

RESOLUTION NO. 28-2021

A RESOLUTION BY THE COUNCIL OF THE CITY OF NEW PHILADELPHIA OHIO AUTHORIZING THE MAYOR OF THE CITY OF NEW PHILADELPHIA TO ENTER INTO THE OHIO ENTERPRISE ZONE AGREEMENT WITH THE CRANE CARRIER COMPANY, LLC, A COPY OF WHICH IS ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE AS IF FULLY REWRITTEN, FOR THE PURPOSES OF THE TAX ABATEMENT DESCRIBED THEREIN, AND DECLARING AN EMERGENCY.

WHEREAS, the Mayor of the City of New Philadelphia, Ohio is seeking authorization to enter into the Ohio Enterprise Zone Agreement with Crane Carrier Company, LLC, a copy which is attached hereto and incorporated herein as if fully rewritten, for the purposes of the tax abatement described therein, which shall assist in the creation of 500 new jobs to be located in the City of New Philadelphia.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of New Philadelphia:

SECTION 1. The Mayor of the City of New Philadelphia is hereby authorized to enter into the Ohio Enterprise Zone Agreement with the Crane Carrier Company, LLC, a copy which is attached hereto and incorporated herein as if fully rewritten, for the purposes of the tax abatement described therein.

SECTION 2. This Resolution is hereby declared to be an emergency measure, and its immediate passage is necessary in order to preserve, protect, and maintain the health, safety, and welfare of the citizens of the New Philadelphia, Ohio.

SECTION 3. This Resolution shall take effect and be in force immediately upon its passage and approval.

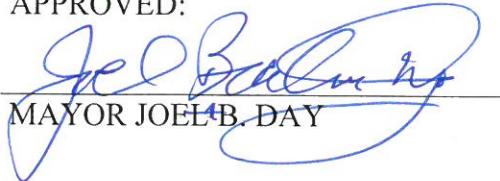
PASSED: August 7, 2021


DONALD C. KEMP
PRESIDENT OF COUNCIL

ATTEST:


JULIE COURTRIGHT
CLERK OF COUNCIL

APPROVED:


MAYOR JOEL B. DAY

SPONSORED BY: PUBLIC WORKS AND ECONOMIC DEVELOPMENT COMMITTEE

OHIO ENTERPRISE ZONE AGREEMENT

This agreement made and entered into by and between the City of New Philadelphia, Ohio, a Municipal Corporation, with its main offices located at 150 East High Avenue, New Philadelphia, Ohio (hereinafter referred to as "New Philadelphia" or "City of New Philadelphia") and Crane Carrier Company, LLC, a Delaware Limited Liability Corporation with its main offices currently located at 1951 Reiser Avenue SE, New Philadelphia, Ohio 44663 (hereinafter referred to as "Crane Carrier").

WITNESSETH;

WHEREAS, the "City of New Philadelphia" has encouraged the development of real property and the acquisition of personal property located in the area designated as an Enterprise Zone; and

WHEREAS, "Crane Carrier" is desirous of expanding operations in the City of New Philadelphia (hereinafter referred to as the "PROJECT") within the boundaries of the aforementioned Enterprise Zone, provided that the appropriate development incentives are available to support the economic viability of said PROJECT; and

WHEREAS, the Council of the City of New Philadelphia, Ohio by Resolution No. 52-2010 adopted February 28, 2010, designated the area as an "Enterprise Zone" pursuant Chapter 5709 of the Ohio Revised Code; and

WHEREAS, effective April 22, 2011, the Director of Development of the State of Ohio determined that the aforementioned area designated in said Resolution No. 52-2010 contains the characteristics set forth in Section 5709.61(A)(2) of the Ohio Revised Code and certified said area as an Enterprise Zone under said Chapter 5709; and

