

CITY OF STRONGSVILLE, OHIO

ORDINANCE NO. 2017 – 156

By: Mayor Perciak and All Members of Council

**AN ORDINANCE AUTHORIZING A JOB/PAYROLL
CREATION INCENTIVE GRANT FOR NATIONAL
AUTOMOTIVE EXPERTS, LLC, AND DECLARING AN
EMERGENCY.**

WHEREAS, the retention and creation of jobs and employment opportunities is integral to the continued economic health of the City of Strongsville, Ohio, and its citizens; and

WHEREAS, Article XVIII, Section 3 of the Ohio Constitution grants municipalities the authority to exercise all powers of local self-government, and to adopt and enforce within their limits such local police, sanitary and other similar regulations, as are not in conflict with general laws; and

WHEREAS, Article I of the Charter of the City of Strongsville provides that the City shall have all powers of local self-government and municipal home rule now or hereafter granted to municipalities by the Constitution and laws of Ohio; and further that the powers of the City may also be exercised in such manner as may now or hereafter be provided by the general laws of Ohio not conflicting with the City Charter or Ordinances; and

WHEREAS, the use of governmental resources for the promotion of economic development in the community is in the public interest and is a proper exercise of municipal powers pursuant to Article VIII, Section 13 of the Ohio Constitution; and

WHEREAS, to this end, by adoption of Ordinance No. 2013-234, the City authorized a Job/Payroll Creation Incentive Grant Program to provide incentives to businesses to create or expand employment opportunities within the City of Strongsville without utilizing tax revenues or impacting negatively upon the local school system; and

WHEREAS, the Economic Development Director has recommended that a Job/Payroll Creation Incentive Grant application be approved and that a grant be awarded to **NATIONAL AUTOMOTIVE EXPERTS, LLC**, located at 8370 Dow Circle, Suite 100, Strongsville, Ohio 44136, based upon its application as a marketer, distributor, and administrator of warranties and vehicle service contracts; and

WHEREAS, National Automotive Experts, LLC, as employer, is committing to the creation of 30 new full-time jobs by 2018 in Strongsville, with a total new payroll of \$6,000,000.00, all arising after the effective date of the application being June 30, 2017, in accordance with Program guidelines.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF STRONGSVILLE, COUNTY OF CUYAHOGA AND STATE OF OHIO:

Section 1. That pursuant to Article VIII, Section 13 and Article XVIII, Section 3 of the Ohio Constitution, and City Ordinance No. 2013-234, this Council hereby approves the application of **NATIONAL AUTOMOTIVE EXPERTS, LLC**, duly filed with the City on June 30, 2017, and authorizes the creation of a Job/Payroll Creation Incentive Grant to National Automotive Experts, LLC for a term and amount as predicated upon its application, Exhibit 1, and pursuant to the Program's terms and conditions as reflected in Exhibit 2, both of which are attached hereto and made a part hereof and which collectively shall constitute the agreement between the applicant and the City.

Section 2. That as further specified in the Incentive Grant Program, if the within project does not proceed as specified in the application, Exhibit 1, or if the company were to leave the City during the term of agreement, then Council may rescind the agreement and/or require repayment of grant monies.

Section 3. That Council hereby authorizes and appropriates funding and payment for the Job/Payroll Creation Incentive Grant from the City's non-tax revenue sources, including but not limited to the following: interest income, permit fees, activity fees, service charges, and tax incentive application and monitoring fees for National Automotive Experts, LLC, which shall be paid from the General Fund.

Section 4. That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council; and that all deliberations of this Council, and any of its committees, that resulted in such formal action were in meetings open to the public in compliance with all legal requirements.

Section 5. That this Ordinance is hereby declared to be an emergency measure immediately necessary for the preservation of the public peace, health, safety and welfare of the City, and for the further reason that the authorization and approval of the Job/Payroll Creation Incentive Grant is necessary to create new jobs and new payroll associated with an existing business within the City of Strongsville in furtherance of the City's economic development and well-being, and to generate additional tax dollars now and in the future. Therefore, provided this Ordinance receives the affirmative vote of two-thirds of all members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise from and after the earliest period allowed by law.

