

ORDINANCE NO. 11-22

AN ORDINANCE APPROVING AN ENTERPRISE ZONE TAX INCENTIVE APPLICATION FOR DEBEC PROPERTIES, LLC., AND CHAMPION PUMP COMPANY, AND 3JB LLC, dba FLOPRO, INC., WITHIN THE CITY OF ASHLAND, OHIO.

WHEREAS, an Enterprise Zone Tax Incentive Application has been submitted to the City by DeBec Properties, LLC., Champion Pump Company, and 3JB LLC, dba FloPro, Inc.; and

WHEREAS, the expansion and retention of existing businesses within the City are primary objectives of the Enterprise Zone, and by offering these tax incentives, the economic viability of the project would be enhanced; and

WHEREAS, the project involves new construction and development of the property located at 1102 Myers Parkway Ashland, Ohio 44805; and

WHEREAS, the project will involve the construction of a new eight thousand nine hundred and sixty (8,960) square foot H post and beam building with warehouse and office spaces, a total investment of approximately seven hundred sixty four thousand five hundred dollars (\$764,500); and

WHEREAS, DeBec Properties, LLC., and Champion Pump Company, 3JB LLC, dba FloPro, Inc., within a time period not exceeding twenty-four (24) months after the completion of the aforesaid facility renovations and the issuance of certificate of occupancy therefore, shall retain two at the Ashland facility; and

WHEREAS, this job retention will result in saved payroll of nine hundred sixty five thousand dollars (\$965,000) at Champion Pump Company, and ninety five thousand three hundred sixty eight dollars (\$95,368) at FloPro. in the Ashland Facility; and

WHEREAS, the City provided the Ashland City School District Board of Education and the Ashland County-West Holmes Career Center School District Board of Education notice of the application prior to formal action as required within Ohio Revised Code Section 5709.83; and

WHEREAS, based on the application and information provided by DeBec Properties, LLC., and Champion Pump Company, 3JB LLC, dba FloPro, Inc., it is recommended to provide reductions in the new real property tax, resulting from the above described expansion, for ten (10) years at seventy-five percent (75%) for years 1 through 10 as outlined in the Enterprise Zone Agreement; and

WHEREAS, this Council must consider such recommendations and either approve or disapprove them; **now therefore**,

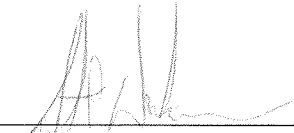
BE IT ORDAINED by the Council of the City of Ashland, State of Ohio, 5
members thereto concurring:

Section 1. That the Enterprise Zone Tax Incentives Application of DeBec Properties, LLC., Champion Pump Company, and 3JB LLC, dba FloPro, Inc. for certain tax incentives, as described above, is hereby approved, pursuant to the Enterprise Zone Agreement attached and made a part hereof.

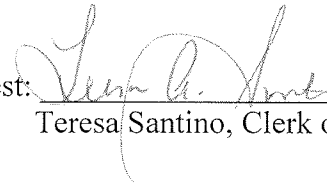
Section 2. That the Clerk is hereby directed to forward a copy of this Ordinance containing the Enterprise Zone Tax Incentives Proposal for DeBec Properties, LLC., Champion Pump Company, and 3JB LLC, dba FloPro, Inc to the Ashland County Board of Commissioners for its consideration pursuant to law.

Section 3. That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.


Passed: February 15, 2022



President of Council

Attest: 

Teresa Santino, Clerk of Council

Approved: 

Matt Miller, Mayor

Approved as to form & correctness:

Date: 15 February, 2022



Richard P. Wolfe II, Director of Law

OHIO ENTERPRISE ZONE AGREEMENT

This agreement made and entered into by and between the City of Ashland, Ohio, a municipal corporation, with its main offices located at 206 Claremont Avenue, Ashland, Ohio 44805 (hereinafter referred to as "CITY" and Ashland County, with its main offices located at 110 Cottage Street, Ashland, Ohio 44805 (hereinafter referred to as "COUNTY") and DeBec Properties, LLC. an Ohio Limited Liability Company with its main offices located at 1102 Myers Parkway, Ashland, Ohio 44805, and Champion Pump Company, Incorporated, an Ohio Corporation with its main offices located at 1102 Myers Parkway, Ashland, Ohio 44805, and 3JB, dba FloPro, and Ohio Limited Liability Company with its main offices located at 1102 Myers Parkway, Ashland, Ohio 44805 (DeBec Properties, LLC; 3JB LLC; and Champion Pump Company, Incorporated are hereinafter referred to as "COMPANY"), WITNESSETH;