WHEREAS, "New Philadelphia" having the appropriate authority for the stated type of project is desirous of providing "Crane Carrier" with incentives available for the development of the PROJECT in said Enterprise Zone under Chapter 5709 of the Ohio Revised Code; and WHEREAS, "Crane Carrier" has submitted a proposed agreement application (herein attached and included as part of this agreement as Exhibit A) to "New Philadelphia" said application (hereinafter referred to as "APPLICATION"); and

WHEREAS, "Crane Carrier" has remitted the required state application fee of \$750.00, made payable to the Ohio Department of Development, with the application to be forwarded with the final agreement; and

WHEREAS, the Mayor of the City of New Philadelphia has investigated the application of "Crane Carrier" and has recommended the same to the Council of the "City of New Philadelphia" on the basis that "Crane Carrier" is qualified by financial responsibility and business experience to create and preserve employment opportunities in said Enterprise Zone and improve the economic climate of the City of New Philadelphia; and

WHEREAS, the project site as proposed by "Crane Carrier" is located in the New Philadelphia City School District and the Buckeye Career Center (joint vocational school district) and the Board of Education of the New Philadelphia City School District and the Buckeye Career Center have been notified in accordance with Section 5709.83 and been given a copy of the APPLICATION; and

WHEREAS, pursuant to Section 5709.62(C), 5709.63(A) or 5709.632 and in conformance with the format required under Section 5709.631 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. The PROJECT will involve a total investment by “Crane Carrier” of up to \$24,000,000.00 (Twenty-Four Million Dollars) at the proposed New Philadelphia, Ohio site.
2. “Crane Carrier” shall construct or cause to be constructed additions or new construction of building/buildings at the proposed New Philadelphia, Ohio, Reiser Avenue SE site, as shown in the Attachment A, to permit the expansion of its “Crane Carrier” Facility operations. In addition, “Crane Carrier” will purchase and install new and/or “first-used” machinery & equipment, furniture & fixtures and inventory.
3. The minimum investment for real property improvements to qualify for the exemption is \$10,000,000.00 (Ten Million Dollars) the minimum investment for tangible personal property is \$5,000,000.00 (Five Million Dollars) to purchase machinery and equipment first used in business at the facility as a result of the *Project* and \$800,000.00 (Eight Hundred Thousand Dollars) for furniture and fixtures first used in business at the facility as a result of the *Project*.
4. The maximum investment for real property improvements to qualify for the exemption is \$12,000,000.00 (Twelve Million Dollars). The maximum investment for tangible personal property to qualify for the exemption is \$10,000,000.00 (Ten Million Dollars) to purchase machinery and equipment first used in business at the facility as a result of the *Project* and \$2,000,000.00 (Two Million Dollars) for furniture and fixtures first used in business at the facility as a result of the *Project*.
5. The exemptions shall commence the first year for which the real property improvements or the tangible personal property would first be taxable were that property not exempted from taxation. No exemption shall commence after tax return year 2022 nor extend beyond tax return year 2032. No exemption shall be allowed for any type of real property

improvement or tangible personal property if the total investment is less than the minimum dollar amount specified for that type of property.

6. The PROJECT will begin on or after July of 2021 and all acquisition, construction and installation will be completed by June of 2022.
7. “Crane Carrier” shall create the equivalent of 400 (Four Hundred) full-time permanent job opportunities in its New Philadelphia Reiser Avenue SE within 42-months of the project’s completion (or June, 2022). In total, “Crane Carrier” has 91 (Ninety-One) full-time permanent employees in the State of Ohio. The estimated annual payroll related to the job creation is approximately \$17,280,000.00 (Seventeen Million Two Hundred-Eighty Thousand Dollars) once all 400 (Four Hundred) jobs have been created.
8. “Crane Carrier” shall provide to the Tax Incentive Review Council any information reasonably required by the council to evaluate the enterprise's compliance with the agreement, including returns filed pursuant to section 5711.02 of the Ohio Revised Code if requested by the council. ODOD suggests enterprises receiving personal property tax incentives be required to supply a copy of the Ohio Department of Taxation State Tax return form 913EX to the Tax Incentive Review Council for each year the agreement is in effect or required to be reviewed.
9. “New Philadelphia” hereby grants “Crane Carrier” a tax exemption for real property improvements made to the PROJECT site pursuant to Section 5709.62, 5709.63 or 5709.632 of the Ohio Revised as follows:

<u>Year of Tax Exemption</u>	<u>Tax Exemption Amount</u>
YR 1	75%
YR 2	75%
YR 3	75%
YR 4	75%
YR 5	75%
YR 6	75%
YR 7	75%

YR 8	75%
YR 9	75%
YR 10	75%

Each identified project improvement will receive a ten-year exemption period. The exemption commences the first year for which the real Property would first be taxable were that property not exempted from taxation. No exemption shall commence after June 30, 2023 nor extend beyond June 30, 2033. “Crane Carrier” must file the appropriate tax forms (DTE 23) with the County Auditor.

10. “Crane Carrier” hereby certifies that at the time this agreement is executed, “Crane Carrier” 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 “Crane Carrier” is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., or 5753. of the Revised Code, or, if such delinquent taxes are owed, “Crane Carrier” 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 “Crane Carrier”. 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.

A. “Crane Carrier” 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.

11. If “Crane Carrier” materially fails to fulfill its obligations under this agreement, other than with respect to the number of employee positions estimated to be created under this agreement, or if “New Philadelphia” determines that the certification as to delinquent taxes required by this agreement is fraudulent, “New Philadelphia” may terminate or modify the exemptions from taxation granted under this agreement. In addition, if in any three-year period during which this agreement is in effect, if the actual number of employee positions created or retained by “Crane Carrier” is not equal to or greater than seventy-five percent of the number of employee positions estimated to be created or retained under this agreement during that three-year period, “Crane Carrier” shall repay the amount of taxes on property (real property or real property improvements performed as part of the project) that would have been payable had the property not been exempted from taxation under this agreement during that three-year period. In addition, City Council may then review and either terminate or modify the exemptions from taxation granted under this agreement.

12. “Crane Carrier” shall pay an annual fee of \$100.00 dollars. The fee shall be paid once per year prior to February 28 of each year the agreement is effective. The fee is to be made payable to the Tuscarawas County Treasurer and **mailed to the Tuscarawas County Office of Community & Economic Development (125 East High Avenue, Room 212, New Philadelphia, Ohio 44663)**. 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 5709.68 of the revised code and by the tax incentive review council created under section

5709.85 of the revised code exclusively for the purposes of performing the duties prescribed under that section.

13. "Crane Carrier" shall pay such real and tangible personal 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. In the event that "Crane Carrier" 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.
14. "New Philadelphia" 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.
15. If for any reason the Enterprise Zone designation expires, the Director of the Ohio Department of Development revokes certification of the zone, or the "City of New Philadelphia" revokes the designation of the zone, entitlements granted under this agreement shall continue for the number of years specified under this agreement, unless "Crane Carrier" materially fails to fulfill its obligations under this agreement and "New Philadelphia" terminates or modifies the exemptions from taxation granted under this agreement.
16. "Crane Carrier" and "New Philadelphia" acknowledge that this agreement must be approved by formal action of the legislative authority of City of New Philadelphia as a condition for the agreement to take effect. This agreement takes effect upon such approval.
17. The "City of New Philadelphia" has developed a policy to ensure recipients of

Enterprise Zone tax benefits practice non-discriminating hiring in its operations. By executing this agreement, “Crane Carrier” 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.

18. Exemptions from taxation granted under this agreement shall be revoked if it is determined that “Crane Carrier”, any successor enterprise, or any related member (as those terms are defined in Section 5709.61 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, 5709.63, or 5709.632 of the Ohio Revised Code prior to the time prescribed by that division or either of those sections.
19. “Crane Carrier” affirmatively covenants that it has made no false statements to the State or local political subdivision in the process of obtaining approval for the Enterprise Zone incentives. If any representative of “Crane Carrier” has knowingly made a false statement to the State or local political subdivision to obtain the Enterprise Zone incentives, “Crane Carrier” shall be required to immediately return all benefits received under the Enterprise Zone Agreement pursuant to 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 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.
20. This agreement is not transferable or assignable without the express, written approval of “City of New Philadelphia”.

