

**ORDINANCE NO. 17-17****AN ORDINANCE AUTHORIZING THE JOB CREATION GRANT AGREEMENT FOR SANDRIDGE FOOD CORPORATION.**

**WHEREAS:** Ordinance No. 154-07, passed September 24, 2007, adopted a Job Creation Grant Program for the City of Medina, Ohio to provide incentives to businesses to retain, create and expand employment opportunities within the City of Medina without utilizing tax revenues or impacting negatively upon the local school system; and

**WHEREAS:** Ordinance No. 194-14, passed November 24, 2014, adopted new guidelines effective December 24, 2014; and

**WHEREAS:** As part of said Job Creation Grant Program, a Business Development Committee was established to review applications and annually review each approved grant for adherence to their grant agreement; and

**WHEREAS:** The Business Development Committee recommended the attached grant agreement for Sandridge Food Corporation.

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MEDINA, OHIO:**

**SEC. 1:** That the Job Creation Grant Agreement #JCG12-Sandridge12 for Sandridge Food Corporation is hereby authorized.

**SEC. 2:** That the Mayor is hereby authorized to execute all documentation associated with the Grant.

**SEC. 3:** That a copy of the Job Creation Grant Agreement is marked Exhibit A, attached hereto and incorporated herein and is subject to the Law Director's final approval.

**SEC. 4:** That it is found and determined that all formal actions of this Council concerning and relating to the passage 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 the law.

**SEC. 5:** That this Ordinance shall be in full force and effect at the earliest period allowed by law.

**PASSED:** February 13, 2017

**SIGNED:** John M. Coyne, III  
President of Council

**ATTEST:** Kathy Patton  
Clerk of Council

**APPROVED:** February 14, 2017

**SIGNED:** Dennis Hanwell  
Mayor

PLEASE REVIEW THE EMPLOYMENT AND PAYROLL NUMBERS FOR CONSISTENCY WITH YOUR APPLICATION FORM. THESE NUMBERS WILL BECOME YOUR COMPANY'S COMMITMENT TO THE CITY OF MEDINA.

EXHIBIT A

GRANT# JCG12-Sandridge17

(Administrative Only)

JOB CREATION GRANT AGREEMENT

This Agreement made and entered into by and between the CITY OF MEDINA, OHIO, a municipal corporation, with its main offices located at 132 North Elmwood Avenue, Medina, Ohio 44256 (hereinafter referred to as "Medina") and **Sandridge Food Corporation** with its main offices located at 133 Commerce Drive, Medina, Ohio 44256 (hereinafter referred to as "Company"), and is dated as of APR 14, 2017.

WITNESSETH:

WHEREAS, Medina has encouraged the creation and retention of new job opportunities throughout the City of Medina; and

WHEREAS, **Sandridge Food Corporation** is desirous of expanding 133 Commerce Drive, Medina, Ohio 44256 in the city by adding approximately 15,000 sq. ft. in new production space to create 50 new full time employment opportunities (hereinafter sometimes referred to as the "PROJECT") within the boundaries of the City of Medina, provided that the appropriate development incentives are available to support the economic viability of said PROJECT; and

WHEREAS, the Council of the City of Medina, Ohio by Ordinance No. 154-07 adopted September 25, 2007 created the Job Creation Grant Program pursuant to Article XVIII, Section 3 and Article VIII, Section 13 of the Ohio Constitution; and

WHEREAS, the City of Medina, having the appropriate authority for the stated type of program, is desirous of providing **Sandridge Food Corporation** with incentives available for the development of the PROJECT; and

WHEREAS, **Sandridge Food Corporation** has submitted a proposed Agreement application (herein attached as Exhibit A1) to the City of Medina (said application hereinafter referred to as "Application"); and

WHEREAS, **Sandridge Food Corporation** has remitted the required application fee of \$ 500.00 made payable to the City of Medina; and

WHEREAS, the Business Development Committee of the City of Medina has investigated the application of **Sandridge Food Corporation** and has recommended the same to Medina City Council on the basis that **Sandridge Food Corporation** is qualified by financial responsibility and business experience to create employment opportunities in the City of Medina and improve the economic climate of Medina; and

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. Description of the Project.

- A. **Sandridge Food Corporation shall construct a 15,000 square foot addition at 133 Commerce Drive, Medina, Ohio** for the purpose of new production space to increase production capacity. This project will include infrastructure investments in electricity and refrigeration to be utilized in future plant expansion projects and also will add several new pieces of equipment to boost plant capacity and capabilities.