WHEREAS, the CITY and the COUNTY have encouraged the development of real property and the acquisition of personal property located in the area designated as an Enterprise Zone; and

WHEREAS, the COMPANY desires to undergo facility upgrades critical to enabling new grinding capacity (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 CITY by Ordinance No. 59-86 adopted September 2, 1986, designated the area as an "Enterprise Zone" pursuant to Chapter 5709 of the Ohio Revised Code; and

WHEREAS, effective October 22, 1986, the Director of Development of the State of Ohio determined that the aforementioned area designated in said Ordinance No. 59-86 contains the characteristics set forth in Section 5709.61(A) of the Ohio Revised Code and certified said area as an Enterprise Zone under said Chapter 5709; and

WHEREAS, the CITY and COUNTY having the appropriate authority for the stated type of project is desirous of providing the COMPANY with incentives available for the development of the PROJECT in said Enterprise Zone under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, the COMPANY has submitted a proposed agreement application (herein attached as Exhibit A) to the Enterprise Zone Manager, said application (hereinafter referred to as "APPLICATION"); and

WHEREAS, the COMPANY has remitted the required state application fee of \$750.00 made payable to the Ohio Development Services Agency with the application to be forwarded with the final agreement; and

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

WHEREAS, the project site as proposed by the COMPANY is located in the Ashland City School District and the Ashland County West Holmes Career Center District and the Boards of

Education of the Ashland City School District and Ashland County West Holmes Career Center District have been notified in accordance with Section 5709.83 and been given a copy of the Application; and

WHEREAS, pursuant to Section 5709.63(A) 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 contained 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 COMPANY shall construct a eight thousand nine hundred sixty (8,960) square foot addition and undergo facility upgrades including office and warehousing space additions. The PROJECT will consist of a total investment of approximately seven hundred sixty four thousand five hundred dollars (\$764,500).

The PROJECT will begin in March 2022 and all acquisition, construction and installation will be completed by December 2022, subject to delays beyond the control of the COMPANY.

The total investment of this PROJECT is greater than 10% of the market value of the facility assets already owned at the site prior to such expenditures as evidenced in Exhibit A.

2. The COMPANY will use its best efforts to retain fifteen (15) existing full-time permanent jobs with Champion Pump Company at the existing Ashland, Ohio facility and two (2) jobs with FloPro at the new facility. The retention of the existing jobs will maintain the current annual payroll of nine hundred sixty five thousand dollars (\$965,000) at Champion Pump Company, and ninety five thousand three hundred and sixty eight dollars (\$95,368) at FloPro.
3. The COMPANY shall provide to the proper Tax Incentive Review Council any information reasonably required by the council to evaluate the compliance with the agreement, including returns filed pursuant to section 5711.02 or 5727.08 of the Ohio Revised Code if requested by the council.

4. The CITY and COUNTY hereby grant the COMPANY with a tax exemption for real property improvements made to the PROJECT site pursuant to Section 5709.63 of the Ohio Revised Code and shall be in the following amounts:

<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%

The exemption commences the first year for which the real property, described in Exhibit B, would first be taxable were that property not exempted from taxation. No exemption shall commence after January 1, 2023 nor extend beyond December 31, 2032.

5. The COMPANY shall pay an annual fee of (\$500) five hundred dollars.

The fee shall be made payable to the Board of Ashland County Commissioners once per year for each year the agreement is effective. 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.

6. The COMPANY 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. If the COMPANY 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.

