

OHIO ENTERPRISE ZONE AGREEMENT
City of North Royalton, Ohio
and
Laszeray Technolgy, Inc.

This agreement made and entered into by and between the City of North Royalton in Cuyahoga County, Ohio, a Municipality, with its main offices located at 13834 Ridge Road, Ohio, 44133-4896 (hereinafter referred to as the "City of North Royalton") and Laszeray Technology, Inc., an Ohio Corporation with its main offices located at 12295 York-Delta Drive, North Royalton, Ohio, 44133 (hereinafter referred to as "Laszeray"), WITNESSETH;

WHEREAS, The City of North Royalton, in Cuyahoga County, Ohio has encouraged the development of real property and the acquisition of personal property located in the area designated as an Enterprise Zone; and

WHEREAS, Laszeray is desirous of expanding its business operations and preserving employment within the City through the construction and establishment of a new (25,000 SF) twenty-five thousand square foot manufacturing facility to both preserve and create employment opportunities (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 City Council of the City of North Royalton, Ohio by Ordinance No. 93- 156 adopted July 7, 1993, designated the area as an "Enterprise Zone" pursuant Chapter 5709 of the Ohio Revised Code; and

WHEREAS, effective November 9, 1993, the Director of Development of the State of Ohio determined that the aforementioned area designated in said Ordinance No. 93-156 contains the characteristics set forth in R.C. 5709.61(A) and certified said area as an Enterprise Zone under said Chapter 5709; and

WHEREAS, The City of North Royalton having the appropriate authority for the stated type of project is desirous of providing Laszeray with incentives available for the development of the PROJECT in said Enterprise Zone under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, Laszeray has submitted a proposed agreement application (herein attached as Exhibit A) to the City of North Royalton, said application (hereinafter referred to as "APPLICATION"); and

WHEREAS, Laszeray 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 City's Director of Community Development and Enterprise Zone Program Committee of the City of North Royalton has investigated the application of Laszeray and has recommended the same to the Council (and/or Board of Commissioners) of the City of North Royalton in Cuyahoga County, Ohio on the basis that Laszeray 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 North Royalton in Cuyahoga County, Ohio; and

WHEREAS, the project site as proposed by Laszeray is located in the City of North Royalton School District and the Cuyahoga Valley Career Center School District and the Board of Education of the City of North Royalton School District and the Cuyahoga Valley Career Center School District have been notified in accordance with Section 5709.83 and been given a copy of the APPLICATION; and

WHEREAS, pursuant to R.C. 5709.62(C), 5709.63(A) or 5709.632 and in conformance with the format required under R.C. 5709.631, 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. Laszeray Technology, Inc. shall construct a new (25,000 sf) twenty-five thousand square foot manufacturing facility in the York Alpha Industrial Park, Phase II on York Delta Drive, North Royalton, Ohio 44133. Said facility shall be a state of the art facility for manufacturing products for almost every industry imaginable, including aerospace, automotive, commercial, consumer, military, and recreation. Laszeray specializes in prototype development and has years of experience with product development, engineering, rapid prototyping, custom tooling, casting, injection molding, machining, pad printing and assembly. The facility shall be constructed on PPN's 483-06-020 and 483-06-024 as the same is known and designated on the Auditor's revised list of lots in the City's 3rd Ward.

In exchange for the real property tax incentives described herein, Laszeray Technology, Inc. will make the following PROJECT commitments, including a real property investment of one million nine hundred thousand dollars (\$1.9 million) for a new building, an investment of four hundred thousand dollars (\$400,000) in Machinery and Equipment (M&E), and an investment of two hundred and fifty thousand dollars (\$250,000) in new furniture and fixtures. The TOTAL PROJECT COST commitment made by Laszeray will be two million five hundred and fifty thousand dollars (\$2,550,000). **A detailed list of investments at the new facility is provided under Exhibit A.**

Existing inventory, or base level inventory, that must be listed in the personal property tax return for Laszeray for tax year 2007, the year that this agreement has been entered into, totals _____, as listed and set forth in Exhibit B.