2. Project Investment.

- A. The PROJECT will involve a total investment, plus or minus 10%, by the Property Owner of \$16,100,000.00(dollars).
- B. The PROJECT will involve a total investment, plus or minus 10%, by **Sandridge Food Corporation** as follows:

1. New Machinery and Equipment	\$6,000,000
2. New Furniture & Fixtures	\$ 200,000
3. Land/Building Acquisition	\$
4. Construction of facility / improvements	\$9,900,000
<b>TOTAL</b>	<b>\$16,100,000</b>

- C. Construction of the addition will begin approximately **January 1, 2017** and will be completed approximately **August, 2017**.

3. Job Creation and Retention.

- A. **Sandridge Food Corporation** shall create in the City of Medina within a time period not exceeding **36** months after the occupation of the aforesaid facility, the equivalent of **50** new full-time permanent job opportunities in the City of Medina.

- 1) **Sandridge Food Corporation's** schedule for hiring permanent full time employees is as follows:

<u>Year</u>	<u>Number of Jobs New to Medina</u>
2018	15
2019	15
2020	20

- B. The job creation period begins approximately August 31, 2017 and all jobs will be in place by December 31, 2019.
- C. The Company currently has 667 employees at the project site. The Company currently has 667 employees in the City of Medina. In total, the Company has 673 full-time permanent employees in the State of Ohio.
- D. The increase in the number of employees new to the City of Medina will result in approximately \$2,300,000 of additional annual payroll in the City of Medina when the projected maximum employment level is achieved.
- E. The retention of the existing jobs in Medina will maintain the current annual payroll in Medina of \$28,600,000.

4. Issuance of Grant.

- A. The City of Medina hereby grants a Job Creation Grant based upon the creation of new payroll and jobs in the City of Medina, and the implementation of the PROJECT, according to the schedules contained herein in Section 4(C).

<u>Years</u>	<u>Amount of Grant as a Percentage of Payroll Taxes New to Medina</u>
<b>5</b>	<b>40%</b>

Funding for the grant issued herein shall only be from the following non-tax revenue sources: interest income, permit fees, activity fees, service charges, and tax incentive application and monitoring fees.

- B. For purposes of calculating the amount of the grant, the new payroll upon which the grant is based may not exceed 25% above the maximum payroll projected in Section 3(D) above. The grant amount shall be based on the current 1.25% income tax rate. The maximum grant amount in any year shall be **\$14,375.00. (maximum NEW PAYROLL projection x 125% X 1.25% x 40% of grant)**
- C. To receive a grant in any given year, **Sandridge Food Corporation** must retain full time permanent jobs existing in Medina prior to the Agreement.

- (1) If **Sandridge Food Corporation** does not achieve at least 90% of new payroll projections, **Sandridge Food Corporation** shall receive reduced incentives according to the schedule below:

<u>% of New Payroll Projection Achieved</u>	<u>Amount of Grant as a Percentage of Payroll Taxes New to Medina</u>
90-100%	full grant
85-89%	reduce grant by 5% (Ex.: 40% grant reduced to 35%)
80-84%	reduce grant by 10% (Ex.: 40% grant reduced to 30%)
75-79%	reduce grant by 15%
Less than 75%	no grant for that year; and

- (2) If **Sandridge Food Corporation** fails to meet 75% of new payroll or new employment projections in any given year, the grant shall not be awarded for that year.
- (3) If **Sandridge Food Corporation** has multiple locations in the City of Medina and new employment and new payroll projections are met at any combination of locations in the City of Medina, **Sandridge Food Corporation** will receive its annual grant payment.
- (4) New payroll is defined as that amount in excess of the amount in Section 3(E) above.

5. Grant Payments.

A. Initial Grant Payment.

- (1) Year 1 projections must be met by December 31, 2017. The initial grant payment shall be made by approximately June 30<sup>th</sup>, 2018 (**following year**), provided that **Sandridge Food Corporation** files its Reconciliation of City Income Tax Withheld Form S-W3 by February 28, 2014, and reconciliation is confirmed by the City of Medina Finance Department.
- (2) If the project start or occupancy of the project facility is delayed, Year 1 may be extended to the following year and the Year 1 projections deadline adjusted accordingly, upon written request by **Sandridge Food Corporation** to the Economic Development Director, provided that the extension is approved by the Economic Development Director with notice to the Business Development Committee.
- (3) If the project or occupancy of a project facility begins in the third or fourth quarter of the year and Sandridge Food Corporation is not able to meet its Year 1 projections by December 31<sup>st</sup> of that year, Year 1 will be considered the first full year of occupancy, and the first grant payment will occur in the year following the first full year of the project or occupancy of the project facility.

