executed as of the date set forth above.

BOARD OF EDUCATION OF THE  
HUDSON CITY SCHOOL DISTRICT

By: *Carol A. Zuro*  
President

By: *Willy J. Hen*  
Superintendent

By: *Kodunjo L. Sines*  
Treasurer

VILLAGE OF BOSTON HEIGHTS, OHIO

By: \_\_\_\_\_  
Mayor