The PROJECT will begin approximately **October 2007** and all acquisition, construction and installation are expected to be completed by **July 1, 2008**. Any changes to the beginning and completion dates must be agreed to by formal resolution and an amended agreement.

Project eligibility determination.

The total investment of an EXPANSION project must be 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. RENOVATION projects must exceed 50% and OCCUPYING a vacant facility must exceed 20%. Projects establishing a new facility must represent a "significant" new investment.

2. Laszeray shall create within a time period not exceeding 24 months after the commencement of construction of the aforesaid facility, the equivalent of two to three (2-3) new full-time permanent job opportunities, zero (0) new part-time permanent job opportunities, zero (0) full-time temporary job opportunities and zero (0) part-time temporary job opportunities. And, Laszeray will use its best efforts to retain twenty-one (21) existing full-time equivalent jobs and two (0) part-time permanent jobs at its new North Roylton facility.

Laszeray schedule for hiring is as follows: create up to fifteen (15) new full-time temporary construction jobs in year one; at least **one (1)** new full-time permanent job in year one; and **one (1) to two (2)** new full-time permanent job in year two. The job creation period will begin around **July 1, 2008** and all jobs will be in place by **June 30, 2010**.

In total, Laszeray currently has twenty-one (21) full-time permanent employees, zero (0) part-time permanent employees, zero (0) full-time temporary employees, and zero (0) part-time temporary employees at the project site.

Laszeray will commit to retaining twenty-one (21) full-time permanent jobs, along with retaining zero (0) part-time permanent jobs, and create at minimum two (2) new permanent full-time jobs within a twenty-four month period (defined above) as a result of the PROJECT.

This increase in the number of employees will result in approximately One hundred thousand dollars (\$100,000) of additional annual payroll for Laszeray. The following is an itemization by the type of new jobs created: full-time permanent \$100,000, full-time temporary \$0.00, part-time permanent \$0.00, and part-time temporary \$0.00. The retention of the existing jobs will maintain the current annual payroll of eight hundred and twenty-seven thousand nine hundred and thirty-eight dollars (\$827,938).

3. Laszeray shall provide to the proper Tax Incentive Review Council (TIRC) any information reasonably required by the TIRC to evaluate the enterprise's compliance with the agreement, including returns filed pursuant to section 5711.02 and 5727.08 of the Ohio Revised Code if requested by the council.

Laszeray shall be required to supply a copy of the Ohio Department of Taxation **Form 913** Return of Exempt Property to the Tax Incentive Review Council for each year the agreement is in effect or required to be reviewed.

- a. Laszeray shall give preference to residents of the zone within which the agreement applies relative to residents of this state who do not reside in the zone when hiring new employees under the agreement.
- b. Laszeray will create one or more temporary internship positions for students enrolled in a course of study at a North Royalton school or other educational institution, and to create a scholarship or provide another form of educational financial assistance for students holding such a position in exchange for the student's commitment to work for the enterprise at the completion of the internship.
- c. Laszeray shall maintain a membership in the North Royalton Chamber of Commerce for the full term of this Agreement.

4. The City of North Royalton, Ohio hereby grant Laszeray 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 Code which shall be in the following amounts:

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 before tax year 2008 nor extend beyond tax year 2018.

<u>Year of Tax Exemption</u>	<u>Tax Exemption Amount</u>
YR 1	75%
YR 2	75%
YR 3	60%
YR 4	60%
YR 5	60%
YR 6	50%
YR 7	40%
YR 8	30%
YR 9	30%
YR 10	20%

Laszeray must file the appropriate tax forms (DTE 23) with the County Auditor and (#913) with the State Department of Taxation to effect and maintain the exemptions covered in the agreement. The #913 Ohio tax form **must** be filed annually.