Notwithstanding anything contained in this Agreement to the contrary, and as a matter of contract law, the COMPANY shall be entitled to contest, by the institution of appropriate

administrative or legal proceeding, the valuation by the Ashland County Auditor of any portion of the PROJECT in order to calculate taxes to be assessed thereon, or the assessment of any taxes, to the extent not exempt under this Agreement or otherwise.

7. The CITY and COUNTY shall perform such acts as are reasonably necessary or appropriate to effect, claim, reserve, and maintain exemptions from taxation granted under this agreement including, without limitation, joining in the execution of all documentation and providing any necessary certificates required in connection with such exemptions."
8. If for any reason the Enterprise Zone designation expires, the Director of the Ohio Development Services Agency revokes certification of the zone, or the CITY revokes the designation of the zone, entitlements granted under this agreement shall continue for the number of years specified under this agreement, unless the COMPANY materially fails to fulfill their obligations under this agreement and the CITY terminates or modifies the exemptions from taxation granted under this agreement.
9. If the COMPANY 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.
10. The COMPANY hereby certifies that at the time this agreement is executed, the COMPANY 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 COMPANY is liable under Chapter 5727., 5733., 5735., 5739., 5741., 5743., 5747., or 5753. of the Revised Code, or, if such delinquent taxes are owed, the COMPANY 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 the COMPANY. For the purposes of the certification, delinquent taxes are taxes that remain unpaid on the latest day prescribed for payment without penalty under the chapter of the Revised Code governing payment of those taxes.
11. The COMPANY affirmatively covenants that it does not owe: (1) any delinquent taxes to the State of Ohio or a political subdivision of the State; (2) any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State; and (3) any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not.
12. The COMPANY and the CITY and the COUNTY acknowledge that this agreement must be approved by formal action of the legislative authority of the CITY and the COUNTY

as a condition for the agreement to take effect. This agreement takes effect upon such approval.

13. The CITY and the COUNTY have developed a policy to ensure recipients of Enterprise Zone tax benefits practice non-discriminating hiring in its operations. By executing this agreement, the COMPANY is committing to following non-discriminating hiring practices acknowledging that no individual may be denied employment solely on the basis of race, religion, sex, disability, color, national origin, or ancestry.
14. Exemptions from taxation granted under this agreement shall be revoked if it is determined that the COMPANY, 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.
15. The COMPANY 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 the COMPANY have knowingly made a false statement to the State or local political subdivision to obtain the Enterprise Zone incentives, the COMPANY 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.
16. In any three-year period during which this agreement is in effect, if the actual number of employee positions created or retained is not equal to or greater than seventy-five per cent of the number of employee positions estimated to be created or retained under this agreement during that three-year period, the COMPANY shall repay the amount of taxes on property that would have been payable had the property not been exempted from taxation under this agreement during that three-year period. In addition, the CITY or the COUNTY may terminate or modify the exemptions from taxation granted under this Agreement.
17. This agreement is not transferrable or assignable without the express, written approval of the CITY and the COUNTY.

IN WITNESS WHEREOF, the City of Ashland, Ohio, by Matt Miller, its Mayor, and pursuant to Ordinance No. 1122, and Ashland County, Ohio, by James Justice, Commission President, has caused this instrument to be executed this 15th day of February, 2022, and Jeff Hawks, President of DeBec Properties, LLC., Jeff Hawks, President of 3JB, LLC, dba FloPro, and Jeff Hawks, President of Champion Pump Company, Incorporated., have caused this instrument to be executed on this ___ day of February, 2022.

City of Ashland:

By: _____
Matt Miller, Mayor

Ashland County:

By: _____
James Justice, Commission President

Champion Pump Company, Inc.