CITY OF STRONGSVILLE, OHIO
ORDINANCE NO. 2017 - 156
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Kenneth M. Dooner
President of Council

Approved: Thomas B. Susick
Mayor

Date Passed: September 18, 2017

Date Approved: September 19, 2017

	<u>Yea</u>	<u>Nay</u>
Carbone	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Daymut	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DeMio	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dooner	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Schonhut	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Short	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Southworth	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Attest: Aimee Pientke
Clerk of Council

ORD. No. 2017-156 Amended: _____
1st Rdg. 09-05-17 Ref: _____
2nd Rdg. 09-18-17 Ref: _____
3rd Rdg. Suspended Ref: _____

Pub Hrg. _____ Ref: _____
Adopted: 09-18-17 Repealed: _____



CITY OF STRONGSVILLE
Application
Job/Payroll Creation Incentive Grant Program

Applicant Information:

Business Name/Entity Form: National Automotive Experts LLC

Current Address: 8370 Dow Circle W Suite 100 Strongsville
Ohio 44136

Company Website: www.naenwan.com

NAICS Code: 524210

Contact Name & Title: Andrew Seger, General Counsel

Contact e-mail Address: legal@naenwan.com

Contact Phone: 440-863-5506

Current Number of Full-Time Permanent Employees in Strongsville: 131

Current Payroll in Strongsville: \$9,670,320.30 (Annualized based on June 30 amount.)

Brief Company Description: Marketer, distributor, and administrator
of warranties and vehicle service contracts.

Principal Owners/Officers: Kelly Price & Christopher D. Neuenschwander

Federal Identification No. (FEIN): 20-4752011

Does your firm owe any monies to the State of Ohio, a State agency or Political Subdivision? If so, please explain: No.

Project Information:

Brief Project Description: Build out of approx 22,000 square feet existing office space and construction of approx. 65,000 square feet new construction office space.

Project Address/Location(s): 8370 Dow Circle W Suite 100 Strongsville Ohio 44136

Project Start Date: In progress

Estimated Completion Date: 8/1/2018

*New Full-Time Permanent Jobs Created by the Project: 30

*New Payroll Created by the Project: \$ 6,000,000

Total Project Investment:

- Real Property Investment: \$12,500,000
- Personal Property Investment: \$2,000,000

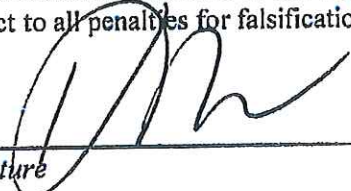
Application Fee:

- A non-refundable fee of \$ 500.00 is to be submitted with this application. A copy of the application will be attached to the final Job/Payroll Creation Incentive Grant Program Agreement, which must be submitted to City Council for approval.

Note: Certain required thresholds under the Program must be met in order to receive a grant.

Certification of Information:

Submission of this application expressly authorizes the City of Strongsville to contact any agency to confirm the statements contained herein. The Applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct, and is subject to all penalties for falsification provided under law.



Signature
Chief Executive Officer

Title

Kelly Price

Printed Name
6/30/2017

Date

Please submit completed application to:

The City of Strongsville
Department of Economic Development
16099 Foltz Parkway, Strongsville, Ohio 44149
Attention: Brent Painter, Director of Economic Development
(440) 580-3118
brent.painter@strongsville.org

JPMorgan Chase Bank, N.A.

Aug 17, 2017	005194
DATE	CHECK NO.



National Automotive Experts
 8370 Dow Circle, Suite 100
 Strongsville, OH 44136

(877) 222-1645
 www.naenwan.com

25-3/440

\$500.00

Pay Five Hundred Dollars And 00 Cents

to the Order of:

The City of Strongsville
 Dept Of Economic Development
 16099 Foltz Pkwy
 Strongsville, OH 44149

Kaitlyn White



⑈005194⑈ ⑆044000037⑆ 897973959⑈

National Automotive Experts	Vendor	Vendor ID	Payment Number	Date	Check Number
	The City of Strongsville	STRONGSVILLE C	0000021530	08/17/2017	005194

Invoice Number	Date	Description	Paid Amount
APPLICATION FEE	08/15/2017	Job/Payroll Grant Program	\$500.00

TOTALS: \$500.00

National Automotive Experts	Vendor	Vendor ID	Payment Number	Date	Check Number
	The City of Strongsville	STRONGSVILLE C	0000021530	08/17/2017	005194

Invoice Number	Date	Description	Amount	Discount	Paid Amount
APPLICATION FEE	08/15/2017	Job/Payroll Grant Program	\$500.00	\$0.00	\$500.00

TOTALS: \$500.00 \$0.00 \$500.00

Security features included. Details on back.



JOB/PAYROLL CREATION INCENTIVE GRANT PROGRAM

The City of Strongsville has established a Job/Payroll Creation Incentive Program that offers incentives to eligible businesses that are creating new, full-time jobs generating new payroll. The City will offer an eligible company an annual grant payment based on a percentage of the annual payroll withholding taxes generated by jobs that are new to the City of Strongsville.