6. Continuation of this agreement is subject to the validity of the circumstances upon which Laszeray applied for and the Director of the Ohio Department of Development issued waiver pursuant to Section 5709.633 of the Ohio Revised Code. If, after formal approval of this agreement by the City of North Royalton, Ohio, the Director or the City of North Royalton, Ohio discovers that such a circumstance did not exist, Laszeray shall be deemed to have materially failed to comply with this agreement. The parties hereto believe that the waiver condition of this paragraph does not apply to this PROJECT because Laszeray's one and only facility in Ohio is already located within the corporate boundaries of the City of North Royalton, Ohio.

The formal waiver document shall be incorporated as an exhibit to this agreement and must state the specific conditions enumerated in Section 5709.633 of the Revised Code upon which the waiver was issued. Since no waiver is required under this PROJECT or Agreement, no exhibit relating to the formal waiver document is incorporated in this Agreement.

7. Laszeray 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.

The fee shall be made payable to the City of North Royalton, Ohio once per year for each year the agreement is effective on the days and in the following form of a certified check. The fee is to be paid to the Director of Community Development and made out to the City of North Royalton, Ohio. 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.

8. Laszeray 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 Laszeray 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. Laszeray agrees to waive its right to challenge real property tax valuation for a period of five years from the date of this agreement.

9. The City of North Royalton, Ohio 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. 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 North Royalton, Ohio revokes the designation of the zone, entitlements granted under this agreement shall continue for the number of years specified under this agreement, unless Laszeray materially fails to fulfill its obligations under this agreement and the City of North Royalton, Ohio terminates or modifies the exemptions from taxation granted under this agreement.
11. If Laszeray materially fails to fulfill its obligations under this agreement, other than with respect to the number of employee positions estimated to be created or retained under this agreement, or if the City of North Royalton, Ohio determines that the certification as to delinquent taxes required by this agreement is fraudulent, the City of North Royalton, Ohio 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.
12. Laszeray hereby certifies that at the time this agreement is executed, Laszeray 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 Laszeray Technology, Inc. is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., or 5753. of the Revised Code, or, if such delinquent taxes are owed, Laszeray 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 Laszeray. 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.
13. Laszeray 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.
14. Laszeray and the City of North Royalton, Ohio acknowledge that this agreement must be approved by formal action of the legislative authority of the City of North Royalton, Ohio and the Cuyahoga County Board of Commissioners as a condition for the agreement to take effect. This agreement takes effect upon such approval.

15. The City of North Royalton, Ohio has developed a policy to ensure recipients of Enterprise Zone tax benefits practice non-discriminating hiring in its operations. By executing this agreement, Laszeray 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.
16. Exemptions from taxation granted under this agreement shall be revoked if it is determined that Laszeray, 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.
17. In any three-year period during which this agreement is in effect, if the actual number of employee positions created and/or retained by Laszeray is not equal to or greater than seventy-five per cent of the number of employee positions estimated to be created and/or retained under this agreement during that three-year period, Laszeray 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 of North Royalton, Ohio may terminate or modify the exemptions from taxation granted under this agreement.
18. Laszeray 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 Laszeray has knowingly made a false statement to the State or local political subdivision to obtain the Enterprise Zone incentives, Laszeray 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.
19. This agreement is not transferable or assignable without the express, written approval of The City of North Royalton, Ohio.

IN WITNESS WHEREOF, the City of North Royalton, Ohio, by (authorized local official), its (title of that person), and pursuant to (Ordinance/Resolution) No. _____, has caused this instrument to be executed this _____ day of (month), 20 (yr) and (insert name of enterprise) by (authorized business official), its (title of person), has caused this instrument to be executed on this _____ day of (month), 20 (yr).

City of North Royalton, Ohio

By: Mayor Cathy Luks
(Title)

City of North Royalton, Cuyahoa County,
OHIO

By: Raymond Seuffert, President

Laszeray Technology, Inc.

By _____
(Title)

Approved as to form:

Thomas P. O'Donnell, Law Director

NOTE:

A copy of this agreement must be forwarded to the Ohio Departments of Taxation and Development within fifteen (15) days of approval to be finalized.