IN WITNESS WHEREOF, the "City of New Philadelphia" Ohio, by Joel Day, its Mayor, and pursuant to (Ordinance/Resolution) No. 28, has caused this instrument to be executed this 9th day of August, 2021 and "Crane Carrier" by Battle Motors, Inc., a Delaware Corporation, its sole member, has caused this instrument to be executed by Battle Motors, Incorporated's Chief Executive Officer on this 9th day of August, 2021.

"Crane Carrier"

By: Mike Patterson

X _____
(C.E.O., Battle Motors, Inc.)

City of New Philadelphia:

By: Joel Day

X Joel Day
Mayor

X [Signature]

Approved as to form:
(Legal counsel for Municipal Corporation)

ATTACHMENT A

OHIO DEPARTMENT OF DEVELOPMENT

OHIO DEPARTMENT OF DEVELOPMENT OHIO ENTERPRISE ZONE PROGRAM

PROPOSED AGREEMENT for Enterprise Zone Tax Incentives between the City of New Philadelphia located in the County of Tuscarawas and Crane Carrier Company, LLC.

- 1a. Name of business, home or main office address, contact person, and telephone number (attach additional pages if multiple enterprise participants).

<u>Crane Carrier Company, LLC</u> enterprise name	<u>Joe Doncheski</u> contact person
<u>1951 Reiser Avenue SE</u> address	<u>(415) 279-2170</u> telephone number
<u>New Philadelphia, OH 44663</u> address	

- 1b. Project site:

<u>Crane Carrier Company, LLC</u>	<u>Joe Doncheski</u> contact person
<u>1951 Reiser Avenue SE</u>	<u>(415) 279-2170</u> telephone number
<u>New Philadelphia, OH 44663</u> Address	<u>43-08492-001</u> land - parcel number

- 2a. Nature of business (manufacturing, distribution, wholesale or other).

Manufacturing

- 2b. List primary 4 digit Standard Industrial Code (SIC) # NAICS 336120
Business may list other relevant SIC numbers.

- 2c. If a consolidation, what are the components of the consolidation? (must itemize the location, assets, and employment positions to be transferred)
N/A
- 2d. Form of business of enterprise (corporation, partnership, proprietorship, or other).
LLC
3. Name of principal owner(s) or officers of the business (attach list if necessary).
Battle Motors, Inc. 100%
4. Is business seasonal in nature? Yes ___ No X
- 5a. State the enterprise's current employment level at the proposed project site:
91 Employees
- 5b. Will the project involve the relocation of employment positions or assets from one Ohio location to another? Note that relocation projects are restricted in non-distress based Ohio Enterprise Zones. A waiver from the Director of the Ohio Department of Development is available for special limited circumstances. The business and local jurisdiction should contact ODOD early in the discussions.
 Yes ___ No X
- 5c. 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:

- 5d. State the enterprise's current employment level in Ohio (itemized for full and part-time and permanent and temporary employees):
91 Employees
- 5e. State the enterprise's current employment level for each facility to be affected by the relocation of employment positions or assets: N/A
- 5f. What is the projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated? N/A
- 6a. Has the Enterprise previously entered into an Enterprise Zone Agreement with the local legislative authorities at any site where the employment or assets will be relocated as a result of this proposal?
 Yes ___ No X

6b. If yes, list the local legislative authorities, date, and term of the incentives for each Enterprise Zone Agreement: _____

7. Does the Enterprise owe :

a. Any delinquent taxes to the State of Ohio or a political subdivision of the state?
Yes ___ No X

b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State?
Yes ___ No X

c. 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

d. 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 if necessary).