Program Parameters/Requirements:

- The program will be structured as an incentive grant based upon the creation of new full-time jobs and payroll.
- Strongsville's payroll withholding tax is 2%. Grants are based upon a percentage of the payroll tax withheld for new jobs created as a result of an approved project (See Grant Guidelines below). Grants will be awarded using non-tax revenues.
- Each grant application must be approved by City Council and the Mayor through a specific grant agreement, prior to the applicant company undertaking the project.
- The program will be available to businesses committing to a re-location/expansion into Strongsville or existing Strongsville businesses committing to an increase of jobs and payroll in the City.
- In order to be eligible, a company locating a new business in Strongsville must create a minimum of thirty (30) new full-time jobs within a 3-year period generating a minimum new annual payroll of \$6,000,000 to the City of Strongsville and as indicated in their application.
- A company already located in Strongsville and expanding at its current facility, or expanding at a new facility within the City, must create within a 3-year period thirty (30) new full-time jobs generating a minimum annual payroll of \$6,000,000 new to the City of Strongsville, while maintaining its current employee payroll.
- All applicants must meet the minimum required number of additional new full-time jobs and new annual payroll to new or existing Strongsville businesses to be eligible, and as measured against current jobs and current payroll at time of application.
- No grant funds will be awarded until required and agreed upon minimum thresholds are met for both new full-time jobs and new annual payroll as set forth in the specific Job/Payroll Creation Grant Agreement with the City, and consistent with the above parameters. The term of the grant starts only once designated targets are met. Such targets must be maintained for each year in order to be eligible to receive the grant for that particular year.
- Independent contractor positions do not qualify as full-time jobs.
- The following categories are not eligible altogether under the Program: Retail and food service businesses; public utilities; state, federal or local governmental units, agencies or entities.



Grant Guidelines:

The maximum grant will be for eight (8) years* and 30%. All grants will be based on actual new jobs and payroll according to the following schedule:

Minimum New Full-Time Jobs Created	New Annual Payroll	Length of Grant	Award Rate
N/A	Less than \$6 million	N/A	N/A
30	\$6 million to \$9.99 million	3 years	25%
50	\$10 million to \$11.99 million	3 years	30%
70	\$12 million to \$13.99 million	4 years	30%
90	\$14 million to \$15.99 million	5 years	30%
110	\$16 million to \$17.99 million	6 years	30%
130	\$18 million to \$19.99 million	7 years	30%
150	\$20 million or above	8 years	30%

*Notwithstanding the technical parameters of the grant guidelines, an applicant may be eligible for a grant with a term not to exceed ten (10) years at a 30% award rate at the City's sole discretion only if both of the following circumstances are established: (a) The project must create at least a 75% increase over the grant guideline threshold for new annual payroll of \$20 million (i.e. \$35 million) and/or new jobs requirement of 150 new permanent full-time jobs (i.e. at least 265 new full-time jobs); and (b) is identified by the City of Strongsville as having additional extraordinary circumstances associated with the project.

- For companies already located in Strongsville, only new jobs and payroll shall be used to determine the number of years and the award percentage of the grant. The company will be required to maintain the workforce level and payroll that are current when the grant application is filed.
- If the company is leasing space, the number of years of the grant may be limited so as not to exceed the current lease term.
- If a company has multiple locations in the City and total new employment and new payroll requirements are met at any combination of locations within the City, then the company will qualify for the grant payments.
- City Council will have the discretion to customize allowable time frames for each grant agreement when unusual circumstances may warrant, so long as consistent with the parameters and intent of this Program.
- Only new payroll attributable to new employees and paid after the effective date of the application will be eligible for purposes of calculating the amount of the grants awarded.



Application Procedures:

Application forms will be available from the Economic Development Department. A non-refundable application fee of \$500.00 in the form of a check payable to the City of Strongsville shall be submitted with the application to cover administrative costs.

Program Funding:

Funding for the grant program will be charged and paid from non-tax generated revenues, including but not limited to, interest income, permit fees, service charges, activity fees, and tax incentive application and monitoring fees.

Claw Back Provision:

Each grant agreement will include a binding claw back provision requiring, at the option of the City, repayment of grant monies if the company leaves the City during the term of the agreement.

Annual Reporting:

- Upon the City's request and on forms provided by the City, companies must submit an annual Job/Payroll Creation Grant report documenting new employment and payroll, and providing whatever additional information is requested by the Director of Finance. This report will be required annually during each year that a grant is being awarded.
- The annual performance reports will be reviewed by the Director of Economic Development and the Finance Director. An annual summary report of all grants activity will be prepared by the Director of Economic Development and transmitted to the Mayor and City Council.

Termination of Agreement:

- If the project does not proceed as specified in the agreement, or the company leaves the City during the term of agreement, then Council may rescind the agreement upon recommendation of the Administration.

October 21, 2013