By: _____
Jeff Hawks, President

DeBec Properties, LLC

By: _____
Jeff Hawks, President

3JB, LLC, dba FloPro

By: _____
Jeff Hawks, President

Approved as to form:

Richard P. Wolfe II, Law Director

GROW ASHLAND

ECONOMIC DEVELOPMENT OFFICE

100 Lynch Street, Ashland, OH 44805

OHIO DEVELOPMENT SERVICES AGENCY (ODSA) OHIO ENTERPRISE ZONE PROGRAM

PROPOSED AGREEMENT for Enterprise Zone Tax Incentives between the City of Ashland located in the County of Ashland and DeBec Properties

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

DeBec Properties
Enterprise name

Jeff Hawks
contact person

419-606-5533
Telephone number

1102 Myers Parkway,
address

1b. Project site:

Jeff Hawks
Contact person

419-606-5533
telephone number

1102 Myers Parkway
Address

Ashland, OH 44805

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

2b. List primary 6 digit NAICS #
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)
- We will be moving FloPro employees, equipment and inventory to 1016 Myers Parkway
-
- 2d. Form of business of enterprise (corporation, partnership, proprietorship, or other).
- DeBec is LLC
-
3. Name of principal owner(s) or officers of the business (attach list if necessary).
- DeBec Properties (Deb Hawks & Becky McFarlin Members) Jeff Hawks: Manager
-
4. Is business seasonal in nature? Yes ___ No X
- 5a. State the enterprise's current employment level at the proposed project site:
- There are currently no employees at 1016 Myers Parkway
-
- 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 ODSA early in the discussions.
- Yes X No ___
- 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:
- We will be moving 2 employees from 1102 Myers Parkway to 1016 Myers Parkway along with a fork lift and inventory. Offices furniture and supplies
-
- 5d. State the enterprise's current employment level in Ohio (itemized for full and part-time and permanent and temporary employees):
- Champion has 15 and 1 remote in Illinois; FloPro has 2
-
- 5e. State the enterprise's current employment level for each facility to be affected by the relocation of employment positions or assets:
- 5f. What is the projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated? Champion will remain the same and we will move the 2 FloPro employees to the new location to be located at 1016 Myers Parkway

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):

Mowry builders to provide a 80W x 100l x 16H, 40w x 24L x 16 H post and beam building located at 1016 Myers Parkway. Type B construction. S2 use group. 8,960 Sq Ft Warehouse and office and truck dock / parking

9. Project will begin _____, 20 22 and be completed _____, 20 _____ 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):

10b. State the time frame of this projected hiring: _____ years

We made a 10,000 Sq Ft Warehouse addition at 1102 Myers Parkway in 2017. Champion had 8 employees and currently have a total of 15. That is 7 employees in 4 years or double almost double our workforce. I assume we will add significantly more in the next few years as we keep experiencing double digit growth. Expected growth this year is 35%.

10c. State proposed schedule for hiring (itemize by full and part-time and permanent and temporary employees): None at this time

11a. Estimate the amount of annual payroll such new employees will add \$_____ (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: \$ 95,368 for FloPro

12. Market value of the existing facility as determined for local property taxation.
\$ We tore the existing building down.

13a. Business's total current investment in the facility as of the proposal's submission
\$ 43,900

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):
\$ 174,000 FloPro's current inventory value

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:	\$ 588,500	\$ 650,000
C. Improvements to existing buildings:	\$	\$
D. Machinery & Equipment:	\$	\$
E. Furniture & Fixtures:	\$ 1,000	\$ 5,000
F. Inventory:	\$ 175,000	\$ 225,000
Total New Project Investment:	\$ 764,500	\$ 880,000

15. a. Business requests the following tax exemption incentives: _____ % for _____ years covering real _____ and/or personal property including inventory _____ as described above. Be specific as to type of assets, rate, and term.

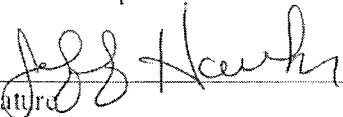
b. Business's reasons for requesting tax incentives (be quantitatively specific as possible)
FloPro has 2 employees that reside closer to Mansfield. We had considered purchasing a

Ware house in Richland County, but decided that if we build next to us, it would allow Champion
more opportunity to grow by using the extra warehouse and office space provided by the new
construction. in 2021 Champion has experienced over 30% growth and expect that to continue
in 2022.

Submission of this application expressly authorizes City of Ashland, Ohio and/or Ashland 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.

DeBec Properties	12/20/2021
Name of Enterprise	Date
	Jeff Hawks - Manager
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 Development Services Agency within fifteen (15) days of final approval.