8. Project Description (attach additional pages if necessary):

Crane Carrier Corporation is seeking to expand its current manufacturing facility in New Philadelphia, OH. The driving force behind the expansion is to increase production capacity/efficiency for the company's legacy ICE (internal combustion engine) product line and the planned expansion into the battery electric vehicle ("BEV") market for its product offerings. Two buildings are planned, one approximately 120,000 sq/ft and one 60,000 sq/ft

9. Project will begin July, 2021 and be completed April, 2022 provided a tax exemption is provided.

10a. Estimate the number of new employees the business intends to hire at the facility that is the project site (job creation projection must be itemized by full and part-time and permanent and temporary): 500

10b. State the time frame of this projected hiring: 3-1/2 years

- 10c. State proposed schedule for hiring (itemize by full and part-time and permanent and temporary employees):

The proposed schedule for hiring will be directly related to the project's completion as well as increase chassis production. Chassis production has averaged 300 units per year over the last three years. Once the expansion is complete, production capability at the New Philadelphia plant will support 5000 units per year. Approximately 10 additional hires are required per 100 unit increase in production. The majority of new hires will be full-time.

- 11a. Estimate the amount of annual payroll such new employees will add \$21,601,000 (new annual payroll must be itemized by full and part-time and permanent and temporary new employees). _____
- 11b. Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project: \$6,720,767
12. Market value of the existing facility as determined for local property taxation. \$7,382,420
- 13a. Business's total current investment in the facility as of the proposal's submission. \$4,900,000
- 13b. State the businesses' value of on-site inventory required to be listed in the personal property tax return of the enterprise in the return for the tax year (stated in average \$ value per most recent 12-month period) in which the agreement is entered into (baseline inventory):
\$ N/A – CAT Tax
14. An estimate of the amount to be invested by the enterprise to establish, expand, renovate or occupy a facility:

	<u>Minimum</u>	<u>Maximum</u>
A. Acquisition of Buildings:	\$ _____	\$ _____
B. Additions/New Construction:	\$ <u>10,000,000</u>	\$ _____
C. Improvements to existing buildings:	\$ _____	\$ _____
D. Machinery & Equipment:	\$ <u>5,000,000</u>	\$ _____
E. Furniture & Fixtures:	\$ <u>800,000</u>	\$ _____
F. Inventory:	\$ _____	\$ _____
Total New Project Investment:	\$ <u>15,800,000</u>	\$ _____

15. a. Business requests the following tax exemption incentives: 75% for 10 years covering real property (Additions/New Construction) as described above.
Be specific as to type of assets, rate, and term.

Building

- b. Business's reasons for requesting tax incentives (be quantitatively specific as possible)

- \$10,000,000 Building Addition
- \$318,954.12 Annual Real Estate Tax
- \$135,461.86 Current Annual Real Estate Tax
- \$183,492.26 Additional Real Estate Tax with no abatement
- Request a 75%, 10 Year Tax Real Estate Tax Abatement
- \$137,658.98 reduction in Annual Real Estate Tax
- \$1,062,658.98 PV of Real Estate Tax Abatement for 10 years at a 5% hurdle rate

The savings outlined above will have a meaningful and positive financial impact for the company that provides the confidence needed to move forward with the project.

Submission of this application expressly authorizes the City of New Philadelphia and Tuscarawas County to contact the Ohio Environmental Protection Agency to confirm statements contained within this application including item #7 and to review applicable confidential records. As part of this application, the business may also be required to directly request from the Ohio Department of Taxation or complete a waiver form allowing the Ohio Department of Taxation to release specific tax records to the local jurisdictions considering the incentive request.

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 benefit as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

<u>Crane Carrier Company, LLC</u>	<u>06-21-22</u>
Name of Enterprise	Date

<u>Joe Doncheski</u>	<u>Joe Doncheski, CFO</u>
Signature	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 Enterprise Zone Agreement as Exhibit A

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