B. Timing of Annual Grant Payments. Annual grant payments shall be made by June 30<sup>th</sup> of the following year, provided that **Sandridge Food Corporation** files its Reconciliation of City Income Tax Withheld Form S-W3 by February 28<sup>th</sup> and reconciliation is confirmed by the City of Medina Finance Department. If **Sandridge Food Corporation** requests an extension for filing of its S-W3 form, the City of Medina shall make the grant payment within three months of the extended filing date. It is the responsibility of **Sandridge Food Corporation** to advise the Economic Development Director of the filing extension.

C. Use of Grant Payments. Grants shall be allocated by **Sandridge Food Corporation** for land acquisition, building acquisition, purchase of machinery/equipment, purchase of furniture/fixtures, and/or other non-construction related and non-installation related costs of the project.

6. Payment of Taxes and Filing Reports and Returns. **Sandridge Food Corporation** shall pay all taxes and shall file all tax reports and returns as required by law. If **Sandridge Food Corporation** fails to pay such taxes or file such returns and reports, all incentives granted under this Agreement are terminated beginning with the year for which such taxes are charged or such reports or returns are required to be filed and thereafter.

7. Information for Annual Review. **Sandridge Food Corporation** shall timely provide to the City of Medina any information reasonably required by the City of Medina to evaluate **Sandridge Food Corporation's** compliance with the Agreement.
8. Maintenance of Grant.
  - A. Medina shall perform such acts as are reasonably necessary or appropriate to effect, claim, reserve, and maintain incentives granted under this Agreement including, without limitation, joining in the execution of all documentation and providing necessary information to maintain the incentives granted hereunder.
  - B. If for any reason the Job Creation Grant Program is discontinued, entitlements granted under this Agreement shall continue for the number of years specified under this Agreement, unless **Sandridge Food Corporation** materially fails to fulfill its obligations under this Agreement and Medina terminates or modifies the incentives granted under this Agreement.
9. Certification as to Payment of Taxes. **Sandridge Food Corporation** certifies that at the time this Agreement is executed, **Sandridge Food Corporation** 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 **Sandridge Food Corporation** is liable under Chapter 5733, 5735, 5739, 5741, 5743, 5747, or 5753 of the Ohio Revised Code, or, if such delinquent taxes are owed, **Sandridge Food Corporation** 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 **Sandridge Food Corporation**. 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.
10. Non-Discrimination Hiring. Medina has developed a policy to ensure recipients of Job Creation Grants practice non-discriminatory hiring in its operations. By executing this Agreement, **Sandridge Food Corporation** is committing to following non-discriminatory hiring practices acknowledging that no individual may be denied employment solely on the basis of race, religion, sex, disability, color, national origin, or ancestry.
11. Transfer and Assignment. This Agreement is not transferable or assignable without the express, written approval of Medina. The City of Medina acknowledges that it would be unreasonable to withhold such consent in the event of a proposed transfer or assignment to any parent, subsidiary or affiliate of **Sandridge Food Corporation** or to any third party so long as with respect to all or any of such proposed transfers or assignments, the proposed transferee or assignee adequately and sufficiently demonstrates to the City of Medina, to the City of Medina's reasonable satisfaction, its financial ability, business experience and intentions to continue its operations of

the Facility and Project in a manner similar to that of **Sandridge Food Corporation** in all pertinent respects.

12. Termination or Modification of Incentives.

- A. If **Sandridge Food Corporation** fails to meet 75% of new payroll or new employment projections in any given year, the grant shall not be awarded for that year.
- B. If **Sandridge Food Corporation** fails to meet 75% of new payroll or new employment projections for three consecutive years, this Agreement shall be terminated by the City of Medina.
- C. If the project does not proceed as specified in Section 5(A)(1) of the Agreement or within the approved one year extension period, the City of Medina may terminate the Agreement upon recommendation of the Business Development Committee.
- D. If **Sandridge Food Corporation** fails to submit required information and/or reports as set forth in Section 7 above, the City of Medina may terminate or modify this Agreement and deny or modify future grants heretofore granted from the date of **Sandridge Food Corporation's** breach or default.

In the case as provided in this Subsection D, the City of Medina's termination or modification of this Agreement may be instituted only if **Sandridge Food Corporation** fails to cure any breach of any term of this Agreement as determined by the City of Medina within ten (10) days of receiving written notice of such failure from the City of Medina or, if cure of the breach cannot be completed within ten (10) days, if **Sandridge Food Corporation** has not made a good faith start of the cure, and/or not diligently pursued same.

- E. Nothing contained in Sections 12(A), 12(B), 12(C), or 12(D) shall permit the City of Medina to recapture or otherwise deny **Sandridge Food Corporation** the benefit of a grant in respect of any period prior to the date of such termination or modification by the City of Medina.
- F. The City of Medina may terminate or modify this Agreement and may also require the repayment of the full amount of grant payments awarded under this Agreement, upon the occurrence of any of the following:
  - 1) the City of Medina determines that the certification as to delinquent taxes required by this Agreement is fraudulent, or
  - 2) **Sandridge Food Corporation** vacates the Facility and/or moves the Project out of the City of Medina or terminates its operations at the Facility altogether during a 8 (numeral) year period beginning on the effective date of this Agreement.

The City of Medina may, absent any legislative action, resolution or court ordered mandate to the contrary, collect any and all grant payments awarded under this Agreement, and **Sandridge Food Corporation** shall pay directly to the City of Medina or its authorized agent any and all grant payments awarded under this Agreement due on the date **Sandridge Food Corporation** moves the Project out of the City of Medina or terminates its operations at the Facility altogether during the 8 year period beginning on the effective date of this Agreement; or within ten (10) days from the date **Sandridge Food Corporation** is notified by the City of Medina that any tax certification is fraudulent.

- G. **Sandridge Food Corporation** or successor entity shall promptly notify the City of Medina if any of the following events occur:
- (i) If control of **Sandridge Food Corporation** or substantially all of its assets located at the Project site is obtained by another entity or shareholders or
  - (ii) If **Sandridge Food Corporation** merges with another entity or
  - (iii) If **Sandridge Food Corporation** substantially restructures itself through an acquisition or divestiture or otherwise

and if any of these events affects the ability of **Sandridge Food Corporation** or its successor entity to perform substantially the obligations of **Sandridge Food Corporation** under this Agreement and to meet the employment and payroll projections anticipated herein. "Control of **Sandridge Food Corporation**" for the purposes of this subsection means that persons and/or entities owning the majority of Company's outstanding voting stock at the date of this Agreement cease to own such or cease to have the unconditional right to elect a majority of **Sandridge Food Corporation's** board of directors.

- H. Each provision for modification or termination hereunder shall not affect **Sandridge Food Corporation's** obligations or the City of Medina's rights under any other provision of this Agreement.
13. Fees. **Sandridge Food Corporation** shall pay an annual fee of \$ 500 (five hundred dollars) in each year that **Sandridge Food Corporation** has a grant agreement in effect upon notification that such payment is due. The proceeds will be used to defray costs of program administration and to help fund the program.
14. Any notices, statements, acknowledgements, consent approvals, certificates, or requests required to be given on behalf of either party shall be made in writing addressed as follows:

If to the City to: Dennis Hanwell, Mayor  
Medina City Hall  
132 N. Elmwood Avenue  
Medina, Ohio 44256

With a copy to: Director of Law– City of Medina  
Gregory Huber  
Medina City Hall  
132 N. Elmwood Avenue  
Medina, Ohio 44256

If to Sandridge Food Corporation to:

Christopher Free, VP-Finance  
Sandridge Food Corporation  
133 Commerce Drive  
Medina, Ohio 44256

or such other address as may be noticed.

15. Condition Precedent. Sandridge Food Corporation and Medina acknowledge that this Agreement must be approved by formal action of the legislative authority of the City of Medina as a condition for the Agreement to take effect.

IN WITNESS WHEREOF, the City of Medina, Ohio, by Dennis Hanwell, its Mayor, and pursuant to Ordinance No. 154-07 and Sandridge Food Corporation, by Christopher Free, its Vice-President, Finance, have caused this instrument to be executed on the 14th day of February, 2017.

WITNESSED BY:

[Signature]  
Kimberly A. Walker

WITNESSED BY:

[Signature]  
Kimberly Marshall

CITY OF MEDINA

By: [Signature] Feb. 14, 2017  
Dennis Hanwell

Title: Mayor

SANDRIDGE FOOD CORPORATION

By: [Signature]

Title: VP-Finance and CFO

The legal form and correctness of the  
within instrument is hereby approved.

DIRECTOR OF LAW- CITY OF MEDINA

By: Greg Fisher

Date: 2/15/17

**Job Creation Grant  
For Tax Years  
Sandridge Application**

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Projected New Payroll	\$ 2,300,000.00	\$ 2,300,000.00
Actual new Payroll	\$ 2,300,000.00	\$ 2,875,000.00
Percentage	100.00%	125.00%
Maximum basis	125.00%	125.00%
Base Payroll	\$ 2,300,000.00	\$ 2,875,000.00
W/H Tax Rate	1.25%	1.25%
Payroll W/H Tax*	\$ 28,750.00	\$ 35,937.50
Max Per Agreement	40.00%	40.00%
Reduction	0.00%	0.00%
Grant	40.00%	40.00%
Amt of Grant	\$ 11,500.00	\$ 14,375.00